

2015

# Annual Reviews of Labour Relations and Social Dialogue Regional Abstract for Southeast Europe

PETER WEGENSCHIMMEL  
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The countries of Southeast Europe do not make up a homogeneous group. Their national economic, fiscal and monetary policies as well as their labour relations are largely determined by the nature of their relationship with the European Union. Therefore, they can roughly be divided into two groups: Firstly, the 2004, 2008 and 2013 EU-accession countries ([Bulgaria](#), [Romania](#), [Slovenia](#) and [Croatia](#)) that are committed to the Maastricht criteria and are subject to monitoring within the so-called European Semester; and secondly, the EU neighbouring and candidate countries ([Albania](#), [Bosnia](#), [Kosovo](#), [Macedonia](#), [Moldova](#), [Montenegro](#) and [Serbia](#)) upon which the EU has only limited influence by pressing them for policy reforms if they want to be eligible for EU membership.

The first group of countries was characterized by growth in GDP and consumption in 2015, even though that growth was still unevenly distributed and not everybody benefited from it in the same way. In most countries growth did not contribute to a sustainable increase in employment and social security. In order to increase employment, labour law amendments in 2015 provided flexible working-time concepts, e.g. in *Bulgaria* and *Croatia*.

In many of these countries, the public sector is still a major player in the labour market. In *Bulgaria*, state employees were particularly hit by the European austerity policy, resulting in the freezing of wages in most state budget-funded jobs.

In 2015, *Slovenia* tackled the privatisation procedure for companies with a remaining state share of ownership. In most of these privatizations employee representatives were totally ignored by the sellers' consortium (see *Adria* sale).

Regarding labour relations, *Romania* still may be the country with the tensest labour relations in the European Union because of the introduction of a very hostile Labour Code to

trade unions hostile 2010. However, with the new caretaker Government taking over in 2015, the situation has slightly improved. This was shown when, after criticism from national union confederations and consultation with the social partners in the framework of the National Council for Tripartite Social Dialogue, the Government decided to revise its decision to freeze the minimum wage.

*Bulgaria's* development of industrial relations in the recent past has been marked by contradictions and uneven development. These contradictions are significant for the entire EU policy towards new member states: On one hand, the Europe 2020 strategy sets up rather ambitious objectives for each member state in the fields of labour and incomes but on the other hand the new economic governance makes the European social dimension pointless, undermining the national systems for social protection and the progress achieved so far through social dialogue and collective bargaining.

The year 2015 will be kept in mind unprecedentedly in *Bulgaria* because of the countrywide joint protests of the four nationally representative employers' organisations and two trade union confederations (CITUB and CL Podkrepa) against the projected increase in the electricity price for industries and services, including a supplement for public service obligations, in the fear that this could lead to bankruptcies, job cuts and cuts in income and social benefits for workers.

The developments in *Croatia* in 2015 were widely marked by the EU austerity policy and by the Government's attempt to limit budget spending on wages and using legislative changes to undermine the rights established by the collective agreements. The Labour Code adopted in July 2014 contained a provision stating that all decisions on the extended application of collective agreements would automatically expire six months after the act was affective. Therefore, in February 2015, extended application of sectoral agreements for the construction industry,



catering, travel agencies and the wood and paper industry expired.

In August, the Croatian Government adopted its Action plan on establishing and regulating the wage system in the Republic of Croatia 2015-2016. The plan was a reaction to the European Council 2015 Country-Specific Recommendations advising Croatia to "tackle the weaknesses in the wage-setting framework in order to foster the alignment of wages with productivity and macroeconomic conditions". The plan aims at developing a system of monitoring wage developments, better coordination and harmonisation of collective bargaining in public administration and services, stronger linking of wages with productivity through coordination of collective bargaining in state-owned companies and conducting an analysis of the effects of the minimum wage on productivity and social inclusion. Unions representing workers in state-owned companies opposed the plan, arguing that attempts to coordinate collective bargaining in such companies might violate the freedom of collective bargaining.

The developments in the neighbouring and EU-candidate countries were mixed. The economies of most countries were eventually showing signs of recovery after the aftermath of the 2008 crisis; this was the case in *Albania* for example. However, employment rates and social indicators were still very low. Youth unemployment rates in Southeast Europe are among the highest in the world.

Some countries of the region were shaken by political turmoil, such as *Kosovo* and *Macedonia*. In the later one the publication of wire-tapped phone conversations indicated corruption and further serious wrongdoings by members of the Government, but these did not lead to the Government stepping down.

As most of these countries are characterised by a weak tradition of social dialogue, union

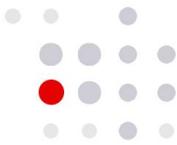
bashing and the blackmailing of union members within the private sector are widespread phenomena. This is the case in *Serbia*, where in 2015 more than 100 private companies were accused of preventing union organising.

In *Montenegro*, the EU 2015 Progress Report explicitly recommends to improve social dialogue, particularly in the private sector, and to consult the Social Council for new regulations related to the competence of the social partners.

In the *Federation BIH* (FBIH) a new Labour Code came into force in August 2015. This was adopted through urgent procedure without public discussion and without participation of the social partners. Under the law workers' rights are reduced or even abolished and the law provided for the automatic cancelling of all existing collective agreement 90 days after it came into force. In the *Republika Srpska* (RS), the Government adopted a draft version of a new Labour Code at the end of November. The Confederation of Trade Unions of RS, branch trade unions and workers in *Republika Srpska* have expressed strong concerns regarding the new law.

In most countries of the region, trade unions are further weakened by internal division. The case of the Confederation of Trade Unions of *Montenegro* (CTUM), which has been shaken by heavy internal disputes and even criminal charges, is particularly dramatic. The Ministry of Labour and Social Welfare registered the new leadership even though the deposed leadership claims that its dismissal was illegal. The ETUC Executive Committee in turn announced that it would not recognize the new leadership.

2016 will be marked by elections in *Romania*, *Macedonia*, *Montenegro* and *Serbia* while in *Croatia* trade unions will have to cope with a new conservative government.



### About the Author

**MA Peter Wegenschimmel** is a junior researcher at the Institute for East and Southeast European Studies in Regensburg and focuses on research in sociology of labour and industrial relations.

### Imprint

Friedrich-Ebert-Stiftung | Regional Project on  
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Maróthyho 6 | 81106 Bratislava | Slovakia  
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Responsible:  
Valeska Hesse

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