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Annual Review of
Labor Relations and Social Dialogue in South East Europe:
Bulgaria
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1. Summary

The social dialogue and industrial relations in Bulgaria are developing in an unfavorable environment of political instability, steady economic growth, low absorption of EU funds and impending unpopular reforms in such areas as health care, education,

pension and social assistance systems and others. A trend towards decentralisation of collective bargaining and abandoning the practice of extending the branch collective agreements is observed. All these developments are gradually diminishing the collective bargaining coverage.

The minimum wage remains one of the important tools influencing income policy, but its increasing faces more and more intensified opposition from employers' organisations. For the trade unions of strategic importance are the questions of improving the sectoral and branch social dialogue, the establishment of a common procedural framework for conducting collective bargaining at various levels and the provision of the necessary information to the negotiating teams.

New income policy with catching effect can be achieved not just on the base of economic growth but also through increasing role of the state in the distribution and redistribution of the product created. This means that the fight against poverty and social exclusion goes both through a higher quantity and quality employment and also through more equitable taxation and improved social and solidarity systems.

Social effects of the *new economic governance and the European semester* are apparent. The restrictive policies adversely affect the ability to exit the economic crisis and employment recovery. Stimulating consumption and investment activity are the main prerequisites for ensuring a new type of growth.

"The economy of supply" imposed in Bulgaria through historically low tax rates, a flat tax and consistent reduction of social security contributions – all these representing steps in favour and in support of the business, exhausted its possibilities without ensuring economic prosperity, adequate employment and better living standards. Instead, the processes of social stratification and income inequalities deepened.

2. Socio-economic developments

The economic growth continues with an inadequate pace, which do not give grounds for ascertaining that there is a lasting upturn in the cyclical development. In 2013, the GDP grew by 0.9 percent. Largest contribution to this growth have the sectors "agriculture and forestry" (+ 3.3%) and "trade, transport, hotels and restaurants" (+3.2%). Construction remains stagnant (-0.6%) and the sector "Financial and insurance activities" experiences an even stronger negative effect (-1.4%). The industry fails to recover with the expected faster pace. Overall, in 2013 this most important sector of the Bulgarian economy marked no real growth (0%). In the absence of stimulating domestic factors for growth (decline in household consumption by 2.3% and of the gross fixed capital formation by 0.1%), again to the fore comes the export of goods and services (up by 9.2%).

In the first three quarters of 2014 the economic growth rates fluctuate within the margins of 1.2 to 1.6% - 1.2% for the first, 1.6% for the second and 1.5% for the third quarter respectively. A number of events and indicators, including the bankruptcy of Corporate Commercial Bank (CCB), the pessimistic expectations for the business climate, worsening fiscal and debt parameters show that the last quarter of this year will fail to provide an average GDP growth of more than 1.5% in 2014.

The downward trend in the foreign direct investments (FDI) characteristic for the last years is confirmed. In 2013 their volume amounted to only EUR 1229.4 mln (3% of the GDP) while in 2012 the amount of FDI was EUR 1480.5 million (3.7% of the GDP). The highest FDI inflows come from the Dutch investors (EUR 602.9 mln). By sector, most investments attracted sector "Transport, storage and communications" (EUR 428.7

mln). The negative trend is continuing also in 2014. According to preliminary data, for the first nine months of this year FDI in the country amounted to EUR 1,105.6 mln (2.7% of the GDP) compared to EUR 1160.7 mln (2.8% of the GDP) for the period January-September 2013.

In 2013, the current account was positive and amounted to EUR 831.3 mln (2% of the GDP), while the deficit for the preceding year was EUR 520.8 mln (1.3% of the GDP). This trend continued during the first nine months of 2014 with a surplus of EUR 431.9 mln (1.1% of the GDP). The trade balance remains permanently negative, however there is a general downward trend due to the restricted import after the onset of the crisis and the relatively positive developments of exports in recent years. In 2013, the trade balance was negative, amounting to EUR 2335.6 million (5.7% of the GDP) compared to the deficit at EUR 3460.3 mln (8.7% of the GDP) in 2012. In January-September 2014 the trade deficit was EUR 2138.1 million (5.3% of the GDP) and again the exports growth (7.7%) gained advantage over the import (1.5%), thus ensuring a reduction of the negative trade balance.

Following the process of fiscal consolidation over the period 2011 - 2013, the budget deficit was considered in the frame below the Maastricht criterion of 3%, it was -0.5 and -1.2 percent in 2012 and 2013 respectively. Low revenues at the beginning of 2014, and the need of urgent expenses were the reason for updating the state budget. As a consequence it is expected that at the end of the year the deficit will amount to -3.7% of the GDP. Debt financing of the deficit has led to a rapid growth of the state debt from 18.3% of the GDP in 2013 to an estimated level of 23% in 2014. However it is still remaining far from the upper Maastricht limit of 60%.

In 2013, the average annual inflation was 0.9%, but it is worth mentioning that since August 2013 to October 2014, already 15 months in a row, a deflation on an annual basis is registered, and this is extremely dangerous from the point of view of the possibilities for recovery.

The nominal growth of the average wage in 2013 was 5.9% compared to its 2012 level. This trend continued in 2014 as well. The minimum wage (EUR 174) in the first nine months of this year represents 42% of the average wage (EUR 413). There are not positive changes in the labour market - employment in 2013 fell by 0.3 percentage points and the unemployment rate increased by 0.6 percentage points. The improved parameters in the second and third quarter of 2014 are seasonal and do not indicate a lasting trend.

Bulgaria remains among the poorest countries in the EU. According to Eurostat data (SILC-2013), 21% of the population lives in risk of poverty after the social transfers (compared to 16.7% for EU-28). The Gini coefficient (35.4% for 2013) is the highest in the EU.

3. Governmental policies and legislation

In 2014, Bulgaria held early parliamentary elections caused by the instability of the ruling majority in the 42nd National Assembly, the lasted more than one year anti-government protests, the low public trust in the institutions, the unsatisfactory for the ruling center-left coalition results of the elections for European Parliament held on 25 May 2014 and its subsequent disintegration. Due to these circumstances and following an agreement of the three largest parties (GERB, BSP and DPS) to hold early parliamentary elections, on 23 July, the Plamen Oresharski cabinet handed its resignation, and elections were scheduled for 5 October 2014. Eight parties and coalitions won

seats in the 43rd National Assembly, twice as more compared to the 42nd National Assembly. Once again, GERB remained the largest party, winning 84 of the 240 seats with around a third of the vote (32.7%), while the BSP received a devastating blow with 15.4% (39 seats). The political spectrum was presented by two parties/coalitions in each of the left, right, centrist and nationalist wings in the Parliament. After a month of hard consultations and negotiations, the Prime Minister Boyko Borisov formed a government backed up according to the formula 2 +2 (bilateral coalition agreement between GERB and Reformist block + 2 partners not participating in the coalition in the face of the Patriotic Front and ABV).

In the period between the two governments when parties were on the pre-electoral wave, a fierce scandal with CCB (the fourth largest bank in Bulgaria) kindled. The audit report revealed highly impaired liquidity and systematic violations in the servicing of the credits. The uncertain political situation was further pumped by the anger of hundreds of thousands of depositors and the blocked accounts of companies and organisations from the state and public sector. The subsequently declared bankruptcy and the payment of the deposits at the amount guaranteed by law (up to EUR100 000) and deferred payment schemes to replenish the accounts of state companies and public organizations – clients of the CCB, stabilised somewhat confidence in the banking system, but a number of questions remain about the effectiveness of banking supervision, and improvement of the deposit and lending policies of commercial banks.

The new government as a tradition established in the last 25 years announced that it gets extremely difficult legacy concerning financial and fiscal stability. In negotiations with the European Commission the Finance Minister was assured that the 3.7% budget deficit for 2014 will be considered as a consequence of extreme circumstances and as an exception a procedure for macro-economic imbalances will not be applied to the country. As a counter-measure, already at the time of discussing the draft 2015 budget at first reading in the Parliament, the projected budget deficit of 3.5% has been adjusted to 3.0%. The social impact of this adjustment is in several directions:

- Reduced maintenance costs of ministries by 10%, which questioned both the possibilities of operation and also ensuring staff remuneration. In an effort to reduce costs the new government relies mainly on reducing labour costs in the budget funded sectors, and this will inevitably require lay-offs with the all following consequences, if these decisions are not well considered and coordinated with the trade unions.
- All social payments, family allowances, unemployment benefits are frozen at the existing levels. Only the minimum wage will be increased conditionally (if no new economic shocks) in two steps - from 1 January 2015 to BGN 360 and from 1 July 2015 to BGN 380.
- Abolishment of the adopted by the previous government tax relief for workers receiving up to the minimum wage. Instead, it is proposed a deduction at BGN 200 for each child (up to the third child) from the annual tax base - a measure with little effect on the net family income. Other tax changes are not planned, despite the insistence of the trade unions for gradual introduction of a progressive tax scale.
- The foreseen BGN 73 million for active labour market measures are extremely insufficient, especially in the period when the country needs stimulating policies for gradual recovery of the economy and employment.
- In the field of labour market the projected launch of Youth guarantee for employment in 2014 failed to take place, despite the repeatedly declared readiness for this. The reason can be sought in the political instability in the country, the existing problems with the European funding in the transition between the two programming periods, but also in the lack of political will to accumulate national resource for starting the measures.

The trade unions, in particular the Confederation of Independent Trade Unions in Bulgaria, set three priority demands towards the Government:

- To develop and implement a National strategy for the revival of the Bulgarian industry in order to create new jobs, and sustainable and quality employment.
- To freeze the pension reform until the development of a common national strategy for the elements and stages of reform with a maximum public consensus.
- For a new income policy in order to achieve catch-up growth in accordance with the GDP growth, to increase household consumption, overcome deflation and stimulate the production.

4. Industrial Relations

Bulgaria is not an exception from the general European trends of deregulation and decentralization of the industrial relations. The crisis and the strict austerity policy are seriously affecting the system of industrial relations both in terms of environment which results in a new balance of power distribution and in terms of the actors' roles and behaviour within it. The already established mechanisms and even the very spirit of social partnership at different levels have been challenged.

In 2014 were held a series of industrial actions caused by important for Bulgaria issues:

- The wage arrears for months and non-payment of wages are continuing to be a major factor in maintaining the constant points of social unrest. Protests, rallies, marches, incl. actions of civil disobedience and blocking of roads and highways were organized throughout the year. Social tension due to unpaid wages spurred in enterprises "Pirin White Fir" JSC - Bansko, Highways "Black Sea" JSC, and in the "Irrigation Systems" EAD this is a permanent problem in the last 2-3 years.
- In the second half of the year industrial actions for protection of their interests undertook power engineers in the country. The first that reacted are the employees in the Thermoelectric power stations - TPS Rouse, TPS Plevan and TPS Sliven, which in September protested, demanding: to maintain jobs, to receive wages in due time and financial recovery of the energy sector, which is in extremely difficult situation and constantly causes insolvency in the chain National Electricity Company - TPS - coal extraction companies.
- In solidarity the miners from the „Mines open coal extraction" EAD - Pernik and "Coal extraction Bobov dol" LTD joined the protest of the energy workers. In November protests have grown and the thermoelectric power stations in Varna and Pernik also joined the protests. Once again, the main reason was unpaid wages due to non-payment of the produced and sold electrical energy to National Electricity Company by the thermoelectric power stations.

At the end of 2013 and the beginning of 2014, one of the employers' organisations – the Bulgarian Industrial Association (BIA) unexpectedly attacked the labour legislation and collective bargaining with a package of 28 proposals under the motto of "reducing the administrative burden on business," which actually represents an unprecedented attack on labour and social rights of workers and undermines the future social dialogue and trust between social partners.

However, at the background of the political crisis and the need to respond in due time to emerging challenges in the social and economic sphere, the two nationally representative trade unions and the four employers' organisations manifested good will for bipartite dialogue, resulting in development and proposing of joint positions and decisions. In at least three cases the social partners proved to be up to their responsibility:

- In the period of increased efforts for resolving the political crisis in their Joint Address to political parties they appealed to politicians for responsible behavior – call-

ing to put aside narrow political interests and to work for solving the urgent problems related to raising the living standards of Bulgarians and improving economic and regulatory environment for the business.

- On the occasion of the case "Corporate Commercial Bank" the six national representative social partners' organisations have initiated the establishment of an independent expert council through which developed and presented concrete proposals to solve the problems of the depositors in the bank under the supervision and for improving the monitoring of the banking institutions.
- In a joint Address to the new parliament and government the social partners proposed a package of measures in six areas: macroeconomic and financial stability; industrial policies and business environment; labour market, human resources and demographic development; social security, pension and health insurance; social dialogue; governance, justice and security.

As an example of "good practice" in social partnership we can refer to the cooperation between CITUB and BIA in the development of a „Programme for recovery of the industry in Bulgaria." This complex study of CITUB with the support of a national representative employer's organisation and academics served as a basis for the subsequently prepared joint (by branch social partners' organisations) sectoral industry analyses and possible approaches for its revival.

In response to the challenges of the new EU Economic governance and with view to extend the tools to influence the European and national policy both trade union confederations - the Confederation of Independent Trade Unions in Bulgaria and the Confederation of Labour "Podkrepa" jointly with the Anti-Poverty Information Centre - Bulgaria (member of EAPN - Brussels) and other NGOs dealing with specific problems of the pensioners, youth, gender and environmental policies established a *National Pilot Alliance for a democratic, social and sustainable European Semester*.

The main objective of the Alliance is to achieve a greater coverage and effectiveness of the public debate through:

- Elaboration of critical analyses of main documents of the European Semester, such as the Annual Growth Survey, Country-specific Recommendations, the National Reform Programmes and others.
- Dissemination of opinions and messages to key actors and stakeholders using different channels at different stages of the European semester cycle.
- Inclusion of the mainstream media (traditional and social networks) to extend the debate among the general public, organizing thematic discussions and elaboration of alternative solutions.
- Expanding opportunities and tools for influencing the decision-making and the development of national policies and documents.

In 2014, there are not significant internal and external changes related to the structures and organisation among the six national representative social partners' organisations. It is worth mentioning however two facts:

✓ The National Trade Union of firefighters and rescuers "Ogneboretz" ("Firefighter") submitted application for affiliation to CITUB. It is expected that at the end of the year the Coordinating Council of CITUB will take decision on the affiliation of the union.

✓ The Annual General Meeting of the members of CEIBG in late November elected 11 new board members and a new chairman - Cyril Domuschiev (Huvepharma AD) for the next 2 years mandate. He replaced on the top position of the employers' organisation its current Chairman Ognyan Donev, due to the provisions of the CEIBG Statute for maximum two 2 years' mandates.

5. Tripartite Social Dialogue

The development of tripartite dialogue in times of crisis is uneven and is facing many challenges due to the complex economic, social and political situation and the inconsistency of the behaviour of the parties involved in it. The austerity measures, the need to follow the principles of the new EU economic governance, and the unilateral decisions of the government further aggravated the environment for social dialogue. The more so as the social partners have to work with three consecutive governments throughout the 2014.

The attempts to solve the problems in the energy sector at regional level (in district councils for social partnership) and at sectoral level (in the Branch Council for tripartite cooperation "Energy") had partial and temporary effect. At national level a Strategy for recovery and development of the energy sector should be urgently adopted. Unlike the most industry councils for tripartite cooperation in the real-sector who either are unable to organise their activity or operate inefficiently, in some budget sectors ("Health care", "Education") the tripartite councils can boast of their concrete achievements in social dialogue related to increased wages, adoption of national programmes, regulations, social packages etc.

The National Council for Tripartite Cooperation worked with variable intensity and controversial performance in 2014, which to some extent was due to the political crisis, frequent changes of governments (two regular and one caretaker), but sometimes due to lack of readiness of social partners and the state to seek a mutual compromise. Usually the views of employers and trade unions on minimum social security thresholds and on increasing of the minimum wage diverge, while it is easy to reach consensus concerning the policies and measures on the labour market, vocational education and training, qualification and re-qualification. Criticism on some basic macroeconomic parameters of the state budget often unites the employers and trade unions against the government.

6. Forecasts

The medium-term budget outlook is pessimistic and it is based on expectations of relatively low rates of economic growth - from 0.8% in 2015 to 2.3% in 2017. Unsatisfactory is the factor impact of consumption (from 0.5% to 2.3%), gross fixed capital formation (0.1 - 3.1%) and exports of goods and services (2.9 - 3.5%).

The level of negative budget balance under the consolidated fiscal programme will decline by 0.5% annually to 2% of the GDP in 2017. The continued debt financing of the deficit can lead to public debt increase up to 30%, but without real risks to the financial stability if it is used for priority funding of employment and economic growth. The necessary structural reforms should aim at changing the way of spending the money, and not at freezing the spending, which will not lead to positive results.

The labour market will recover slowly and the pessimism is based on structural shortcomings and imbalances of supply and demand, slowing investment activity and the difficult situation with the negotiations and launching of the 8 operational programmes in the new programming period (only for two of them we can expect financing by the end of this year and in the first half of 2015).

Strategically important is the possibility to make the most of the funds under the Youth Employment Guarantee and the "Junker" Investment Plan. However, risks related to the Junker plan are too large for Bulgaria as no quotas for individual countries exist, and the mobilisation of private financial resources will be based on approved projects.

Annex of data

• **Collective bargaining system**

Collective bargaining is one of the main elements of the new system of industrial relations, established in the 1990s. The Labour Code stipulates that collective bargaining is a right of trade unions and an obligation of employers and the signed collective agreement is mandatory in nature. It is worth mentioning also that only the trade union organisation is entitled to conclude collective agreement. The Labour Code clearly outlines the levels of collective bargaining – enterprises, branches/sectors and municipalities. Since 2003 the collective bargaining at branch/sectoral level has been expanded to include annual bargaining of minimum social security thresholds by economic activity.

Collective agreement is effective for employees who are members of the trade union organisation - party to the agreement. The employees who are not members of trade union organisation – party to the agreement or are not trade union members at all - can join the collective agreement with a written application to the employer or to the trade union leadership.

Regardless of the different attitudes to collective bargaining by different governments and employers, even in times of crisis, it continues to be an active instrument of industrial relations, creating opportunities to increase the competitiveness of the Bulgarian business and at the same time - protect the labour and social rights of workers and employees.

The role of the branch collective agreements has become more significant in the period 2010-2012 when the clause for extension over all companies in the respective branch was applied. The Minister of Labor and Social Policy upon the request and after consultations with the social partners extended the validity of the collective agreements in 5 branches: water supply (February 2010 and September 2012), brewing (May 2010, November 2011 and September 2013), cellulose-paper, wood processing and furniture (August 2010 and July 2012) and mining (May 2011). However, in the last two years this process is actually blocked.

Information/reference about the valid collective agreements (CAs), in the respective years

Year	Sectoral/branch CAs			CAs in company/enterprise		
	Total number	From them:		Total number CA + annexes to CAs	From them:	
		Sectoral CAs	Branch CAs		CA	Annexes
2008	67	10	57	1828	1493	335
2009	73	10	63	1499	1261	238
2010	71	10	61	1596	1321	278
2011	72	9	63	1616	1332	284
2012	64	8	56	1581	1308	273
2013	68	8	60	1439	1153	286

Source: General Labour Inspectorate and CITUB

Main level of collective bargaining remains the enterprise/company level. This decentralization process has been typical for Bulgaria since the beginning of a transformation process, but during the crisis it has been reinforced. The decentralisation is forced and provoked often by employers' branch organisations. So, for example in the production of chemical products it has been a sustained trend since 2002. Similar is the situation

in the electronics and electrical engineering industries, as well as in some branches of light and food production industry where the employers are refusing to negotiate on branch level. These trends are confirming the practice of collective bargaining on wages being redirected to company level.

- **System of tripartite social dialogue**

The tripartite dialogue (social partnership) in Bulgaria is well institutionalised and implemented at different levels. In compliance with the legislative framework and the Bulgarian practice, the system of social dialogue is organised along the following levels:

- At national level social dialogue is conducted within The National Council for Tripartite Cooperation, set up in 1993. It has standing commissions on different areas.
- At sectoral/branch level there are 51 sectoral/branch councils for social cooperation with the participation of representatives of the respective representative sectoral/branch employers' organizations and trade unions. In some sectors there are representatives of the state as an employer.
- At district level there are district councils for tripartite cooperation (since 2010).
- At municipal level there are 82 councils for social cooperation. Representatives of municipal authorities take part in the negotiations on budgetary activities (education, health and social care, culture, local government).
- At enterprise level the participants in the negotiations in the special commissions for social partnership are the employer and the existing trade union organisation(s).

On national level a National Council for Tripartite Cooperation (NCTC) is functioning. It comprises representatives of the government, workers' organisations and employers' organisations which are recognised as nationally representative according to the respective census conducted every 4 years) at parity basis. According to the last census 2011-2012 (after adopting new more stringent criteria for representativeness) 2 trade unions and 4 employers' organisations (instead of six till then) are recognised as nationally representative. NCTC is a consultative body in which amendments to social and labour legislation are discussed, as well as policies and documents related to the labour market, vocational training, wages/salaries, incomes and living standards of the population.

In recent years the tripartite cooperation at national level is expanding. New mechanisms are developed, such as: participation in ad hoc groups developing new labour and social legislation, participation in Public Councils at the ministries. The social partners participate in the management and supervision of a number of bodies in the areas of employment, social and health insurance, health and safety and vocational education and training, established along a tripartite principle, as well as in the Monitoring Committees of Operational Programmes co-funded by the ESF and other EU funds.

- **Social security systems**

Coverage* rate of the labour force /LF/ by types of insurance risks /in %/

Insurance risks	2009	2010	2011	2012	2013	2014 - I Q	2014 - II Q
Health insurance (number of insured persons, in relation to the LF = employed + unemployed persons)	76.7	72.8
Pension insurance (number of insured persons related to all employed)	76.0	79.7	84.0	80.6	79.8	79.9	77.1
Insurance for unemployment (number of insured persons, related to all employees)	88.0	88.9	92.7	90.5	92.5	92.6	92.3

Source: National Social Security Institute (NSSI)

* The coverage is calculated on the base of the data for all insured persons provided by the NSSI. These persons are classified in different groups based on the following features:

1. All employees including all self-employed persons are obliged to pension insurance.
2. Only employees are insured for unemployment.
3. All persons are obliged by law to health insurance but in practice a significant part of the self-employed are not covered.

- **Education and vocational training**

The focus in 2013-2014 and in the following years is placed on:

Firstly, the creation and licensing of new Centers for Information and Professional Orientation (CIPOs), which have to play a very important role not only for the inclusion of the unemployed in the labour market but also for informing employed persons about the possibilities for re-qualification and placement in new jobs. This could be a very effective tool especially under crisis conditions and during gradual economic recovery when deep structural reforms in the field of employment policies and the respective re-orientation of the labour force towards new employment forms are needed.

Secondly, the introduction of a system for dual vocational education similar to the existing systems in Germany and Austria. The dual system should contribute to improving the adaptability of young people graduating from secondary schools to real labour market needs. BIA and CITUB in a joint project elaborated proposals for amendments to the labour and education legislation in this respect. In July 2014 the Law on vocational education and training has been amended to include provisions related to dual training.

Thirdly, in 2014 *The System for identification and validation of acquired competences and skills through informal training and non-formal learning* has been implemented under the joint project of the social partners and the Ministry of education and science 'New opportunity for my future' co-funded by the ESF under the Human Resources Development Operational Programme. The process of validation started in 2014 and will continue in 2015. The introduction of a system for validation of the acquired competences and skills through informal training and non-formal learning is beneficial for both the employees/ unemployed people and for the employers. For workers, it improves employability and increases opportunities for occupational mobility and career development, supports the labour market transitions. The companies will benefit

from employees with more appropriate skills and increased motivation and loyalty among their workers.

In the Country specific recommendations report issued in June 2014, the European Commission recommends Bulgaria to undertake action within the period 2014-2015 to adopt the *School Education Act* and pursue the reforms of vocational and higher education in order to increase the level and relevance of skills acquired at all levels, while fostering partnerships between educational institutions and business with a view to better aligning outcomes to labour market needs.

- **Employment rate**

Employment rates (in %)

	2009	2010	2011	2012	2013	2014- 1 st quarter	2014-2 nd quarter	2014-3 rd quarter
Population aged 15 years and over								
total	49.4	46.7	46.6	46.6	46.9	46.5	47.9	49.3
men	54.9	51.3	51.1	50.8	51.4	51.2	52.7	54.3
women	44.4	42.4	42.4	42.6	42.8	42.2	43.5	44.6
Population aged 15 – 64								
total	62.6	59.7	58.4	58.8	59.5	59.0	61.0	62.8
men	66.9	63.0	61.2	61.3	62.1	61.8	63.7	65.8
women	58.3	56.4	55.6	56.3	56.8	56.2	58.1	59.7
Population aged 20- 64								
total	68.8	65.4	62.9	63.0	63.5	63.0	65.0	66.9
men	73.8	69.1	66.0	65.8	66.4	66.1	68.0	70.2
women	64.0	61.7	59.8	60.2	60.7	59.9	61.9	63.5

Source: National Statistical Institute. Labour force survey.

- **Unemployment rate**

Unemployment rates (in %)

Calculated on the basis:	2009	2010	2011	2012	2013	2014 1 st quarter	2014 2 nd quarter	2014 3 rd quarter
K ₁ : Population aged 15 years and over	6.8	10.2	11.3	12.3	12.9	13.0	11.4	10.8
K ₂ : Population aged 15-64	6.9	10.3	11.4	12.4	13.0	13.1	11.5	10.8
K ₃ : Registered unemployed persons in the employment offices	7.6	9.5	10.1	11.1	11.3	12.2	11.2	10.5

Source: For K₁ and K₂ - National Statistical Institute (Labour force survey) and for K₃ – National Employment Agency (registered unemployed persons in the Employment Offices).

- **Average monthly wages**

Average monthly wage – total and in the economic sectors (in EUR)

	2009	2010	2011	2012	2013	2014 – 1 st quarter	2014 - 2 nd quarter	2014 – 3 rd quarter
total	311	331	351	374	396	407	418	414
Public sector	344	383	389	405	427	432	453	447
Private sector	279	312	338	363	386	398	406	403

Source: National Statistical Institute. Statistics of employment and labour costs (data for 2014 quarterly, is preliminary).

- **Gender pay gap**

There aren't any changes in the remuneration of labour by gender. Traditionally in Bulgaria the difference is between 15-20 percentage points in favour of men and it is explained mainly with the employment specifics – women are employed in large

numbers in the so called “feminised” branches and sectors, such as; textiles, the knitwear and tailoring sector, retail trade and similar sectors where the average monthly wage is significantly below the average wage for the country (60-70%). On the other hand, the so-called “male” sectors as metallurgy, energy/power engineering, coal extraction and ore extraction maintain wage levels far above the average country wage. There is no concrete evidence for gender pay gap at the same working place or at least there are no such statistics.

Average monthly wage by gender (in EUR) and women/men wage ratio (in %)

	2009	2010	2011	2012	2013	2014- 1st quarter	2014-2nd quarter	2014- 3rd quarter
men	344	367	389	417	440	444	455	452
women	278	296	313	331	353	370	380	375
Ratio w/m	80.8	80.6	80.5	79.4	80.2	83.3	83.5	83.0

Source: National Statistical institute. Employment statistics and labour costs (quarterly data for 2014 is preliminary).

- **Monthly minimum wage**

Monthly minimum wage in the country (in EUR)

from 1.1.2008	from 1.1.2009	without a change 2010	from 1.9.2011	from 1.5.2012	from 1.1.2013	From 1.1.2014
112	123	123	138	148	158	174

Source: National Statistical institute

- **Actual weekly working hours**

There is no clearly expressed tendency for working time reduction under crisis conditions; which demonstrates that employers are not flexible enough in working time organisation and tend to choose dismissal of workers option rather than looking for ways to maintain employment levels.

Average actual weekly working hours

	2009	2010	2011	2012	2013	2014-1 st quarter	2014- 2 nd quarter	2014-3 rd quarter
total	40.3	40.5	40.2	40.1	40.0	39.8	39.7	40.6
By Gender:								
Men	40.8	40.8	40.5	40.4	40.3	40.1	40.1	40.9
Women	39.9	40.1	39.9	39.8	39.6	39.4	39.2	40.2
By type of ownership:								
Private sector	40.9	41.0	40.7	40.6	40.4	40.2	40.2	41.0
Public sector	38.7	38.9	38.8	38.8	38.6	38.4	38.2	39.1

Source: National Statistical Institute. Labour force survey.

- **Normal work / atypical work**

Atypical employment is not wide-spread throughout the country – especially part-time and temporary work. More widely spread in the private sector is the “grey” employment. The largest number of undeclared workers can be observed in construction, hotels and restaurants, and agriculture. Illegal employment has two main dimensions – work without employment contracts and employment under contract with “hidden” clauses (e.g., envelope wages). Whereas we can observe a stable downward trend of decreasing employment without contracts since 2003, employment with “hidden clauses” shows an opposite trend – it increased to include about 10% of the employees.

The challenges the worker in informal employment faces are the same as for other forms of unregulated relations. The difference here is that while it is difficult to regulate the informal economy, it must be put under control in such a way as to reduce it to the minimum. This means that mechanisms of information and consultation of workers and

employees seeking work in the informal sector should be sought, as well as bigger sanctions for employers offering this kind of work must be imposed. However, both sides in the employment relation have their reasons against the stricter measures. On the one hand, employers state that the workers themselves do not want to conclude contracts, since during the period of employment they continue to use services and resources from the social assistance systems and unemployment benefits; on the other hand, workers point out that they cannot refuse the offered work because the employer will quickly find another worker/person who will accept his conditions. This is a vicious circle that has to be tackled with by appropriate legislative measures, considering the extent of the employer's blame on the one hand, and that of the employee on the other, so that the right sanctions could be imposed.

Relative share of the employees by type of contract (in %)

	2009	2010	2011	2012	2013	2014 1 st quarter	2014 2 nd quarter	2014 3 rd quarter
By the length of working time:								
Full time	98.4	98.3	98.2	98.0	97.8	97.7	98.0	97.9
Part time	1.6	1.7	1.8	2.0	2.2	2.3	2.0	2.1
By type of contract with the employer:								
Labour contract	96.4	96.8	97.5	97.5	97.0	97.4	96.9	96.5
Freelance contract	1.5	1.2	0.9	1.0	1.2	1.2	1.1	1.2
Without any contract	2.1	2.0	1.6	1.5	1.8	1.4	2.0	2.3
By type of working activity:								
Permanent job	95.3	95.5	95.9	95.5	94.3	95.20	94.3	93.6
Temporary/agency work	4.7	4.5	4.1	4.5	5.7	4.8	5.7	6.4

Source: National Statistical Institute. Labour force survey.

• Migration

External migration by sex*

Number of persons	2011			2012			2013		
	total	men	women	total	men	women	total	men	women
Immigrants in the country	4722	2402	2320	14103	8182	5921	18570	10496	8074
Emigrants from the country	9517	4460	5057	16615	8836	7779	19678	9841	9837
Mechanical Increase	-4795	-2058	-2737	-2512	-654	-1858	-1108	655	-1763

Source: National Statistical Institute (Population and demography)

* Includes only those persons who have declared before administrative authorities a change of the permanent address - from country to abroad and from abroad to the country.

• Human Development Index (HDI) and its components

BULGARIA	2009	2010	2011	2012	2013
HDI – Value	0.767	0.773	0.774	0.776	0.777
Ranking (from 186 countries)*				57	58
Life expectancy at birth (years)	73.1	73.2	73.3	73.4	73.5
Mean years of schooling of adults (years)	10.5	10.6	10.6	10.6	10.6
Expected years of schooling of children (years)	13.9	14.2	14.3	14.3	14.3
Gross national income per capita (PPP \$ - 2011)	14,501	14,695	14,793	15,178	15,402

Source: Human Development Report 2014, UNDP

*Ranking scale: 1-47 (Very high HD); 48-94 (High HD); 95-141 (Medium HD); 142-186 (Low HD)

• Gini-coefficient

Gini-coefficient	2009	2010	2011	2012	2013
Bulgaria	33.4	33.2	35.0	33.6	35.4
EU-27	30.4	30.5	30.8	30.4	30.5
Ranking (BG in EU-27)	5	6	2	5	1

Source: Eurostat (SILC)

- **Collective agreement coverage**

Expert estimates on the collective agreement coverage are based on: the changes in the number of signed collective agreements, the approximately numbers of the covered persons and the number of employed persons. In this case the indicator for a coverage rate is influenced more by the number of employed persons than by the other factors which play a less significant role (the number of signed collective agreements and the approximate number of covered persons remain relatively stable). The data from nationally representative empirical research indicates relatively lower CAs coverage rates for employed persons (under 30%), which could also be explained with the low popularity of the process of collective bargaining in Bulgaria.

Collective agreements coverage rate for the employees (in %)

2008	2009	2010	2011	2012	2013
30	32	35	38	29*	30

Source: Experts evaluation – ISTUR of CITUB

*Data from National representative survey “Work-climate-index” (ISTUR of CITUB)

- **Ongoing important collective bargaining agreements**

A national agreement between social partners on joint actions with regards to application of the European Framework Agreement on Work Related Stress (2004) and the European Framework Agreement on Harassment and Violence at Work (2007) is under preparation for signing by the social partners. The draft agreement has been developed by CITUB experts (in coordination with “Podkrepa” CL). It consists of concrete guidelines and instruments for social partner joint actions at all levels, where social dialogue and collective bargaining have been realized. The guidelines and instruments are in accordance with the experience of the European social partners in implementing national framework agreements as well in compliance with good practices of the sector trade union federations of CITUB – the Bulgarian Union of Teachers (BUT), the Federation of Transport Trade Unions in Bulgaria (FTTUB) and the Federation of Trade Unions – Health services (FTUHS) in solving issues related to stress, harassment and violence at work. The aim is to facilitate discussions between social partners by opening debates on the draft proposal of the CITUB and to reach an agreement for signing a National Framework agreement on stress and violence at work.

Most of the sector/branch collective agreements are renewed in 2014 for a two years term.

- **Trade union density**

The explanations of the changes of the collective agreement coverage rate are also valid for trade union density. As a rule, when having a higher employment rate (as we have had it in 2008) the relative share of the trade union members is lower. When the number of the employees in the national economy decreased trade union membership density increased due to the fact that the majority of the dismissed/laid off employees were not trade union members. Data from empirical sociological research indicates a slight increase in trade union density (around 21-22%), but as a whole the trend towards a decreasing trade union membership (in absolute figures) has not been slowed.

Trade union density (number of trade union members to the number of all employees – in %)

2008	2009	2010	2011	2012	2010	2012	2013	2014
16.9	17.3	18.9	18.9	19.0	21.2*	21.9*	20.9**	20.9**

Source: Experts evaluation – ISTUR of CITUB, *Data from National representative survey “Work-climate-index” (ISTUR of CITUB), **Data from National representative survey “Syndibarometer” (ISTUR of CITUB).

- **Employer’s organisations density**

According to the data from the latest census 2011-2012 the four employer’s organisations recognised as representative at national level - the Bulgarian Industrial Association (BIA), the Bulgarian Chamber of Commerce and Industry (BCCI), the Confederation of Employers and Industrialists in Bulgaria (CEIBG) and the Bulgarian Industrial Capital Association (BICA) – all reported an increase in their membership. These figures mostly represent mid-sized and large companies as most of the small and micro-enterprises are not members of any of the four nationally representative employers’ organisations.

- **Workplace representation**

Bulgarian labour legislation does not stipulate the establishment of works councils in companies or enterprises. Workplace representation is realised by trade union organisations directly in the workplace and where there are no such organisations the representation can be realised through the general assembly or the assembly of the delegates/proxies of the entire company staff.

In 1997 a Law on Health and Safety at Work was adopted according to which companies with 50 or more employees must establish committees on working conditions. In all other companies (with less than 50 employees) groups on working conditions have to be established. The committees comprise employees and employer representatives on parity basis.

In 2001 the general assembly/assembly of representatives’ was entitled to additional functions, e.g. the right to choose representatives for the economic and social interests of the employees; the right to choose representatives for participation in the General Assembly of shareholders/partners/associates; and for companies with 50 and more than 50 employees – the right to choose a representative in company governing bodies.

With the amendments in the Labour Code, in force since July 2006, the obligation of the parties in the information and consultation process has arisen. Furthermore, a Law relating to the election of workers/employees representatives in; European Works Councils in the MNC, in bodies of supervision/management in European companies and in European cooperative societies is now in place.

In 2012-2013 the CITUB, jointly with the Employers’ Organisation BIA, launched a country-wide campaign “Be Info” to promote and encourage the process of information and consultation in establishments which, as yet, do not have elected employees’ representatives on information and consultation. After realisation of the first (information) stage of the campaign when 171 establishments/companies throughout the country were visited, the next stage (consultation stage) was prolonged in 2014. It is expected that as a direct results of this process a minimum of 10-20% of visited companies should create systems for information and consultation in the short-term, and in the long-term, will establish trade union organisations.

At a preparatory stage (2014) is a future campaign of CITUB discussed at the meeting of the Club of trade union leaders of CITUB organisations in the subsidiaries of the MNCs in Bulgaria. It aimed at protecting the employees' rights in subsidiaries of MNCs through monitoring of the application of national and international labour standards and legislative rules throughout the value chains, including the subsidiary of the MNC, subcontractors, suppliers and consumers. This will be a specific mechanism for control over the promotion of the rights in cases where there is not general documents of the MNC, defining these rights, or if the existing Codes / Charters of Conduct, Transnational and other agreements do not relate to the interrelated enterprises.

Trade unions

a. National Trade Union Confederations

Name in Bulgarian	Name in English	Number of members*		International affiliation
		2012	2008	
Trade union confederations recognised as nationally representative				
Конфедерация на независимите синдикати в България	Confederation of Independent Trade Unions in Bulgaria (CITUB)	275 762	328 232	ETUC ITUC
Конфедерация на труда Подкрепа (КТ Подкрепа)	Confederation of Labour Podkrepa (Podkrepa CL)	88 329	91 738	ETUC ITUC

Source: Ministry of Labour and Social policy,

* Data from the official censuses carried out in 2011-2012 and 2007-2008

b. Trade Union Federations by branches

TRADE UNION FEDERATIONS AFFILIATED TO THE CITUB

№	Name in Bulgarian	Name in English	Number of members		International affiliation
			2013	2008	
1	Синдикат на българските учители	Bulgarian Union of Teachers (BUT)	70587	75170	ETUCE EI
2	Федерация на синдикатите от държавното управление и организации	Federation of Independent Trade Unions of State Government and Organisations (FITUGO)	25646	18727	EPSU PSI
3	Федерация на синдикатите в здравеопазването	Federation of Trade Unions – health services (FTUHS/ ITUFC)	23152	18575	EPSU PSI
4	Синдикат на железничарите в България	Trade Union of the Railways Workers in Bulgaria (TURWB)	16118	22048	ETF
5	Съюз на транспортните синдикати в България	Federation of Transport Trade Unions in Bulgaria (FTTUB)	11904	13960	ETF ITF
6	Национален браншов синдиката Водоснабдител	National branch water – supply trade union (NBTU Vodossnabdittel)	10916	11674	EPSU PSI

7	Национална федерация на енергетиците	National Federation of Energy Workers (NFE/NFEW)	9974	10019	IndustriAll-Europe and Global EPSU/PSI
8	Федерация на независимите синдикати на миньорите	Federation of the Independent Trade Unions of Miners (FISM)	9515	10960	IndustriAll-Europe and Global
9	Национална синдикална федерация Метал - електро	National Trade Union Federation Metal-Electro (NTUF Metal-Electro)	9509	10417	IndustriAll-Europe and Global
10	Синдикална федерация на съобщенията	Trade Union Federation of Communications (TUFC)	9128	9840	
11	Федерация на независимите синдикални организации от леката промишленост	Light Industry Trade Union Organisations Federation (FOSIL/LITUOF)	8904	13162	IndustriAll-Europe and Global
12	Федерация на независимите синдикални организации от българската армия	Federation of Independent Trade Unions in the Bulgarian Army (FITUBA)	6432	7931	
13	Независима синдикална федерация на енергетиците в България	Independent Labor Federation of the Workers in Energy (NSFEB /ILFWE)	6224	6569	EPSU PSI
14	Федерация на независимите синдикални организации от горското стопанство и дървопреработващата промишленост	Federation of Trade Union Organizations in Forestry and Woodworking Industry in Bulgaria (FSOGSDP)	5783	7033	EFBWW BWI
15	Федерация на независимите синдикати в земеделието	Federation of Independent Agricultural Trade Unions (FIATU)	5620	5845	EFFAT IUF
16	Независим учителски синдикат	Independent Teachers' Trade Union (ITTU)	5437	4511	
17	Независима синдикална федерация на търговията, кооперациите, туризма и общественото обслужване	Independent Trade Union Federation of Employees in Commerce, Cooperatives, Tourism, Credit and Social Services (ITUFECCTCS)	4466	5341	UNI - EUROPA
18	Национален браншов синдикат Висше образование и наука	National Branch Trade Union of Higher Education and Science (NBTU-HES)	4215	4014	
19	Федерация на независимите строителни синдикати	Federation of Independent Trade Unions in Construction (FITUC)	4120	7236	EFBWW BWI
20	Синдикална федерация МЕТАЛИЦИ	Trade union of METALWORKERS (TU METALIZY)	3572	7387	IndustriAll-Europe and Global

21	Национална федерация на труда Химия и индустрия	National Labor Federation of Chemistry and Industry (NLF Chemistry and Industry)	2871	5867	IndustriAll-Europe and Global
22	Федерация на синдикатите от военнопromишления комплекс	Federation of Trade Unions of the Military Industrial Complex (FTUMIC)	2687	2971	
23	Национален банков синдикат	National Banking Union (NBS)	2208	2168	
24	Синдикална федерация на организациите от електрониката, машиностроенето и информатиката	Trade Union Federation of Organizations of Electronics, Machine-building and Informatics (TUFOEMI)	2137	2169	IndustriAll-Europe jointly with FTISI "Podkrepa"
25	Федерация на независимите синдикални организации от хранителната промишленост	Federation of Independent Trade Unions in the Food Industry (FITU-FOOD)	2126	3002	EFFAT IUF
26	Съюз на българските музикални и танцови дейци	Union of Bulgarian Musicians and Dancers (UBMC)	1973		Before 2012 - member of ITUF CULTURE
27	Независима федерация Култура	Independent Trade Union Federation of Culture (ITUF CULTURE)	1791	1261	
28	Независима синдикална федерация на кооперативните организации	Independent Trade Union Federation of Cooperative Organizations (ITUFC)	1490	2079	
29	Моряшки синдикат	Seamen's Syndicate – Bulgaria	1355	3310	ETF ITF
30	Синдикат Корабостроител	Trade Union Korabostroitel (Shipbuilder) (TU Korabostroitel)	1223	1301	
31	Синдикална федерация на организации от туризма	Trade Unions of Tourism in Bulgaria (TUTB)	1198	1765	
32	Независим синдикат на тютюноработниците	Independent Trade Union of Tobacco Workers (ITUTW)	1131	1433	
33	Синдикат на автотранспортните синдикати	Trade Union of Road Transport Workers (TURTW)	1089	1845	
34	Синдикат Пиво, Храни и Напитки	Trade Union of Beer, Food and Beverages (TUBFB)	888	907	EFFAT IUF
35	Национален радио-телевизионен синдикат	National Radio and TV Trade Union (NRTVTU)	237	297	
36	Национален синдикат на икономистите и одиторите в България	National Trade Union of Economists and Auditors in Bulgaria (NTUEAB)	29	257	

Source: Data from the internal registration system of CITUB

TRADE UNION FEDERATIONS AFFILIATED TO PODKREPA CL

№	Name in Bulgarian	Name in English	Number of members		International affiliation
			2013	2008	
1	Синдикат Образование	Union of Education	17462	15300	ETUCE EI
2	Медицинска федерация	Medical federation	9140	6430	EPSU PSI
3	Синдикална миньорска федерация	Miners federation	7721	7019	IndustriAll- Europe and Global
4	Федерация на транспортните работници	Federation of the transport workers	6140	7342	ETF
5	Синдикат на административните служители	Union of the administrative employees	5742	4833	EPSU PSI
6	Федерация Енергетика	Federation of Energy	5573	5766	IndustriAll- Europe and Global EPSU/PSI
7	Федерация Строителство, индустрия и водоснабдяване	Federation of construction and water supply	5428	5081	EFBWW EPSU BWI
8	Синдикална федерация на машиностроителите и металоработниците	Trade union federation of metal workers	5182	6028	IndustriAll- Europe and Global
9	Федерация Лека промишленост	Federation of Light Industry	3096	3464	IndustriAll- Europe and Global
10	Федерация Търговия, Услуги, Контролни органи и Туризм	Federation of Commerce, Services, Control bodies and Tourism	2916	1813	EPSU IndustriAll- Global
11	Федерация Съобщения	Federation of Communications	2520	3687	
12	Федерация Химия	Federation of Chemical Industry	2360	3802	IndustriAll- Europe and Global
13	Федерация Атомна енергетика	Federation of Nuclear Energy	2030	1224	IndustriAll- Europe
14	Федерация Металургия	Federation of Metallurgy	2010	3777	IndustriAll- Europe and Global
15	Федерация Земеделие и горско стопанство	Federation of Agriculture and Forestry	1906	1528	IUF
16	Национален железничарски синдикат	National railway union	1804	1804	
17	Национален професионален синдикат на работещите в сигурността и охраната	National Union of the employees in the private security services	1621	1081	

18	Федерация Техническа индустрия, наука, информатика	Federation of Technical industry, science, informatics	1577	985	IndustriAll-Europe jointly with TUFOEMI - CITUB
19	Синдикат Тютюнева промишленост	Union of the Tobacco industry	1307	1447	
20	Федерация Хранителна и питейна промишленост	Federation of the Food and beverages industry	1153	2917	EFFAT IUF
21	Синдикат Отбрана	Union of Defence	1115	1270	PSI
22	Федерация Култура	Federation of Culture	1025	726	
23	Синдикат на свещено и църковно служителите	Union of priests churchmen	821	Since December 2010	
24	Национален синдикат Телевизия и радио	National Union of Television and radio	204	26	
25	Съюз на журналистите в България Подкрепа	Union of journalists, Podkrepa	187	9	EFJ IFJ

Source: Data from the internal registration system of Podkrepa CL

- **Employers organisations**

	Name in Bulgarian	Name in English	Number of members	International affiliation
1	Българска стопанска камара – Съюз на българския бизнес (БСК)	Bulgarian Industrial Association - Union of the Bulgarian Business (BIA)	93 branch organisations in 26 sectors; 13 082 companies with 644 723 employees; 120 regional chambers;	<u>BUSINESSEURO PE</u> , IOE – International Organization of Employers
2	Българска търговско промишлена палата (БТПП)	Bulgarian Chamber of Commerce and Industry (BCCI)	103 sectoral/branch organisations; 21 977 companies with 665 714 employees; 28 regional chambers;	International chamber of commerce, Paris; World Trade Centers Association, USA; EUROCHAMBRES
3	Асоциация на индустриалния капитал в България (АИКБ)	Bulgarian Industrial Capital Association (BICA)	38 sectoral/branch organisations; 6 626 companies with 335 805 employees; 75 regional structures.	European Centre of Employers and Enterprises Providing Public Services (<u>CEEP</u>)
4	Конфедерация на работодателите и индустриалците в България (КРИБ)	Confederation of Employers and Industrialists in Bulgaria (CEIBG)	70 sectoral/branch organisations; 5 336 companies with 504 984 employees; 101 territorial bodies.	International Chamber of Commerce (ICC)

Source: Ministry of Labour and Social Policy. Data from official census of employer organisations held in 2011-2012 and interviews with employer's organisations representatives (2013).