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**Annual Review
2012
on Labour Relations and Social Dialogue in South East Europe:
Montenegro**

By Alexandra Visnjic*

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* **Alexandra Visnjic**, independent consultant

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

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

The text is available online:

www.fessoe.de

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1. Summary

Early Parliamentary elections were held on October 14th resulting by victory of the ruling Coalition for a European Montenegro, which won 39 out of 81 seats, led by Milo Djukanovic (DPS). The new Government of Montenegro, headed by Djukanovic, who was handed his 7th term of office as Prime Minister, was established on December 4th, in the Parliament.

The EU accession negotiations with Montenegro were opened in June 2012, following a positive decision by the Council (of Europe), endorsed by the European Council. The screening of the chapters on judiciary and fundamental rights, and justice, freedom and security took place in spring. The Government adopted the Pre-accession Economic Programme (PEP), covering the period 2012-2014 prioritizing reinforcement of economic and financial stability by continuing with fiscal consolidation and structural reforms where the political consensus on market economy fundamentals and economic policy remained strong.

The economy continued to recover at slow pace in 2012 with expected modest growth rate of 0.5%¹ for a third consecutive year. The annual inflation rate, measured by consumers index price has growing trend reaching 4.4% (in September 2012) while the average gross wage (728€) in September 2012 remained at almost the same level. The preliminary estimation for the budget deficit is 4.1% GDP and growing public debt reached 52.06% GDP in 2012.

The year 2012 has been marked by a serial of seven the most massive ever workers/citizens protests in Montenegro, organized in period January 21st – June 7th, 2012. The protests were organized initially by Union of Free Trade Unions of Montenegro and then co-organized jointly with the Student's Union, non-government organisation MANS and supported by a number of prominent independent intellectuals. The number of people varied from protest by protest and estimations varied depending on the source of data. However, it could be roughly estimated that some protest gathered around 20.000 people, being extremely high number for a small country such as Montenegro while for the last three protests a couple of thousands people protested in each.

2. Socio-economic developments

Montenegrin economy had real GDP decline of 0.9% in the first half of 2012 with economic activity rate decline of 2.4%. The real growth rate of GDP in the first quarter of 2012 compared with the same period in 2011 was negative i.e. it amounted -2.4%, while the second quarter indicates the real growth rate 0.3%. The third quarter with its high participation in GDP of 32% was result of growth in the service and tourism sector and power production as well as in good collection of revenues. If the projected real growth rate of 2% achieved in the fourth quarter, it is realistic to have projected 0.5% GDP growth rate in 2012. Mid-term GDP growth projects GDP growth at level of 2.5% in 2013, 3.0% in 2014 and 3.5% u 2015.

Net foreign direct investments (FDI) inflow was 302.6 million euro (in period January – September 2012) i.e. 11.6% more than in September 2011, reaching 9.1% of estimated GDP (3.324mil. €). Total FDI outflow was 93.8mil. € - or 13.2% higher than in 2011. Real estate records significant increase of investments (36.7%), while investments in enterprises and banks dropped sharply for 29.8%.

When it comes to balance of payment and trade balance, trade deficit rose to 1.242 billion euro (\$1.6 billion) in the first ten months of 2012 - from 1.134 billion euro a year earlier. Exports fell 20.5% to 302.1 million euro through October, while imports rose 1.8% to 1.544 billion €. Public budget amounts 1.388.0 mil. € or 41.8% estimated GDP. Public spending (for the first 3 quarters) was at a level of 30.3% GDP (916.8mil. € of the budget and 86.9 mil. € for local authorities' spending). The highest share - or more

¹ The Autumn Analysis of Macroeconomic Trends and Structural Reforms in 2012, Ministry of Finance of Montenegro, November 2012.

than a third of total public spending - accounts for social spending (358.6mil. €) end of September 2012².

Generally speaking, the privatization reassumed after two years of stagnation but the 2012 privatization plan fails to deliver and its execution is being delayed. The bankruptcy of the Niksić steel plant ended with the successful sale of all the factory assets (including 21.9% of state-owned shares) to a Turkish steel maker. Several transport companies, including railways, port and the national airlines are on the privatisation list/plan as well as the tobacco factory (NDKP), the Institute for Physical Therapy and the container and bulk cargo terminal of the port of Bar. In July 2012, the privatisation council concluded a 90-year lease contract to develop a tourism resort on the former barracks site of Kumbor on the coast. However, negotiations on the sales agreement for many other assets remained not concluded.

The annual inflation rate, measured by consumers index price has had growing trend reaching 4.4% (in September 2012) compared to 3.1% average inflation rate in 2011. Annual inflation rate is higher than EU zone one which in the end of 3rd quarter was 2.6%. According to the latest IMF projections (WEO, October 2012), expected inflation rate for Montenegro for 2012 is 3.8%. The average wage remained almost at the same level as the year before. In period January – September 2012, the average gross wage was 728 euro or 0.7% higher than for the same period in 2011. The average net wage for the same period was 487 euro or 0.6% higher than for the same period in 2011.

Unemployment rate was 12.2% in September 2012 and it slightly decreased compared to September 2011 (12.7%), according to administrative data of the Employment Office of Montenegro. On the other hand, unemployment rate, according to the LMS in the 2nd quarter of 2012 was 20%. The activity rate was 49.1%, the employment rate is 39.3% and unemployment rate is 20.0%. Measured by the activity rate of the population for aged 15-64, the activity rate was 57.8%, the employment rate was 46.2% and the unemployment rate was 20.1%.³ Absolute poverty line for Montenegro in 2011 was 175.25 euro per equivalent adult or five euros higher than in 2010. In 2011, share of population with equivalent consumption below the absolute poverty threshold increased from 6.6% in 2010 to 9.3% in 2011 but poverty depth, poverty severity and poverty gap increased, too. The level of inequality also slightly increased from 24.3 in 2010 to 25.9% in 2011, measured by Gini coefficient.⁴

3. Governmental policies and legislation

The Government policy focused on reduction of non-productive expenditures, high earnings of government officials and high pensions, different extra compensations/earrings and daily allowances. Extra taxes were introduced for SIM cards, cable TV, power meters and for catering sector (that allows tobacco use). The basic tax rates remained the same as well as the salaries, pensions and social transfers. Amendments to Law on internal financial control in public sector was adopted in order to improve efficiency of internal controls and to enhance fiscal responsibility and capacity building of internal financial control/audit in public sector. In order to improve budget spending and to align it with EU practice and principles, the Government prepared amendments on the organic Budget Law and drafted Fiscal Strategy document that aims to further improve fiscal responsibility especially in terms of multiyear budget planning and budget spending limits. The Government also plans to intensify taxes and revenues collection in the coming period.

² The Autumn Analysis of Macroeconomic Trends and Structural Reforms in 2012, Ministry of Finance of Montenegro, November 2012.

³ Labor Market Survey, Monstat, September 2012

⁴ Monstat 2012 - *Poverty analysis in Montenegro for the year of 2011*, Monstat, December 17 2012

The EU Progress Report for Montenegro generally, positively addresses progress in the area of labour legislation in terms of its aligning it with the *acquis*. This applies also to the provision of the Labour Law that extends protection for whistleblowers for the private sector, too. However, the Report states that enforcement remains a challenge. A Directorate for Inspection Affairs was established in July including the Inspection of Labour. The training of labour inspectors and social partners engaged in occupational safety and awareness-raising activities have continued. Inspection capacity has somewhat improved, and the total number of fatal, serious and collective injuries at work decreases. The legal alignment records no progress and the number of labour inspectors remains insufficient. Only nine out of the twelve positions for health and safety inspectors are filled. This represents an approximate ratio of one inspector per 23,555 workers (ILO recommendation is for one inspector per 10,000 workers). The Agency for Health and Occupational Safety has not been established yet.

Laws on Prohibition of Workplace Harassment, on amendments on the Law on Trade Union Representativeness, on Civil Servants and on Vocational Training of University Graduates were adopted in 2012. Draft law on strike is in final negotiation stage. The verification of the General Collective Agreement has been delayed for two years and it is not adopted yet as the social partners failed to agree upon it.

The labour market situation deteriorated and there has been no tangible improvement in 2012. Measured by the activity of the population (15-64 age) the activity rate was 57.8%, the employment rate was 46.2% and the unemployment rate was 20.1% (LMS 2nd quarter 2012, Monstat). High regional gaps in activity, employment and unemployment and poverty levels persist as well as skills mismatch. One third of unemployed receive unemployment benefits. The financial allocations to active labour market measures were significantly reduced but variety of active labour market programs remains. As foreign residents employment increased for 4.9% (3rd quarter 2012), the number of quotas for non-residents employment are reduced to 16.500 from 25.000.

A national strategy for Employment and Human Resource Development 2012–2015 and a National action plan for employment for 2012 were passed in December 2011. A Law on Vocational Training of University Graduates (adopted in July 2012) offers traineeships for young unemployed professionals without working experience as a kind of active labour market program. As it is estimated that a high percentage (26%, ISSP 2011) earns for living as unregistered workers, the Government adopted an Operational Plan for Combating the Grey Economy and Unregistered Work, in May 2012.

Changes to the provisions on fixed-term contracts should contribute to reducing labour market duality (labour law). These amendments limit the length of fixed-term contracts to two years and limit the possibility of repeated, consecutive, unlimited number of contracts renewals. The amendments also reduce collective dismissal costs and limit the room for discretionary labour dispute resolution. Additional amendments have been adopted: law on employment of foreigners and law on professional rehabilitation and employment of persons with disabilities to ease their labour market entry.

4. Industrial Relations

The year 2012 has been marked by a series of seven the most massive ever workers/citizens protests in Montenegro, organized in period January 21st – June 7th, 2012. The protests were organized initially by Union of Free Trade Unions of Montenegro and then co-organized jointly with the Student's Union, non-government organisation MANS and supported by a number of prominent independent intellectuals. The number of people varied from protest by protest and estimations varied depending on the source

of data. However, it could be roughly estimated that some protest gathered around 20.000 people, being extremely high number for a small country such as Montenegro while for the last three protests a couple of thousands people protested in each. The occasion for protests was citizens' dissatisfaction with living standard while the trigger was announced increase of electrical power cost. Afterwards the protests' organizers expanded the list of requests towards the Government including call for the Government resignation. While the protest organizers claimed that the protests are act of voice of citizens asking for better living standard, the Government officials tend to present the motives for the protests through a political dimension.

Compared to the previous year with many civil servants strikes it was not the case for 2012. However, intensity and frequency of strikes was high all over the country - Still mill Niksic; Aluminum Plant; Podgorica, Monter Kod, Pljevlja; Autoprevozno (transport) Niksic (hunger strike); Krisma-milk dairy, Berane; Hotels Otrnat, Ulcinj and Plavsko Jezero, Plav; TV IN. Employees of the expert department of the Confederation of Trade Unions of Montenegro (SSCG) also protested and their representatives submitted criminal charges against the leadership of the union accusing them for misuse and mobbing. Persons with disabilities due to work related disability from Bjelo Polje protested asking more convenient old age pension requirements (retirement age of 55 for man 50 for women and 15 years of service) and subventions for electrical power, health care and transport. Ex Radoje Dakic Company from Podgorica traditionally protest every Wednesday, and so on.

Upon two consecutive extensions of validity of the General Collective Agreement (June 30, 2012 and September 30, 2012, Official Gazette of Montenegro No. 37/11) the social partners seemed to be close to the agreement but the General Collective Agreement has not been verified yet – crating a legal vacuum i.e. there is no General Collective Agreement in place. Following the General Collective Agreement verification, the branch collective agreements are due to be aligned with. Novelty is that branch collective agreement of workers in social welfare has been verified for the first time (i.e. separately from the health sector workers.).

An Agreement on wage policy of employees financed by the budget 2012 – 2015 was agreed upon and signed by the social partners in December 2011, but its full enforcement is pending. The Agreement was a compromise solution agreed by the social partners' representatives (the Government and the representative trade unions) in response to difficult economic circumstances, civil servants continued requests for increase in salaries and on the other hand, fiscal consolidation concerns. The Agreement envisages no trade union action in period of validity of the Agreement. It sets negotiations benchmarks i.e. the Government and the representatives of employees whose salaries are budget funded will negotiate the wages depending upon GDP trends and official inflation rate. Specifically, if the real GDP growth is below 2%, the budget deficit is 2% or above 2%, the signatories of the Agreement are due to negotiate wage reduction. On the other hand, wage increase negotiations could be initiated if the real GDP growth is higher than 3.5%, if the budget is in balance, and inflation rate exceeds 2%. Having in mind the mid-term projections, wage bill will reduce to 11% GDP until 2015.

The Agreement also defines severance policy in case of consensual termination of employment contract, and in case of redundancies. It envisages the funds (saved consequently to decreased no. of employees) reallocation for salary increase in order to motivate the public servants to improve their job performance and to invest into their better working and living conditions. The enforcement of this important Agreement (as it covers over 45.000 employees) is pending as the bipartite Commissions in charge of its operation haven't been yet established nor the trade union is provided with insight into the budget spending lines.

The Union of Free Trade Unions of Montenegro (USSCG) held its second regular Congress on October 27, 2012. The Congress was attended by 316 delegates and numerous national and international guests. Mr. Srdja Kekovic was re-elected for Secretary General (207 votes for and 7 against). Association of Trade Unions in State Institutions of Montenegro was registered last year but so far, it has not reached representative union status. The USSCG retained the membership at pretty the same level as year before although they record a loss of a significant number of metal sector members (about 1.500) who were made redundant but on the other hand, they have gained new members in other sectors. The Confederation of Free Trade Unions (SSCG) reported that their membership is at the same level.

The Agency for Peaceful Resolution of Labour Disputes, whose process of establishment was a joint, constructive initiative of the social partners, is in place (staffed and trained) and it fully performs its role and records excellent results. Thus, in period September 2011 – September 2012, the Agency received 632 requests⁵ (629 individual and 3 collective disputes), covering as high as 8.000 persons involved in the labour disputes. This represents 77.50% increase compared to previous year when there were 356 requests which is again extremely high number especially having in mind that it was the first year of the Agency operation.

5. Tripartite Social Dialogue

The Social Council has not succeeded to get its capacities improved in 2012 and due to the funding constraints setting up of its secretariat (provided by the law) has been delayed. Out of 17 social councils at local level only couple of them seem to operate optimally and have cooperation with the national Social Council. Bipartite social dialogue remains underdeveloped. Still, the Social Council regularly meets, performs its consensus-building role for many important pieces of legislation and issues, including negotiations on a new General Collective Agreement. Trade unions' membership of the Social Council has been aligned on their representativeness. The draft Law on Trade Union Representativeness (2012) is expected to bring improvements in procedural matters i.e. improve the consistency of the procedure to determine representativeness at different levels (national and branch level), remove employers' insight into trade union membership, address the personal data protection issues, and avoid lengthy, costly court procedures.

6. Forecasts

Macroeconomic projections of the Government for period 2013- 2015 predicts real GDP growth, as follows: 2.5 in 2013; 3% in 2014 and 3.5% in 2015. However, Montenegrin economy is expected to continue to be under negative crises influence that would primarily affect finance availability and investments. Concerning development is public debt raise that almost doubled over last two years and has growing tendency. The new Government seems to be committed to improve public sector efficiency and capacities and to work out savings in public sector. It also seems determined to its goal to enhance employment, address the skills mismatch and it expects the first visible, short term results with the implementation of Law on Vocational Training of University Graduates. The level of benefits would be maintained at the same level.

As the social partners seem to be very close to the consensus on the General Collective Agreement its adoption is likely to happen early next year. Passing of the Law on

⁵ Vast majority (84.03%) of disputes are settled down in mediation procedure while in 11.43% cases, the parties in dispute failed to reach agreement and 4.54% are in arbitration procedure.

Strike is also expected in the early next year as the social partners reached consensus over the key disputing issues (minimum work process in sectors of public interest, employees' status and paid work during strike). It is likely that the Government, having recognized multiply benefits of Agency for Peaceful Settlement of Labour Disputes, considers enhancing its support for its operation. In the coming period it could be anticipated that the Agency would be dealing more intensively with public servants disputes as public servants are being recently encouraged by their supervisors to get their conflicts settled through the Agency.

Annex of data

- **Collective bargaining system**

In Montenegro, collective bargaining system takes place on national level, on sector/branch level and at enterprise level. The most advanced is national, tripartite based collective bargaining (over National Collective Agreement) while bipartite one is rather underdeveloped and coverage of workers in private sector (especially trade, services, construction sectors) remains an issue.

After two consecutive extensions (June 30 and September 30, 2012) of validity of the National Collective Agreement it has not been adopted yet although the social partners seem to be close to consensus over the major disputing issues. The Agreement 'elaborates' the Labour Law and it applies to both private and public sector. It regulates elements for determining salaries, wage compensation; other employees' compensations entitlements, and it determines the scope of labour rights and obligations, in accordance with the Labour Law. There are nineteen branch level collective agreements. In 2012, two branch collective agreements are passed for the health sector and for employees in social welfare sector.

New labour law provision, foresees that each side could initiate negotiations by offering the other side a written proposal of the new text or an amended text of the collective agreement. The addressed party should reply in writing, within 15 days. Thus, envisaged is the obligation of the social partners to negotiate but it is not obligatory for the parties to conclude collective agreements. Instead, the law foresees that if the parties fail to reach agreement within three months they should refer their case to the Agency for Peaceful Settlement of Labour Disputes.

- **System of tripartite social dialogue**

National level social partners are as follows: the Government, Union of Employers of Montenegro, Confederation of Trade Unions of Montenegro and Union of Free Trade Unions of Montenegro. According to the law, the Social Council is an independent body, founded on tripartite basis. It is a legal entity composed of Government representatives, (i.e. local government, in case of local council) and representatives of representative trade union organization and representative employers' association, as social partners. If there are several representative trade union organizations and employers' organizations, the number of representatives is divided with the number of representative trade union and employers' organizations, so that they have an equal number of representatives. If it is not possible to establish the same number of trade union representatives, more representatives will have the representative trade union organization with more members. However, when it comes to the representatives of employers, if it is not possible to establish the same number of representatives, more representatives will belong to the representative employers' organization with higher percentage of employees in the economy of Montenegro and with higher participation in GDP creation. Social dialogue mostly takes place in the Social Council and in work groups and beside there have not been other joint activities.

- **Social security systems**

Social security	2009	2010	2011	2012
Old-age pensions	44.466	46.024	53.550	53.188
Disability pensions	24.323	24.277	24.762	23.758
Family pensions	27.724	28.272	29.688	28.529
Disability benefit	6.632	6.413	6.209	6.764
Care and assistance benefit	1.476	1.394	1.323	1.552

Average pension was at level of 57.6% of average net salary (278.43€) in September 2012 and it slightly increased compared to September 2011 (272.59€). The average old age pension was 66.95% of net average salary (323€).

- **Education and vocational training**

Skills mismatch presents a serious issue that needs to be addressed in long run. According to the data of the Employment Agency of Montenegro, there is an evident increase of participation of the unemployed with higher and with high education in the total number of the unemployed. Although the funds are drastically reduced, some 40% of the registered unemployed benefited from active labour measures support including vocational training but there is no impact analysis in place. A Law on Vocational Training of University Graduates (July 2012) providing traineeships for young unemployed professionals without working experience, is expected to generate new employment of unemployed with advanced education degree. According to the census of 2011, out of the total number of employees older than 15, 35% are computer literate, and 16% has basic computer skills. Even 48% of the population is computer illiterate.

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

- **Employment rate**

Year	Total
2008.	43.2%
2009.	41.3%
2010.	40,3%
2011	39.1%
2012(Sep.)	46.1%

- **Unemployment rate⁶**

Year	Unemployment rate
2009.	11.431%
2010.	12.01%
2011.	12.7%
2012 (Sep.)	12.2%

- **Average monthly salaries**

Year	Net salary, in €
2009.	463.00
2010.	473.00
2011.	477.00
2012 (Nov)	478.00

- **Gender pay gap**

All former socialist countries, including Montenegro, were characterised by higher level of economic activity of women. However, this changed during the transition, resulting in lower economic activity of women, being less paid at the same time. Though they gain better education, average earnings of women amounted to 86.8% of average earnings of men⁷ - in spite of the new provisions of the Labour Law that prescribe equal pay for equal work or for the work of the same value done for an employer⁸. In case of violation of this right, an employee has a right to a compensation of damages in amount of the underpaid part of salary. The decision of an employer or an agreement with an employee which is not in accordance with this provision shall be considered void.

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

- **Monthly minimum wage⁹**

Employees are entitled to minimum wage for standard performance and full-time working hours, or working hours that are equal to the full-time working hours. Minimum wage cannot be lower than 30% of the average wage in Montenegro for the previous six months according to the official data established by the statistic authority. According to the amendments to the Labour Law (2011), minimum wage is proposed by the Social Council of Montenegro and then set up by the Government of Montenegro on semi annual bases. (Note: so far, the minimum wage at the national level was prescribed by

⁶ Source: Employment Agency of Montenegro. See: www.zzzcg.org.

⁷ Source: MONSTAT "Women and men in Montenegro 2012", p. 99

⁸ The work of same value hereby implies the work that requires the same level of education, or qualification of level of education, or professional qualification, responsibility, skills, conditions of work and work results.

⁹ As the minimum wage methodology changed, it is not possible to provide comparative data for last four years period.

the National Collective Agreement). Minimal gross wage is 220.20 euro and minimal net wage is 147.60 euro for in period: July 1st – December 30, 2012), according to Monstat.

- **Actual weekly working hours**

Vast majority works full-time (92.3%) while only 7.7 have part-time working arrangement. The Labour Law defines that full-time working hours extend to 40 working hours a week. The employment contract can be concluded with less than full-time working hours depending on the nature of work and organization of work, but not less than ¼ (10 hours) of full-time working hours. The Law provides for the possibility of concluding an employment contracts with part-time working hours for employees who work in particularly difficult, difficult and unhealthy occupations, but not less than 36 hours per workweek. These employees enjoy the same labour rights as full-time employees and they shall not work overtime hours on such jobs nor can they have employment contract with another employer. Overtime for full-time employed should not exceed ten overtime hours weekly.

According to the MONSTAT data (for 3rd quarter 2012), the average working hours per week was 39.3. Lowest average weekly working hours stands for agriculture sector (32.2) while in industry it was 40.9 and highest in services sector – 41.5.

- **Normal work /atypical work**

According to the LFS (3rd quarter 2012), 95% employees is covered by some kind of employment contract with employer. 73.3% has indefinite (permanent) term contract while 26.7% has fix-term contract. Law on Amendments to the Labour Law (2011) favours indefinite employment contracts in order to prevent practice issuing continuous fix-term contracts 'encouraged' by 2008 Labour Law. Fix-term labour contracts are limited to up to two years, with a possibility of extension for a definite period of time in situations of substitute of an absent employee and work on particular time limited projects.

- **Migration**

According to the 2011 census data, there are 625,266 inhabitants or some 27.000 people more compared to 20 years ago¹⁰. Internal migrations are high and the negative migration balance was recorded in all the municipalities in the north causing growth in population in Podgorica (18.000 more compared to 2003 census data) and in the coast. The process of granting status of foreign with permanent residence to displaced persons/refugees with residence in Montenegro is in finalization stage. In spite, high unemployment rates some 25.000 foreign residents (mostly from the region) in 2012 found mostly seasonal employment in Montenegro. The Government decided to reduce the quota for work permits for foreign from 25.050 in 2012 to 16.500 in 2013.

- **HDI (Human Development Index)**

Montenegro ranks 54th out of 184 countries in 2011 by the level of Human Development Index and belongs to the group of countries with high levels of human development. HDI 2012 data will be available early next year. (Note: HDI calculation methodology changed in 2011).

2009	2010	2011	2012
0.768	0.769	0.771	n/a

¹⁰ In the census of 2003 there were 620,145 inhabitants, while in 1991 there were 593,504. See: www.monstat.org

- **Gini-coefficient**

The level of inequality also slightly decreased from 24.3% in 2010 to 25.9% in 2011, measured by Gini coefficient¹¹. Gini coefficient increased from 23.1% to 24.6% for urban areas and from 22% to 24.2% for rural areas in 2011 i.e. Gini coefficient in 2011 is slightly higher for urban than for rural areas.

2009	2010	2011	2012
26.4%	24.3%	25.9%	-

- **Collective agreement coverage**

In Montenegro, there are eighteen branch collective agreements in place. There is no reliable data but it is estimated that these cover about 50% of the total number of employees (there are no official data on the percentage of coverage of the labour force by some Branch Collective Agreement). For instance validity of collective agreement for trade/sale expired leaving some 40.000 employed not covered. In 2012, the branch collective agreements for health sector and social workers are signed.

- **Ongoing important collective bargaining agreements**

Negotiations over the new National Collective Agreement in Montenegro took almost two years and although it seems that the social partners are close to reaching consensus – it has not been adopted yet. For the public sector employees, an agreement was signed among the social partners on the modes of calculating wages for the period 2012-2015, which implies that the changes of the salaries in the public sector will follow the situation related to the increase or decrease of GDP. This agreement implies that the salaries of the employees in the public sector will be raised in case of GDP growth by 3.5%, and that the salaries will be decreased in case of GDP growth lower than 2.5%. Also, social partners agreed that within this period they will not organize a strike as a means of solving labour disputes, should the changes of the salaries follow the situation of the GDP as previously described.

- **Trade union density**

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

- **Employer's organizations density**

Representative employers' organization is the Association of Employers of Montenegro, whose members are entrepreneurs from small and medium enterprises and large industrial systems. The members of the Association of Employers of Montenegro account for around 80% of the total GDP of the Montenegrin economy and employ more than 50% of the workforce in the economy.

¹¹ Monstat 2012 - Poverty analysis in Montenegro for the year of 2011

- **Workplace representation**

The Labour Law of Montenegro envisages participation in decision-making through the trade unions. According to the Law on representativeness of trade unions, a representative organization is the one that organizes at least 20% of the employees at the enterprise level. A representative trade union is entitled the right to collective bargaining and concluding collective agreements at the appropriate level, the right to participate in collective labour disputes resolution; the right to participate in the work of the Social Council and other tripartite and multipartite bodies at the appropriate level, as well as other rights that are by specific laws intended for an authorized union organization. In this section we can say that it is an undisputed exclusive right of a representative union to bargain collectively, to conclude collective agreements and participate in tripartite based entities. Somewhere, disputable is exclusive right of representative trade union in collective labour disputes resolution procedures. There is no progress in regard of the work councils.

- **Trade unions**

- **National Trade Union Confederations**

Name	English	Number of members	International affiliation
Savez sindikata Crne Gore	Confederation of Trade Unions of Montenegro	46.878	International Trade Union Confederation-ITUC European Trade Union Federation – ETUC (observer)
Unija slobodnih sindikata Crne Gore	Union of Free Trade Unions of Montenegro	21.825	European Trade Union Confederation – ETUC (observer)

Both Confederation of Trade Unions of Montenegro and Union of Free Trade Unions of Montenegro joined a regional initiative, and jointly with other seven trade union confederations from ex Yugoslavia, established a Regional Trade Union Council “Solidarnost” (*eng.* solidarity) in Ljubljana, Slovenia in April 2011. On the occasion all nine confederations signed the Foundation Chapter that defines scope of work and terms and conditions of the regional structure.

- **Trade Union Federations by branches**

Name	English	No. of members	National confederation	International affiliation
Sindikat Metalaca	Trade Union of Metalworkers	2.250	Confederation of Trade Unions of Montenegro	IndustriAll Global Union, IndustriAll European Trade Union
Sindikat građevinarstva i IGM	Trade Union of Construction and IBM	1.100	Confederation of Trade Unions of Montenegro	Building and Wood Workers International - BWI
Sindikat poljoprivrede, prehrambene i duvanske industrije	Trade Union of Agriculture, Food and Tobacco Industries	1.080	Confederation of Trade Unions of Montenegro	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association – IUF European Federa-

				tion of Food, Agriculture and Tourism - EFFAT
Sindikata saobraćaja	Trade Union of Road Transport	1.520	Confederation of Trade Unions of Montenegro	-
Sindikata sporta	Trade Union of Athletes	520	Confederation of Trade Unions of Montenegro	FIFPro
Sindikata finansijskih organizacija	Trade Union of Financial Organizations of Montenegro	1.580	Confederation of Trade Unions of Montenegro	International Christian Union
Sindikata kulture Crne Gore	Trade Union of Culture	1.300	Confederation of Trade Unions of Montenegro	-
Sindikata energetike Crne Gore	Trade Union of Energy	2.500	Confederation of Trade Unions of Montenegro	EPSU/PSI
Sindikata uprave i pravosuđa	Trade Union of Public Administration and Judiciary	4.650	Confederation of Trade Unions of Montenegro	EPSU/PSI
Sindikata Vojske Crne Gore	Trade Union of the Army of Montenegro	513	Confederation of Trade Unions of Montenegro	-
Sindikata turizma i ugostiteljstva	Trade Union of Tourism and Catering	6.500	Confederation of Trade Unions of Montenegro	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association - IUF European Federation of Food, Agriculture and Tourism - EFFAT
Sindikata Uprave policije	Trade Union of Police	4.680	Confederation of Trade Unions of Montenegro	EUROPOL
Sindikata pomorstva	Trade Union of Seafarers and Dockers	980	Confederation of Trade Unions of Montenegro	International Transport Federation – ITF; European Transport Federation - ETF
Sindikata trgovine	Trade Union of Commerce	1.870	Confederation of Trade Unions of Montenegro	-
Sindikata MUP-a	Trade Union of Ministry of Internal Affairs	360	Confederation of Trade Unions of Montenegro	-
Sindikata infor., graf. i izdav. djelatnosti	Trade Union of Informative, Graphical and Publishing Professions	1.750	Confederation of Trade Unions of Montenegro	-
Sindikata tekst., kože, obuće i hem.ind.	Trade Union of Textile, Leather, Shoes and Chemical Indus-	1.420	Confederation of Trade Unions of Montenegro	IndustriALL Global Union

	try			
Sindikato ANB	Trade Union of Agency for National Security	Not available	Confederation of Trade Unions of Montenegro	-
Sindikato obrazovanja	Trade Union of Education	1.340	Confederation of Trade Unions of Montenegro	-
Sindikato željezničara	Trade Union of Railway Workers	940	Confederation of Trade Unions of Montenegro	-
Sindikato Stambeno komunalne privrede	Trade Union of Housing and Utilities	4.590		EPSU/PSI
Sindikato šumarstva i drvoprerade	Trade Union of Forestry	500	Confederation of Trade Unions of Montenegro	Building and Wood Workers International - BWI
Sindikato zdravstva i socijalne zaštite	Trade Union of Health and Social Protection	4.200	Confederation of Trade Unions of Montenegro	-
Sindikato pošte	Trade Union of Post	735	Confederation of Trade Unions of Montenegro	-
Sindikato metalnih radnika Crne Gore	Trade Union of Metal Workers of Montenegro	1.134	Union of Free Trade Unions of Montenegro	-
Sindikato radnika zdravstva Crne Gore	Health Trade Union of Montenegro	2.936	Union of Free Trade Unions of Montenegro	-
Sindikato banaka Crne Gore	Trade Union of Banks of Montenegro	772	Union of Free Trade Unions of Montenegro	-
Sindikato radnika trgovine Crne Gore	Trade Union of Trade Workers of Montenegro	1.302	Union of Free Trade Unions of Montenegro	-
Sindikato prosvjete Crne Gore	Trade Union of Education of Montenegro	9.900	Union of Free Trade Unions of Montenegro	Education International
Sindikato Univerziteta Crne Gore	Trade Union of the University of Montenegro	1.125	Union of Free Trade Unions of Montenegro	-
Crnogorski sindikat telekomunikacija	The Montenegrin Telecommunication Union	903	Union of Free Trade Unions of Montenegro	-
Strukovni sindikat vatrogasaca	Trade Union of firefighters of Montenegro	171	Union of Free Trade Unions of Montenegro	-
Ostali članovi koji nisu granski organizovani	Other non-branch organized members	3.582	Union of Free Trade Unions of Montenegro	-

- **Employer's Organizations**

Name	English	No. of members	International affiliation
Unija poslodavaca Crne Gore	Montenegrin Employers Federation	- 1020 individual members; - 38 associations (collective membership)	International Organization of Employers (IOE) - Association of employers' organizations of Europe (Business Europe) - Centre for the employers of the Adriatic region (CEPOJAR) ¹²

¹² Montenegrin Employers Federation is one of the founders of the Centre for employers of the Adriatic region (CEPOJAR), with its headquarters in Zagreb.