

LABOR AND SOCIAL JUSTICE

# THE IMPACT OF COVID - 19 ON LOW-PAID AND LABOR INTENSIVE BRANCHES

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Evident increase in the number of dismissals during the state of emergency, with 626 dismissals registered, and over 900 reported cases of work during quarantine and curfew.



Many measures taken by the Government to relieve from work employees with chronic diseases, pregnant women and parents of children up to 10 years of age were not complied with by some employers.



A government measure to support about 120,000 employees in the private sector of about 20,000 companies, worth 79.5 million euros from the state budget. This gives an opportunity and an obligation of the government to influence the way of management, which primarily means respect and guarantee workers' rights by employers.





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# Foreword

Covid-19 Pandemic that swept the world in 2020, has produced different effects in all spheres of life. One of the social groups that were most exposed to these consequences are workers, particularly those in the industry.

The "Friedrich Ebert" Foundation has been working for several years and strives to protect and promote workers' rights and provide decent working conditions in order to respect the employee and his personal and professional integrity and dignity. To achieve this goal, the Friedrich Ebert Stiftung collaborates with governmental and non-governmental institutions and actors who have competencies or advocate for workers' rights.

As part of this collaboration, the Foundation together with "Glasen Tekstilec" prepared this Analysis for "The Impact of Covid - 19 on low-paid and labor-intensive branches".

The purpose of this analysis is to see how and whether the measures adopted by the Government of the Republic of North Macedonia during the Covid-19 crisis affected workers, abuses by employers and successful examples of worker support by Glasen Tekstilec. This Analysis also addresses the economic effects of government measures to deal with the pandemic crisis.

We hope that this study will contribute to increased awareness and recognition of the problems and challenges of workers in the textile, leather and shoe industries, and will result in increased engagement by relevant institutions to monitor the fair and consistent implementation of government measures in further dealing with the consequences of the Covid-19 pandemic crisis.

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## 1

# INTRODUCTION

2020 will be remembered as the year of the Covid-19 virus pandemic, which not only caught us unprepared, but also showed us that we are safe only as much as the most vulnerable members of society. There has been a turning point in everyone's life, everywhere. The virus, which has caused a serious health crisis, has also pointed to the challenges of an insecure economic system that has suffered serious damage. It is this crisis that has shown and proven that insecurity and insufficient protection of workers have consequences for the whole society.

In the Republic of North Macedonia the crisis caused a serious decline in the economy, which was accompanied by the loss of a significant number of jobs. The first to be hit were male and female workers in the textile, leather and footwear industry, or in low-wage, labor-intensive industries. Hence arise the need for this analysis, which aims to present the situation in the textile, leather and shoe industry in RNM during the health and economic crisis caused by the Covid-19 virus.

Returning to the challenges observed immediately after the outbreak of the virus in our country, in conditions when serious measures and restrictive decisions were made by the Government and the President of the Republic of North Macedonia, we see the main problem in the confusion caused by the adoption of measures for dealing with the Covid-19 pandemic. At first, the adopted measures were not concrete and sufficiently understandable, and at the same time there was a lack of clear guidelines for their implementation and effective implementation. Undoubtedly, such a situation has led to them being subject to different interpretations by employers, institutions (inspectors and competent ministries) and other entities whose actions played a crucial role during the fight against Covid-19. This created situations of mass violations of human and labor rights, as well as a serious impact on increasing gender inequality, which was evident in the layoffs.

As the virus progressed and spread across the borders of the country, which by the way were complete-

ly closed, the same measures and decrees were legally amended several times, resulting in even more confusion and misapplication, as in many situations they were left to free interpretation. Just as the world assessed the corona crisis as primarily a gender crisis, so in our country, women, especially mothers of children up to 10 years old, were most affected. Besides them, adult workers were also hit, chronically ill people, who were in fact most seriously affected by the virus. Insufficient readiness and lack of knowledge and experience to deal with this type of pandemics, played a key role in the poor management of institutions as a whole and the consequent impact on workers and vulnerable categories which, in addition to being criticized, must also be recognized and imposed as a reason for the immediate creation of a team of experts who will be in charge of making concrete and precise recommendations that will help decision makers to act effectively in the same or similar future situations.

This analysis will display the situation of employees in the textile, leather and shoe industry, as an industry that is low paid and labor-intensive on one hand, and gender-sensitive on the other hand, primarily due to significantly higher representation of women - textile workers. The impact and the undertaken protective measures as a result of the existing legislation will be covered, as well as the additional adopted decrees and measures taken by the Government during the state of emergency, as a result of preventing the spread of the coronavirus. Furthermore, the analysis will produce recommendations to the competent institutions to adopt specific legal acts that would be a prerequisite for adopting comprehensive and concrete measures in the future, which will help ensure efficient management of possible relapse.

The analysis will cover the workers, for whom information is available from the database of the association "Glasi Tekstilec" and the legal aid provided from the period from March 10, 2020 to June 10, 2020.

## 2

## VIOLATION OF GOVERNMENT MEASURES BY EMPLOYERS

In the period of monitoring and providing free legal aid by lawyers engaged in the association "Glasi Tekstilec", several violations of the rights of employees in this sector were registered, but also non-compliance with regulations, measures and recommendations by employers, which were adopted at the Government sessions, which are subject to processing in the analysis for the period from 10.03. until 10.06.2020.

Immediately after the adoption of the first measures to protect against the spread of the Covid-19 virus, which concerned the temporary closure of educational institutions, parents (mostly women, mothers) who had children up to the age of 10 and who were initially exempt from performance of work responsibilities. They were followed by the chronically ill and pregnant women, some of whom were also relieved of their work responsibilities as a risky category of employees. The Government responded to the reaction of the employers from the private sector and the German Chamber of Commerce and explained the measure as a recommendation to the private sector to adhere to the adopted measures, decrees, conclusions, recommendations, but clarified that the recommendations themselves, in this case, are not binding, which in time limits the possibility of invoking a legal obligation and liability in case of non-compliance. This step confirmed the uncertainty on which the Macedonian economy is based, i.e. the insufficient protection of the employees from the private sector who have been left on the conscience of the employers for many years.

In the same period, a large number of workers who had an employment contract for an indefinite period of time, were registered without knowing it and as a reason for termination of employment in the M1M2 form issued by the Employment Agency, an amicable dismissal was stated. In conversations with workers who received complaints and requests for help from Glasi Tekstilec, it was evident that they did not know how their signature stood on the issued dismissal decision and that they would never agree to it, knowing the negative consequences forthcoming (loss of the right to health insurance and compensation in case of temporary unemployment from ESA).

Even more affected were the employees with a fixed-term employment contract, many of whom did not comply with the obligations of the employer, i.e. were terminated from employment before the expiration of the contract. Such illegal redundancies were reported to the State Labor Inspectorate, and in most cases the dismissal decisions were annulled, which returned them to work with a new decision by the SLI, and they were re-registered in employment according to the day of check out.

Many workers also faced a request from their employers to transform their contract from indefinite to part-time, so that after the expiration of the contract, the workers, according to their length of service, would receive compensation from the ESA. This is to the detriment of the workers, because if the employer has difficulties in working (business reasons), he should dismiss them for business reasons, and thus will pay the workers severance pay according to their length of service.

A particularly big challenge was the (dis) observance of the measures and protocols for protection at work by the employers, especially the production companies, where again the most affected were the textile, leather and shoe workers. Many failed to maintain a satisfactory level of hygiene by disinfecting production halls, providing masks and gloves as a means of protection at work.

Furthermore, the collective transport of employees, which is extremely important for the workers in the textile factories in Stip and Kocani, for which there is no other way to reach the workplace, had a great impact on the spread of the virus. Although the decree on local transport during the transport of workers stated that the capacity of the buses should be used to the maximum up to 50%, ie there must be a distance of at least 1.5 meters between each, this was not respected by employers, who have competence for the organization of transport.

Specifically in this decree it was difficult to find the competencies and who should pay attention to

the observance of this decree by the carriers. On a report to the Ministry of Interior, a worker from Kocani received an answer that in conditions of emergency, police officers can not act in violation of traffic rules and regulations. In the explanation, the Ministry of Interior even referred to the Government, which literally explained that the workers in the textile, leather and shoe companies will continue to work, giving recommendations for work in shifts, and especially for providing distance in the production halls, as well as in means of transport, in the case of buses. The same decree was withdrawn at the beginning of July and as a result, the distance was no longer respected and no attention was paid to the safety of the employees during the transport, which, as expected, resulted in an increase in the number of patients in Stip.

"Glasen Tekstilec" had registered a report for non-compliance with the measure for banning inter-city transport, due to which the workers were forced to use taxi-carriers and pay from their own pockets. During this period, Kumanovo was a real concern, and the workers in the shoe and textile industry were the most affected.

The allegations did not subside, and "Glasen Tekstilec" increasingly complained about receiving a salary below the minimum, especially by the workers who used the temporary measures by the Government.

The violation of the measures in all the previously mentioned forms, the payment of lower wages than the minimum, as well as the dismissals that were recorded especially during the first wave, were justified by the employers with reduced workload precisely because of such measures of the Government. To put an end to the irony, during this period many workers worked during the holidays, on Saturdays and Sundays, during the introduction of quarantine and curfew. According to the field inspection made by "Glasen Tekstilec", during this health crisis it was not necessary to work on these days, and thus further endanger the health of employees. This is especially due to the fact that this additional work was neither recorded nor paid to the employees.

When the seriousness escalated and "Glasen tekstilec" demanded a serious approach from the authorities, responded the mayor of Shtip, Blagoj Bochvarski, who manages to prevent the work of the textile companies during the extended weekend for the May Day holidays, during which a quarantine was introduced on the territory of the municipality of Stip. Exactly at the request of the mayor, a special act was adopted with legal force, which prohibits the work of textile companies at the municipal level during the quarantine.

## 3

## FREQUENTLY ASKED QUESTIONS, COMPLAINTS AND EXAMPLES OF REPORTS AND PROVIDED FREE LEGAL AID

This pandemic found everyone unprepared, which, in turn, prevented the adoption of clear and precise guidelines for dealing with emerging situations that were really unclear to workers and employers, so that there were many violations of the rights of workers. From the beginning of the pandemic until today, the workers have repeatedly addressed the association and consulted about ambiguities, to report violations of rights, etc.

In conditions of curfew and quarantine, even the members and employees of the association "Glasen tekstilec" had to adapt to the whole situation, especially due to the increasing number of coronavirus patients at the level of Municipality Shtip. Therefore, a decision was made for the employees and hired persons from "Glasen Tekstilec" to work from home and start providing legal aid remotely, through social networks and telephone calls. In necessary cases, the office of the association was opened to hand over to the workers the necessary documents, statements and demands imposed by the situation. Statements and requests to employers were most often prepared for those who wanted and were forced to use temporary measures to get rid of the work process.

In addition, communication with workers in the clothing, leather and footwear sector:

„I had a conversation with my husband and if my name is not mentioned, then I am for a field inspector to come out and check what it is about, why my salary

has been reduced, i.e. I do not have a minimum wage. I use the temporary measures of the Government, I am a mother of children up to 10 years old. Thank you very much for your help and understanding.“ – textile company worker from Shtip.

„Thank you, with your report to the inspectorate, they gave us back the 50% they cut for April. I saw the announcement a while ago, I want to thank you. Greetings“ – textile company worker from Shtip.

„Every day the Government makes new decisions that are not implemented. I will ask you to inform me via message about a mother who is on leave with a permit for a child of one year and is currently at home, because the kindergartens do not work, how much should her salary be because she takes 9,000 denars for April. Thank you in advance. " - for Stip.

„Hello, I would like to remain anonymous, now I read about your announcement and we did not take a minimum wage in April and May and we took 7,000 denars, is that correct? " - a worker from Valandovo.

„Since being infected with my husband and all other members, he is employed in confection and received a salary of 11,000 denars, which is less than the minimum, and I, his wife, am also chronically ill and now I still can not recover, do we owe something or do we need a lawsuit to be filed in the whole trouble, and I was hospitalized for 14 days?

## 4

## THE SUCCESS OF "GLASEN TEKSTILEC" CONSISTS OF THE MANY SMALL VICTORIES

1. At the request of "Glase Tekstilec", the remaining annual leave from 2019 was given to use and thus a company was closed in Probistip where the first cases of sick workers appeared.
2. Despite the huge number of terminations and dismissals of permanent employment contracts, non-renewal of part-time employment contracts, it is a pride to share that many workers were returned to work with the intervention of the labor inspectorate.
3. Many of the workers who used the temporary measures (parents of children up to 10 years old, chronically ill, pregnant women) and had part-time contracts, and were constantly threatened with dismissal by employers, were encouraged and addressed to "Glase Tekstilec", after which they successfully used the measure despite the previously made threats.
4. Successful cooperation with the State Labor Inspectorate (SLI) can be considered as a success in cases when a salary lower than the minimum was paid, determined by a decree with legal force and the Law on Minimum Wage for employees who used temporary measures for release from work. In addition to these employees, lower than the minimum wage was paid to those who went to work regularly. In addition, we have two successful complaints, in which the SLI discovered the irregularities. After receiving information from employees, a complaint was sent to the competent inspectorate and an extraordinary inspection was performed in several textile factories in Valandovo:
  - In the company "X" was found a salary payment lower than the minimum for the month of April, for 90% of employees. Following the reaction of "Glase Tekstilec" to the SLI and the actions of the SLI, a decision was made, which obliges the employer to make a salary correction for the month of April;
  - In the company "Y" is determined that 16 employees who use temporary measures (pregnant women, parents of children up to 10 years), are paid a salary in the amount of 50% of the minimum amount, due to the interpretation of force majeure (in Article 112, paragraph 7 of the Law on Labor Relations stipulates that if the employee does not have the opportunity to perform the work due to force majeure, and in order to avoid termination of employment, the employer may pay compensation in the amount of 50 percent of the salary). After the actions of SLI, and in response to "Glase Tekstilec", a decision was made which obliges the employer to make a salary correction, because such leave is considered as a justified absence from work.

At the request of "Glase Tekstilec", an inspection will be performed in a Skopje textile factory, where numerous irregularities will be determined in the part of payment of salary to justifiably absent workers covered by temporary measures. Consequently, with a decision from a competent inspector, the employer will be instructed to make a correction in the salaries of the employees.

Also, non-payment of past work has been determined and the employer is obliged to pay with a decision. Due to problems with the operation of electronic records of working hours, the employer is obliged to keep records of overtime work and to eliminate all irregularities within 15 days.

TYPE OF VIOLATION	NUMBER OF AFFECTED WORKERS	NUMBER OF REPORTS
Dismissals during the Covid-19 crisis	626	14
Threat of cancellation or unpaid days	20	2
Non-compliance with health measures and recommendations at work (minimum distance of 1.5 m)	543	6
Violation of the right of absence of one parent	12	12
Reduction of working hours during Covid-19	110	4
Non-extension of fixed-term contracts	157	5
The minimum distance of 1.5 meters is not respected during public transport	/	7
Payment of less than the minimum wage to workers using temporary measures (parents of children up to 10 years old, chronically ill, pregnant)	360	9
Work during quarantine and curfew	900+	5
Less than minimum wage for workers who regularly go to work	350	10
Non-extension of fixed-term contracts (parents of children up to 10 years, chronically ill, pregnant)	14	4
Workers who were forced to sign settlement dismissal contracts	204	2
Unhygienic conditions and non-compliance with Covid-19 protection protocols in the workplace	925	3
Non-compliance with the notice period and fixed-term contract by employers	46	12

These are data from the database of "Glaser Textilec" for employees who sought legal assistance and addressed the association since the beginning of the crisis caused by the pandemic with the virus Covid-19, i.e. from March 10 to June 10, 2020.

\*The number of employees covered is probably higher than the numbers listed in the table due to the different responses from each regional labor inspector-

ate in conducting inspections in relation to the number of employees covered upon application by the Association. These figures are from direct and indirect contact with the employees who addressed the Association who certainly emphasized the number of colleagues from a given company regarding violations of their human and labor rights during the socio-economic crisis caused by the Covid-19 virus.

## 5

# THE IMPACT OF ECONOMIC MEASURES IN DEALING WITH THE CRISIS CAUSED BY THE COVID-19 PANDEMIC

## INTRODUCTION TO THE CRISIS AND THE FIRST NEGATIVE EFFECTS

The Covid-19 pandemic in the world started to develop at the end of 2019 and the beginning of 2020, and it started to be felt in Macedonia at the beginning of March 2020, due to which the state institutions started thinking about dealing with the possible consequences and finally from March 10, 2020 The Government of Macedonia started with the first measures to deal with the wider social consequences of the pandemic in our country. The numerous measures that were taken were aimed at achieving several goals, the main one of which was to preserve the health of the citizens, but at the same time not to allow excessive economic losses to occur and to disable the normal process of production of goods and services and household consumption. However, the measures were primarily aimed at preserving the health of the population and preventing the spread of the pandemic, maintaining the standard of living and macroeconomic stability of the country, especially price stability and stability of the denar exchange rate, maintaining the liquidity of the state budget for the smooth exercise of its public functions (especially vital functions during a pandemic) and preventing the possible occurrence of major social and humanitarian consequences.

This approach, regardless of whether and to what extent it was justified, certainly brought with it and will still bring significant positive, but also some problematic consequences on the country's economy. The consequences, due to the nature of the pandemic, in some areas of life and society, as well as in some activities and branches of the economy were getting smaller, and in some of them, naturally, they were getting bigger. A very small part of the activities in the economy have improved their condition and performance and these are only those whose economic activities are very important at the moment and from which there are increased needs during the pandemic crisis (production of equipment and means of protection against the virus, medicines and medical equipment, health services, ICT equipment, software and commu-

nication services that provide interactions to people without physical presence, etc.).

Many of the state measures to deal with the crisis, especially the most extreme ones, for a temporary ban on doing business in some sectors (education, hospitality, hospitality, people employed in all industries who have specific health problems or have small children in the family, etc.) or partial ban on performing the activity with full technical capacity (passenger transport, tourism, cultural services, etc.), undoubtedly had the effect of reducing the level of overall economic activities. However, due to the fact that the restrictive measures started at the very end of the first quarter of 2020, ie in mid-March, the data for that quarter are not dramatic, so the national economy, as well as most companies in that quarter recorded only insignificant losses from the pandemic as evidenced by the data on the level of GDP; the situation with industrial production; export of goods and services; the number of employees in the economy; the level of average wages; as well as other indicators of the economy as a whole, but also of the textile, leather and shoe industries within the industry.

To illustrate, the economy in the first quarter of 2020 did not experience a recession, but remained in the zone of insignificant growth of 0.2 percent compared to the same quarter in 2019. However, the processing industry, which includes the textile, leather and shoe industries, had a GDP decline of 1.7 percent. In March, the number of employees in the industrial activity as a whole was lower by 3.4 percent compared to the 2019 average, and in the production of textiles increased by 16.7 percent, the production of clothing (so-called garment factories) decreased by 21.4 percent and in the production of leather and leather products decreased by as much as 54 percent. These trends have been present in recent years, regardless of the outbreak of the pandemic in 2020. Average net wages paid in March were at the level of 26,422 denars in the entire economy; 22,358 denars in the processing industry; versus 21,844 denars in the production of textiles and only 17,150 denars in the production of clothing (garment factories) and 15,282 denars in the production of leather and leather products. That was basically still at

the level of the December average net wages for 2019 of 26,836; 23,427; 25,028; 17,816; and 16,424 denars respectively (Table 1) which indicates that the impact

on wages in the first quarter, including the month of March individually, was de facto non-existent.

Table 1

Selected indicators for the situation with the economy, the processing industry and the textile, leather and shoe industry within the industry of Macedonia - first quarter of 2020. compared to the same period last year

Indicator	quarter 4 2019	quarter 1 2020	Dec. 2019	Jan. 2020	Feb. 2020	March 2020
GDP (growth in%)	3,4	0,2	/	/		/
GDP of processing industry	-0,1	-1,3	/	/	/	/
Monthly growth of the physical volume of the industrial production (in%)			-5,9	0,3	3,5	-13,4
processing industry			-3,1	4,6	6,6	-14,3
textile production			-2,1	18,9	11,9	-15,5
clothing production			-7,9	6,1	9,5	-15,9
leather production and leather goods			-28,9	-19,5	-18,7	-26,7
Employees in industry (monthly growth in%)			-2,4	-3,2	-3,2	-4,5
processing industry			-2,6	-3,5	-3,6	-4,8
textile production			-2,5	-4,6	-6,2	-7,0
clothing production			-6,8	-8,2	-7,6	-7,6
leather production and leather goods			-22,6	-19,6	-9,5	-15,3
Average monthly net salary / employee (MKD)			26.836	27.540	27.206	26.422
processing industry			23.427	23.295	23.359	22.358
textile production			25.028	22.368	22.076	21.844
clothing production			17.816	17.765	17.702	17.150
leather production and leather goods			16.424	16.650	16.172	15.282

Source: The data are presented in accordance with the monthly announcements of the SSO on the movement of the physical volume of industrial production, employees in industry; and the average monthly paid net salary per employee in Macedonia for Dec 2019 - March 2020 and the quarterly announcements of the SSO for GDP in Macedonia for the 4th quarter of 2019 and the first quarter of 2020. Where necessary, index numbers were converted to percentage changes due to the consistency of the data in the table.

The data from Table 1 show that the GDP of the economy and respectively the textile, leather and shoe industries within the industry was on a path of moderate growth, but that in the first quarter of 2020 it entered a phase of stagnation due to the pandemic situation and the introduced measures to restrict work in certain activities. The impact of the pandemic crisis on the economy as a whole, in the industrial activity as important for the economy and within the textile, leather and shoe industry was still insignificant and the economy, especially the private sector which includes the textile, leather and shoe industry, with small exceptions, managed to maintain the continuity of production.

The physical volume of industrial production during the pre-pandemic January-February 2020 showed signs of relatively satisfactory growth, including

growth within the textile industry, while in the leather and shoe industry it continued to decline, but during March, the total physical volume of industrial production, including the volume of production in the textile, leather and shoe industries, which are typical labor-intensive industries with extensive labor engagement in production, sharply decreased by about 13 - 15 percent per month level which was the sole consequence of the pandemic strike.

The number of employees in industry, but also within the textile, leather and shoe industry, which is already in a long-term phase of decline, continued during the first quarter of the year, but accelerated significantly in March 2020, also under impact of the pandemic.

As a result of the reduction in production and the restrictions imposed by the authorities, it was expected that there would be a slight but not disturbing reduction in the amount of net wages in March 2020 compared to the previous pre-pandemic level. That reduction can be assessed as insignificant. The government's financial and compensatory measures for the employees affected by the pandemic were in the process of being created in that period and were mostly activated and implemented in April, i.e. with the beginning of the second quarter of 2020.

In conclusion, the impact of the pandemic on Macedonia and its economy, as well as on the processing industry, including the textile, leather and shoe industries, although it started in mid-March 2020, was only slightly felt during the first quarter of year, ie had a very slight negative effect only in the second half of March, but, on the whole, it can not be assessed as critical.

The biggest hit on the economy and the processing industry, including the textile, leather and shoe industries and their employees occurred during the second quarter (April-June) of the year, but they were partially amortized by the active measures of the state.

## PANDEMIC DEVELOPMENT AND CRISIS MITIGATION MEASURES

The pandemic crisis developed especially during the second quarter of the year and accordingly the state took a number of various measures to mitigate its economic consequences and for the overall economy, as well as for its most affected parts, including the textile, leather and shoe industries.

The net effects of the crisis on the economy, and especially on the textile, leather and shoe industry, can not be completely isolated because the measures to mitigate it were taken in parallel with the development of the pandemic, but based on certain data we can see the final effects of the crisis on these branches.

Of the most measures taken, the biggest impact on the situation of the employees in the textile, leather and shoe industry was those for financial support for the private sector companies that are affected by the crisis caused by the pandemic. One measure was to provide budget funds for the payment of wages to workers by the employer who will seek financial support for the months of April and May 2020, in accordance with the conditions set by the regulation, and in the amount of up to 14,500 denars per month per employee, spent at work. The basic commitment was that the employers that will receive the financial support, will have the obligation to keep the same number of employees that they had at the time of application, until September 2020. This measure supported about 120,000 employees in the private sec-

tor from about 20,000 companies (registered companies), for which 79.5 million euros were spent from the state budget.

The second measure was aimed at providing budget funds for payment of monthly allowance for citizens who lost their jobs due to the crisis in the amount of 50% of the average salary of the employee in the last 24 months. Financial support was also provided to the vulnerable categories of citizens affected by the pandemic (pensioners, unemployed, students, recipients of various social assistance, etc.). This measure supported 309,000 citizens, for which budget funds in the amount of 26.8 million euros were provided.

For the companies from the private sector, favorable interest-free funds were provided with loans with an appropriate grace period of maturity for small and medium enterprises through the Development Bank of North Macedonia (DBNM) on two occasions. The first time in the amount of 5 million euros for 737 companies and the second time in the amount of 8 million euros for 639 companies with a total of 11,325 employees, some of which were from the textile, leather and shoe industries.

These two key measures, together with the credit support through DBNM and other accompanying measures from the first package adopted at the end of March and with the beginning of implementation from April 2020, provided adequate financial protection to employees during the crisis, but did not provide conditions for regular continuation of production processes in general and in the textile, leather and shoe industry, which was normal to expect because these measures to a greater extent fall into the domain of those for direct social protection of employees, and not to production. Otherwise, one of the more rigorous measures of the government was the one from 04 June 2020 which temporarily prohibited the work of the textile companies during the duration of the introduced quarantine at the level of the municipality of Stip where there are many companies and employees in that branch. Occasional losses were also incurred when certain parts or entire companies in the textile, leather and shoe industries had to be temporarily closed due to the presence of employees with Covid-19.

Based on these overall conditions, the impact on the textile, leather and shoe industry in Macedonia was still unusually large. The indicators show that during the second quarter of the year there was a sharp decline in production volume, reduction in the number of employees and the level of average monthly net salary of employees in these branches, which was the case with the economy as a whole and in large part of its activities. The effects can be seen from the data in Table 2 for the second quarter of the year.

Table 2

Selected indicators for the situation with the economy, the processing industry and the textile, leather and shoe industry within the industry of Macedonia - second quarter 2020, compared to the same period of the previous year

Indicator	quarter 2 2020	April 2020	May 2020	June 2020
GDP (growth in%)	-12,7	/	/	/
GDP of processing industry	-29,4	/	/	/
Monthly growth of the physical volume of the industrial production (in %)		-35,5	-27,0	-15,1
processing industry		-40,5	-22,1	-14,6
textile production		-62,5	-44,9	-20,6
clothing production		-44,7	-35,8	-23,5
leather production and leather goods		-69,9	-58,9	-40,6
Employees in industry (monthly growth in%)		-5,1	-5,1	-5,2
processing industry		-5,5	-5,6	-5,7
textile production		-9,8	-9,9	-7,3
clothing production		-7,8	-7,1	-6,9
leather production and leather goods		-21,0	-17,6	-17,4
Average monthly net salary / employee (in denars)		25.830	26.390	26.867
processing industry		20.902	21.270	22.172
textile production		19.733	19.639	20.453
clothing production		16.725	17.443	17.714
leather production and leather goods		13.729	14.255	15.284

Source: The data are presented in accordance with the monthly announcements of the SSO on the movement of the physical volume of industrial production, employees in industry; and the average monthly paid net salary per employee in Macedonia for April - June 2020 and the quarterly announcements of the SSO for GDP in Macedonia for the second quarter of 2020. Where necessary, index numbers were converted to percentage changes due to the consistency of the data in the table.

It is evident that the economy in Macedonia, as well as in the whole world<sup>1</sup>, experienced a significant impact of the pandemic and it, measured by its GDP, in the second quarter of 2020 decreased by 12.7 percent, but what is more significant is that the processing industry, which includes the textile, leather and shoe industries, was practically the most affected

activity whose GDP decreased by 29.4 percent, ie more than double the average in the country's economy.

Within the economy, industry as an activity, especially its processing part, experienced an even greater decline. The physical volume of industrial production in April collapsed by as much as 1/3 of its previous level, and the processing industry lost over 2/5 of its production. Of course, the most affected were the labor-intensive branches such as the textile, leather and shoe industries, which literally halved and respectively lost as much as 62.5; 44.7; and 69.9 percent of its production. As can be seen from Table 2, only during June they managed to return to the level of about 3/4 of the previous production, i.e. the fall to be about 1/4 in the textile and 2/5 in the leather branch.

Certainly, such trends accelerated the loss of jobs and caused a reduction in employees in industry and especially in the textile, leather and shoe industries. The latter were again the most affected and unlike

1 For example, GDP in the EU - 27 in the second quarter of this year, compared to the same from the previous year has decreased significantly by 14.1 percent, while in the euro area by 15 percent (Germany - 11.7, France - 19, 0, Italy - 17.3, Spain - 22.1), and this is the biggest drop when there is a time series of GDP measurements in the EU, which causes employment reductions of 2.6 and 2.9 percent respectively. This has raised unemployment in the EU and the euro area to 7.1 and 7.8 percent in June and 7.4 and 8.1 percent in August respectively, bringing the total number of unemployed in the EU and the eurozone to over 15 million people in June and 15.6 million in August, without practically counting until yesterday the regular number of unemployed people included from the UK which is now almost 1.5 million. On the other hand, the decline in the quarter of GDP in the US passed easily, but still with high figures of 9.5% when unemployment there decreased to 11.1 percent, respectively 17.7 million people in June, and then to decrease to 8.4 percent and 15.6 million persons in August 2020.

the industry as a whole and the processing industry which during the three months of the second quarter (April - June) lost 15 and 17 percent of employees respectively, the reduction of workers in the textile, leather and shoe industry was with much greater dynamics and they lost about 22 - 28 percent of workers in the textile industry, while the loss of workers in the leather industry was drastic and amounted to about 55 percent of workers. As a result, thousands of workers in the textile, leather and shoe industries in Macedonia lost their jobs due to the pandemic, but it is a good circumstance that they were covered by the state measures for payment of monthly wage compensation for workers who lost their jobs due to the crisis and in the amount of 50% of the average salary that the employee had in the last 24 months.

Along with the decline in GDP in the national economy and industry; With the decline in the physical volume of industrial production, but also with the reduction of employees in the industrial activity and the textile, leather and shoe industry, it was logical to expect a reduction in net wages that workers received during April - June, a period that has so far been most affected by the pandemic crisis. Namely, the salaries of the employees in the country decreased with the dynamics that can be seen in Table 2, and the most affected were certainly those in the labor-intensive textile, leather and shoe industry, which already had very low salaries, usually at the level guaranteed by law. salaries of 14,500 denars per month. The level of wages fell the most immediately after the introduction of the measures to limit the work by the government in April, and then they rose slightly during May and June, but never reached the level of December 2019.

Specifically in the textile, leather and shoe industry they:

- in the production of textiles fell to a lower level since December 2019 by about 3,000 denars or 15 percent;
- in the production of clothing (the most common branch with a large number of companies and employees) remained at almost the same level; and
- at the leather branch decreased by about 1,200 denars, or 8 percent.

These effects of holding the wage fall above the level of the fall in production were primarily achieved by the measure to provide budget funds for the payment of wages to workers in the textile, leather and shoe sector employers who requested financial support for the months of April and May 2020 in the amount of at most 14,500 denars per month per employee.

## LATEST DEVELOPMENTS

Conditions during the first two months of the next third quarter of 2020 (July - August) continued to improve in accordance with the relative reduction of the spread of the pandemic, but already in September with a slight deterioration of the pandemic, recurring problems can be expected, and accordingly the deterioration of economic indicators, especially in the textile, leather and shoe industries.

Industrial production in July in industry and its processing part decreased by 9.5 and 6.5 respectively, and in the textile by about 5-7, or 48 percent in the leather industry. The results for the level of industrial production for August were similar, when it decreased in the textile and leather sector by about 8-12, ie 43%. The results for the level of industrial production for August were similar, when it decreased in the textile and leather sector by about 8-12, ie 43%. The level of salaries continued to be maintained at a low but stable level - the average monthly net salary / employee in the economy in July was 27,231 denars; in the processing industry 22,882, and in the production of textiles, the production of clothing; and production of leather and leather products 21,882; 17,969; and 16,571 denars respectively. This shows that for those still working in the textile, leather and footwear industries in the face of this prolonged pandemic crisis and the real threat of a relatively severe economic recession, wages as a primary source and pillar of their standard of living have remained relatively stable.

In such conditions, the announced new package of anti-crisis measures by the government at the end of September is an additional hope for preserving the standard of employees and the population and the possible occurrence of major social and humanitarian consequences of the Covid-19 pandemic. The last, autumn package of measures, also includes measures to support the salaries of workers in the private sector at the level of 14,500 to 21,776 denars per employee during the entire fourth quarter (October - December) of 2020, which would protect a large number of jobs, ie about 250,000, and about 70 million euros would be provided from the state budget to finance the measure; granting state aid through the payment card system for domestic products for about 280,000 citizens (27.6 million euros); favorable loans for small and medium enterprises from DBNM with funds from the European Investment Bank; and many other measures for various types of economic activities and branches or for citizens of different vulnerable categories during the pandemic crisis. The entire package consists of 31 measures and will reach about 470m euros. Companies and employees in the textile, leather and shoe industries will be able to use funds from the key measures of the package, but also from a number of other measures.

## 6

## LEGAL FRAMEWORK OF THE ADOPTED MEASURES, RECOMMENDATIONS AND DECREES WITH LEGAL FORCE DURING THE COVID-19 PANDEMIC

The not so great situation in the textile, leather and shoe industry before the pandemic, was reflected after the declaration of the pandemic in the Republic of North Macedonia and it further deteriorated. The decrees, measures and recommendations adopted by the Government of the Republic of North Macedonia were vague, confusing, and it can be said that some of them were contrary to the positive labor legislation. Only a small part of the decrees, measures and recommendations have substantially reached the labor market in labor-intensive and low-wage industries in a positive way for workers in these industries.

The pandemic that affected the world and the Republic of North Macedonia, was particularly difficult to affect the labor market, and to make matters worse, it started in the period of early parliamentary elections and affected the newly formed technical government. Thus, the possibility for timely and efficient action during the pandemic turned into rapid adoption of some of the decrees with legal force without proper and public debate, as well as an analysis of the manner and form and legal solutions to be achieved by adopting these decrees, measures and recommendations. If some of the decrees with legal force are carefully analyzed, i.e. if some of the institutes of labor law are analyzed, it will be possible to see their opposition to part of the Labor Law, but also the conventions and recommendations of the International Labor Organization.

In the text below, we would like to comment chronologically on the measures, decrees, conclusions and recommendations of the Government adopted during the declared state of emergency in RNM:

- The idea of a measure to relieve chronically ill, pregnant women and parents of children up to 10 years old (usually mothers) on paper must be welcomed. The idea of the bearer is considerate, humane, for the benefit of the citizens. With this measure, the adopter takes into account the situation with the virus, which can be fatal for the chronically ill, possibly for the health of pregnant women, and with the closure of the educational

institutions, the care for the children of preschool and school age is taken into account.

However, in practice in the labor market, especially in the private sector, there have been a number of violations, especially in the area of release of these vulnerable categories of workers. To be clear, we would like to comment on several cases that were reported by workers in the association "Glase Tekstilec" which in cooperation with lawyers provided legal assistance throughout this period.

Some of the reported cases of parents with children 10 years old pointed out and asked for help because the employers in the textile industry refused to dismiss them seeking additional evidence of employment of the other parent, whether he is employed and whether he is registered as unemployed in the ESA.

The Government issued a form / statement by which the employees were subject to criminal, moral and material responsibility that the data they enter are true and with it they requested to be released from work responsibilities at the workplace due to the above conditions (pregnant women, chronically ill, parents of children up to 10 years of age. To be clear, there were several examples where one of the parents is out of the country but is registered as unemployed in the RNM. Due to the closed borders and the interrupted transportation of any kind for return, in RNM, some of the parents were not able to go back and take care of their children. Then a problem arose where the parent who is in the country and is an employed person, failed to be released from work obligations by the employer because the parent who went abroad is registered as unemployed in the Employment Agency of the Republic of North Macedonia or they do not have proof that he is employed abroad.

The part of the measure that refers to the chronically ill is non-functional, because some of the employers who received certificates from the workers about their health condition and based on those certificates were orally told to the same employees that they can

stay at home. After ten days, the workers were fired for violating the work schedule and discipline, ie for not coming to work three days in a row or five days a year. Most of the private sector refused to record these certificates in the ledgers, making it particularly difficult to prove later in court that the conditions for dismissal were met. The lack of legal knowledge of the employees about the way in which they will be able to prove that the certificates were really delivered to the employer also played a big role here.

However, all the above mentioned, produced an increased number of dismissals due to violation of the work order and discipline due to three consecutive absences from work (Article 81 of the Labor Law). This happened to employees with a contract of indefinite employment, while those who were part-time, their employment contracts were not extended with new annexes to the contract. Although some of the workers in the textile industry perform the same work tasks in the same job with the same employer for more than 5 years, they are still part-time. Thus, these employees lost their jobs, only due to the fact that they feared for their health and wanted to use the measures from the Government that were allegedly available to them. There were also cases where employees on a part-time contract were terminated prematurely, ie before the expiration of the fixed-term employment contract.

- If we carefully analyze the measures, conclusions, decrees with legal force, which were adopted in the period from the closure of educational institutions, more precisely from March 10, it will be noticed on several occasions that there is a huge difference and pun by the Government. For example, at the 15th session of the Government from March 10, 2020, it is said: „All state administration bodies, state-owned public enterprises, state-owned joint stock companies, agencies, funds, bureaus, offices, administrations and all other state institutions are obliged, it is indicated to the local self-government units in RNM, public enterprises and other legal entities established by local self-government units, and is recommended to the private sector, for employees in these institutions and companies who have a minor child under the age of 10 for whom is needed home care, one parent to be released from work and work activities and his absence during this period to be recorded as justified by the employer “. Or, from the 16th session of the Government of RNM where it is said: „All state administration bodies, state-owned public enterprises, state-owned joint stock companies, agencies, funds, bureaus, bureaus, administrations and all other state institutions are obliged, it is indicated to the local self-government units in RNM, public enterprises and other legal entities established by the units of local self-government, as well as it is recommended to the private sector to temporarily release from work

pregnant women and the chronically ill (not to go to work and these persons to stay in their homes)“. There are many more examples where for the public sector stands the word obliged, and for the private sector there is a recommendation.

Again, we return to the above mentioned that the private sector is only given a recommendation to adhere to the adopted measures, conclusions, recommendations, but the recommendations themselves are not mandatory and we can not invoke a legal obligation or non-compliance because there is no a decree with legal force according to which we would demand liability for non-compliance. Simply, the employees from the public and private sector were not placed in the same position, but the public sector in a privileged position, which in itself contradicts the Constitution itself as the highest body in RNM and contrary to all conventions.

- At the 25th session of the Government from 21.03.2020, a measure was adopted regarding the transport of passengers, and later on 16.04.2020 it was adopted in the form of a Decree with legal force for application of the Law on transport in road traffic during of emergency. By giving a simple recommendation, in that period until 16.04., no one could be held responsible for the spread of the virus during the transport of passengers or organized transportation of employees. Thus, in that period, a large number of violations and disrespects of this measure appeared by employers who have organized transportation of their employees. Employers did not comply with the measure of reducing the transport capacity of employees by 50%. Therefore, it is important to emphasize that due to the non-compliance with this measure in Stip as a city of the textile industry, this was the reason for the increase of the number of patients with the Covid-19 virus. But, even with the adoption in the form of a Decree with legal force, the ambiguities in it remained in the part of control or supervision of implementation of the measure and later a decree during a state of emergency. Thus, the chaos continued with the institutional transfer of responsibilities between the Labor Inspectorate, the Inspectorate for Safety and Health at Work, the Ministry of Interior, as well as a traffic inspector working within the municipalities.
- At the 32nd session of the Government of RNM, a Decree with legal force was adopted for financial support of the employers from the private sector affected by the health-economic crisis caused by the Covid-19 virus, for payment of salaries for the months of April and May 2020. The violations that occurred are due to the fact that the employers perceived these 14,500 denars per month per employee as their assistance to the company, and not as a purposeful assistance related to the payment of salaries to employees. In this measure there is an obligation that employers can use it exclusively for the payment of

salaries for their employees. Due to non-compliance with this measure, the association had increased reports by employees that some were paid less than the minimum wage, set out in the Law on Minimum Wage, and some of the reports were that they were not paid at all, although the work process employers was not terminated at all. The decree with legal force for application of the law on minimum wage in RNM during the state of emergency was adopted at the 33rd session of the Government of RNM with Articles 1 and 2 which state that the amount of the minimum net wage for April, May and June 2020 year, the provisions of this regulation are applied and it is said that the amount of the minimum net salary for April, May and June 2020 is 14,500 denars.

**The decree explicitly states that if the employer has to repay all finances in full with interest if it is determined by the Public Revenue Office or the State Labor Inspectorate during the inspection that the conditions for using the measure are not met.**

At first, it is said that the employer should keep the number of employees until September 2020, but due to the obvious pressure from the business organizations, later the same decree is amended and says that the number of employees should be kept until July except in cases listed in the decrees and certain reasons for reducing the number of employees. Although the association had official letters and requests to the Public Revenue Office for abuses and non-payment of the minimum wage to employees of companies that used state aid, still, the Public Revenue Office did not act and declared itself incompetent. To this day, there is a scandal with the misuse of state money by some employers for whom we do not know the outcome. Only at the request of the association to the State Labor Inspectorate after receiving information about non-payment of the minimum wage or payment of less than the minimum wage, a violation was found where there was evidence and knowledge and with a decision of a competent inspector, payment or correction of salary was ordered. a given employer.

- At the 57th session of the Government, a Decree with legal force is adopted for the application of the Law on Employment and Insurance in Case of Unemployment during a State of Emergency. It is in fact the only measure that can be praised in its entirety. From the first crisis measures introduced for the closure of educational institutions, the release of parents, pregnant and chronically ill people, employers immediately proceeded to cancel employment contracts. In the period from March 10 to April 30, 2020, the biggest abuses of workers' rights actually took place. Employers have applied for illegal dismissals in order to get rid of obligations for payment of salary and insurance - health and pension. They gave amicable dismissals, statements about the

amicable termination of the employment contract, and many of them also contained criminal acts where the signatures of employees were forged in cases when the employees were on permanent employment contracts. Following the indications by the association for these abuses, with the adoption of the package of measures, the representatives of the association demanded that such dismissals be processed, and in the meantime to allow employees who had their dismissal terminated between March 11 and April 30 due to the above reasons, to be entitled to compensation in case of temporary unemployment from ESA. The decree stipulates that all employees whose employment has been terminated, regardless of the reasons for termination of employment, to be entitled to compensation in case of unemployment by the ESA. This measure covered workers whose employment was terminated in the period from March 11 to April 30. With this measure, a direct intervention was made in the Law on Insurance in case of unemployment in a way more favorable for the workers, despite the grounds stated in the law. Cash compensation was followed by the employees whose employment was terminated by agreement and the employees who submitted their request for termination of employment in the specified period.

- On 02.04.2020, a Decree with legal force was adopted for the application of the Law on Labor Relations during a state of emergency. Article 3 of this regulation prescribes the use of annual leave for the private sector: „For workers employed in the private sector covered by the temporary measures for protection against spread and prevention of coronavirus Covid-19, the unused part of the annual leave, ie the unused annual leave from the calendar year 2019, to be used until May 31, 2020, according to the needs of the working process and approval of the employer. For workers employed in the private sector covered by the temporary measures for protection against spread and prevention of Coronavirus Covid-19, the part of the annual leave for 2020 that must be used for two uninterrupted working weeks, to use until June 30, 2020 , in accordance with the needs of the work process and the approval of the employer.“

**The guaranteed annual leave of the employees even before the time of the pandemic in the textile industry has a huge number of legal violations with fictitious use of vacation days without actually allowing the workers to use the legally guaranteed minimum days of annual leave. This measure contradicts the measure for dismissal of chronically ill persons, parents of children up to 10 years and pregnant women, because these vulnerable categories of employees with the previously adopted measure were fired, and with the now commented measure they are constitutionally denied the legally guaran-**

ted right to annual leave. That is, to clarify that if they used a justified absence from work (pregnant women, chronically ill, parents of children up to 10 years old), now they are not entitled to use the annual leave from 2019 and the first part of the annual leave from 2020. This measure violates the provisions of the Labor Law and international conventions in the field of labor and here the question arises whether the Government can limit and deprive the use of annual leave of these vulnerable categories of employees. Exactly in the answer to this question is seen the contradiction in these two adopted measures for release from work obligations of persons covered by the measures of the Government and the Decree with legal force for application of LRO during a state of emergency.

- A decree with legal force for application of the Law on Labor Relations during the state of emergency from the 33rd session of the Government is a quality solution in the area of special protection of workers due to pregnancy, childbirth and parenthood and adoption, making this vulnerable category of workers they are enabled to be paid their salary compensation for the duration of the temporary measures by the Health Insurance Fund of Macedonia.
- The decree with legal force for application of the Law on Minimum Wage during a state of emergency can be assessed as positive for the workers in the part of the legally guaranteed minimum payment of wages. This decree enabled the Labor Inspectorate on several occasions where payment under the minimum wage was reported, to react in a timely manner and to oblige the employer with a decision to make a correction in the difference between the paid wage and the minimum wage.

**Regarding the safety and health at work of employees in the private sector in the field of economy,** a Decree with legal force for restriction of passenger transport mentioned above in the analysis and work protocols and minimum conditions in the companies have been adopted. On April 6, 2020, the Government stated that: the protection of workers is a basic condition for the protection of the entire economy, and the Government and the economy have the same goal - in these emergency conditions to continue the operation of companies, but at the same time to preserve public health.

Therefore appealed to companies working in shifts and during curfews to show responsibility, adhere to and respect measures to protect workers in

the face of a Covid-19 epidemic. Inspection services are on the ground and will monitor compliance with the recommendations:

- In the plants where the production process is performed directly, to limit the number of employees to the extent that the workers are at a distance of 1.5 to 2 m.
- It is mandatory to provide hand sanitizer and work surfaces in the plant itself.
- During the working hours, the employees should follow the general recommended measures for a higher level of personal and general hygiene.
- Ventilate the working premises more often, i.e. several times during the day and if possible (through natural and artificial ventilation).
- Disinfect all working premises, especially in the plants, once a week, by an authorized service for that.
- In case of direct contact with a positive laboratory confirmed case of Covid-19 (with or without symptoms), the person will be immediately isolated and reported to the competent Center for Public Health.
- Avoid contact of plant employees with each other during the work process, especially with administrative staff.

However, these appeals by some of the employers remained only on paper, so it contributed to the increase in the number of patients in the textile halls, all because the employers did not provide minimum conditions for performing work tasks. The first group diseases of employees from companies appeared in Kumanovo, Prilep, Shtip, Sveti Nikole, Probistip... The lack of coordination between the inspection services and the lack of a unified approach was obvious when there is a larger number of patients with the Covid-19 virus in a certain company. The responsibility was shifted, and in that whole situation, the workers who suffered from the virus with more severe and easier consequences were the most affected, but there were also human casualties. In letters from the association to the State Health and Sanitary Inspectorate to stop the process of work in certain textile companies where there was a steady increase in the number of people infected with the virus, they were declared incompetent. The appeals from the Centers for Public Health and the competent ministries did not give results, on the contrary, the profit was above the health and life of the employees.

## 7

## CONCLUDING REMARKS AND RECOMMENDATIONS

When it comes to the recommendations in conditions of further maturation of the economic, social and health crisis under the influence of the pandemic, to be clearer, several paradoxical cases must be highlighted during the introduction of mandatory quarantine for all citizens of the Republic of North Macedonia. First, a large proportion of employers in the textile, leather, and shoe industries were allowed to organize their work process as they saw fit, allowing workers to continue to perform their duties smoothly during the quarantine introduced by the state. So the question is: were the quarantine and the curfew enforced or are the work permits of certain employers legal during the quarantine? The above-mentioned decrees that touch on labor law issues have once again shown the chaotic legislation in the field of labor as vague, contradictory and contrary to the conventions of the International Labor Organization (ILO). The overproduction in the field of labor, the poor systematization of the laws, the vague and low-quality legal solutions supplemented by the vague and hasty regulations with legal force during the pandemic, made chaos in the private sector in RnM. The most important thing is the interpretation and application of these decrees with legal force through the prism of the judicial service in RNM which has yet to give the result for already initiated labor disputes related to the above commented decrees.

The association "Glasi Tekstilec" maintains a database of free legal aid provided during the pandemic and the introduced decrees, measures and recommendations. What is noticeable from the database is that there is an increased number of cancellations during the pandemic and the state of emergency introduced in RNM. The dismissals that were given are for various reasons and they are mostly due to breaches of order and discipline, contractual dismissals and expiration of fixed-term employment contracts. What is important to emphasize is that there are no redundancies for business reasons (organizational, technological, structural or economic reasons) that are only relevant to the specific situation and which redundancies are directly related to reasons in the work of the employer. These dismissals are avoided by employers because they should be used to pay

employees severance pay depending on the years spent in employment by the unemployed. Hence, we again come to a dilemma: why is there such a provision in the Labor Law, if it is almost not respected at all? Many workers faced pressure during the state of emergency to sign redundancies, annex fixed-term contracts, or sign an annex to a full-time, part-time contract. The workers and their poor socio-economic situation related to the lethargy of the entire economic and legal system in RNM with the consistent labor market with the partisan society, forced them to sign due to lack of choice and some of the above legal matters because directly the livelihood of their families was endangered. From the applications in the association it can be determined that some of the workers faced a change in the contracts from indefinite to part-time, from full-time to part-time, without the workers signing the newly changed employment contracts or annexes to already existing contracts. At the same time, the bad legislation for the transformation of the employment relationship enables the employer to give a fixed-term employment contract to its employees for up to 5 years. Poor legal solutions and the possibility for the employer to give fixed-term contracts to its employees for up to five years, although there is a constant need for permanent jobs, during Covid-19 resulted in non-renewal of part-time contracts.

As participants in the drafting of the new Labor Law, the most important change that "Glasi Tekstilec" would strive for is: concluding a contract of indefinite working hours with a duration of not more than one year at the latest, in order to prevent the current practice of exploiting and oppressing the labor of workers in the private sector. This would create employment security that is directly related to the existence of workers and their families, and the well-being of a society.

Some of the cases reported by the workers to "Glasi Tekstilec" referred to the fact that the employers threatened them with dismissal or use of unpaid days, even though they meet the conditions for using paid leave from work. This type of mob-

bing is difficult to prove, as workers find it difficult to decide to bring disputes before the competent courts. This is because it is directly related to the existence of their families.

The lack of LRO to properly regulate work from home, resulted in new challenges that were especially visible during the pandemic. For example, if some of the employees in the textile industry get work assignments that they could perform from home (and are covered specifically in this situation, with temporary measures), there were complaints from employees that the employer owed them too much work that did not it is possible to perform for eight hours of operation. At the end of the week after the delivery of the work done from home to the employers by the workers, the employers are dissatisfied with the work done, and the workers are underpaid and overworked from performing this type of work responsibilities. This institute of labor law "work from home" must undergo additional changes regulated in the Labor Law, especially in the part of the performance that is expected to be fulfilled by the employee when performing work tasks from home. In our opinion, it is necessary to define in the Labor Law of the institute "work from home", the performance and further regulation in the collective agreements at the branch level.

It is also important to provide for a unified approach by inspection services regarding work protocols, especially in the area of occupational safety and health and organized transport of employees.

Furthermore, the Public Revenue Office is obliged in accordance with the existing Article 260 of the Labor Law to provide information to the

State Labor Inspectorate for payments below the minimum wage for regular work of employees, and especially strict when it comes to misuse of state finances that are purposeful, in this case, for payment of the minimum wage.

Joint database at local level between the Employment Agency, the Public Revenue Office and the State Labor Inspectorate where information will be shared and responds in a timely manner in cases of abuse with annexes where working hours are reduced without the knowledge of an employee, annexes to contracts from indefinite to specified time and settlement cancellations.

In particular, efforts should be made to strengthen the control over the payment of targeted state aid to the private sector and to avoid the payment of direct assistance for the payment of wages to the account of employers, i.e. to pay it directly to the account of the employees to whom it refers.

In general, all the decrees adopted during this period of crisis and state of emergency are vague and contradictory and probably hasty, without analysis of the consequences. It is a fact that is evident in the fact that the same decrees with legal force have been amended and changed several times by the Government during the state of emergency. The time that has passed and the adopted decrees that are valid from today's perspective, should be used in the future, in order to learn a lesson in order to make legal solutions that will be simple and easily applicable without the possibility of different interpretation as is the practice so far. but only to be interpreted through the prism of the state and the well-being of the same state and its citizens.

## 8

# DECISIONS, MEASURES, RECOMMENDATIONS AND DECREES ADOPTED BY THE GOVERNMENT OF RNM IN THE PERIOD FROM 10.03 TO 10.06.2020

## 15th session (10.03.2020)

- To terminate the educational process and teaching in all kindergartens, primary and secondary schools and higher education institutions and in the public scientific institutes on the territory of the Republic of North Macedonia, in the next 14 days. All extra-curricular or additional programs such as foreign language courses and the like are terminated.
- All state administration bodies, state-owned public enterprises, state-owned joint stock companies, agencies, funds, bureaus, offices, administrations and all other state institutions are indebted, indicating the local self-government units in RNM, public enterprises and other legal entities established by the local self-government units, as well as recommended to the private sector, for the employees in these institutions and companies who have a minor child up to 10 years old for whom home care is necessary, one parent to be released from work and work activities and his absence during this period to be recorded as justified by the employer.
- Physical and legal entities that do not comply with the recommendations, be fined under Article 205 and 206 of the Criminal Code.
- The private sector is advised to temporarily dismiss pregnant women and the chronically ill.
- To fully comply with the measures for prevention of this disease, instructed by the Ministry of Health, which refer to enhanced hygienic measures.
- All public enterprises and private companies that perform public transport of passengers, to perform regular disinfection of the means of transport.

## 16th session (11.03.2020)

- Categories of persons who should be released from work and work activities are determined on the ba-

sis of an attached certificate from a family doctor for certain health conditions.

- It is recommended to the private sector, for the employees in these institutions and companies who use justified leave in accordance with the conclusions, measures and recommendations of the Government, to submit to the competent organizational units for human resources in their institutions a personal written statement under moral, material and criminal responsibility that at any time they will be available to the employer to perform official duties and responsibilities from their home, through communication by e-mail, or, during the day in emergencies to be physically at their place of work, in a period of two to three hours.

## 17th session (12.03.2020)

- The list of diagnoses for release of persons from work obligations is supplemented.
- To implement recommendations for punishment in accordance with Articles 205 and 206 of the Criminal Code for all natural and legal persons who violate the decisions made by the State Sanitary and Health Inspectorate and to process them to the Public Prosecutor's Office of the Republic of North Macedonia to act in accordance with legally established competencies.

## 24th session (20.03.2020)

- Mila Carovska, Deputy Prime Minister of the Republic of North Macedonia, in charge of economic affairs and coordination with the economic departments, in cooperation with the Ministry of Economy and the Ministry of Justice, are obliged to prepare a decree with legal force in which they will legally regulate the competencies to all inspectorates and inspectors (the competencies of the inspectors in the State Market Inspectorate should be transferred to all inspection services).

### 25th session (21.03.2020)

- To organize intercity and public transport by limiting the passenger transport capacity by 50% in the vehicle, or by mandatory maintenance of a distance of at least two meters between passengers.
- The directors / managers of plants / factories of all institutions are obliged to adjust their working hours and production in accordance with the ban on movement in the foreseen period..

### 32nd session (01.04.2020)

- **Measure 1 >** provides financial support to private sector legal entities affected by the health and economic crisis caused by the Covid-19 virus. The subject of this financial support is the payment of the salaries of the workers to the employer - applicant for financial support for the months of April and May 2020 in the amount of maximum 14,500 denars per month per employee, in proportion to the achieved effective hours spent at work. Employers who will receive financial support from this measure, are obliged to retain the same number of employees they had at the time of application, as of September 2020.
- **Measure 4 >** Monthly salary (monetary compensation) for the citizens who lost their jobs due to the crisis, in the amount of 50% of the average salary of the employee. For citizens who lost their jobs due to the crisis, the state will pay monetary compensation every month in the amount of 50% of the average monthly net salary of the employee for the last 24 months in accordance with the Law on Employment and Insurance in Case of Unemployment and Article 68 of this Law. according to which the citizens who lost their jobs will receive compensation through the Employment Agency according to their years of service. (existing in law).
- **Measure 15 >** Mandatory use of the first part of the annual leave (for 2020), or mandatory use of the annual leave from last year until May 2020, which will be approved by the employer.

### 33rd session (02.04.2020)

- The main measure of the economic package is the direct assistance of 14,500 denars per month for each employee, for the months of April and May, from all companies affected by the crisis. With this measure, the state saves the jobs of the citizens.

### 57th session (27.05.2020)

The Government of the Republic of North Macedonia at this session made a decision from June 1, 2020 to cease to be valid the conclusions of the Government by which different categories of employees are exempted on various grounds from regular and ongoing performance of work activities, such as referral to work from at home, a business trip to the city of Skopje, organizing the work process with rotations and other similar measures and recommendations.

This does not apply to the chronically ill, and as an additional conclusion the Government today determined that the deviation from this decision are the parents who have children up to 10 years of age or preschool children, for whom the decision to start working in kindergartens will be awaited.

## DECREES WITH LEGAL FORCE

### 32nd session (01.04.2020)

**DECREE WITH LEGAL FORCE FOR FINANCIAL SUPPORT OF PRIVATE SECTOR EMPLOYEES AFFECTED BY THE HEALTH – ECONOMIC CRISIS CAUSED BY COVID-19 VIRUS, FOR PAYMENT OF SALARIES FOR THE MONTHS OF APRIL AND MAY 2020**

- With this decree with legal force, are regulates the conditions, manner and procedure of the financial support to private sector employers affected by the health and economic crisis caused by the Covid-19 virus, for the payment of wages to workers for the months of April and May 2020.
- Subject of financial support is the payment of wages to workers for the months of April and May 2020, in the amount of up to 14,500 denars per month per employee, in accordance with the working hours for which the employee is registered, reduced by the working hours for which salary compensation is realized which does not fall on the employers burden.
- For the duration of the financial support in accordance with this regulation and four months after its termination (as of September 2020), the employer who used the financial support for payment of salaries, is obliged to keep the same number of employees as he had for the month for which he requested financial support for the payment of wages, reduced for the number of employees due to retirement or death of an employee.
- The number of employees that the employer receiving financial support should retain, includes indefinite-term employees, fixed-term employees and part-time employees.

- The decree stipulates that the employer who used the financial support for the payment of wages, is obliged to return the received financial means in full, together with the interest for public duties, if after control by the Public Revenue Office or the State Labor Inspectorate, is determined that the employer did not meet the conditions for acquiring the right to use this measure.

### 33rd session (02.04.2020)

#### DECREE WITH LEGAL FORCE FOR APPLICATION OF THE LAW ON LABOR RELATIONS DURING A STATE OF EMERGENCY

The deadline for returning the employee to work continues in case the employee's employment is suspended and the employee will return to work within 15 days from the date of expiration of the state of emergency.

- For workers employed in the private sector covered by the temporary measures for protection against spread and prevention of coronavirus Covid-19, the unused part of the annual leave, ie the unused annual leave from the calendar year 2019, to be used until May 31, 2020. The part of the annual leave for 2020 that must be used for two uninterrupted working weeks, to be used until June 30, 2020, according to the needs of the work process and the approval of the employer.
- The absence from work of a worker due to pregnancy, childbirth and parenthood and adoption, continues to flow and the salary compensation continues to be paid until the expiration of the temporary measures for protection against spread and prevention of coronavirus Covid-19.
- Decree with legal force for application of the law on minimum wage in RNM during a state of emergency.
- The amount of the minimum net salary for April, May and June 2020 is 14,500 denars.

#### DECREE WITH LEGAL FORCE FOR SUBSIDIZING THE PAYMENT OF COMPULSORY SOCIAL INSURANCE CONTRIBUTIONS DURING A STATE OF EMERGENCY.

- This decree with legal force regulates the conditions, the manner and the procedure of subsidizing the payment of compulsory social insurance contributions, for the months of April, May and June 2020.
- To use the subsidy for the payment of compulsory social insurance contributions referred to in paragraph (1) of this Article, the employer must meet the following conditions:
  - a) the decrease of the total revenues in April 2020, in May 2020 or in June 2020, to be more

than 30% in relation to the average total revenues on a monthly basis realized in 2019, and for an employer registered in the appropriate register (established) after March 2019, the total income for April 2020, May 2020 and June 2020 to be reduced by at least 30% compared to the average total income on a monthly basis realized from the day of registration in the appropriate register in 2019 and the months of January and February 2020. For the employer that performs activity of a seasonal character, the reduction of the average income for the last seasonal period of four months compared to the average income for the seasonal period of the same four months in the previous year to be more than 30%;

- b) The number of employees at the employer requesting financial support, taking into account the employees through a private employment agency, should not be reduced for April, May and June 2020 compared to the number of employees as of March 31, 2020, except in case of retirement or death and
- c) not to pay dividends to the owners, as well as not to have made a payment on the basis of a business performance reward (profit sharing, bonus) or other type of annual reward to the employees and the management and supervision bodies of the employer, from the day of entry into force of this regulation, until the day of submission of annual accounts / financial reports for 2020.

### 34th session (03.04.2020)

#### DECREE WITH LEGAL FORCE FOR THE PROCEDURE FOR ISSUANCE OF MOVEMENT PERMITS MOVEMENT DURING THE PROHIBITION OF MOVEMENT FOR THE DURATION OF THE STATE OF EMERGENCY

The Ministry of Information Society and Administration issues movement permits at a time when a movement ban has been established during the duration of the state of emergency: employees of state government bodies, employees of public and private sector health facilities, media workers and other media employees who are part of the media mobile teams, employees of bakeries and bakeries - with up to five employees, employees of funeral companies, members of the municipal crisis headquarters and natural and legal persons previously authorized by the Main Coordination Headquarters to ensure full coordination regarding the prevention and spread of coronavirus Covid-19.

**39th session (09.04.2020)**

**DECREE WITH LEGAL FORCE FOR AMENDING THE DECREE WITH LEGAL FORCE FOR FINANCIAL SUPPORT OF THE EMPLOYERS FROM THE PRIVATE SECTOR FOR THE PAYMENT OF SALARIES FOR THE MONTHS OF APRIL AND MAY 2020**

- It is supplemented with the condition that the number of employees should be maintained for 2 months after using the measure, i.e. until July 2020.

**43rd session (16.04.2020)**

**DECREE WITH LEGAL FORCE TO SUPPLEMENT THE DECREE WITH LEGAL FORCE FOR IMPLEMENTATION OF THE LAW ON TRANSPORTATION IN TRAFFIC DURING THE TIME OF THE STATE OF EMERGENCY**

- When performing public transport of passengers, during the duration of the state of emergency, the carrier in the vehicle is obliged to organize the transport with mandatory maintenance of a distance of at least two meters between the passengers and can have up to 50% passengers of the total number of seats, not counting the driver's seat.

**47th session (28.04.2020)**

**DECREE WITH LEGAL FORCE FOR FINANCIAL SUPPORT OF EMPLOYERS FROM THE PRIVATE SECTOR FOR THE PAYMENT OF SALARIES FOR THE MONTHS OF APRIL AND MAY 2020.**

- For the duration of the financial support in accordance with this regulation with legal force and two months after its termination (as of July 2020) the number of employees with the employer who uses financial support for payment of wages, with the exception of retired and deceased workers, in relation to of the number of employees in March 2020, must not be reduced by more than: - 15% for an employer who had up to 50 employees in the month for which he used financial support, - 10% for an employer who had from 51 to 250 employees in the month for which he used financial support and - 5% for an employer who had over 250 employees in the month. The number of employees that the financial support beneficiary employer should retain includes full-time, part-time employees and part-time employees shorter than full-time employees.

**48th session (30.04.2020)**

**DECREE WITH LEGAL FORCE FOR AMENDING THE DECREE WITH LEGAL FORCE FOR FINANCIAL SUPPORT**

**FOR EMPLOYERS AFFECTED BY THE HEALTH-ECONOMIC CRISIS CAUSED BY THE CORONAVIRUS COVID-19, FOR THE PAYMENT OF SALARIES FOR THE MONTHS OF APRIL AND MAY 2020**

- For the duration of the financial support in accordance with this regulation with legal force and two months after its termination (as of July 2020), the number of employees with the employer who uses financial support for payment of salaries, in relation to the number of employees in April 2020, must not decrease, except for: - retirement and death of an employee, - termination of the employment contract by the employee, - termination of the employment contract without a notice period by the employer due to violation of the work order and discipline or work obligations, - contractual takeover of the employee, - termination of the validity of the employment contract on the basis of a court judgment and - termination of the validity of the employment contract due to established permanent incapacity for work.
- The total number of employees with the employer - beneficiary of financial support, must not be reduced as of July 2020 by more than:- 15% for an employer who had up to 50 employees in the month for which he used financial support, - 10% for an employer who had from 51 to 250 employees in the month for which he used financial support and - 5% for an employer who had over 250 employees in the month for which he used financial support.
- If the reduced calculated number of employees is an integer, the number is rounded to the first larger integer.
- The number of employees that the financial support beneficiary employer should retain includes full-time, part-time employees and part-time employees shorter than full-time."

**DECREE WITH LEGAL FORCE TO SUPPLEMENT THE DECREE WITH LEGAL FORCE FOR APPLICATION OF THE LABOR LAW DURING A STATE OF EMERGENCY**

- The employer who has de-registered a worker from compulsory social insurance in the period from March 11, 2020 to April 30, 2020, can conclude an agreement for returning to work."

**49th session (05.05.2020)**

**DECREE WITH LEGAL FORCE TO AMEND AND SUPPLEMENT THE DECREE WITH LEGAL FORCE TO SUBSIDIZE THE PAYMENT OF CONTRIBUTIONS FROM THE OBLIGATORY SOCIAL INSURANCE DURING THE STATE OF EMERGENCY**

- The employer that will use the measure for subsidizing the payment of compulsory social insurance contributions, must not reduce the number of employees in April 2020, as well as two months after its termination (as of August 2020), except in justified conditions defined in the labor law, as retirement or termination of the contract by the employee, but not more than the established percentage.
- The total number of employees with the employer - beneficiary of subsidizing the payment of compulsory social security contributions during a state of emergency, not to be reduced by August 2020, by more than: - 15% with an employer who had up to 50 employees in the month for which he used a subsidy; - 10% for an employer who had from 51 to 250 employees in the month for which he used a subsidy and - 5% for an employer who had over 250 employees in the month for which he used a subsidy.

### 57th session (26.05.2020 - 27.05.2020)

#### DECREE WITH LEGAL FORCE TO SUPPLEMENT THE DECREE WITH LEGAL FORCE FOR IMPLEMENTATION OF THE LAW ON EMPLOYMENT AND INSURANCE IN THE CASE OF UNEMPLOYMENT DURING THE STATE OF EMERGENCY

- The unemployed person whose employment was terminated in the period from March 11, 2020 to April 30, 2020, regardless of the time spent in employment, may be entitled to monetary compensation in the amount of 50% of the monthly net salary of the employee paid for last month, but not more than 80% of the average monthly net salary per employee in the Republic of North Macedonia, published for the last month, in case when the employment was terminated by giving a written statement by the employee, his employment was terminated amicably or his employment was terminated with dismissal by the employer, for a period of two months, calculated from the termination of employment.
- If the unemployed person, after the expiration of the right to monetary compensation, establishes a new employment, will be able to regain the right to monetary compensation in accordance with the Law on Employment and Insurance in Case of Unemployment, without taking into account the use of the right of monetary compensation in accordance with this decree with legal force.

### 61st session (04.06.2020) - a special act was adopted

- The work of the textile companies on the level of the Municipality of Stip is prohibited during the duration of the quarantine.

### 64th session (05.06.2020)

#### DECREE WITH LEGAL FORCE FOR AMENDMENT AND SUPPLEMENTATION OF THE DECREE WITH LEGAL FORCE FOR FINANCIAL SUPPORT FOR EMPLOYERS AFFECTED BY HEALTH-ECONOMIC CRISIS CAUSED BY CORONAVIRUS COVID-19, FOR THE PAYMENT OF SALARIES FOR THE MONTHS OF APRIL AND MAY 2020

- In the Decree with legal force for financial support of the employers affected by the health-economic crisis caused by the coronavirus Covid-19, due to the payment of salaries for the months of April and May 2020, they are replaced with the words April, May and June 2020.
- The employer who has used financial support for three months, must not reduce the number of employees as of August 2020.

### PROTOCOLS

### 36th session (06.04.2020)

#### The recommendations for organizing the work process are the following:

1. In the plants where the production process is performed directly, to limit the number of employees to the extent that the workers are at a distance of 1.5 to 2 m.
2. In the plant itself it is mandatory to provide sanitizer for disinfection of hands and work surfaces.
3. During working hours, employees should follow the general recommended measures for a higher level of personal and general hygiene (frequent hand washing and disinfection with the use of alcohol-based disinfectants).
4. To ventilate the working premises more often, i.e. several times during the day and if possible (through natural and artificial ventilation).
5. Disinfect all working premises, especially in the plants, once a week, by an authorized service.
6. In case of direct contact with a positive laboratory confirmed case of Covid-19 (with or without symptoms), the person is immediately isolated and reported to the competent Center for Public Health.
7. Avoid contact of plant employees with each other during the work process, especially with administrative staff.
8. In case of need for administrative work, the signing of paper documents should be carried out

exclusively by a certain person who wears personal protective equipment (protective mask and gloves).

9. The persons in charge of securing the facility should also wear personal protective equipment.
10. Drivers distributing finished products, raw materials, paper documents should also wear personal protective equipment.
11. Do not hold meetings / collegiums and conduct them by phone or e-mail.





## THE IMPACT OF COVID - 19 ON LOW-PAID AND LABOR INTENSIVE BRANCHES



Evident increase in the number of dismissals during the state of emergency, with 626 dismissals registered, and over 900 reported cases of work during quarantine and curfew.



Many measures taken by the Government to relieve from work employees with chronic diseases, pregnant women and parents of children up to 10 years of age were not complied with by some employers.



A government measure to support about 120,000 employees in the private sector of about 20,000 companies, worth 79.5 million euros from the state budget. This gives an opportunity and an obligation of the government to influence the way of management, which primarily means respect and guarantee workers' rights by employers.

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