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Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe:

Bulgaria

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1. Executive summary

Compared to the other European countries, Bulgaria experienced the impact of the global financial and economic crisis somewhat later. This effect, however, did not prove to be the only decisive factor. For years, wrong policies have been in place in this country, relying on low labor cost and social dumping, characteristic for the so called 'economics of supply', of misconceived and forever postponed reforms. Now these policies are bearing some bitter fruits. In fact, the anti-crisis measures did not only

come too late, but the majority of them were not implemented at all. The position of the government can be explained with the high credit of confidence it was given at the last parliamentary elections in July 2009, due to the unrealistic goal to join the Euro zone quickly, and not least, the expectation that the crisis would take its natural course, and the economy of Bulgaria would be successfully driven forward by the powerful and rapidly recovering West European economies. It is true, that in this country no extremely unpopular measures were taken for nominal decrease of salaries and pensions; that unemployment did not reach scales that threaten the social peace; that the financial and banking sectors show relative stability; that the Currency Board Arrangement is capable of tackling inflation and monetary supply; however, in this situation placidity is inappropriate and, at the same time, dangerous.

Against that background, industrial relations and social dialogue also felt the pressure of the crisis. To a great extent, the social partners took over the risk of the compromise in the name of the common national goals and took over a number of burdens: the businesses – the outstanding payments from the state, and the unions – the low income and the waves of layoffs in the real and the budget sectors. The political responsibility, however, still remains and it is always born by the government in power.

2. Socio-economic developments

After the GDP of this country went down by 4.9% in 2009, in the first nine months of 2010 there is a slow down of the pace of economic decline (minus 4.0% in the first quarter) and even a trend of positive growth - of 0.5% in Q2 and 1.0% in Q3. The Analysis of the structure and elements of GDP end use, however, demonstrates that the economic growth is 100% due to the export, which marks a steady growth over the past three months - of 18.5% on annual basis. At the same time, individual consumption continues its negative trend and goes down by 5.9%, collective consumption – by 7.8%, and investment is reduced by 4.9%.

The decline in foreign direct investment is also dramatic – from 3,282 million Euros in 2009, for the first 8 months of the current year their volume is as small as 765 million and is quite likely that it would stay under the estimate of 1,500 million Euros in 2010. Regardless of the low level of taxation and social insurance contributions, as well as the Labor cost, Bulgaria can not attract foreign investors' interest – mainly due to the high risk of corruption, low EU funds absorption, poor infrastructure and low quality of public services. This fact, along with the expensive domestic credit resource, spells trouble for the economy of Bulgaria in the process of its recovery.

One of the positive trends in 2010 is the significant intensification of exports. For the period January-October 2010, goods for a total of 24.8 billion BGN have been exported, which is an increase of 31.6% compared to the same period of 2009. The total value of imports for the same period of time is 29.9 billion BGN, and the growth rate thereof - 8.9%. This means that the foreign trade balance remains negative - approximately 5 billion BGN, but it is more than 3.5 billion BGN less than the balance during the first 10 months of 2009. As a result of this positive trend, for the first time we have a positive current account as of 31.08.2010 - 0.9% GDP, compared to a deficit of 7.1% GDP for the same period of 2009.

At the same time, the budget deficit continues to be problem number one of the current government. Since the beginning of 2010, we started witnessing a significant deficit in the performance of the budget of this country. The size of the deficit as of 30.09.2010 is close to 1.5 billion BGN. The planned budget deficit for the current year is 4.8% of the GDP, and for the next year – 2.5% GDP.

One of the measures agreed by the social partners and the government for increasing the proceeds to the budget – privatization of state owned enterprises and shares, is still delayed. Specifically the sale of Bulgartabak Holding AD and the residual minority shares the state holds in the power distribution companies, owned by the three energy giants – CEZ, EVN and EON.

The crisis had a significant impact on inflation in this country. From 12.3% in 2008, it went down sharply to 2.8% in 2009, and still maintains low levels in the months of this year– starting from 0.4 to 3.9% on an annual basis.

Along with the crisis, inflation was pointed out as one of the arguments in support of their policy for ‘freezing’ the minimum salaries, as well as the salaries in the budget sectors and the pensions. The unions disagree with such policies, as they make the problems with consumption and demand even worse.

For the time being, the official unemployment seems harnessed at levels of 8.5-9.5%, however, one is concerned that there are no indications for an increase of the employment rate, which is much more important and indicative for the improvement of the parameters of the Labor market.

Official data of the National Statistics Institute do not indicate any significant changes in the level of poverty (14.4% in 2008 and 14.7% in 2009), nor in the Gini Coefficient (26.3% in 2008 and 26.2% in 2009). Research of the unions and other independent agencies, however, show that in real terms poverty widens its scope¹ and the processes of social disparity² become deeper.

3. Governmental policies and legislation

The orientation of the economic policies towards a model for development, based on export, with reference to utilization of the results from the investment activity from previous times and developed export potential, is the reflection of the real situation. This is the main direction for finding a way out of the crisis and it is also reflected in the three-year budget forecast for the period 2011-2013, and particularly in Budget 2011.

Yet again, like in the past decade, the factor for attaining the economic goals is focused on the increase of competitiveness. The stress is on the low labor cost and the utilization of the price and taxation benefits, related to labor.

Despite the interim refusal, in a hidden form the idea is supported for the main goal of the country to be entering the ERM II and the Euro Zone in the mid term, whereby the main direction of the fiscal policy is directed precisely at attaining the Maastricht criteria, and the already announced new budget regulations in the EU. It is hardly likely, however, that the measures including budget expenditure cuts will work in the conditions of strongly reduced internal consumption and investment demand. Bulgaria continues to be the only country in Europe to maintain for the taxpayer a very unfavorable relation between the revenue from indirect and direct taxation (55.6% - 21.0%, whereby the average for the EU is 36.7% - 32.0%).

The strongly restrictive fiscal policy will only deepen the problems with generating minimum living standards for the deprived groups of the population and financing critical social areas like education, science and research and development, health care, social security.

¹ See ISSR with CITUB on cost of living – September 2010. www.knsb-bg.org

² See Open Society Institute: National Representative Study of economic attitudes – March 2010. www.osi.bg и www.opendata.bg

Upon initiative of CITUB, at the end of November 2010 two nation-wide agreements were signed on:

- Regulating home work in the Republic of Bulgaria;
- Organizing and applying telework.

The first is related to the ratification of the Home Work Convention of ILO of 1996 which was enforced in Bulgaria on 17 July 2010. The second agreement relates to the Framework Agreement on Telework adopted on 16 July 2002 by the ETUC and the European employers' organizations.

As a result of the almost one year long effort of the expert consultative council on changes of the pension system (with the active participation of union experts too), a National agreement was signed on a new strategy and improvements of pension law, where the main benchmarks are:

- Criminalizing non payment of social security contributions as of the beginning of 2011;
- Increasing the pension contributions by 1.8 percent as of the beginning of 2011;
- As of 2012, annual increase of 4 months of the required insured working years until they reach 37 years of service for female and 40 years of service for male workers;
- Until the end of 2014 there will be no changes in the conditions for retirement of the special categories of labor – miners, scuba divers, pilots etc.
- As of 2021, the pension age will start to be increased by 6 months every year until it reaches 63 years for women and 65 years for men.

In 2010 some important changes were undertaken in the area of payment for the sick leave, planning annual leave and using previously accrued unused leave from past years.

In the area of the passive Labor market policies the ceiling on the unemployment benefit was abolished and it is now 60% of the insured income prior to the risk occurring. Until the change the maximum unemployment benefit was 240 BGN, which was not fair to the majority of the people who paid contributions on salaries, higher than the average monthly salary.

The active Labor market policies (after a continuous decrease of the funds allocated by the state budget - 173 million BGN in 2008, 165 million BGN in 2009 and 65 million in 2010) were mostly oriented towards financing from European funds and programs. Some of the new schemes are innovative; others build on the already existing measures with national financing.

4. Industrial relations

Towards the end of 2010 there is a total of 71 acting agreements, incl. 10 sectoral and 61 branches CBA (Collective Bargaining Agreements). They cover the key activities in the national economy. For the first time ever, in 2010 a branch CBA was signed in „Polygraphia“. An interesting and innovative approach for social partnership is the Code of Ethical Standards of social partners, signed by the unions in the brewing industry with the employers in that branch. That document is aimed at encouraging the constructive social dialogue and mutual support for introducing the main ILO conventions and EU directives on the fundamental labour rights. It is believed to be an important step toward introducing corporate social responsibility. In a joint Memorandum of the social partners the mentorship is encouraged for social and Labor inclusion, for inclusion of the young workers. In the conditions of a crisis, the experience of this branch union within CITUB can be regarded a success as it managed to both keep the number of

jobs the same level and negotiate an increase of 5% of the salaries, and at the same time, improved the social benefits.

The expert analysis as a whole, demonstrates that in the hard economic conditions the intensity and dynamics of the negotiation process stay the same compared to the previous cycle. The timely renewal and preservation of the number of acting CBAs provide the opportunity to assess positively the preserved will for negotiations and the strength of both negotiating parties. As a result of their mutual effort employers and unions:

- Manage to keep some major agreements and key parameters of the previous negotiating cycle in the process of hard branch negotiations;
- In some sectors, succeed in negotiating packages of protective anti-crisis measures;
- All be it less frequently, in individual cases, conclude some clauses that are new in substance.

In the sectors such as agriculture, food processing, tourism and others, subject of the agreements are temporary, seasonal and short-term types of employment, requiring fixed-term Labor contracts. Reduced working time due to lesser volume of work is a measure applied for the sake of maintaining the employment level in „Bank-DSK-AD”, „Water Supply and Sewerage”, „Apparel” (combined with greater flexibility and mobility of the workforce). In the Metallurgy CBA mutual measures have been agreed for impacting the Labor market and employment in the branch and in the regions, aiming at sustainable sector development and competitiveness of the enterprises. In the Transport CBA new text has been added to the already existing clauses to protect the rights of the workers outside the territory of this country.

In practical terms, however, there are a number of problems relating mainly to the representativeness of the employers' organizations and the premeditated disrupting of negotiations.

We are witnessing a process of splitting of the employers' structures. In the CBA in the Transport sector so far the only party in negotiation has been the National Transport Chamber, but in the CBA signed in March 2010 5 new employers' organizations were attracted including the associations of the airlines, of the owners of private wagons and of the associations of automotive transport.

Another extreme is the lack of developed branch employer structures. For instance, in the sector of agricultural cooperatives there is no nationally representative employers' organization, which makes it impossible to sign a CBA.

Partnership in some significant economic sectors remains unsatisfactory. There has been no sectoral or branch agreement in Chemistry since 2002. After the branch CBA in Electrical engineering and Electronics expired in July 2008 the employers' chamber openly announced their refusal to participate in the future collective bargaining in the sector. It is since then that the branch CBA has not been renewed in the clothing and leather industry.

The process of reforms and the financial deficit in the area of culture are among the main reasons why the employers have kept postponing the renewal of 4 branch CBA and that there is only one sectoral CBA ever since December 2007.

5. Tripartite social dialogue

This government renewed the social dialogue at a national level and also developed structures of social partnership at regional level, but there are not many examples of successful bargaining which has ended in some specific effective result, such as for instance the agreement on pension reforms. Let us be reminded, however, that this agreement was possible not only due to the compromise shown by both parties, but also due to the national protest organized by CITUB on 7 October 2010 that sent categorical demands of 15,000 participants to the government and the Parliament and stated the intention of the union to fight decisively and until the end in the interest of the employees.

In a number of other instances, the Unions remained unheard.

This was mainly in the area of income policy – the minimum salary, the salaries in the budget sector and the pensions remained 'frozen' in 2010. The intentions of the government to continue with this policy in 2011 have created extremely dangerous prerequisites for reducing the real income and increasing poverty in this country.

Despite the warnings about increasing deficit of the solidarity pension fund, the pension contribution was reduced by 2 percents at the beginning of 2010 and now not only urgent but also long-term measures have to be found in order to restore the system.

Almost nothing was delivered from the tripartite anti-crisis package agreed by consensus in April 2010. The passive position of the government and the restrictive fiscal policy may prove to become the heavy anchor that would drag the national economy down for a long time ahead.

In conclusion, despite the activation of the tripartite social dialogue, the effective and useful decisions are extremely insufficient. Weighing the positive and the negative aspects, the overall assessment is a negative one and there is a real danger of yet another formalizing of the social dialogue.

6. Forecasts

The first symptoms of revitalizing of the Bulgarian economy should undergo careful analysis. The processes in the various branches of the industry and services are quite ambiguous. The problems there reoccur due to both technical and structural shortcomings as well as to the decreased demand and consumption on the internal scale. „The rash speed” of increasing export, which feed the so far slight tendencies of economic growth can prove to be a big illusion. On the one hand, one can not rely on this drive for growth in the long term, on the other hand there are doubts even now that the 'export boom' is fictitious and it aims at illicit draining of VAT. One way or another, however, this is soon to be established and the truth will transpire.

Without increased investment and consumption it is impossible to have a true and steady process of revitalizing the Bulgarian economy. It can bear more fruit if the sectoral and branch re-structuring is carried out at the same time with a view of priorities and long-term perspectives for economic development.

Regretfully, the Labor market will recover even slower than the production itself – due to deep structural defects and imperfections. The worsening qualification and educational structure of the work force, the increasing contingent of long-term unemployed and discouraged people will decrease the chances of the Labor market to react ade-

quately. By the way, hardly anyone can expect the boom of employment in 2008 to return soon.

Annex

Collective bargaining system

According to the Labor Law, Collective Bargaining Agreements (CBA) in Bulgaria are concluded at the level of enterprises, branches/sectors and municipalities. At the first two levels only one agreement can be concluded, and the branch/sectoral agreements provide the more general and minimum framework of rights, and more favorable clauses and levels of the different indicators can be agreed at enterprise level. The municipal CBA are concluded for activities that are financed from the municipal budgets. The CBA for the people working in the schools are a typical example thereof.

On the whole, the enterprise CBA plays the leading role (decentralized model). A characteristic feature of the Bulgarian model is that in principle the CBA is valid for the members of the union which is a party in the agreement. However, the Labor Law provides also the opportunity to co-opt non-members to the agreement under certain conditions.

The role of branch CBA increased over the past year, when the clause on coverage of all enterprises in a certain branch became practically effective. The new Minister of Labor and Social Policy, after consultations with the social partners spread the effect of CBA in three branches – water supply and sewerage, breweries and paper industry. The following branches are also ready for spreading the effect of the CBA: miners, construction and light industry.

Information on the number of acting CBA year by year

Year	Sector/Branch CBA			CBA Enterprise		
	Total number	Of which:		Total number CBA+Annex	Of which:	
		SCBA	BCBA		CBA	Annex
2007	68	10	58	1734	1331	403
2008	67	10	57	1828	1493	335
2009	73	10	63	1499	1261	238
2010	71	10	61	-	-	-

Source: Chief Labor Inspectorate and CITUB

System of tripartite social dialogue

The system of tripartite social dialogue covers three levels: national, sectoral/branch and municipal.

At national level there is the National Council for Tripartite Cooperation (NCTC), where the government, the employees and the employers' organizations (trade unions and employers' organizations recognized as nationally representative after the respective censuses – every 4 years) have two representatives each. Currently 2 trade unions

and 6 employers' organizations have such status. NCTC is an advisory body where amendments in social and Labor law are discussed, as well as policies and acts in the area of Labor market, vocational training, wages, income and standard of living of the people.

The sectoral/branch and municipal councils for tripartite cooperation are organized in the same way, but they discuss problems pertinent to the specific level, for instance, employment policies in the branch, Labor market, municipality etc.

Some other management bodies are built in the same way – like the Managing Board of the National Agency for Vocational Training and Education, the Supervisory Board of the National Insurance Institute, The Managing Board of the Working Conditions Fund etc.

Education and vocational training

The number of the Centers for Vocational Training (CVT) licensed for the territory of this country continued to grow in 2010. In total, to date there are 815 CVTs in operation. The voucher training, introduced this year, increased the interest in CVT and encouraged the competition between them. The difference to the previously existing schemes is that the vouchers follow the person who needs vocational training or acquiring new skills in key competences. Writing projects is avoided by the organizations and companies which apply for such form of funding. This is minimizing additional bureaucracy, no assessment, no interim reports are waited for, the procedure is simplified to the maximum and a lot more money can be efficiently absorbed. It is only necessary for the person who requires education to go to the Labor Office and – if they are part of the respective target group – get a voucher for training. They can then go to a training organization they have selected from a list published on the website of the Agency.

Voucher training is part of three schemes financed by Operational Program 'Development of Human Resources'.

- Scheme "Development" is targeted at the unemployed, who lost their job as a result of the crisis at young people up to the age of 29 and the unemployed at pre-pension age. 65,000 people are to be trained within this scheme.
- Scheme „Adaptivness" is targeted at people with reduced working time who increase their qualifications at the same time. They also get a grant as a compensation for the reduced working hours. It is anticipated that 42,000 people will be participating in this scheme.
- Scheme „I can" is intended to offer the full-time employees options for learning a profession or to acquire some key competences (in foreign languages and computers) or a new specialty. 27,000 people are expected to obtain vouchers.

As of this year, the Centers for Vocational Training, which are licensed by the NAVTE, have the right to issue a Europass-supplement to the certificate for vocational qualifications and the diploma for vocational training.

Social security systems

Level of coverage of the work force (WF) according to insured risks (in %)*

Insured Risks	2007	2008	2009	2010-nine months
Health insurance (No. of insured people vs WF = employed + unemployed people)	80.5	80.2	76.7	73.6
Pension Insurance (No. of insured people vs all employed)	77.1	74.3	76.0	77.0
Unemployment Insurance (No. of insured people vs all employed)	94.9	94.7	96.1	96.5

Source: National Social Security Institute

* The coverage is calculated based on data on the insured from the NSSI compared to the different contingents for the different risks due to the following peculiarities:

1. For the purpose of pension both employed and self-employed people must be insured. In practical terms, however, farmers – who are the prevailing part of the self-employed contingent - do not comply with the requirement, hence the big difference to 100%.
2. For the purpose of unemployment only the employed are insured. The difference to 100% is due to the people working based on agreements other than Labor contracts.
3. For the purpose of health care everyone must be insured by law. However, a significant part of the self-employed does not comply (relying on paying for each health service in cash) and a small part of the unemployed who are not eligible for benefits (most often due to lack of money to insure themselves on their own).

Employment rate

Employment Rate (in %)

	2007	2008	2009	2010-I Quarter	2010-II Quarter	2010-III Quarter
People of the age of 15 or older						
Total	49.0	50.8	49.4	46.1	47.0	47.5
Men	54.4	56.5	54.9	50.8	51.8	52.3
Women	44.0	45.5	44.4	41.7	42.6	43.0
People of the age between 15-64.						
Total	61.7	64.0	62.6	58.8	60.2	60.6
Men	66.0	68.5	66.9	62.3	63.8	64.1
Women	57.6	59.5	58.3	55.3	56.6	57.2

Source: National Statistical Institute, Monitoring of the workforce

Average monthly salaries

Average Monthly Salaries – total and in different sectors of the economy (in Euro)

	2007	2008	2009	2010-I Quarter	2010-II Quarter	2010-III Quarter
Total	220	278	302	316	327	326
Public Sector	266	333	364	364	374	374
Private Sector	203	260	280	298	309	309

Source: National Statistical Institute. Labor and Cost of Labor Statistics (data for 2009 and the three quarters of 2010 are preliminary).

Gender pay gap

In the area of salaries the differences in payment between the genders are explained with the specifics of employment – women are employed en masse in the so called feminized branches and sectors – textile, apparel industry, retail, and similar, where the average wage is significantly lower than the average for the country (60-70 % of the latter). And on the other side the ‘male’ sectors – such as metallurgy, energy, coal mining, ore mining – maintain levels of pay far above the average for the country.

However, there are some cases of discrimination by some employers who sometimes avoid hiring young single women who can go on maternity leave.

Average salary by gender (Euro) and ratio (in %)

	2007	2008	2009	2010-I Quarter	2010-II Quarter	2010-III Quarter
Men	240	305	327	344	357	358
Women	200	250	277	289	297	295
Ratio W/M	83.3	82.0	84.7	84.0	83.2	82.4

Source: National Statistical Institute. Labor and Cost of Labor Statistics (data for 2009 and the three quarters of 2010 are preliminary)

Monthly minimum wage

Monthly Minimum Wage for the country (in Euro)

As of 1.1.2007	As of 1.1.2008	As of 1.1.2009	No change 2010
92	112	123	123

Source: National Social Security Institute

Actual weekly working hours

The actual weekly working hours decreased in 2009 and in the first quarter of 2010. The decline, however, is quite insignificant and is due to the small number of the employees who were transferred to subsidized reduced working hours. As little as 19,000 workers were made part of this measure by the Employment Agency in 2009. The funds from ‘Adaptiveness’ program is being absorbed very slowly. It is an upgrade of the 2009 program with funding from the Operational Program development of Human Resources. As a whole, the anti-crisis measures related to the reduced working hours, have a restricted scope, and this is why they don’t have a big impact on the data in the table below.

Average actual weekly working hours of one employee (in hours)

	2007	2008	2009	2010-I Quarter	2010-II Quarter	2010-III Quarter
Total	40.8	40.6	40.0	39.9	40.1	40.5
Per gender						
Men	41.2	41.0	40.4	40.2	40.5	40.7
Women	40.3	40.0	39.6	39.6	39.8	40.2
Per ownership type:						
Private Sector	41.1	41.1	40.5	40.4	40.6	41.0
Public Sector	39.3	39.0	38.7	38.7	38.8	39.0

Source: National Statistical Institute Monitoring Labor Force

Normal work /Atypical work

Atypical work is not widely spread in this country – particularly the part time work. However, very widely spread in the private sector is the work where social security contributions are not paid to the full extent. Sociological surveys show that about 1/3 of the employees are not being insured on the total amount of their salary.

Share of the employed (in %)

	2007	2008	2009	2010-I Quarter	2010-II Quarter	2010-III Quarter
As per duration of working hours:						
Full time	97.9	98.5	98.4	98.3	98.3	98.4
Part time	1.4	1.5	1.6	1.7	1.7	1.6
As per contract with the employer:						
Labor contract	96.1	96.2	96.4	97.1	96.3	96.6
Service provider agreement	1.4	1.4	1.5	1.1	1.5	1.2
No agreement	2.5	2.4	2.1	1.8	2.2	2.2
As per type of work:						
Permanent work	94.9	95.0	95.3	96.4	95.1	94.5
Temporary work	5.1	5.0	4.7	3.6	4.9	5.5

Source: National Statistical Institute Monitoring Labor Force

Unemployment rate

Coefficients of unemployment (in %)

Calculated on a base:	2007	2008	2009	2010-I Quarter	2010-II Quarter	2010-III Quarter
C ₁ : People aged 15 and above.	6.9	5.6	6.8	10.2	10.0	9.5
C ₂ : People aged between 15-64.	6.9	5.7	6.9	10.2	10.1	9.6
C ₃ : Registered in the Labor Offices	7.75	6.31	7.59	10.10	9.58	9.13

Source: For C₁ and C₂ – National Statistical Institute (Monitoring Labor Force) and for C₃ – Employment Agency (Registered unemployment at Labor Offices)

Migration

External Migration*

No of persons	2007			2008			2009		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Immigrated in the country	1561	877	684	1236	674	562	3310	1921	1389
Emigrated from the country	2958	1119	1839	2112	766	1346	19039	8353	10686
Technical growth	-1397	-242	-1155	-876	-92	-784	-15729	-6432	-9297

Source: National Statistical Institute (Population and Demographics)

* Covers only people who have declared change of address from this country abroad and vice versa before the administrative authorities.

HDI *

UNDP HDI	Report 2005 (data for 2003)	Report 2006 (data for 2004)	Report 2007/2008 (data for 2005)	Report 2009 (data for 2007)
No of covered countries	177	177	177	182
<u>Data for Bulgaria:</u>	Ranking/value	Ranking/value	Ranking/value	Ranking/value
HDI	55 / 0.808	54 / 0.816	53 / 0.824	61 / 0.840
Life expectancy - years	67 / 72,2	67 / 72,4	66 / 72,7	69 / 73,1
Literacy - %	-	20 / 98,2	22 / 98,2	26 / 98,3
Schooling - %	62 / 78,0	52 / 80,9	53 / 81,5	49 / 82,4
GDP/per capita – PP \$	65 / 7 731	66 / 8 078	64 / 9 032	69 / 11 222

* No more recent data available (*Source:* Human Development Reports, UNDP)

Gini-coefficient

2007	2008	2009	2010
25.3	26.3	26.2	Only annual data

Source: National Statistical Institute (Monitoring Household Budgets and Laeken Indicators)

Collective agreement coverage

The expert assessment is based on the changes in the number of CBA, the approximate number of people covered by them and the number of employed. In this case the level of coverage indicator depends to a greater extent on the number of the employees and other factors are of a less significant importance (the number of concluded CBA and the approximate No of the people covered by them stay relatively stable). The increase of the number of the employed in 2008 reduces the value of the coverage indicator and vice versa – as a result of the crisis the employers made redundant first the labor force with low qualification – and that happened in branches where the CBA coverage is low in principle. In this way the value of the CBA coverage is under the strong impact of the changes in the structure of employment and in particular of the employees.

An additional influencing factor is the fact that in the past year the effect of CBA was extended in three branches.

CBA Coverage of employees (in %)

2007	2008	2009	2010
33	30	32	35

Source: Expert Assessment – ISTR CITUB

Ongoing important collective bargaining agreements

The efforts of the unions are focused towards signing a Tripartite pact or a National Agreement on the social and economic development of the country in the mid-term. For the time being, these efforts are not successful due to substantial differences between the social partners and the state as regards the income policy and the substance of the reforms carried out in crucially important social spheres. There are agreements in place on individual problems – the stages of the pension reform, for instance, or the anti-crisis package – but they are ad hoc and relate to specific spheres and issues. In addition it should be pointed out, that the predominant part of the anti-crisis package, as adopted by the unions, employers and government in the beginning of the year, is not being implemented.

With the support of the International Labor Bureau for implementation of the Global Jobs Pact in the ILO member states, tripartite consultations were organized during the ILO missions to Sofia in February and May 2010. Within the framework of the technical assistance CITUB and Podkrepa CL prepared a joined unionist analysis and proposals for “RESTORING THROUGH GROWTH AND EMPLOYMENT” (basic principles and policies to restore Bulgarian economy and post-crisis development in line with the Global Jobs Pact). The purpose of this paper is to formulate the fundamental positions and proposals to the employers and the government for negotiating a new agreement – GROWTH AND JOBS PACT with a horizon 2011-2013. Negotiations for that pact are yet to come.

Trade union density

The explanations about the changes in the CBA coverage of employees are valid also for the Trade Union density. As a rule in higher employment (as we had it in 2008) the share of union members is less. When the number of employees in the national economy decreases the union density is higher as the majority of the people who are made redundant are not union members.

Trade Union Density (number of union members vs number of employees – in %)

2007	2008	2009	2010
17.5	16.9	17.3	18.9

Source: Expert assessment – ISTR with CITUB

Employer’s organizations density

According to the last census (2007-2008) employers’ organizations cover approximately 5% of the companies in this country i.e. 42% of the employees. This fact demonstrates that the employers’ organizations cover mainly the medium and large businesses, whereby the small and micro companies are not member of any of the six nationally representative employers’ organizations. In 2011, the next census should be carried out in order to establish the representativeness of the trade unions and the employers’ organizations.

Workplace representation

Labor law in Bulgaria does not provide for the establishment of Workers Councils in the enterprises. The workplace representation can be performed by the trade unions at the workplace, and where there are no such organizations, the representation can take the form of a general assembly or a meeting of the representatives of the entire staff in the enterprise.

In 1997 the Law on Occupational Health and Safety was enacted according to which in enterprises employing 50 and more staff members the Committees on Occupational Health and Safety issues are to be established, and for the rest – groups on working conditions, whereby half of their members are elected by the general assembly/meeting of the representatives, and the other half are representatives of the employer.

In 2001 the general assembly/meeting of the representatives were given some other functions, too – for example to elect representatives for protection of the economic and social interest of the employees; a representative of shareholders (partners) in the

General Meeting; for companies with 50 and more staff members a representative to take part in the meetings of the managing bodies of the enterprise.

With the amendment and addenda to the Labor Law enacted on 1 July 2006 the obligation of the parties were established regarding information and consultation. In addition, a law was drafted on electing employee representatives in the European Workers Councils of the multinationals, as well as in representation and supervisory/managing bodies of the European Commercial Companies and European Cooperative Societies.

Trade unions

National Trade Union Confederations

Name in Bulgarian	Name in English	Number of members		International affiliation
		2003*	2008*	
Trade union confederations recognized as nationally representative				
Конфедерация на независимите синдикати в България	Confederation of Independent Trade Unions in Bulgaria (CITUB)	393 191	328 232	ETUC ITUC
Конфедерация на труда Подкрепа (КТ Подкрепа)	Confederation of Labor Podkrepa (Podkrepa CL)	106 309	91 738	ETUC ITUC

Source: Ministry of Labor and Social policy,

* Data from the official censuses carried out in 2003 and late 2007 - beginning of 2008

Trade Union Federations by branches

TRADE UNION FEDERATIONS AFFILIATED TO CITUB

№	Name in Bulgarian	Name in English	Number of members		International affiliation
			2003	2008	
1	Синдикат на българските учители	Bulgarian Union of Teachers (BUT)	79753	75170	ETUCE EI
2	Федерация на независимите синдикални организации от леката промишленост	Federation of Light Industry Trade Union Organisations (FOSIL/LITUOF)	24362	13162	ETUF:TCL ITGLWF
3	Федерация на синдикатите в здравеопазването	Federation of Trade Unions – health services (FTUHS/ ITUFC)	22229	18575	EPSU PSI
4	Национална синдикална федерация Метал - електро	National Trade Union Federation-Metal-Electro (NTUF Metal-Electro)	14766	10417	EMF IMF
5	Синдикат на железничарите в България	Trade Union of the Railways Workers in Bulgaria (TURWB)	22683	22048	ETF
6	Национална федерация на труда Химия и индустрия	National Labor Federation of Chemistry and Industry (NLF Chemistry and Industry)	13469	5867	EMCEF ICEM

7	Федерация на независимите синдикати на миньорите	Federation of the Independent Trade Unions of Miners (FISM)	14720	10960	EMCEF ICEM
8	Съюз на транспортните синдикати в България	Federation of Transport Trade Unions in Bulgaria (FTTUB)	16081	13960	ETF ITF
9	Синдикална федерация на съобщенията	Trade Union Federation of Communications (TUFC)	19355	9840	
10	Федерация на независимите строителни синдикати	Federation of Independent Trade Unions in Construction (FITUC)	12223	7236	EFBWW BWI
11	Федерация на синдикатите от държавното управление и организации	Federation of Independent Trade Unions of State Government and Organisations (FITUGO)	19031	18727	EPSU PSI
12	Синдикална федерация МЕТАЛИЦИ	Trade union of METALWORKERS (TU METALIZY)	10014	7387	EMF IMF
13	Независима синдикална федерация на търговията, кооперациите, туризма и общественото обслужване	Independent Trade Union Federation of Employees in Commerce, Cooperatives, Tourism, Credit and Social Services (ITUFECCTCS)	7130	5341	UNI EUROPA
14	Федерация на независимите синдикални организации от българската армия	Federation of Independent Trade Unions in Bulgarian Army (FITUBA)	8759	7931	
15	Национална федерация на енергетиците	National Federation of Energy Workers (NFE/NFEW)	11424	10019	EMCEF EPSU ICEM PSI
16	Национален браншов синдиката Водоснабдител	National branch water – supply trade union (NBTU Vodosnabdittel)	10515	11674	EPSU PSI
17	Федерация на независимите синдикални организации от горското стопанство и дървопреработващата промишленост	Federation of Trade Union Organisations in Forestry and Woodworking Industry in Bulgaria (FSOGSDP)	6612	7033	EFBWW BWI
18	Синдикат на автотранспортните синдикати	Trade Union of Road Transport Workers (TURTW)	2900	1845	
19	Федерация на независимите синдикални организации от хранителната промишленост	Federation of Independent Trade Unions in the Food industry (FITU-FOOD)	5051	3002	EFFAT IUF
20	Независим синдикат на тютюноработниците	Independent Trade Union of the Tobacco Workers (ITUTW)	4800	1433	
21	Федерация на независимите синдикати в земеделието	Federation of Independent Agricultural Trade Unions (FIATU)	7078	5845	EFFAT IUF

22	Независима синдикална федерация на енергетиците в България	Independent Labor Federation of the Workers in Energy (NSFEB /ILFWE)	6353	6569	EPSU PSI
23	Независим учителски синдикат	Independent Teachers' Trade Union (ITTU)	5290	4511	
24	Моряшки синдикат	Seamen's Syndicate – Bulgaria	2438	3310	ETF ITF
25	Синдикална федерация на организациите от електрониката, машиностроенето и информатиката	Trade Union Federation of Organizations of Electronics, Machine-building and Informatics (TU-FOEMI)	3246	2169	EMF jointly with FTISI "Podkrepa"
26	Синдикат Пиво, Храни и Напитки	Trade Union of Beer, Food and Beverages (TUBFB)	1082	907	EFFAT IUF
27	Независима федерация Култура	Independent Trade Union Federation of Culture (ITUF CULTURE)	2703	1261	
28	Независима синдикална федерация на кооперативните организации	Independent Trade Union Federation of the Cooperative Organisations (ITUFC)	3552	2079	
29	Синдикат Корабостроител	Trade Union Korabostroitel (Ship-builder) (TU Korabostroitel)	1999	1301	
30	Федерация на синдикатите от военнопромишления комплекс	Federation of Trade Unions of the Military Industrial Complex (FTUMIC)	3789	2971	
31	Синдикална федерация на организации от туризма	Trade Unions of Tourism in Bulgaria (TUTB)	2387	1765	
32	Национален радио-телевизионен синдикат	National Radio and TV Trade Union (NRTVTU)	322	297	
33	Национален банков синдикат	National Banking Union (NBS)	3662	2168	
34	Национален браншов синдикат Висше образование и наука	National Branch Trade Union of Higher Education and Science (NBTU-HES)	3738	4014	
35	Национален синдикат на икономистите и одиторите в България	National Trade Union of Economists and Auditors in Bulgaria (NTUEAB)	Established in 2007	257	

TRADE UNION FEDERATIONS AFFILIATED TO PODKREPA CL

№	Name in Bulgarian	Name in English	Number of members		International affiliation
			2003	2008	
1	Федерация Атомна енергетика	Federation - Nuclear Energy	Established in 2004	1224	EMCEF
2	Федерация Енергетика	Federation - Energy	6443	5766	EMCEF EPSU ICEM PSI

3	Федерация Земеделие и горско стопанство	Federation - Agriculture and Forestry	1797	1528	IUF
4	Федерация Култура	Federation - Culture	655	726	
5	Федерация Лека промишленост	Federation - Light Industry	4163	3464	ETUF:TCL EMCEF ITGLWF
6	Синдикална федерация на машиностроителите и металоработниците	Trade union federation of metal workers	6090	6028	EMF IMF
7	Медицинска федерация	Medical federation	8188	6430	EPSU PSI
8	Федерация Металургия	Federation - Metallurgy	4937	3777	EMF IMF
9	Синдикална миньорска федерация	Miners federation	10160	7019	EMCEF ICEM
10	Федерация Строителство, индустрия и водоснабдяване	Federation - construction and water supply	6587	5081	EFBWW EPSU BWI
11	Федерация Съобщения	Federation - Communications	12385	3687	
12	Федерация на транспортните работници	Federation of the transport workers	7201	7342	ETF
13	Федерация Техническа индустрия, наука информатика	Federation Technical industry, science, informatics	1525	985	EMF jointly with TU- FOEMI - CITUB
14	Федерация Търговия	Federation - Commerce	1405	499	
15	Федерация Услуги и контролни органи	Federation - Services and control bodies	2768	1314	EPSU ICEM
16	Федерация Химия	Federation - Chemical Industry	3862	3802	EMCEF ICEM
17	Федерация Хранителна и питейна промишленост	Federation - Food and beverages industry	2416	2917	EFFAT IUF
18	Синдикат на административните служители	Union of the administrative employees	3270	4833	EPSU PSI
19	Национален железничарски синдикат	National railway union	2573	1804	
20	Съюз на журналистите в България Подкрепа	Union of journalists, Podkrepa	12	9	EFJ IFJ
21	Синдикат Образование	Union of Education	16106	15300	ETUCE EI
22	Синдикат Отбрана	Union of Defense	2085	1270	PSI
23	Национален синдикат Телевизия и радио	National union of Television and radio	0	26	
24	Синдикат Тютюнева промишленост	Union of Tobacco industry	2728	1447	
25	Национален професионален синдикат на работещите в	National union of the employees in the	Established in 2006	1081	

	сигурността и охраната	private security services			
26	Национален моряшки синдикат	Union of the sailors	Established after 2003	33	
27	Национален синдикат на служителите на МВР	Union of the employees of the Ministry of interior	Established after 2003	0	
28	Национален синдикат на работещите в кино и телевизионната индустрия	National union of employees in the cinema and TV industry	Established in 2006	0	
29	Синдикат на локомотивните машинисти	Union of the locomotive drivers	Established in 2007	172	

Source: Data from the internal registration systems of CITUB and Podkrepa CL

Employer's Organisations

	Name in Bulgarian	Name in English	Number of members	International affiliation
1	Българска стопанска камара – Съюз на българския бизнес (БСК)	Bulgarian Industrial Association - Union of the Bulgarian Business (BIA)	69 branch organisations in 26 sectors, 1863 companies, has 26 regional industrial chambers, and 129 municipal Dobies	<u>BUSINESSEUROPE</u> , IOE – International Organization of Employers
2	Българска търговско промишлена палата (БТПП)	Bulgarian Chamber of Commerce and Industry (BCCI)	29 branch/ sectoral organisations in 12 sectors, 28 regional chambers, and 264 municipal bodies, 2662 companies with 528 615 employees	International chamber of commerce, Paris; World trade centers association, USA; <u>EUROCHAMBRES</u>
3	Съюз за стопанска инициатива (ССИ)	Union for Private Economic Enterprise (<u>UPEE</u>)	24 sectoral/branch associations in 14 sectors, 852 companies with 83 902 employees, 104 municipal offices.	<u>UEAPME</u> , IOE – International Organization of Employers
4	Български съюз на частните предприемачи Възраждане (БСЧП Възраждане)	Union of Private Bulgarian Entrepreneurs 'Vazrazhdane' (UPBE)	11 sectoral/branch associations in 12 sectors, 752 companies with 52 062 employees and 74 municipal Office	
5	Асоциация на индустриалния капитал в България (АИКБ)	Bulgarian Industrial Capital Association (BICA)	9 branch chambers in 9 sectors, 1194 companies with more than 130 000 employees and regional structures in 60 municipalities.	European Centre of Employers and Enterprises Providing Public Services (<u>CEEP</u>)
6	Конфедерация на работодателите и индустриалците в България - Гласът на българския бизнес (КРИБ)	Confederation of Employers and Industrialists in Bulgaria – The Voice of the Bulgarian Business (<u>CEIBG</u>)	27 branch associations in 15 sectors, 3278 companies with 351 965 employees and 66 municipal bodies.	International Chamber of Commerce (ICC)

Source: Ministry of Labor and Social Policy. Data from official census of employer organisations held in end 2007 - beginning of 2008