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Annual Review of
Labour Relations and Social Dialogue in South East Europe:
Macedonia
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Content

- **Summary**
- **Socio-economic developments**
- **Governmental policies and legislation**
- **Industrial relations**
- **Tripartite social dialogue**
- **Forecasts**

Annex - Information about:

- **Collective bargaining, social dialogue, social security, education & vocational training, employment, wages**
- **Trade unions and employer organizations**

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1. Summary

The EC Progress Report for Macedonia in 2012 was considered the best since being rewarded candidate country status (2009), yet before publishing the Progress Report this year there were rumours in the public that this status was in jeopardy and might even be withdrawn. What happened in the previous year to cause such concern? This

was a consequence of a year full of controversial policies and political bickering between the governing and opposition parties, absence of political dialogue and further pressure on the freedom of expression etc. After December 24th 2012, when the opposition MPs were literally (by force) thrown out of, and the journalists “asked” to leave, Parliament, the ongoing High Level Accession Dialogue with all settled priorities were literally put aside. All participants in the political arena were most engaged in proving the correctness of their own acts, despite the political opponents’ actions. Thus, there were minimal positive changes in governmental policies and/or legislation and little development of the market economy.

In such a political environment industrial relations were at jeopardised too. There were even attempts for obstruction of the constitutional and legal right to strike. In spite of all, the tripartite social dialogue continued on a satisfactory level, as well as the bipartite dialogue in the private sector.

Yet, there is general belief that Macedonia will continue to stagnate in the EU integration process. Officially, the Government puts maximum efforts into speeding it up and meeting all requirements; however, indifference is more noticeable than eagerness and commitment!

2. Socio-economic developments

The economy has gradually returned to growth, after the economic situation had deteriorated somewhat during 2012. The recovery was noticed since the third quarter of 2012 and in the second quarter of 2013 when GDP growth reached 3.9% compared to the year earlier. This is considered to be the result of a strong increase in investment, even though its growth slowed down, from an average 16% in 2012, to an average 8.2% in the first half of 2013. Private consumption contributed to higher growth for the first time since beginning of 2012, as did the trade balance through strong exports of goods of newly established foreign investors. Encouraging signals emerged from industrial production too, which increased by 2.2% in the first seven months of the year compared to the same period in the previous year, after a drop of 2.8% in 2012. However, the average per capita income in purchasing power standards stayed at the level of 35% of EU-27.

At the same time, external imbalance increased in 2012 too, mostly as a consequence of the global environment influence. Current account deficit reached 3.9% in 2012, which is a rise from 3% in 2011, mainly due to a widening trade deficit which reached 24% of GDP. Its financing relied increasingly on foreign credit, as net FDI inflows declined by about two thirds in 2012 to 1.4% of GDP and on account of large outflows of intercompany loans. The governmental orientation mainly to foreign credit was criticised by IMF experts, who recommended change towards inland borrowing instead of foreign credit. The fast rise in mainly foreign financed debt increases the country’s vulnerability which additionally gives reason for concern.

The quality of public spending deteriorated further after 2012. The general government budget deficit reached 3.8%; thus exceeding even the revised deficit target, which was raised by 1 percentage point to 3.5% in the autumn. The second budget rebalance reduced mainly investment spending due to severe revenue shortfalls. Total expenditure as share of GDP is continuously rising from 31% in 2011 to 34% in 2012 and is estimated to reach 35% in 2013. The primary governmental budget deficit rose to 3.1% in 2012 from 1.7% in the previous year. Budget spending in general, particularly the so-called “Skopje 2014” project with lots of opaque spending in monuments and buildings were subject to most disputes and criticism in public and by the opposition parties in the Parliament. The events of December the 24th were also a consequence of attempts

for amending the proposed budget by the opposition on one side, and the severe impatience and eagerness to bring the budget as proposed by the government on the other. The inflation rate remained moderate and slightly declining from 3.9% in 2011 to 3.3% in 2012 and 3.1% for the first 10 months of 2013 compared to the same period of the previous year.

At the same time, the average gross wage in amount of 30,970 denars (around 505 €) in the first eight months of 2013 showed a nominal increase of 1.3%, however the real gross wage is decreasing for 2.1% in the same period. The decrease of real wages is noticeable in the period of the last 4 years. The minimum wage, which was codified as of 2012 in amount of 39.6% of the average wage (net sum of some 131 €) did not influence the wage level. There is gap in wages between private and public sector employees to the detriment of the first (see Annex of data), which inevitably influences the public budget situation. The Gini coefficient (first published in November 2012) was reported to be 40.8, while the poverty rate is 30.4%. The unemployment rate dropped to 28.8% in the second quarter of 2013 and is for the first time below 30%. However, in spite of official data that it is a result of increased employment, there are serious suspicions that it comes as a consequence to changes in registration of unemployed persons, as well as to economic emigration. Since the population census, which did not take place in 2011 due to political disagreements and has still not been carried out yet, it leaves room for various speculations. Serious measures still need to be undertaken to address the reasons for high unemployment, in particular dealing with the skill mismatch.

3. Governmental policies and legislation

Structural reforms, alongside with the EU association process, are permanent processes which take place for over time. However, the disputes regarding the quality, structure and model of reforms are parallel processes too. In an environment of very poor political dialogue, the government chose to pursue all kinds of measures and policies with mainly populist effects. After the Ohrid Framework Agreement, the equitable representation of public servants was pursued, which brought huge employment in public administration. At the same time, the legal framework for public administration remained fragmented, affecting directly its transparency and accountability. Official figures on the total number of employees in the public sector are still not available, despite pressure from Brussels to produce them. It is common belief that main prerequisite to become a public servant is political party affiliation, not the relevant qualification. This is the situation in one of the key areas (reforms of public administration) in the High Level Accession Dialogue –HLAD, which was supposed to provide the impetus to the process of reforms for EU integration, without overriding the standard accession process.

The other key areas are: protecting freedom of expression in the media, strengthening the rule of law and fundamental rights, electoral reforms and developing the market economy. The 2013 Progress Report notices little or insignificant progress, or even some deterioration in these areas. Unfortunately, with the continuous postponing of opening negotiations for EU integration, the focus is sometimes shifted away from the reform process, as the case was in 2013, when political disputes overwhelmed everything else.

Fiscal policies remained unchanged, while fiscal discipline and governance deteriorated. Fiscal policy needs to be aligned with the structural reform priorities and oriented to growth-enhancing spending, suggested the Progress Report 2013; indicating that the situation is opposite. The model of flat taxation has been in place since 2007. The reform in the system of calculation and payment of salaries, set in 2009 brought a de-

crease in the rates of social contributions from 32% in 2008 to 27% in 2011, however the social transfers from the state budget to the social funds are constantly increasing. The Pension Fund deficit in 2013 came to 25.9% and is 4 percentage points higher than previous year, while the ratio of number of employees vs. pensioners is 1.8:1.

In the area of social-welfare and labour, the Law on Labour relations and Law on Insurance against Unemployment were amended in order to improve labour records, which brought a decline in the unemployment rate from 29.9% to 28.8% between the first and second quarter of 2013. The legal framework itself does not provide an efficient or inclusive labour market. The problems of long-term unemployment, high-youth unemployment, very low participation of women in the labour market and high levels of informal employment (even in public sector!) are structural; hence further in-depth reforms are necessary. Three ILO technical conventions were ratified this year in the areas of collective bargaining, labour relations and labour administration. Yet, the Progress Report notices that the enforcement of the labour law is slow, while the cooperation between the relevant institutions has not improved, placing the alignment process with *acquis* in this area at an early stage. At the same time, the alignment with the *acquis* in the area of health and safety at work is estimated as moderately advanced. The Law on Health and safety at Work was amended again in 2013 and some additional rulebooks were adopted, which is positive. However, the capacity of inspection on health and safety at work has not improved, thus surveillance over the law enforcement is insufficient. There is a National Council for Occupation Health and Safety, which meets only sporadically.

The two national trade union confederations were mainly focused on tripartite social dialogue, while the participation of social partners in the policy-making process is particularly weak.

4. Industrial relations

It is again noted in the latest Progress Report that the capacity of trade unions is still weak. While the Social Economic Council is strengthening its role in the tripartite dialogue, bipartite dialogue, particularly in the private sector, is weak. Many employers remain unorganized, which reduces the possibility of social dialogue. This is the case for some very important industrial sectors; steel and metal products, and mining, for example.

On a national level, negotiations are ongoing concerning amending the General Collective Agreement (GCA) for the private sector between the Organization of Employers – ORM and the Confederation of Trade Unions –SSM. It is expected that the overall quality of this document will be improved, with more precise and clear formulations, which will bring more benefit to the workers in the private sector, particularly in the section entitled “Compensation of Costs Related to Work” where some additional payments are defined, including the annual vacancy allowance. The best advantage is that the GCA is mandatory and is applied directly to all employers in the private sector. Even the tax regulations have been adjusted to the minimum stipulated in it when it comes to tax-exonerations. The GCA for the public sector is not concluded yet. Besides already fragmented legislation for public administration, without a GCA too much room is left for legal-determination instead of negotiation.

In the sectors where the employers are organized, social dialogue is functioning on acceptable level. Few branch collective agreements were negotiated and concluded, as was the case in the sectors of energy and manufacture of food products and beverages. In the public sector, the collective agreement for the health and social care sectors caused most disputes. Specifically, in this sector two trade unions are active: one

is representative on the national level (member of SSM, see Annex) and one is organized only in the national Clinical Centre, which is not affiliated to any confederation. The latter called for a strike in November of 2012, after the minister issued a directive which was intervening in the calculation of salaries and bonuses, in spite of the valid collective agreement. The national union did not join the strike, but some of its members did. This strike lasted almost two months and was real test for the right to strike. The authorities tried hard to suspend the strike, the court issued a ban on it declaring it was illegal even before it started. The two unions remained in different positions during the strike and the minister of health remained deaf for all good arguments against his directive.

There is no quality solution to the problem of the last four companies that are not privatized. Specifically, these companies are subject to a special law according to which the Government took all their debts on account of share in capital, thus becoming the sole owner. The idea was to finish the privatization process. After 5 years since the law was brought in and dozens of unsuccessful tenders were left unsold, the workers were practically (but not officially) jobless and penniless, with no access to health and medical care. Some of them, like those from the chemical company OHIS, made many protests demanding a final solution. However, the Government was indecisive in terms of declaring bankruptcy although there was not real interest for acquisition during tenders for sale. Eventually, (mainly under pressure from SIER, the union that organizes most of the workers in those companies) the workers were made redundant with severance pay by the government and will receive unemployment benefits including health insurance.

There were some disturbances in the trade union movement during last year. The Confederation of Free Trade Unions –KSS held its congress in December and elected a new leadership, after which some internal divisions occurred. The president of KSS resigned this summer, but there has been no meeting of statutory bodies to bring relevant decisions. Meanwhile, the discussions for a merger with SSM were interrupted, before coming to any result. In this period, the Trade Union of Employees in Defence –SOB, which was one of the founders of KSS in 2006 (disaffiliating from SSM) decided to disaffiliate from KSS and rejoined the SSM.

After the first certificates for representativeness of the trade unions expired (they are issued on three years), the unions applied for new ones. In this process the membership has to be reported. Unfortunately, now it is officially confirmed that, in general, unions have lost members. This process is particularly noticeable in the private sector. The main issue that hampers the organizing of workers is the fixed term contract. Specifically, labour law allows fixed-term contracts that can be extended up to 5 years. These contracts are usually drawn up for 3-6 months and are renewed up to a total period of 5 years. This form of precarious job increases the uncertainty in an environment of very high unemployment and makes the workers reluctant to organize; fearing for the extension of their contract. The unions are offering individual membership, in which case the membership fee is not deducted from worker's salary, however it is obvious that lot of work and resources (particularly human) need to be put in place before having the desired result. In spite of few projects and external support, unions are not (yet) in shape to act in a more serious manner. Regarding the previous issue, there is a demand, supported by the main unions organized in the private sector, for reducing the legal period of 5 years for fixed term contracts. Their position is that the law is too liberal, does not contribute to higher employment in the country and needs to be changed with substantial reduction of this term. The former minister of labour (who was shifted to the Ministry of Education in the last government reshuffle) initially supported the idea. The struggle continues with the current minister and will be supported by the public sector unions. It appears the government is one of employers that most often

breaks the law when it comes to employment, since there have been many cases found in the public sector.

5. Tripartite social dialogue

Tripartite social dialogue is functioning relatively well. In fact, in the last three years the Economic-Social Council is approaching its required position, with sporadic omissions mainly caused by the minister of labour who is chairing and managing its work. Specifically, from time to time important issues are not on the agenda of the ESC which means violation of the Agreement for its foundation and role. This is particularly the case when the government to pursue its aims of amending labour or social legislation through abridged procedures. In such cases it happens that amendments are directly sent to the Parliament for approval, bypassing the ESC. Reactions from the unions come after the effect, because by the time the proposal is in the legislative dome it is already too late. This was the case with the last amendments in the labour law, when the ESC had on the agenda one amendment regarding extended unpaid maternity leave, while the more important amendment, regarding the term of obsolescence of disciplinary violations as grounds for redundancy, was already submitted to the Parliament. The unions reacted with their amendments and managed to reduce the governmental proposal substantially. Tripartite dialogue on a local level has been encouraged by all three partners too but too few local councils have been established during this year. In general, the process of building the institution of tripartite social dialogue takes time, however has been put in place. Considering that dialogue itself is perhaps the weakest point of this government (governing full seven years), it is, almost by default, a success that tripartite social dialogue is in place.

6. Forecasts

Macedonia is facing a very difficult period. It is certain that there will be no date for opening negotiations this year and the question is how long the recommendations can be repeated without any real possibility to realize them. Presidential elections come in spring 2014, and it is realistic to expect more populist measures and legal changes which will influence the electorate. This, however, can be an opportunity for the unions to put more pressure on for desired changes in labour and social legislation.

Positive developments are expected in the industries that were for a long time in stagnation or decline, providing better grounds for more jobs in productive sectors and improvements in industrial relations and social dialogue.

At the same time, in election year it is very unlikely that the focus will be kept on the reform process and/or on the High Level Accession Dialogue.

Annex of data

- **Collective bargaining system**

The collective bargaining system continued as once designed before the end of the former joint state (Yugoslavia) in the last federal labour act. It has been part of each labour law brought since then (1994 and 2005).

The existing Law on Labour Relations stipulates three levels of collective bargaining: national (for the private and public sector, respectively); sectoral (branch) and single (for single employer). The national collective agreements are signed by representative confederations of unions and employers associations (for the private sector) and by representative confederations of unions and the Minister of Labour (for the public sec-

tor). The sectoral (branch) collective agreements are signed by adequate and representative unions and employers organizations. The single collective agreements are signed between the (representative) union organization in the company and the employer.

According to the law, all levels of collective agreements are independent. However, since the unions negotiate them at all levels, it is generally accepted and implemented that each next level can stipulate only broader rights than the previous. This means that the single collective agreement usually stipulates the broadest rights for the workers.

At the moment, in Macedonia the General Collective Agreement for the private sector is on power, as well as few branch collective agreements and more single collective agreements. However, since by law the general agreements are mandatory and are applied directly to all employers, both in the private and public sector, the coverage of employees appears to be 100%.

- **System of tripartite social dialogue**

The system of tripartite social dialogue is administered through the Economic Social Council - ESC, which is a consultative body, established on the basis of agreement and composed of representatives of the social partners. The current ESC was established in September 2010 and now consists of 4 representatives of each social partner: unions (two from each of the SSM and KSS), ORM (the only representative employers' association) and the Government (represented by the ministries of labour, economy, finances and the vice-prime minister). The body is governed by the Minister of Labour (no rotation in governing).

In the past the tripartite social dialogue did not produce any tangible results; one could say the ESC existed in name only. It seemed that the real chance was given to it with the last Agreement in September 2010. The ESC has met regularly during the last three years and proved that the three social partners *can* develop dialogue and reach mutually acceptable solutions. However, there remain cases of changes required in labour and social legislation (and other relevant issues from the ESC's domain) which are not discussed which is a problem particularly because the Agreement contains the issues for which reconciliation at the ESC is obligatory. The weakness of the ESC perhaps centres in the privileged position of the Minister of Labour who chairs and manages the work of the council, and hence decides what issues are on the agenda.

- **Social security systems**

According to the Constitution, Macedonia is declared as a social country. Social security covers:

- employees, that pay insurance contributions;
- retired persons;
- children, whose parents are covered by insurance (until the age of 26);
- Unemployed persons that actively seek work; etc.

Generally, only people with unsolved civil status are practically outside the system of social security.

However, the number of persons registered as insured (according to the budget) is not compatible with the statistics into the number of people employed (employment survey). The number of insured persons that regularly pay insurance is 76% of the employed population, or 54% of the active population.

Table: labour force covered by insurance

active population	no. of employees (labour force survey)	no. of insured persons
943,055	650,554	507,061
100%	69%	54%

Source: State Statistical Office; State Pension Fund

There are no official statistics of grey economy, but it is estimated by some experts that it might make up to 40% of GDP; a figure which adequately reflects the number of persons which are not covered by insurance.

The contributions from the gross wage are at the moment 27% (a decrease from 32% in 2008). According to the Law on contributions from mandatory social insurance, the employee is the only entity obliged to pay the contributions –obligee (for all contributions from gross wages, there is no distribution between the employer and employee), while the employer is obliged to calculate and pay the contributions on the employee's behalf. There is a minimum threshold for calculation of contributions at a level of 50% of average gross wage in the country (unlike the 39.6% for the minimum wage). The maximum threshold for payment of contributions is four average wages; for amounts above that only personal tax is required. The personal tax is a flat rate, at 10% of net salary. Tax exoneration is calculated at the flat sum of four average net wages in the country (for all employees regardless income).

- Health

The health insurance rate is 8% from the gross wage and is in process of being reduced until it reaches 7%. Chip health insurance cards were issued this year. The health insurance system is based on solidarity, but it works only for those insurants who pay the fee regularly. The delaying of wages, which is caused by problems on the employer's side, makes the insurants victims of the situation. The insurance payments are checked when asking for health services, and if it's not paid, the insurants have no access to free health service. According to statistics, 3-4% of employees do not pay wages on time; hence their employees have problems with their health security. The health system has been in constant reform for years. The deficit in the health fund is huge; it has risen more than 30 times in the last 5 years and is around 70million euro at the moment.

- Pensions

The pension insurance system relies on 3 pillars:

- state obligatory fund
- private obligatory fund
- private voluntary fund.

The insurance rate is (at the moment) is 18% of the gross wage (and will be reduced to 17%), which is divided between private and state obligatory funds: 33% in the private and 67% in the state fund. The required age for retirement is 64/62 (men/women), and the ultimate age is 65. The years of service are important for the level of pension: the full amount is paid if 40/35 years of service (men/women) are completed; if less, the pension is reduced proportionally. The Law on Pension and Insurance in Case of Disability regulates family and disability pension rights. At the moment the ratio is 1.8 employees to 1 retired person. The average pension is around 200 €, while the maximum ceiling is settled at 2.4 times the average month wage.

- **Education and vocational training**

Table: Structure of labour force by education, second quarter of 2013

	% of labour force	% in unemployed population
no education, incomplete primary school and lower secondary education	25.1%	30.1%
3 years secondary education	12.4%	12.4%
4 years secondary education	42.0%	40.7%
higher (industrial college) level education	2.5%	1.8%
academic university level education	17.9%	15.0%

Source: State statistical office

The table shows the situation regarding the existing education structure of the labour force and unemployed population.

Life-long learning is mentioned in long-term strategies for employment and the education system is under constant upgrade; universities have started dispersed studies all over the country; secondary education is now mandatory, etc. However, the interest for education in industrial jobs is decreasing year after year and the interest for education in non-industrial jobs is rising (particularly for medical, economic or judicial education). This has a prolonged negative impact in terms of further increasing (instead of decreasing) the needs for re-qualification and inability to get suitable job. On the other hand, industry needs a skilled (young) workforce that is not available in the current labour market; hence, the structural nature of unemployment and the country's inability to cope with such high unemployment rate. Active labour market policies count measures for re-qualification and education too. According to the annual reports of the National Agency for Employment, the funds allocated for those purposes, but sometimes remain unused because of lack of interest.

- **Employment rate**

Table: Dynamics of Employment rate

	2009	2010	2011	2012	2013*
active population	928,775	923,323	936,256	943,055	952,327
employed	629,901	627,129	645,085	650,554	678,467
activity rate	56.7	56.9	56.8	56.5	57.1
employment rate	38.4	38.7	38.9	39.0	40.7

Source: State Statistical Office

* Last published data: second quarter of 2013

Employed by economic status

	employed total	%	employee	%	employer	%	self-employed	%	unpaid family worker	%
2009	629,901	100	453,031	72	32,469	5	80,053	13	64,349	10
2010	637,855	100	462,445	72	33,394	5	85,068	13	56,948	9
2011	642,809	100	454,428	71	42,227	7	81,118	13	65,036	10
2012	650,554	100	462,991	71	29,529	4	101,136	16	54,545	8
2013*	678,467	100	491,920	72	29,776	4	98,917	15	57,854	9

Source: State Statistical Office

* Last published data: second quarter of 2013

- **Unemployment rate**

	2009	2010	2011	2012	2013*
Labour force	928,775	938,294	936,256	943,055	952,327
unemployed	298,873	300,439	293,448	292,502	273,860
unemployment rate	32,2	32,0	31,4	31,0	28,8

Source: State Statistical Office

* Last published data: second quarter of 2013

The unemployment rate is very high and the labour market is non-functional; the long-term high rate of unemployment, particularly for young people (over 52%), as well as the low activity of women in the workforce are structural problems that need to be addressed in strategic way. There is an inappropriate education and skill structure and incompatibility of the education system with the needs of the labour market.

- **Average monthly salaries**

Monthly average by section of activity in €**

	2009	2010	2011	2012	2013*
ø total	488	503	498	501	505
ø agriculture	315	353	348	366	366
ø industry	473	499	518	521	536
ø services	539	544	563	555	564

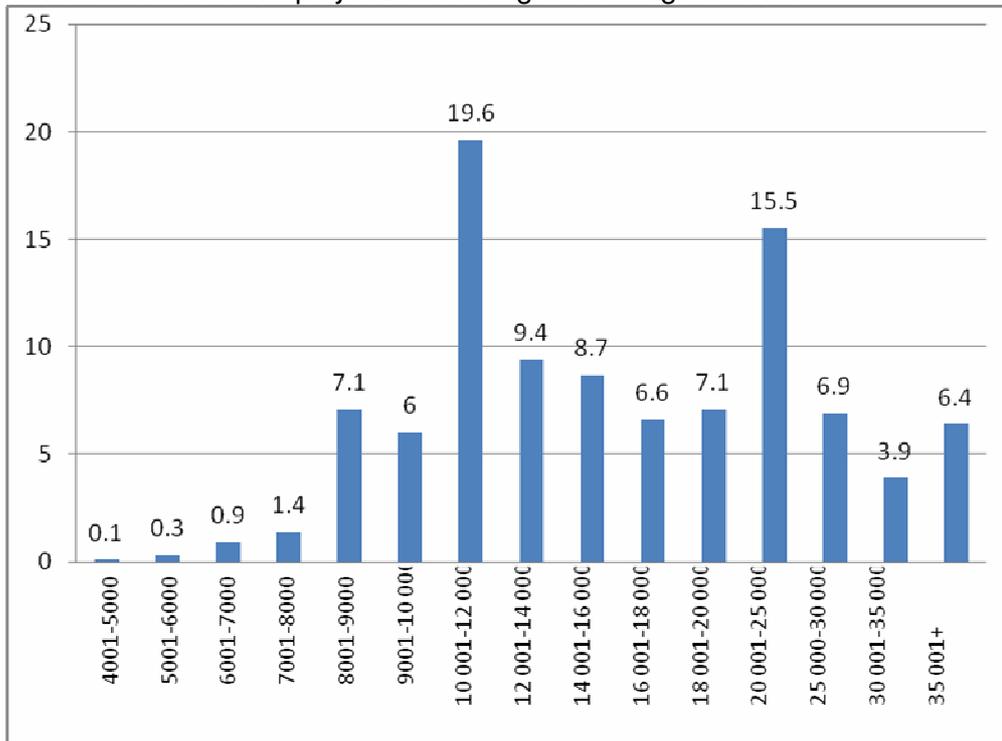
Source: State Statistical Office

* Last published data average wages I-IX/2013; State Statistical Office

** Own calculations in €, by middle exchange rate

Nominal wages increased 1.3% for the first 9 months of 2013; however, the real wages declined 1.9%.

Table: Structure of employees according to the wage amount



Source: State Statistical Office

Two peaks are noticeable in the above chart. The highest peak shows that most numerous are workers with net wages between 164 and 197 euro (10,000-12,000 denars). Most industrial and construction workers come in this area. The second peak shows the wages around and just above the average (between 328 and 410 euro; 20,000-25,000 denars), where are located most public administration workers. Overall the table proves that 70% of employees earn lower than the average wage, which is fairly low in itself. Therefore, substantial numbers of employees are at or are near the poverty threshold.

- **Gender pay gap**

There is gender pay gap, which is officially confirmed by the State Statistical Office. The situation is best illustrated by examining the structure of earnings by occupation and by regions, (given in national currency).

The first table shows that the gender pay gap varies from +2% (women better paid than men) to -34%.

The second table shows that in all regions earnings are worse compared to Skopje (capital) region, while the gender pay gap is noticeable in all regions with some variations.

Structure of earnings per hour by occupation and gender

	total	men	women	difference
managers	342	350	330	- 6%
professionals	241	252	232	- 8%
technicians	190	201	177	- 12%
clerical support workers	171	170	173	+ 2%
service and sales workers	134	145	119	- 18%
skilled agricultural, forestry and fishery workers	123	123	124	+ 0%
craft and trade workers	115	128	90	- 30%
plant and machine operators	120	138	91	- 34%
elementary occupations	113	117	108	- 8%

Source: State Statistical Office

Structure of earnings per hour by regions and gender

regions	total	men	women	%*	%*	%*
Vardar Region	139	140	138	76.4	74.5	78.4
East Region	130	140	122	71.4	74.5	69.3
Southwest Region	149	150	149	81.9	79.8	84.6
Southeast Region	136	140	131	74.7	74.5	74.4
Pelagonia Region	151	154	148	83.0	81.9	84.1
Polog Region	168	174	158	92.3	92.5	89.8
Northeast region	148	149	148	81.3	79.2	84.1
Skopje Region	216	221	211	118.7	117.5	119.9
Country average	182	188	176	100	100	100

Source: State Statistical Office

* % of Country average = 100%

- **Monthly minimum salary**

The Law on Minimum Salary was brought established in January 2012. The minimum salary was established as a % of the average wage in the country (39.6%, contrary to the OECD recommendations) which, at the moment, is at a gross amount of 200 euro. The minimum peg for payment of contributions, which was established a few years ago at an amount of 50% of the average salary remains. Therefore, in the case of a lower salary than 251 euro (gross amount) additional payment have to be made only in the contributions (not in the net amount). For the time being, the additional payment goes on the account of the employer, although the employee is obligated for the contributions. This way the lowest salaries pay highest percentage in contributions.

Unions' demanded that the minimum salary is established at the same amount as the peg for contributions to the salary (251 euro in gross amount), but the employers strongly objected claiming that it would lead to job cuts and closure of businesses.

- **Actual weekly working hours**

Actual weekly working hours are 37.5. The ½ hour daily break is considered as part of the working hours of 40 hours per week. Collective agreements have no different stipulations. The legal possibility for shorter working hours on more (physically) demanding and risky jobs is not used in practice. Over-time is legally limited to a maximum of 8 hours per week and 190 hours per year. Having more than 150 over-time hours in the year (and not being on sick-leave more than 21 days), the worker is entitled to a bonus in the amount of one average month's state salary. In spite of all limitations, actual over-time work is much longer than limited by law.

- **Normal work /atypical work**

year	number of contracts	%	normal contracts	%	atypical contracts	%
2008	210,010	100	89,039	42.4	120,971	57.6
2009	245,314	100	101,292	41.3	144,022	58.7
2010	232,499	100	87,872	37.8	144,627	62.2
2011	225,347	100	86,085	38.2	139,262	61.8
2012	194,951	100	85,529	43.9	109,422	56.1

Source: Agency of Employment, annual reports

Atypical work is most often takes the form of short-term employment contracts (from one month duration and upwards), regardless whether it is for normal or seasonal work. The Law on Labour relations allows the keeping of short term-contracts for the same or similar positions for up to five years, when transformation into normal a contract is obligatory.

Employment through agencies for temporary employment is not prevailing, and the global crisis has taken its toll in reducing agency work too. The total number of contracts concluded and the number of licensed agencies is given in the table:

year	Number of contracts	Number of agencies
2008	70,608	21
2009	93,303	24
2010	106,620	29
2011	77,741	29
2012	81,332	28
2013*	62,617	18

Source: Association of Agencies for Temporary Employment

- 10 months of 2013

- **Migration**

Only external (from Macedonia to other countries) migration is observed. The number of persons that emigrated is as follows:

Year	2006	2007	2008	2009	2010	2011	2012
Number of emigrants	1073	224	740	769	923	1,143	1330

Source: State statistical office

According to official statistics, the migration to other countries is not a social problem since in 2012 total of only 1,330 persons emigrated from Macedonia. Out of them, 718 were active persons; 221 persons with personal income; 234 supported persons and 157 unknown. By qualifications, there were:

- 69 experts and scientists
- 61 technicians
- 63 clerks
- 132 service workers
- 119 craft and related trades
- 43 plant and machine operators
- 211 elementary occupations

However, official statistics are one thing; real life apparently, is something else. According to WB and IMF statistics, in the last 10 years nearly 430.000 persons left the country. Without the population census it is hard to check the validity of this figure. Unofficially, the brain-drain is severely in progress with the young and best educated persons leaving the country for better perspectives abroad.

- **Collective agreement coverage**

As explained, with changes of the Labour Law brought in November 2009, general collective agreements became mandatory for all employers in private and in public sectors. Therefore, by power of the law the coverage became universal. Therefore, the coverage at the moment is:

- Public sector 100%
- Private sector 100%

However, the GCA for the public sector is not yet concluded and there is no full control procedure to enforce the collective agreements, particularly in unorganized companies.

- **Ongoing important collective bargaining agreements**

After the Law on labour relations was amended and national collective agreements became mandatory for all employers, the national collective agreement was re-signed for the private sector in June 2010 and extended again in 2012. At the moment, negotiations for amending the text are in final stage. Minimum vacancy allowance was agreed and if confirmed, it will mean a positive outcome for the unions, because this is a very popular allowance and so far paid by very few employers.

The GCA for the public sector has been prepared (as mentioned), but not finalized yet. Few important branch collective agreements were amended or extended for; agriculture; the food industry and tobacco industries, health and social protection, and for employees in the Ministry of internal affairs (police) and leather and shoemakers. For the metal industry, there is still no organization of employers registered. The union has been putting pressure and organising activities in an attempt to accelerate formal registration of such organization, but without success so far. Therefore, the collective agreements are signed with each employer separately. There are sectors where representative organization of employers exists, but CAs are not signed because of the impossibility to come to commonly acceptable solutions, (e.g. in Construction). Usually, the employers are in such different conditions than is required of them that it is not possible for them to meet the optimal stipulations. On the other hand, it is not the best solution to minimize the stipulations to a level that the even conditions can be accepted. Therefore, the unions would not accept signing *any* CA, but the one that meets with some normal criteria and values.

- **Trade union density**

There is decline in union membership, the new certificates for representativeness show. Although, according to the law, the Comity for examining representativity takes in account only the members who pay the fee out of their salaries, thus excluding the members who pay from own their own accounts or are exonerated out different reasons (mainly because they don't earn a regular wage). Also, this way is impossible to keep as members people who lose their jobs, or retire. Overall, it means that the unions count more members than taken into account when establishing representativeness. However, officially the situation is as follows:

- The confederations have not submitted data yet for the situation in public and private sector.
Or by separate sectors:
- Agriculture, tobacco and food industry 22%
- construction 17%
- education and science not confirmed yet
- mining, metal and electro industry 35%
- water supply and garbage disposal 72%
- police forces union 63%
- health and social care 24%
- public administration and judiciary not confirmed yet
- forestry and wood industry 49%

Mainly, in the private sector more bankruptcies of companies in the period 2009-2012 occurred, as well as redundancies thus weakening the main unions organized in the private sector. All new employers are offering only fixed-term contracts and it is very difficult to organize those workers.

- **Employer's organizations density**

The Organization of Employers of Macedonia-ORM will prove representativeness again, although the process is still ongoing. There will also be a decrease in their density too, although the exact percentage is not yet known. The reasons are the same as at the unions: closure of companies and reduction in number of employees (according to the labour law, the representativeness is counted only on basis of number of employees; the information on members of ORM is not publicly disclosed).

There is also the Confederation of Employers of Macedonia, which has not applied for establishing representativeness; hence, there is no data on density regarding this organization. This is the organization where mostly micro and small companies are members.

- **Workplace representation**

There was no change in the workplace representation situation during the observed period. Although expected, no changes in the legislation were made in that direction. Therefore, the workplace representation is covered by trade unions. If there is a local union organization organized at the employer's site, the board of shop-stewards (elected by the members) is responsible to observe the implementation of laws and collective agreements, to react in case of violations and/or non-implementation of the legislation (regulation) etc. However, the trade union reacts only on behalf of the members (not of employees). The employer will address the trade union for issues that require information and consultation. In case there is no local union organization at the employer's (which is most typical for many small private employers) than there is practically no workplace representation at all. This is the situation so far. The demands of

the unions go in direction of legal changes that would provide a system of co-determination.

- **Trade unions**

- **National Trade Union Confederations:**

1. Sojuz na sindikati na Makedonija - SSM; Trade Union Federation of Macedonia (figure of members to be disclosed), affiliated to ITUC and ETUC in 2013; 18 branch unions.
2. Konfederacija na slobodni sindikati na Makedonija - KSS; Confederation of Free Trade Unions of Macedonia (figure of members to be disclosed), application for membership in international associations; 10 branch unions.
3. Unija na avtonomni sindikati na Makedonija - UNASM; Alliance of Autonomous Trade Unions of Macedonia; no data for membership; 5 branch organizations; member of ITUC.
4. Konfederacija na sindikalni organizacii na Makedonija - KOSOM Confederation of Trade Union Organizations of Macedonia; no data for membership; 2 branch unions; no data for international membership.

- **Trade Union Federations by branches:**

1. Sindikat na industrija, energetika i rudarstvo na Makedonija - SIER; Trade Union of Industry, Energy and Mining of Macedonia, 8.500 members; member of IndustriAll-global and IndustriAll-Europe.
2. Sindikat na rabotnicite od agroindustrijskiot kompleks na R.M. - Agro Sindikat; Trade Union of the workers from the Agricultural, Water, Tobacco and Food-Processing Complex of the Republic of Macedonia; (SSM) 6,500 members; member of IUF;
3. Sindikat za gradeznistvo, industrija i proektiranje na RM - SGIP; (SSM) Trade Union of civil engineering, industry and planning of Macedonia, 6,000 members, member of BWI and IndustriAll-global;
4. Sindikat za obrazovanie, nauka i kultura na Makedonija- SONK, Trade Union of Education, Science and Culture of Macedonia; (KSS) 28,000 (figure from 2010) members; member of EI;
5. Samostoen sindikat za zdravstvo, farmacija i socijalna zaštita na RM; Autonomous Trade Union of Health care, Pharmaceuticals and Social Work; (SSM) 10,000 members; member of EPSU/PSI.

- **Employer's Organisations**

1. Organizacija na rabotodavači na Makedonija - ORM; Employers' Organization of Macedonia; members: employers that employ (figure of members to be disclosed) workers, member of SEEFF;
2. Konfederacija na rabotodavači na Makedonija - KERM; Confederation of Employers of RM; no data for membership (collective, like National Federation of Agencies for Temporary Employment, and individual); member of few European and SEE employers' associations (no data which).