North Macedonia country study 2021

FAIR WEAR

Table of Contents

List of abbreviations 3

Introduction 4

1. How to read this country study 7

2. General country information 8

2.1. Economic indicators 10

2.2. Social, political & governance indicators 11

2.3. Income and poverty 11

2.4. General human rights situation 13

3. Relevant Stakeholders 13

4. Garment Industry 18

5. Industrial relations 20

6. Implementation of the FWF Code of Labour Practices 28

6.1. Employment is freely chosen 28

6.2. Freedom of association and the right to collective bargaining 31

6.3 No discrimination in employment 34

6.4. No exploitation of child labour 37

6.5 Payment of a living wage 39

6.6. No excessive working hours 44

6.7. Safe and healthy working conditions 47

6.8. Legally binding employment relationship 52

Sources used in this country study 58

List of abbreviations

BCM	Business Confederation of Macedonia
CBA	Collective bargaining agreement
CMT	Cut, make and trim
ESC	Economic and Social Council
FDI	Foreign direct investment
FES	Friedrich-Ebert-Stiftung
GCA	General collective agreement
GDP	Gross domestic product
ILO	International Labour Organization
KSOM	Confederation of Trade Union Organizations of Macedonia
KSS	Confederation of Free Trade Unions of Macedonia
La Strada	Open Gate Association for Action Against Violence and Trafficking in Human Beings
LGBTI	Lesbian, gay, bisexual, transgender, and/or intersex
LESC	Local Economic and Social Council
MKD	Macedonian Denar (official currency of North Macedonia)
MLSP	Ministry of Labour and Social Policy
MOSHA	Macedonian Occupational Safety and Health Association
MSME	Micro, small, and medium enterprises
OECD	Organisation for Economic Cooperation and Development
OSH	Occupational safety and health
OEM	Organization of Employers in Macedonia
PPE	Personal protective equipment
SLI	State Labour Inspectorate
SME	Small-to-medium enterprises
SONK	Union of Education, Science and Culture
SSM	Federation of Trade Unions of Macedonia
TTA	Textile Trade Association – Textile Cluster
UN HDI	United Nation Human Development Index
UNASM	Union of Independent Autonomous Trade Unions of Macedonia
VET	Vocational education and training
WEP	Workplace Education Programme

INTRODUCTION

North Macedonia is an upper middle-income country that has made great strides in reforming its economy over the last decade, but further efforts are still needed to generate economic growth and improve living standards for all.

The garment industry in North Macedonia significantly contributes to economic development in the country and is one of the most developed and diversified sectors of the country's economy in terms of industrial production, employment, and export earnings. The garment industry is the second largest industrial sector after metallurgy and accounts for 2.3% of gross domestic product (GDP). The industry represents 1,076 companies which are actively involved at various levels of production, employing ~40,000 workers, and representing 8.36% of country exports in 2019.[1] Most companies cut and make (CM) or cut, make, and trim (CMT). Less than 15% of companies can offer a 'full package'.[2] The Macedonian garment industry, however, represents less than 1% of global textile exports worldwide.

The legal framework for labour in North Macedonia is well developed and the country has ratified related International Labour Organization (ILO) conventions, which are covered under the Fair Wear Code of Labour Practices. Since 2005, the Labour Law has been amended several dozen times and a number of labour regulations have been amended in recent years. The new Labour Law will be introduced in 2021. Although labour legislation tends to be stricter than in other Fair Wear countries, getting factories to comply with and enforce these regulations is a challenge.

Lack of fixed working hours, overtime without proper compensation, and tax evasion are common labour risks in the garment industry. Furthermore, the lack of effective enforcement of labour legislation, social dialogue, and the right to freedom of association are widespread concerns in the sector.

Labour productivity has not grown fast enough in recent years to ensure rising wages and improved living standards. Although the World Bank's Regular Economic Report indicates that average gross wages increased by 4.1% in 2019, a large proportion of workers in labour-intensive sectors such as textiles (34.7%) are receiving the minimum wage. From the outset, the introduction of a higher minimum wage, especially in the garment sector in 2017, posed certain challenges. Some employers misunderstood the legislation and considered that the minimum wage covers all payments (complexity of work, work performance, overtime, years of service, etc.) to employees and not just the basic wage. This incoherence creates confusion in the overtime payments employees receive. There is no regulation on the exact calculation of overtime payments for factory workers paid on a piecework basis. This is a general challenge in this sector.

For the reasons described above, the sector is not seen as attractive by young people, which leads to a mismatch in the labour market. Young people are leaving the sector in large numbers to seek better paid jobs elsewhere and the sector faces an ageing workforce. Employers have difficulty in finding young workers and they estimate that if this situation does not change in 10 years there will not be any workers interested in working in the sector.

1 State Statistical Office, MAKStat Database, External trade and number of enterprises by sectors of activity and by employment size class, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat__NadvoresnaTrgovija__StokovnaRazmenaBizPretprijatija/125_NTrg_Tab2_ml.px/?rxid=51f7962c-4d80-4a14-a4b6-ad5bb41c39c7

2. Agency For Foreign Investments And Export Promotion Of The Republic Of North Macedonia, Business Climate and Investment Opportunities in Republic of North Macedonia, Textile sector, accessed December 2020, https://www.infoaid.com/wp-content/uploads/2019/09/NORTH-MACEDONIA.pdf

In regards to health and safety at work, administrative capacity of the State Labour Inspectorate (SLI) has improved slightly over the past years through training to build capacity among inspectors, but still remains as an issue according to the SLI, as significant number of old inspectors are retiring, and new ones are not being hired. This was noted as one of the key remarks in the EU Annual Report. The Strategy 2017-2020 on Occupational Health and Safety was partially implemented. The Law on Health and Safety is currently being revised. Inter-institutional coordination and cooperation is weak, as is the implementation of legislation on health and safety at work. According to reports from civil society organisations, a total of 153 injuries were reported at work in 2019, of which 25 were fatal.[3] The number of inspections increased during the COVID-19 outbreak and focused primarily on protecting workers' health and employers' compliance with the recommended protective measures. Many failed to maintain a satisfactory level of hygiene through disinfecting production halls and providing masks and gloves as a means of protection at work. Furthermore, the collective transport of employees, which is extremely important for workers in the garment factories in the eastern part of the country who have no other way to reach the workplace, had a great impact on the spread of the virus.

The garment industry took a strong hit in 2020. COVID-19 resulted in reduced orders and production, although some companies started to produce protective masks, leading to increased liquidity in the short term. Many workers lost their jobs and for some of those with SLI recommendations enforced their return to work. A particularly big challenge was the (lack of) observance of the measures and protocols for protection at work by the employers, especially the production companies, where the textile, leather, and shoe workers were most affected.

Fair Wear Foundation in North Macedonia

Fair Wear Foundation (Fair Wear) has been active in North Macedonia since 2004. According to the latest Fair Wear Annual Report, 12 active Fair Wear member companies source from 46 Macedonian suppliers.

Fair Wear's core in-country activities in North Macedonia are audits, the Workplace Education Programme (WEP) basic training, and the functional complaints helpline which has been operating since 2005. 22 Factory audits were conducted in the last three years. In 2020 only 3 audits were completed due to COVID 19 situation. Findings from Fair Wear audits show that low wages, unpaid overtime, unpaid holidays, and prevalent fire safety concerns continue to be the main violations of workers' rights. The factories are still far from paying living wages and workers are sometimes paid below minimum wage. A high degree of hostility towards union activity and a widespread lack of trust between factories and unions remains a critical issue despite Fair Wear's required remediations addressed in audit reports.

Factories in general lack know-how and demonstrate insufficient capacity to keep records and have clear management systems for monitoring the improvement of labour conditions. One of the common violations assessed through audits which has not improved over the years is non-payment of the legally prescribed annual bonus (K-15). Factories do not keep records of overtime, mainly to avoid having to pay overtime premium rates and to avoid the legal requirement prescribing payment of a thirteenth month salary if overtime exceeds 190 hours per year.

Another concern observed during audits is around health and safety. Factory audits often uncover problems with fire safety, ranging from faulty or absent fire detection systems to a lack of fire safety trainings. Another

3. Milan Petkovski, MACEDONIAN OCCUPATIONAL SAFETY AND HEALTH ASSOCIATION, Accident reports, accessed November 2020 http://mzzpr.org.mk/%d0%b8%d0%b7%d0%b2%d0%b5%d1%88%d1%82%d0%b0%d1%98-2015-%d0%b3%d0%be%d0%b4/

recurring problem is that most factories only satisfy the bare minimum legal requirements related to occupational safety and health for employees, to show compliance during the labour inspection visits at company premises. Few employers try to create both a positive working environment and a preventive safety culture. Most audits also report ergonomic problems at the workplace as well as missing (or unused) personal protective equipment (PPE). Temperature regulation and poor electrical safety are other known problems at factories.

Fair Wear's WEP is a key part of our work in North Macedonia. Since its initial launch in 2015, 16 factories have participated in WEP basic trainings. It includes training sessions with factory management and workers to raise awareness about workers' rights and the Fair Wear complaints helplines available for workers to voice their concerns.

While the number of complaints/calls addressed through the Fair Wear helpline for North Macedonia so far has been low, a significant increase was observed in the last two years. Since 2017, 16 complaints/calls were received, of which 14 occurred in 2019 and 2020. The complaints refer to unpaid overtime, legal minimum wage, legally binding relationships, freedom of association, and discrimination. During the COVID-19 outbreak in 2020, the helpline received a significant number of complaints and/or were gathered through media and local labour organisations. A series of complaints regarding non-compliance were reported about receiving a salary below the minimum wage, especially by the workers who used the government's temporary measures (parental leave or chronically ill workers). The employers justified their violation in paying lower than minimum wages, as well as dismissals that especially occurred during the first wave, with pointing to their reduced workload. Fair Wear have promoted workers awareness videos on labour rights and continually followed up on the situation as it developed. We as an organisation aim to strengthen the relationships with local stakeholders in jointly approaching complaints, and continue to promote the helplines and workers' rights to organise, empowering workers to improve their situation.

North Macedonia belongs to the Eastern Europe region, and Fair Wear's focus for this country remains to improve purchasing practices through increased wages, ensuring fair working hours, and promoting social dialogue. Since 2017, Fair Wear has also promoted tools among in-country suppliers to improve the living wage situation.

1. HOW TO READ THIS COUNTRY STUDY

This country study aims to provide a clear and concise picture of the labour laws, labour conditions, and industrial relations within the North Macedonian garment industry. The reader can choose what level of detail they wish to read. This study can be used as reference regarding specific laws or compliance with certain parts of the Fair Wear Code of Labour Practices. For a general overview of the situation in North Macedonia, the above introduction is the starting point. The summary gives a general picture of the level of development, the outlook for the industry in the country, and the major challenges when it comes to implementing the Fair Wear Code of Labour Practices.

- **Chapter 2, General country information,** describes the economic, social, political, governance, and general human rights situation using international indicators and comparing them with other garment-producing countries. This section helps provide an overview of the country's business environment and may be of interest to new investors as well as researchers.
- **Chapter 3, 'Stakeholders,** briefly presents the main stakeholders who are active in the garment industry. The focus is on stakeholders who have actual impact on labour conditions or play an active role in monitoring the situation for workers in the industry. This chapter serves as a reference point for those who want to engage with or consult a local stakeholder in finding further information regarding their activities in the country.
- **Chapter 4, 'Garment industry,** gives an overview of the situation of the country's garment industry, including areas of production, major products, total employment, and social composition of the sector.
- **Chapter 5, 'Industrial relations,** describes the trade union situation in the country, both in general and specifically for the garment industry. This chapter provides essential information on how challenges regarding working conditions in the country are handled through social dialogue.
- **Chapter 6, 'Implementation of the Fair Wear Code of Labour Practices,** assesses implementation of every part of the Fair Wear Code of Labour Practices through official statistics on compliance (where available), laws and regulations, as well as presenting various stakeholder views on their implementation. The main Fair Wear audit findings over the last three years and examples of complaints received by Fair Wear are also presented for each standard. Auditors and brands can use this section as a reference resource for their monitoring activities.

This country study examines the situation in North Macedonia, using statistics from 2018 to 2020 and stakeholders' opinions. Where relevant, current information from 2020 has been included. Taking into consideration that this study was written during the COVID-19 outbreak, the impact on the industry and the country has been taken into consideration whenever relevant. Fair Wear will continue to provide updated information at https://www.fairwear.org/ and will update this country study on a periodic basis in the future.

2. GENERAL COUNTRY INFORMATION

As of 14 February 2019, the country's official name is the Republic of North Macedonia (North Macedonia), formerly recognised by the UN as the FYRO Macedonia. North Macedonia joined NATO in March 2020 and is on course to start the accession negotiation process for joining the EU. The latest changes in political governance were made in July 2020 and the newly constituted parliament elected the government in August 2020.

The population of North Macedonia has remained relatively stable over the last ten years, rising from 2.03 million in 2004 to 2.08 million in 2020, which represents 0.03% of the total world population. This slow growth is partly due to an ageing population. Based on statistics from the International Monetary Fund's World Economic Outlook Database, North Macedonia ranks 131st out of 230 countries in the world in terms of GDP. The export of goods and services as a percentage of GDP is 61.69%, compared to the 30.62% global average, based on World Bank national accounts data, and the Organisation for Economic Cooperation and Development (OECD) National Accounts data files for 2019.4

North Macedonia is a service-oriented economy with the following key characteristics of productivity in its textile and agriculture sectors5:

Sector	Contribution to GDP	Participation in total labour force
Tertiary sector	54.2%	53.7%
Industrial production	23.6%	30.4%
Manufacturing sector	13%	22%
Textile sector	2.3%	5%
Agricultural sector	7.2%	16%

The share of foreign direct investment (FDI) in GDP has improved, averaging 3.5% over the last 10 years, but still lagging behind compared to 5.8% in Serbia and 8.8% in Albania. This is due to occasional instabilities and economic factors such as the small size of the market and limited infrastructure. After a strong increase in FDI in 2018 (604 million euros), net FDI inflows decreased to 291 million euros in 2019.

The unemployment rate has been falling for almost 14 years and was projected to reach 16.8% in 2020. In 2019, the economy added almost 40,000 jobs, bringing the activity rate to 54.7%. This represented a major shift compared to the previous decade (2009-2018), when an average of 14,600 jobs were added each year, mainly

4. TheGlobalEconomy.com, accessed November 2020 https://www.theglobaleconomy.com/Macedonia/exports/#:~:text=Macedonia%3A%20Exports%20of%20goods%20and%20services%20as%20percent%20of%20GDP&text=The%20average%20value%20for%20Macedonia,from%202019%20is%2061.69%20percent.
5. State Statistical Office, MAKStat Database, Formal and informal employment, by gender and age, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat__PazarNaTrud__AktivnosNaNaselenie/066_For_NeforVrab_POl_Vozrast_ang.px/table/tableViewLayout2/?rxid=3708625b-61fe-4810-83b6-96aae7da8831
State Statistical Office, MAKStat Database, External trade grouped according to Classification of products by activity, KPD, cumulative data, accessed November 2020, http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat__NadvoresnaTrgovija__KumulativniPod/210_CPA_godisni_ml.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef

in manufacturing, construction, hotels and restaurants, and public administration. The employment rate rose from 44% in 2017 to 45% in 2018 and 47% in 2019, with new jobs created in 2018 and 2019 mostly in manufacturing, support services, art and recreation, transport, and trade.[6] Nevertheless, the employment rate remains below the EU27 (the average rate of the 27 EU Member States)[7] which is 68.4%. However, the rapid spread of the COVID-19 pandemic at the beginning of March 2020 immediately interrupted this growth momentum, causing a rise in the expected unemployment rate, projected to reach 20.4% at the end of 2020.

Youth unemployment has been falling steadily but slowly over the years, falling by more than 12 percentage points to 34.9% between 2015 and the first quarter of 2020. This is a result of the introduction of the state Youth Guarantee scheme, but also of emigration. Around 80% of the unemployed are long-term unemployed, largely due to the mismatch between skills supply and skills demand.[8]

North Macedonia is continuously harmonising its legislation with the EU, with a focus on strengthening democracy and the rule of law.

COVID-19 impact

The COVID-19 pandemic interrupted the growth momentum of 2020, leading to a serious economic downturn; loss of a significant number of jobs (in labour-intensive low wage sectors such as textiles, leather, and footwear), which led to an increase in the unemployment rate from a projected 16.8% to 20.4%, the poverty rate rose to 21%, leading to a rise in social and psychological problems. Instead of real GDP growth of 3.4% in 2020, the pandemic will most likely cause a 4.0% decline in real terms, and cumulative production losses for 2020 and 2021 are estimated at 3.7 billion euros.[9]

The state of emergency declared by the President of North Macedonia was in force from 18 March to 22 June 2020 and gave the government the right to issue decrees with legal force. During this period, various government curfews restricted the free movement of people and public life, while there was also a state-mandated relief of work obligations for employees with chronic diseases, pregnant women, and parents of children up to 10 years of age in the second quarter of 2020. Compensation for absence from work due to COVID-19, isolation, and self-isolation due to exposure to COVID-19 is reimbursed at 100% by the Health Insurance Fund.

The government introduced four packages of measures aimed at mitigating the negative impact of the pandemic on the economy, with a total value of half a billion euros. These provided aid for: the payment of wages, support for loans, support for local consumption, measures on taxes, reduction of parafiscal charges, tourism, agriculture, catering, and import duties.

By 14 December 2020, the total number of people diagnosed with COVID-19 was 76,638 (~4% of the total population), the number of cured patients was 49,414, the number of deaths was 2,121, and the number of active cases was 22,103.

6. State Statistical Office, MAKStat Database, Formal and informal employment, by gender and age, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat__PazarNaTrud__AktivnosNaNaselenie/066_For_NeforVrab_POl_Vozrast_ang.px/table/tableViewLayout2/?rxid=3708625b-61fe-4810-83b6-96aae7da8831
7. DRAFT DOCUMENT Socio-Economic Assessment of COVID19's Impact in North Macedonia: Policy Response, Economic Recovery and Growth [Version 1, June 12th 2020], UNDP, Skopje 3.06.2020, accessed November 2020 https://www.undp.org/content/dam/undp/library/covid19/Socio-Economic%20Assessment%20North%20Macedonia.pdf
8. Prof. Nikica MojsoskaBlazevski, Kriechel, and Tim Vetter, ETF SKILLS MISMATCH MEASUREMENT IN NORTH MACEDONIA, accessed November 2020 https://www.etf.europa.eu/sites/default/files/2019-07/Skills%20mismatch%20measurement_North%20Macedonia.pdf
9. DRAFT DOCUMENT Socio-Economic Assessment of COVID19's Impact in North Macedonia: Policy Response, Economic Recovery and Growth [Version 1, June 12th 2020], UNDP, Skopje 3.06.2020, accessed November 2020 https://www.undp.org/content/dam/undp/library/covid19/Socio-Economic%20Assessment%20North%20Macedonia.pdf

2.1. ECONOMIC INDICATORS

Economic growth was rekindled in 2019 as domestic demand increased and was supported by fiscal incentives for households and businesses. GDP growth reached 3.6% in 2019, compared with 2.7% in 2018. Private consumption, which was boosted by rising wages, social transfers, remittances from abroad, and household loans, grew faster than in the previous year and contributed positively to growth. Annual investment growth, which had been weak over the past two years and stagnated in the first half of 2019, picked up markedly in the second half. From early spring 2020, the COVID-19 crisis began to leave its mark on economic performance and the economy is likely to slide into recession in 2020. Only household and government consumption contributed to growth which slowed GDP growth to 0.2% year-on-year in the first quarter of 2020. Since March 2020, the government has adopted four packages of measures to support the economy totalling 500 million euros.[10]

The level of development of North Macedonia, measured by the United Nation Human Development Index (UN HDI), is 0.759%, which places the country in the higher half of the human development category. GDP per capita of North Macedonia is slightly below that of China, but is almost twice as high as that of India. However, North Macedonia has made almost no progress in its ranking over the past three years, rising from 83rd place in 2016 to 85th place in 2020.

Instead of a real GDP growth of 3.4% in 2020, the COVID-19 pandemic will most likely cause a reduction of 4.0%. Due to the lower oil prices and reduced private consumption, inflation will not be a problem. On the contrary, there may be a fall in general price levels or a deflation of 0.9% in 2020.

2.2. SOCIAL, POLITICAL, AND GOVERNANCE INDICATORS

A prerequisite for sustainable and good working conditions is a stable and favourable social and political environment. Transparency International ranks Macedonia 106th, compared to other clothing producers in Central Asia and Eastern Europe such as Romania ranking 70th and Bulgaria ranking 74th. Turkey ranks 91st when it comes to corruption, although Macedonia is well ahead of the major clothing producers in Asia. However, these indicators show that the importance of effective enforcement of the labour laws, social dialogue, and good governance in the country cannot be taken for granted.

10. COMMISSION STAFF WORKING DOCUMENT, North Macedonia 2020 Report Accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2020 Communication on EU Enlargement Policy, Brussels, 6.10.2020, accessed November 2020 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/north_macedonia_report_2020.pdf

2.3. INCOME AND POVERTY

In 2019, 92.4 million people or 21.1% in the EU27 were at risk of poverty or social exclusion. More women were at risk of poverty or social exclusion, especially those living in single adult households with dependent children (40.3%).[11]

In the North Macedonia, 41.6% of the population lived at risk of poverty in 2019, compared to 40.8% in 2018 and 40.7% in 2017. If social transfers are taken into account, the situation is less serious but not less worrying: 21.9% in 2018 and 2019 and 22.2% in 2017.[12] Of particular concern is the fact that 19.5% of households of two adults with two dependent children are at risk of poverty. The GINI coefficient (which measures a population's income distribution, with 0% standing for true economic equality) for the country changed from 32.5 in 2017 to 30.8 in 2019.

The structure of both exports and industry has improved since 2009. Despite some positive developments, structural change in the economy as a whole is only taking place slowly, as a large proportion of the workforce is still trapped in low-productivity jobs in the garment industry and agriculture. Higher value-added service sectors, such as IT, finance, and insurance have gained in importance, but with limited job creation. As a result, total labour productivity has not grown fast enough to improve living standards and ensure rising wages, which rose by 4.1% of average gross wages in 2019. However, this is mainly due to increases in both public sector wages and minimum wages, combined with the large share of workers receiving the minimum wage in labour-intensive sectors such as textiles.

The disruptions caused by the COVID-19 pandemic put an upward pressure on unemployment and poverty rates in North Macedonia and threaten to wipe out some of the pre-crisis development results. These trends will inevitably affect the poverty rate, which according to forecasts from relevant data sources, will increase to 21%. The containment policies will have a strong impact on the recession curve.

2.4. GENERAL HUMAN RIGHTS SITUATION

The legal framework for the protection of human rights is broadly aligned with the EU, but sometimes laws are not fully or correctly applied. Those who work to protect and promote human rights lack sufficient human and financial resources, are poorly coordinated, and are sometimes not seen as independent. Weaknesses in the implementation of human rights standards continue to affect primarily the weakest and most marginalised groups in society, including children and young people, people with disabilities, Roma, and lesbian, gay, bisexual, transgender, and/or intersex (LGBTI) communities. It is also important for the country to improve the implementation of hate speech laws and the National Action Plan for the implementation of the Istanbul Convention.

11. At-risk-of-poverty rate by poverty threshold, age and sex - EU-SILC and ECHP surveys [ilc_li02], Last update: 02-12-2020, accessed December 2020 https://appsso.eurostat.ec.europa.eu/nui/show.do?query=BOOKMARK_DS-053420_QID_5547FFD3_UID_-3F171EB0&layout=SEX,L,X-,0;GEO,L,Y,0;UNIT,L,Z,0;INDIC_IL,L,Z,1;AGE,L,Z,2;TIME,C,Z,3;INDICATORS,C,Z,4;&zSelection=DS-053420INDICATORS,OBS_FLAG;DS-053420UNIT,PC;DS-053420INDIC_IL,LI_R_MD60;DS-053420AGE,TOTAL;DS-053420TIME,2017;&rankName1=INDIC-IL_1_2_-1_2&rankName2=UNIT_1_2_-1_2&rankName3=INDICATORS_1_2_-1_2&rankName4=TIME_1_0_0_0&rankName5=AGE_1_2_0_0&rankName6=SEX_1_2_0_0&rankName7=GEO_1_2_0_1&rStp=&cStp=&rDCh=&cDCh=&rDM=true&cDM=true&footnes=false&empty=false&wai=false&time_mode=ROLLING&time_most_recent=true&lang=EN&cfo=%23%23%23%2C%23%23%23.%23%23%23&eub_bm:ilc_li02$DV_547&lang=en
12. State Statistical Office, Laeken poverty indicators in 2019 - preliminary data – published 30.10.2020, accessed December 2020 http://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?rbrtxt=115#:~:text=According%20to%20the%20data%2C%20the,children%20in%202019%20was%2019.5%25

As it moves towards EU accession, North Macedonia is rated in the top half of human development, according to the UN HDI for 2019, ranking 82 out of 188 countries. Despite this, it is still below the average of most other countries in Western Europe, and closer to the development level of Armenia and Algeria. There are still reports on human rights violations which involve issues such as discrimination against the Roma people, electoral irregularities, the lack of judicial independence, lack of police accountability, and bad prison conditions.

The right to freedom of assembly and association is guaranteed in the Constitution. In 2019, there were no restrictions on the exercise of these rights, including in terms of location. Occasional meetings were held peacefully to draw attention to various social issues. These meetings did not give rise to concerns about the use of violence.

In October 2020, North Macedonia's parliament readopted the country's previously scrapped Anti-Discrimination Law, which among other things guarantees protection from gender-based discrimination. There has been some controversy around the law's adoption, related to not having sufficiently strict rules for more transparent and inclusive procedures for the election of members of the Anti-Discrimination Commission. Despite these allegations, the government and human rights organisations consider this law a great victory for human rights, as it is the first time a law includes sexual orientation as grounds for discrimination.

Some progress has been made on gender equality. The legal framework is largely in line with the EU acquis, but needs to be improved following the ratification of the Istanbul Convention. A Law on Prevention and Protection Against Violence Against Women and Domestic Violence, drafted in January 2020, was not adopted by Parliament before its dissolution. North Macedonia published its first Gender Equality Index in October 2019, which showed improvements in terms of equality in decision-making. Nevertheless, gender differences in decision-making processes remain significant.

The legal framework for the rights of the child largely complies with international standards. The Child Protection Act was amended in May 2019, further strengthening the social protection of children.

3. STAKEHOLDERS

In this section, several stakeholders active in the garment industry are briefly presented. The focus is on stakeholders who have an actual impact on labour conditions or who play an active role in monitoring the situation of labour rights in the garment industry.

To find out which stakeholders we consulted for this country study, click here.

GOVERNMENTAL INSTITUTIONS

Ministry of Economy

The Ministry of Economy is the institution responsible for creating and implementing documents and programmes regarding economic policy, industrial policy, small-to-medium enterprise (SME) competitiveness, and innovation enhancement.

Ministry of Labour and Social Policy (MLSP)

MLSP is the main institution responsible for social dialogue and working conditions, and carries out activities in the areas of industrial relations, recruitment, employment, protection of workers at work, wages and living standards, social policy, and promotion of gender equality. The Ministry facilitates social dialogue, maintains a register of trade unions and employers' associations, and keeps records of general and sectoral collective agreements concluded in the country.

State Labour Inspectorate (SLI)

The State Labour Inspectorate (SLI) is in charge of the effective enforcement of the labour legislation which aims to decrease the number of illegally employed persons, to protect the legal rights of workers, and to ensure safe and healthy working conditions. The Director of the SLI is appointed by the government and reports to both the government and the Minister. There are three departments within the SLI, one sector for labour relations inspection, one for OSH inspection and one for OSH legislation.

Economic and Social Council (ESC)

ESC is the only tripartite social dialogue institution at national level with a consultative role to the government in the development and implementation of economic and social policies, and an advisory role on matters pertaining to the economic and social interest of employers and workers. First established on 30 December 1996 and reconstituted in 2010 with the act of signing the ESC Establishment Agreement by the government and the following social partners [Organization of Employers of Macedonia (OEM), Federation of Trade Unions of Macedonia (SSM), and the Confederation of Free Trade Unions of Macedonia (KSS)]. The ESC consists of 12 members, representatives from:

- Trade unions - (two from SSM and two from KSS);
- Employer representative associations (all four from OEM);
- Government representatives – four.

At a local level, the tripartite dialogue in North Macedonia is realised through local ESCs (LESCs). LESCs are formed as consultative and advisory bodies of the municipality in order to establish democratic and social dialogue in order to achieve a permanent and stable social peace and active inclusion of all social partners in the decision-making processes regarding the most important issues of economic and social importance for the local community. Currently, there are 15 LESCs in the following municipalities: Bitola, Veles, Gostivar, Gazi Baba, Kavadarci, Kichevo, Kumanovo, Radovish, Resen, Sveti Nikole, Skopje, Struga, Strumica, Tetovo, and Shtip, and the LESCs in Gostivar, Kavadarci, and Gazi Baba are not functioning.

EMPLOYERS' ORGANISATIONS

Organisation of Employers of Macedonia (OEM)

OEM is the most important and representative employers' association in the private sector. It comprises 1,012 companies in 15 sectors employing almost 70,000 workers (over 14% of all employees) in the private sector. OEM strives to represent the interests of employers in general, especially in the development of social partnership. Particular emphasis is placed on safeguarding the rights and freedoms arising from collective bargaining agreements (CBA). OEM aims to support employers in implementing general CBAs at national level and to assist them in implementing sectoral agreements.

Textile Trade Association – Textile Cluster (TTA-CT)

TTA-CT is a non-profit organisation founded in October 2003 in the Štip industrial area, representing 80 Macedonian companies employing almost 20,000 workers operating in the textile industry. It's primary goal is improving companies' competitiveness, thus registering world trends and changes in the global market, as well as adjusting the members' own production to such trends and changes.

Business Confederation of Macedonia (BCM)

BCM was established in 2001. It started operating as an association of employers which articulated, represented, and supported the interests of its members and the interests of the business community in the country. Today BCM consists of 8,500 member companies across 13 business associations, with three regional offices in Bitola, Prilep, and Tetovo and its headquarters in the capital city, Skopje. BCM's focus is on continuous improvement of the business environment, supportingentrepreneurship, and supporting micro, small, and medium Enterprises (MSMEs) which they believe form the basis of economic growth and unemployment reduction, as well as advancing human capital in the economy through training and education.

TRADE UNIONS

This section provides an overview of the trade unions in North Macedonia. As it is hard to obtain accurate up to date information, the data shared in this section should be treated with caution.

Federation of Trade Unions of Macedonia (SSM)

Originally founded in 1946, SSM was re-established at Macedonia's 1990 congress. SSM was organised on a voluntary basis, with 17 independent trade unions in branches ranging from construction to the police force, affiliated according to branch (industry). There are ten regional union representative offices and ten municipal union offices within the federation, but they do not function as legal entities. The federation has a network of 2,000 primary trade union organisations with 65,900 members (37,529 members in the private sector), compared to 2017 when there were 75,997 members. SSM is the trade union representative in all tripartite bodies of the country. Branch trade unions affiliated with SSM have signed 14 branch collective agreements. The trade union in the textile, leather, and shoe industry is one of the branch trade unions of SSM. It is a signatory (representative) trade union of the CBA for the textile sector. SSM is an affiliated member of International Trade Union Confederation (ITUC) and IndustryALL.

The Confederation of Free Trade Unions of Macedonia (KSS)

KSS was founded at a congress in Skopje as an alternative to SSM on 28 December 2005. The founding unions were the Union of Education, Science and Culture (SONK), the Union of Defence, the Union of Financial Organisations, and the Union for Transport and Communications. They were joined by seven other trade union federations. SONK is the largest and financially most powerful union within KSS, having established its own organisational structure in 20 community centres that also perform tasks for KSS. The confederation has 11 branch unions with 39,377 members. It is a representative trade union at the national level and participates in the work of ESC.

Union of Independent Autonomous Trade Unions of Macedonia (UNASM)

UNASM was founded in 1991 and affiliates include the following independent trade unions: Independent Trade Union of EMO Ohrid; Autonomous Trade Union of Mines and Metallurgy Skopje; Independent Professional Trade Union of the Macedonian Railway Machinists; and the Independent Trade Union of Individual Farmers Kochani. UNASM affiliates 170 independent basic trade unions and 16 municipal independent trade unions under six branch federations. UNASM has been a member of the World Confederation of Labour since 1999, and a member of the International Trade Union Confederation since 2006.

Confederation of Trade Union Organisations of Macedonia – KSOM

The Police Independent Trade Union is the biggest union affiliated with KSOM and represents 2,979 members, while there is no data on the other eight branches of KSOM.

NON-GOVERNMENTAL ORGANISATIONS

Macedonian Occupational Safety and Health Association (MOSHA)

The main goal of MOSHA is to establish a humane and safe approach to work within the working environment. The psychophysical integrity of the worker, elevation of workers' rights, and implementation and full compliance with existing safety measures are among its main objectives. MOSHA is the ILO/CIS Macedonian collaborative centre since 2008, which offers a foundation for the exchange of OHS knowledge and resources.

Local labour organisation: 'Glasen Tekstilec' (loud textile worker)

Glasen Tekstilec was established in May 2012 by a group of activists who are part of initiatives and organisations that share common goals. They aim to raise awareness and educate workers in the textile, leather, and shoe industry on their rights, and strive for the realisation of workers' rights in these sectors.

Helsinki Committee for Human Rights

The Committee monitors the human rights situation, provides legal assistance, and co-operates with other organisations and state bodies for the purpose of: improving the promotion, respect, and protection of human rights and freedoms guaranteed by the Constitution, the international instruments regulating human rights, and the Helsinki Final Act of 1975, as well as building democratic conditions in which these rights and freedoms can be exercised based on the rule of law. The Committee's project 'Legal empowerment of textile workers for self-advocacy' aims to prevent and reduce violations of garment workers' labour rights through their legal empowerment, and through documenting cases where labour rights are violated.

'Open Gate' – Association for Action Against Violence and Trafficking in Human Beings (La Strada)

La Strada originated in 2000, when a group of women activists expressed concern for the growing crime of human trafficking in North Macedonia and established an organisation to help prevent it. La Strada is a resource organisation and collaborative partner of the Clean Clothes Campaign.

INTERNATIONAL ORGANISATIONS/INITIATIVES FOCUSED ON LABOUR CONDITIONS

'Strengthening Social Dialogue': A project funded by the International Labour Organization (ILO)

The project's goal is to improve social dialogue as a means of creating more and better jobs. It supports the participation of social dialogue institutions in policy making at national and local levels and fosters the

practice of regular consultations through the national and local ESCs, through: (1) enhanced participation of ESCs in shaping the national economic and social reform agenda; (2) enhanced participation of LECSs in the formulation and implementation of local employment policies; and (3) increased effectiveness of trade unions and employers' organisations.

Friedrich-Ebert-Stiftung in North Macedonia (FES)

FES is guided by the basic values of social democracy: freedom, justice, solidarity, and international dialogue. The ability to connect key actors and stakeholders is a particular advantage of FES in the area of international cooperation. The dialogue, publication, and open forum programmes in North Macedonia contribute to the quality of political analysis and discussion in the area of politics, social dialogue, education, and gender issues.

4. THE GARMENT INDUSTRY

ORGANISATION OF THE GARMENT INDUSTRY IN NORTH MACEDONIA

The gradual closure of state-owned factories after 1991 led to higher unemployment and an increase in informal and irregular work in the Macedonian garment industry. However, as the garment industry was still relevant in the post-Yugoslav states, private companies took over the government's role in managing the factories and nowadays almost 20,000 people are employed in the textile, leather, and clothing sector in Croatia, Slovenia, and Bosnia-Herzegovina, and twice as many work in North Macedonia.

The garment industry plays a crucial role for social well-being through employment across regions in the country and employed ~40,000 people or 1/3 of the manufacturing workforce in the period 2018-2020, contributing 2.3% to GDP.

The main players in the garment industry are: textile material manufacturers and apparel manufacturers, with average net profit margins of 4% and 8.8% respectively. Textile manufacturing employs around 6,000 workers with an average monthly net wage paid per employee of 25,028 MKD compared to an average monthly net wage paid per employee in apparel manufacturing of 17,816 MKD in 2019.[13]

Spinning and material production account for 1.5% of industrial production, and ready-made products for 11.32%.[14] The garment industry faces fierce and strong competition in both domestic and foreign markets, so the companies which invest in modernising production technology have a greater prospective for growth.

Faster-growing industries are paying higher wages and absorb the labour force. Therefore, in future, the garment industry should focus their strategic priorities on branding strategies, creating higher added value, and non-price competitiveness.

MAIN EXPORTS FROM THE GARMENT INDUSTRY

The garment industry's share of total exports for North Macedonia was 8.36% in 2019 and 9.53% in 2018.[15] The CM and CMT (cut, make, and trim) operations for foreign markets shape 93% of production. Full production and own brand production is partly exported and the rest is placed in the domestic market. The most important export destination, with more than 60% of exports, is Germany, followed by the Netherlands, Greece, Turkey, Austria, Bulgaria, United Kingdom, Switzerland, Italy, and Belgium.[16]

13. DRAFT DOCUMENT Socio-Economic Assessment of COVID19's Impact in North Macedonia: Policy Response, Economic Recovery and Growth [Version 1, June 12th 2020], UNDP, Skopje 3.06.2020, accessed November 2020 https://www.undp.org/content/dam/undp/library/covid19/Socio-Economic%20Assessment%20North%20Macedonia.pdf
14. InvestNorthMacedonia, Trade and Clothing, accessed November 2020 https://investnorthmacedonia.gov.mk/invest-textile-and-clothing/
15. State Statistical Office, MAKStat Database, External trade grouped according to classification of products by activity, KPD, cumulative data, accessed November 2020, http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat__NadvoresnaTrgovija__KumulativniPod/210_CPA_godisni_ml.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef
16. World Integrated Trade Solution (WITS), North Macedonia Textiles and Clothing Exports by country in US$ Thousand 2018, accessed November 2020 https://wits.worldbank.org/CountryProfile/en/Country/MKD/Year/LTST/TradeFlow/Export/Partner/by-country/Product/50-63_TextCloth

The competitive export advantages of the North Macedonian garment industry are:

- Short period from orders to delivery;
- Ability to produce small orders at the same prices as big orders;
- Quality of performance;
- Good transport and logistics services.

The North Macedonian textile export portfolio is not very diverse and although the product types are at the end of the textile production chain, they do not bring high added value. In addition, ready-made garments are produced by a small number of factories on semi-final imported products that require intensive labour.

MAIN AREAS FOR GARMENT PRODUCTION

The garment industry has a long tradition in North Macedonia, with companies located across the country. Major textile hubs are located in the east with 50% of the capacity, 30% in the centre, and 20% in the west.

PERCENTAGE EMPLOYED IN GARMENT INDUSTRY

About 30% of the employees in the Macedonian manufacturing industry work in the garment industry. The garment industry alone accounts for up to 5% of all jobs in the country.

SOCIAL COMPOSITION OF THE GARMENT WORKFORCE

More than 85% of those employed in the garment sector are women. Over 70% of these women have a lower level of education. Although generally workers are not highly specialised, long experience in the industry has created and continues to generate a qualified workforce. The development of the private sector in the production of shirts and tops has emphasised further qualification for these employees. This does not hold true for professions that require higher qualifications. The low wages in the garment industry keep away the more qualified personnel, such as managers, designers, marketing specialists, engineers, and chemical specialists.

5. INDUSTRIAL RELATIONS

Employment matters are regulated by the Constitution, the Law on Labour Relations, and more specific regulations laid down in the relevant laws in this area. The labour legal framework is based on the former system and since independence it has been supplemented and amended several times to meet the needs of today's society.

Over time, the legal context for industrial relations has become more favourable. During the process of harmonising Macedonian labour law (the Labour Relations Law) with EU standards, many laws have been revised and many new ones created. Employment rate and FDI trends over the years are increasing, but it is too early to see the long-term effects. The number of those leaving the country in search of a better life, especially young people, is concerning.

Traditionally, neo-liberal policies have been favoured in North Macedonia; these have had considerable influence on the structure of the economy and hence on industrial relations. The main actors in social dialogue emerged after some delay and relatively slowly. After 2005 the number and diversity of involved actors increased.

During the transition period, trade unions were perceived as unimportant actors by the public, unable to promote and protect the interests of employees. Together with employer organisations they were perceived as too close to the political elite. In contrast, the state was seen to have considerable, and increasing power. An asymmetry of power characterises relations between the main actors in the country's social dialogue, with all the implications that such a distribution of power has for the industrial relations system.

Industrial relations are currently at the stage of regulating labour and quality, and two forms of social dialogue exist: bipartite (collective agreements) and tripartite.

Tripartite dialogue on economic and social issues happens through the Economic and Social Council (ESC). The government has a duty to obtain the ESC' opinions. Recommendations in the fields of industrial relations, employment, pensions, invalidity insurance, and health and safety at work have an advisory character, and on average they have held session each month over the past few years. Participation of policy makers in the debates is important for good communication and trust building, which are crucial for meaningful social dialogue. However, tripartite social dialogue at the local level is only modestly developed. Thus far, 15 LESCs have been established, but they lack a clear vision for future development.

Since 2017, the following ILO Conventions have been ratified by North Macedonia:

- The Night Work Convention (ILO 171), which provides rights to workers with health problems to perform work at night, especially woman.
- The Rural Workers' Organisations Convention (ILO 141).
- The Labour Statistics Convention (ILO 160) is in the process of ratification. North Macedonia will regularly collect, compile, and publish basic labour statistics, which shall be progressively expanded in accordance with its resources to cover the following subjects: (a) economically active population, employment, where relevant unemployment, and where possible visible underemployment; (b) structure and distribution of the economically active population, for detailed analysis and to serve as benchmark data; (c) average earnings and hours of work (hours actually worked or hours paid for) and, where

appropriate, time rates of wages and normal hours of work; (d) wage structure and distribution; (e) labour cost; (f) consumer price indices; (g) household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income; (h) occupational injuries and, as far as possible, occupational diseases; and (i) industrial disputes.

LABOUR MARKET

The labour market is characterised by an employment rate which used to be low and over the years is increasing, with a significant level of informal employment. Unemployment is higher among the low-skilled, young people, and those aged 55-64. This is probably due to slow economic development, low demand for new types of jobs, a lack of educational opportunities and inadequate provision for young people, and ineffective labour market policies. The activity rate in 2019 reached 55% and the employment rate was 47%.[17]

The labour market has high levels of informal employment which is more widespread among young people and older workers, contributing to a skewed structure for labour market participation. Those categories represent only 16% of total employment in the country in 2019. The high unemployment rate has decreased over the last 14 years and was projected to reach 16.8% in 2020. However, the rapid spread of the COVID-19 pandemic in early March 2020 interrupted the growth trend immediately. Due to labour layoffs and exceptionally low job creation in 2020, the estimation of the rate of unemployment is 20.4% by end of 2020.[18]

Moreover, the very high level of long-term unemployment underlines the lack of employment opportunities, a social problem which leads to the impoverishment and social exclusion of significant parts of the population. The past imbalance between labour supply and demand influenced low labour costs until the introduction of a minimum wage and the equalisation of minimum wages across sectors in 2017. As a result, low-income workers, particularly in sectors such as textiles, commerce, and catering, were and are still affected by poverty and social exclusion.

The main challenges are insufficient employment opportunities, unproductive work, level of wages (which as a result of the minimum wage increased over this period), workplace stability and security, unequal opportunities and treatment in employment, unsafe work environment, and a lack of participation through representation.

The key stakeholders should put more emphasis on the need for quick pre-qualification in order to meet labour market demand and equip the labour force with skills required, rather than on securing jobs in sectors that are dying off. Additional issues relate to the types of contracts signed: 26% of total workers are on a fixed-term contract, while this is 42%[19] for manufacturing overall, it is estimated just over 20% of workers in the textile industry are employed on fixed-term contracts.

The Macedonian population is aging, similar to the majority of EU countries, and this trend will gradually reduce the proportion of the population of working age (15-64).

17. State Statistical Office, MAKStat Database, Formal and informal employment, by gender and age, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat__PazarNaTrud__AktivnosNaNaselenie/066_For_NeforVrab_POl_Vozrast_ang.px/table/tableViewLayout2/?rxid=3708625b-61fe-4810-83b6-96aae7da8831
18. DRAFT DOCUMENT Socio-Economic Assessment of COVID-19's Impact in North Macedonia: Policy Response, Economic Recovery and Growth [Version 1, June 12th 2020], UNDP, Skopje 3.06.2020, accessed November 2020 https://www.undp.org/content/dam/undp/library/covid19/Socio-Economic%20Assessment%20North%20Macedonia.pdf
19. State Statistical Office, MAKStat Database, Вработени според работниот однос, по НКД Рев.2, по пол, по години, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat__PazarNaTrud__Plati__VraboteniNeto/221_PazTrud_Mk_vraboteniG3_mk.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef

STATE ROLE IN INDUSTRIAL RELATIONS

Besides the role of policy creation, and the consultation process with trade unions and employers' organisations (mainly through the ESC), the state's key role is monitoring of law enforcement through the inspection authorities.

The Council of Inspection Authorities is the key institution in the inspection system. The Council was first established in 2010, as a standing inter-ministerial body for coordination of inspection authorities. In 2014, it grew into an independent state body in charge of implementing the scope of competencies determined by law, and in 2019, its status was changed to an independent state administration body, whose core competence is the monitoring and coordination of the work of the inspection authorities at the central level.

Each separate governmental sector has a different responsibility: the Ministry of Justice has administrative inspectors who supervise the implementation of the legal provisions within public authorities; the Ministry of Economy has mining inspectors who supervise occupational safety and health in the mines according to the Law on Mining; the Ministry of Environment is entrusted with radiation protection, which is monitored by nuclear safety and environmental inspectors; the Ministry of Health has sanitary inspectors who enforce sanitary legislation and protect public health according to the Law on Health Protection.

The State Labour Inspectorate (SLI) oversees the effective enforcement of labour legislation to decrease the number of illegally employed persons, to protect the legal rights of workers, and to ensure safe and healthy working conditions. The work of SLI is executed through the department for labour relations inspection, the department for OSH inspection, and the department for OSH legislation.

The Law on Labour Inspection determines the organisation and operation of the SLI, which supervises the implementation of laws and other regulations relating to labour relations, collective agreements, and individual employment contracts. The supervision is carried out by state inspectors. The inspectors must carry out an annual inspection of each workplace, ensuring that the employers' implementation of the regulations on labour relations and safety at work comply with the law, and they also have the right to suspend the operation of the employer.

The SLI issues fines and prescribes penalties in accordance with the misdemeanour provisions in the Law on Labour relations, the OHS Law, the Law on Minimum Wage and other laws under which the SLI has jurisdiction.

EMPLOYERS' ORGANISATIONS IN THE GARMENT SECTOR

In contrast to the long-standing trade unions, the employers' associations seemed to become a completely new social actor in North Macedonia in step with the advent of democracy and the transition to a market economy. Since the employers' associations are relatively young, they face the dual challenge of expanding their membership base and improving their ability to work effectively with government and trade unions in policy-making. Membership expansion is difficult because of the individualistic approach and free-rider behaviour of many employers and their lack of awareness of the benefits of collective action. The relatively low level of membership in some sectors also limits the role of employers in policy dialogue. Currently, there are two major employers' organisations at the national level, namely OEM (the most representative in the country) and BCM. Both are members of the International Organization of Employers (IOE).

In line with the stipulations of the Labour Law and the Minister of Labour and Social Policy's proclamation in 2010, OEM is: the single representative organisation of the private sector employers' organisations and as such has the legitimacy to negotiate and conclude the general collective agreement for the private sector; the single representative organisation of the private sector employers' organisations that can participate in the tripartite social partnership bodies (i.e. the ESC). As a consequence, OEM is on an equal partner basis with the other participants of the ESC in terms of influence when creating economic and social policy in North Macedonia, as regards to the provisions and EU directives in the field of labour relations, security and safety at work, and other laws relating to the business environment. OEM is the signing party with SSM.

There is little interest in establishing new employers' bodies and obtaining representative status according to the National Classification of Activities.

TRADE UNIONS

Trade unions are interest-based, legally autonomous labour organisations. Membership is voluntary, and activities are financed through membership dues. Trade union membership and union density have been falling continuously since North Macedonia's independence in 1993. In 2019, 112,661 workers were members of all trade unions which makes trade union density 17.89%, compared to 22.13% in 2017. Increase of the employment rate mostly affected the recent changes in union density. However, because of the difficult economic climate and political infighting, unions generally do not have much leverage, and many are thought to be under government influence.

Union membership rates are not increasing and, in the past, union members have transferred from one confederation to another. Still, North Macedonia has a relatively high level of unionisation compared to other garment-exporting countries in the region.

A national CBA specific to the textile, leather, and shoe industry does exist. But at the factory level, CBAs are often not signed or updated. In North Macedonia, there is no developed system of workers' representation at the company level, except for unions. Workers' representatives are not considered in the legal framework, and there are cases of their existence in practice. Therefore, the attempts of some companies to have worker representatives as a substitute for unionisation is understood by unions as an attempt to undermine freedom of association, and connected to the idea of yellow unionism; trade unions dominated by the employer and therefore not independent or free.

TRENDS IN TRADE UNION DEVELOPMENTS

In the early 1990s there were two trade union federations: SSM and UNASM. SSM was the successor of the socialist-era trade union that inherited a widespread organisational network and numerous members. It covered practically all economic and noneconomic activities, and the majority of all workers were organised in this federation. UNASM was constituted in 1992 and was successful in uniting several independent trade union organisations. Initially, this alternative trade union was viewed with great distrust and even animosity.

Faced with numerous difficulties, it failed to become influential. In fact, during almost the entire transition period (1990 to 2005), SSM was the dominant actor in industrial relations from the trade union side.

The largest share of membership in trade unions is in the public sector. After the privatisation period, only employees from big enterprises managed to keep or newly establish trade unions. However, they have experienced a series of problems from low levels of participation to struggling to be heard by the other social partners, as well as low levels of trust.

During the last few years, several international stakeholders have supported trade union development in North Macedonia, such as the ILO, IndustriaLL, and FES in terms of internal capacity development and democratisation in order to meet the needs of the current trends, establishing new services for their members and various campaigns for raising awareness, especially among young workers, of the benefits of trade union membership.

GENERAL SITUATION ON TRADE UNION RIGHTS

Over the last 30 years of political and economic transition, workers' rights have been at risk because of continuous changes and systematic violation of the legislation, and by ineffective enforcement of labour legislation.

Social justice and solidarity are defined as fundamental values in Article 8 of the Constitution, followed by Article 37, which emphasises the right to form trade unions, trade unions/federations, or become members of international trade unions. The Law on Labour Relations defines the industrial relations more precisely and specifically.

Workers' right to strike in North Macedonia is constitutionally guaranteed but limited by a total of 27 laws with provisions regulating the right to organise strikes. Moreover, since 2005 only registered unions are authorised to strike. The rules are strict and numerous, and government pressure is strong, so calling for a strike is very difficult, even in cases of a union with strong representation. Textile factories and some of the foreign-owned factories are known for instant dismissals of workers or not extending their fixed-term contracts for those who are promoting the idea of the establishment of a trade union on a company level. Employers in these factories mostly hire through fixed-term contracts. This, paired with, the level of unemployment, complicates legal terms for strikes. In addition, low union representation in private-sector factories keeps workers helpless and unmotivated in their struggle for better working conditions.

General collective agreements (GCA) are applicable to all workers and employers in the country, no matter whether they are members of the signatory parties or not. CBAs at the branch level apply only to members of signatory parties, while a CBA at the company level applies to all workers employed there. Lack of organised social partners in some sectors does not allow for the development of collective bargaining. Especially in the private sector, low trade union density, along with the lack of operational employers' infrastructures, make collective bargaining difficult at the branch level. In total 104 CBAs have been signed at company level, but still trade unions report difficulties in establishing unions in some of the companies, which prevents the workers from exercising their basic rights at work, freedom of association, and the right to collective bargaining.

Bargaining power has been on the side of the employers and the government regarding labour rights, working conditions, and wage levels, taking in consideration an estimated 17.89% total union density, with 10% union density in the textile industry. Most of the workers have justified doubts in the capacities and willingness of union representatives to protect their rights and provide better collective agreements that will secure higher wages and better working conditions. Recently companies have been allowing workers to choose their representatives, but according to ILO Convention 135 this is solely for an informative type of collaboration, rather than negotiating on behalf of the workers with the employer.

UNION DENSITY AND CBA COVERAGE IN MACEDONIA

Trade union membership, and hence union density, has continuously been diminishing. Before the transition, almost all employees were members of a trade union. Currently, union density is 17.89% and 112,661 trade union members are beneficiaries of the signed agreements.

Wage setting is governed by a specific collective agreement at national level (GCA), one for the private sector, and one for the public sector. This is followed by agreements at branch level (for a specific industry or sector), 18 have been signed thus far (12 in the private and 6 in the public sector, covering 20.2% of the workforce in 2019), and finally at company level (104 agreements have been signed to date).

Representativeness of key stakeholders are determined for the purposes of participating in collective bargaining in the public or private sector or branch (i.e. section level). These must meet the following requirements:

- Trade unions: Must be registered under the trade union registry at MLSP; with at least 10% of the total number of employees in the country as members paying the membership fee; be associated with at least three unions at the national level; operate at the national level and have members in at least 1/5 of the municipalities; act according to its statute and democratic principles; associated trade unions must have concluded or acceded to at least three branch or sectoral level collective agreements; and
- Employers' organisations: Must be registered at MLSP; with at least 5% of the total number of private sector employers as members or its employers' members employ at least 5% of the total number of employees in the private sector; gather employers from at least three branches; have members in at least 1/5 of the municipalities; conclude at least three collective agreements at a branch level; act in accordance with its own statute and democratic principles.

The last CBA for the garment industry was signed on 3 December 2015, with a validity period of two years. According to Article 132 paragraph 3 of the Law for Collective Agreement, unless the signatory parties initiate a procedure for amendment, the validity of this collective agreement is extended for the next two years.

The GCA for the private sector is negotiated and signed by SSM and OEM. The GCA covers all employees in the country, regardless of whether or not they are members. It has remained the same since 2015, and is automatically renewed every two years.

The law protects the right of employees to bargain collectively. Most branches and local unions have CBAs. Collective bargaining in the country is weak and subordinate to labour legislation. Employees have little practical negotiating power, as they often need the work.

Moreover, there are inconsistencies in the legislation as the Law on Minimum Wage does not take into consideration CBA clauses on complexity and education needed for each job position (nine in total). At present, CBAs and minimum wage legislation are not complementary policy tools, and still remain uncoordinated and somewhat conflicting.

UNION DENSITY AND CBA COVERAGE IN THE GARMENT INDUSTRY

The CBA coverage is around 10% and covers 20 OEM company members as one signing party and workers of 14 SSM company members in the textile sector on the other side.

LOCAL GRIEVANCE MECHANISMS FOR WORKERS

Main mechanisms that protect and fulfil employees' rights are:

- Basic courts that have a department for labour disputes.
- SSM provides legal assistance for filing a complaint in court for their members and legal advice for any worker across the country: http://ssm.org.mk/en/free-legal-assistance;
- Commission for Protection Against Discrimination: +389.2.3232242, contact@kzd.mk, https://kzd.mk/;
- Parliamentarian Commission for Equal Opportunities: https://www.sobranie.mk/rabotni-tela-2020-2024-ns_article-komisija-za-ednakvi-moznosti-na-zenite-i-mazite-2020.nspx;
- Labour inspectors: https://dit.gov.mk/;
- Conciliators and arbitrators for solving individual and collective labour disputes;
- Mediators working in accordance with the law on mediation play an important role in the resolution of individual labour disputes. Article 1 also determines the field of application of mediation in the sphere of labour disputes.
- Local labour organisation Glasen Tekstilec – helpline: +389.78.312365; glasentekstilec@yahoo.com; or labour rights violation anonymous file: https://glasentekstilec.mk/applicationForm/applicationForm.html;
- Helsinki Committee of Human Rights helpline: +389.800.44222, helkom@mhc.org.mk.

Main institutions that monitor and improve health and safety at work are:

- National Council for Occupational Safety and Health - advisory and consultative body of the government composed of 15 members (contacts are not publicly available);
- Occupational Safety and Health Inspection, part of SLI: www.dit.gov.mk;
- Macedonian Occupational Safety and Health Association: www.mzzpr.org.mk;
- Employees' Representative for Safety and Health in enterprises (contacts are not publicly available).

6. IMPLEMENTATION OF THE FAIR WEAR CODE OF LABOUR PRACTICES

In this chapter, the implementation of every part of the Fair Wear Code of Labour Practices is examined by looking at official statistics on compliance (where available), laws and regulations, different stakeholders' opinions, as well as analysis on implementation. Each section starts by quoting the relevant labour standard from the Fair Wear Code of Labour Practices.

6.1. EMPLOYMENT IS FREELY CHOSEN

"There shall be no use of forced, including bonded or prison, labour".
(ILO Conventions 29 and 105)

LAWS AND REGULATIONS

The National Labour Relations Law corresponds to Fair Wear's first labour standard on freedom of employment. ILO Conventions 29 and 105 have been ratified by the Macedonian government, are enshrined in the Constitution, and have been integrated into labour legislation, which guarantees the right to free choice of employment. According to the law, workers' rights are regulated by laws and collective agreements. The definition of employment relationships is laid down in Labour Relations Law, Article 5: '"Employment relationship" is a contractual relationship between the employee and the employer, whereby the employee is freely involved in the employer's organised work process, in which the employee, for remuneration, performs continuous and personal work according to the employer's instructions and under the employer's supervision.'

The commencement of an employment relationship is regulated by Article 14 in the Labour Relations Law, which states that these matters are determined by the signing of a binding employment contract for a fixed or indefinite period. The employee may not start work before signing the employment contract and registering for compulsory social insurance. Termination of employment is also regulated in the Labour Relations Law (Article 62), which details the permissible reasons for terminating an employment contract.

When terminating the employment relationship, both parties must comply with the minimum notice period required by law, the industry, and/or the collective agreement. If the employment contract is terminated by the employee, a one-month notice period applies. A longer notice period may be agreed in the employment contract or collective labour agreement, but it may not be longer than three months.

If the employment contract is terminated by the employer, a one-month notice period also applies to an individual or a small number of employees and at least two months if the termination affects more than 150 employees or 5% of the total number of employees employed by the employer before the termination.

In accordance with the provisions of labour regulations, there are certain cases in which the employer may terminate the employment relationship with immediate effect, including 1) if the employee is unable to perform the contractual or other obligations of the employment relationship due to his or her conduct, lack of knowledge or ability, or due to the non-fulfilment of certain conditions stipulated by law (personal reasons); 2) if the employee breaches the contractual or other obligations of the employment relationship (cause of the breach); and 3) if for economic, organisational, technological, structural, or similar reasons of the employer (business reasons) there is no need to perform the work under certain conditions specified in the employment contract.

In addition, as protection against dismissal, the regulations determine unfounded reasons for termination of the employment relationship: 1) membership in a trade union or participation of the employee in trade union activities in accordance with the law and collective agreements; 2) filing a complaint or participation in proceedings against the employer to verify the breach of contractual and other obligations arising from the employment relationship before arbitration, judicial, and administrative authorities; 3) authorised absence due to illness or injury, pregnancy, childbirth and education, care of a family member, and unpaid parental leave; 4) taking authorised leave and annual leave; 5) military service or military practise; and 6) other cases of suspension of the employment contract provided for by law.

Before the employer terminates the employment contract due to fault on the part of the employee, the employer must warn the employee in writing about the employee's failure to perform his/her obligations and the possibility of termination in case of repeated breach of the contract.

If the employee believes that the termination of the employment relationship is unlawful, he/she has the right to file a formal complaint with the employer's management body within eight days of the date on which he/she received the decision to terminate the employment contract. If the contract is terminated for an unjustified reason, the employee may initiate civil proceedings against the employer. Exceptionally, civil proceedings can be initiated with North Macedonia's Supreme Court, regardless of the value of the case. If the employee is successful in the civil proceedings, the court may order the employer to terminate the contract or to reinstate the employment contract. After the court's decision, the employee can initiate enforcement proceedings to force the employer to return the employee to his or her workplace. The employee is entitled to compensation for the period during which he did not work only if the employer's decision to terminate the employment relationship proves to be unlawful.

Before the employer terminates the employment contract for a personal reason, he must warn the employee in writing for not fulfilling his obligations and give him the possibility of termination if the situation persists. If the employment contract is terminated, the employer is obliged to state the reasons for termination laid down in the law and the collective agreement, and the employer is obliged to prove the justification of the reason for termination and make a statement.

The employee has the right to appeal against the resolution on termination to the management or the employer within eight days of receiving the resolution on termination. If no decision is made on the appeal or if the employee is not satisfied with the decision on the appeal, the employee is entitled to initiate proceedings before a competent court. At the employee's request, the trade union may represent the employee in an appeal procedure.

The employer may settle the claim with the employee either before or after such proceedings are initiated. If the employer intends to terminate the employment of several employees for business reasons or of at least 20 employees for a period of 90 days regardless of the total number of employees, this shall be considered a mass dismissal for business reasons. If the employer intends to make collective redundancies, the procedure should be initiated in consultation with the employees' representatives at least one month before the collective redundancy. The employer shall be obliged to provide the workers' representatives with all relevant information before initiating consultations with a view to reaching an agreement. After consultations with employee representatives, the employer must inform the office responsible for employment issues in writing about the assistance and services provided by the labour administration. A fine of 3,000 euros is imposed on the employer who does not meet these conditions for collective dismissal.

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

The law is liberal and gives the employer the right to choose the most suitable workforce. Forced labour is not a critical issue in North Macedonia, according to the consulted stakeholders. There are indications that the labour market has become more dynamic in recent years, for several reasons: (1) FDI companies that have established themselves in free trade economic zones throughout the country, which pay higher wages due to government subsidies and are able to attract the most qualified workers; (2) a serious increase of participants on the labour market; and (3) the possibility of an unregistered stay in Western European countries of up to three months, which Macedonian workers usually use to enter their labour market, mostly illegally. These facts enable the workforce greater exploration of labour market opportunities than before and provide a good basis for improving social dialogue at company level.

During the COVID-19 pandemic, some employers failed to follow government protocols and to exempt from work all workers with chronic illnesses, pregnant women, and parents of children up to 10 years of age, according to certain stakeholders.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

Fair Wear audits rarely found violations regarding the 'employment is freely chosen' standard, unless involuntary overtime is counted in that category. According to audit results, overtime work is often not voluntary and is not announced in advance. In recent years, Fair Wear audits did not reveal original identity papers being retained in the workers' files, nor did they find loans being given to workers or fees having to be paid by workers in order to gain employment.

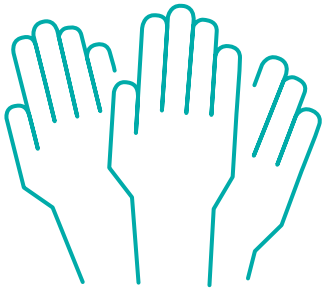
WORKER COMPLAINTS RELATED TO 'EMPLOYMENT IS FREELY CHOSEN'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There was one complaint in 2020 related to this standard. The non-compliances reported were identified throughout the media, which observed involuntary worktime during curfew hours imposed during the COVID-19 pandemic. The complaint is in the investigation phase. More details on the complaint can be accessed here.

6.2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

"The right of all workers to form and join trade unions and bargain collectively shall be recognised." (ILO Conventions 87 and 98) "Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions". (ILO Convention 135 and Recommendation 143)



LAWS AND REGULATIONS

The National Labour Relations Law corresponds to Fair Wear's labour standard on freedom of association. ILO Conventions 87, 98, and 135 are covered by the National Labour Relations Law, the National Constitution and the Law on Associations and Foundations.

Workers have the right to form trade unions and to become members under the conditions laid down in the law or in the statutes of such a trade union. A trade union has the right to represent, promote, and protect the economic, social, and other individual and collective interests of workers at a general level. A member of the trade union may apply for judicial protection in case of violation of his or her rights under the statutes or other regulations of the trade union or association. An employee may not be placed in a less favourable position than other employees because of his or her union membership. Trade unions whose members are employed by a particular employer may appoint or elect one or more trade union representatives to defend the rights of the employee with that employer. Trade union representatives have the right to expect the employer to protect and promote the rights and interests of members. Trade union representatives are protected against termination of employment without the consent of the union and against lower wages. The representative trade union also has the right to negotiate and conclude collective agreements and to initiate a strike to protect employees' rights.

Trade unions have the right to call for a strike and mobilise to protect the economic and social rights of their members at the workplace in accordance with the law. The employer or employers' association against which a strike is directed must be notified in writing, and cannot begin until the conciliation procedure laid down by law has been completed. The employer may suspend workers from the work process only in response to a strike that has already begun. The number of suspended workers may not exceed 2% of the number of workers taking part in the strike. The employer may suspend only those workers who incite violent and undemocratic behaviour that hinders or complicates negotiations between the employee and the employer. The employer is obliged to pay the workers who are suspended from work during the period of suspension; and the salary contribution should cover the lowest basic amount as stipulated by law.

Currently, the following collective agreements regulate the garment industry: a GCA for the private sector, which applies directly and is binding for employers that are members of the employers' association; a CBA at branch level for the garment industry covering employers of 20 textile companies, members of OEM, workers at 14 textile companies, and SSM members.

Under Macedonian regulations, employers are not obliged to establish a workers' council. However, they are obliged to appoint an employer's representative for information and consultation with employees. The employment legislation does not contain any provisions on the participation rights of an employer's representative. The workers council's rights are not determined by labour legislation. The employer or the representative association of employers is entitled to negotiate and conclude a collective agreement with the representative trade union of employees. Employees have no right to representation or participation at the board level of their employer.

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

Stakeholder opinions on the situation regarding freedom of association vary widely. The employers' association and MLSP say that the law guarantees freedom of association and the main problem is that many of workers have lost faith in the unions during the transition period.

Those interviewed say that workers are poorly informed and unaware of their right to form and join trade unions. Employees often wrongly believe that a factory union needs the employer's approval, and do not believe that the trade union can improve their labour conditions or protect their rights.

SSM is the only trade union officially registered in the garment sector and a signatory to the CBA of the textile industry. According to SSM, the number of members in the textile sector is decreasing, and the level of activity is also very low.

In 2019, around 4,300 members of textile trade unions, out of around 40,000 registered workers, participated in the signed CBA for the textile and leather industry. SSM asked social partners to raise awareness about the importance and role of trade unions, which will benefit all stakeholders. Usually SSM held introduction meetings with the owners and management of the textile companies in order to inform them on the benefits for their workers to join trade unions. Not much progress was achieved with this approach to increase the presence in the industry, and at the moment 1.5% of textile factories in North Macedonia have their employees as members of trade unions.

Several new unions have been formed outside of SSM in recent years. Workers in the garment sector are afraid to organise because they think this may reduce their chance of keeping their jobs. A further limitation is that under current legislation there is no right to form a trade union solely at company, industry, or city level. Each trade union (company or branch) must join one of the existing union confederations or form a new one. This is perceived by local labour organisations as bureaucratic and an unnecessary burdening of workers at factory level, which discourages them from contributing financially to both branch union and the federation, for which they see no direct benefit, although their voice is heard more once spoken by the mass members. The last collective agreement was signed in 2015. According to Fair Wear, there is both a lack of awareness and clear understanding of the role of trade unions for workers and employers in North Macedonia.

According to SLI, the perception of trade unions by garment workers is generally not positive and they should engage more in promoting the benefits with workers through various means. So far workers had never filed a complaint with the Labour Inspectorate on freedom of association.

OEM is encouraging international buyers which have business operations in North Macedonia, either with garment industry suppliers or buyers who own their companies, to implement the same labour standards as in their country of origin, where workers dominantly are members of trade unions.

For the new Labour Law, both OEM and SSM propose that it is mandatory for companies with over 30 employees to establish a trade union. The approach might jeopardise workers' freedom of association and needs to be further developed.

During the COVID-19 pandemic, neither LSI, SSM, nor Glasen Tekstilec received any complaints regarding threats to this standard.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

Workers from only two Fair Wear member suppliers are members of the Textile Trade Union (SSM). There were no reports of severe violations on freedom of workers to join trade unions in the last three years, however, low awareness on the benefits of trade unions among both workers and employers has been observed. Workers interviewed showed a willingness to be represented by worker representatives, as a sort of substitution of trade unions. Workers representative bodies were recognised in most of the audited factories, but the common issue was that worker representatives were only democratically elected in a few of these. In 2019, all 11 audited factories reported a lack of compliance on freedom of association. The most common finding is that workers do not seem to have the proper training to represent workers; for example, worker representatives do not keep records of meetings, there is a lack of clear vision for improving workers' rights, representatives' election processes are not documented, and there are no established procedures for communication with management. Nevertheless, factory managers have not interfered in the workers' decision to establish these bodies.

No CBAs were signed at any of the audited factories.

WORKER COMPLAINTS RELATED TO 'FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

In the last three years, there have been no worker complaints related to 'freedom of association'.

6.3. NO DISCRIMINATION IN EMPLOYMENT

"In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps". (ILO Conventions 100 and 111)

OFFICIAL STATISTICS ON COMPLIANCE

North Macedonia is ranked 36th in the UN gender-related development index, a better ranking than other countries in the region, such as Bulgaria (48th) and Romania (69th). Macedonia's ranking is also substantially better than Asian garment-producing countries like Bangladesh (129th), China (39th), and India (122th). On wage equality for similar work of the 2020 Global Gender Gap, North Macedonia is ranked 70th.[20]

LAWS AND REGULATIONS

The government has ratified ILO Conventions 100 and 111. The Fair Wear Code of Labour Practices section on non-discrimination corresponds to Article 6 of the collective agreement for the textile industry, and Articles 6 and 7 of the Labour Relations Law.

Article 9 of the Constitution of North Macedonia states that all citizens are equal in their freedoms and rights, regardless of gender, race, colour, national and social origin, political and religious beliefs, property, and social status.

On the subject of discrimination, the Labour Relations Law has been harmonised with several directives from the European Union to implement the principle of equal treatment for men and women as regards access to employment, vocational training, and promotion, as well as working conditions, indirect discrimination, harassment as a form of discrimination, the burden of proof in cases of discrimination based on sex, the principle of equal pay for women and men, health and safety at work of pregnant workers, workers who have recently given birth, or are breastfeeding, and workers on parental leave.

North Macedonian legislation guarantees the right to freely choose religious beliefs and to freely and publicly express these religious beliefs. Religion is a private, personal right, and religious behaviour is not an issue in the Labour Law, nor in employment contracts.

In accordance with Article 165 of the Labour Law, female workers are entitled to paid leave from work during pregnancy, childbirth, and parenthood for a period of nine consecutive months. If the female employee gives birth to more than one child (i.e. twins, triplets, or more), the maternity leave lasts 15 months.

20. UNDP Human Development Reports, Gender Development Index, accessed November 2020 http://hdr.undp.org/en/content/gender-development-index-gd

A female employee who takes maternity leave for pregnancy, childbirth, and parenthood, or to care for a child is entitled to remuneration. A female employee whose employment contract is terminated because the specified period expires and who exercises the right to remuneration for pregnancy, childbirth, and parenthood shall exercise this right until the end of the period of abstinence.

The new Law on Prevention and Protection against Discrimination was adopted in 2020, and, among other things, guarantees protection from gender-based discrimination. Employers are not allowed to place an applicant for a job (or an employee) in an unequal position because of his or her race or ethnic origin, colour, sex, age, state of health or disability, religious, political or other beliefs, trade union membership, national or social origin, marital status, economic status, sexual orientation, or other personal circumstances. Women and men must be given equal opportunities and equal treatment. The Labour Relations Law distinguishes between direct and indirect discrimination: direct discrimination is any treatment motivated by the above-mentioned grounds which has put or is likely to put the person in a less favourable position than other persons in comparable cases. Indirect discrimination occurs when a particular apparently neutral provision, criterion, or practice disadvantages or would disadvantage or be disadvantageous to an employee in comparison with other persons, a job applicant, or an employee because of a particular ability, status, belief, or conviction on the above-mentioned grounds.

In cases of discrimination, the burden of proof always rests with the employer, the person or group against whom the dispute for protection against discrimination is brought. The jobseeker or employee is entitled to material compensation if he or she is discriminated against on any of the above-mentioned grounds. The law lays down certain exceptions to the ban on discrimination. A distinction, exclusion, or preference in relation to a particular job does not constitute discrimination by law if the nature of the work or the conditions under which it is carried out result in a genuine and determining occupational requirement, provided that the objective pursued is legitimate and the requirement is proportionate. All measures provided for by law, collective agreements, and employment contracts relating to special protection and assistance for certain categories of workers, in particular those protecting disabled workers, older workers, pregnant women, and women exercising one of the rights to maternity protection, as well as the provisions relating to the special rights of parents, adoptive parents, and dependent persons, shall not be deemed to be discrimination and may not be regarded as grounds for discrimination.

The law does not specify the amount of compensation or other legal remedies, but merely states that the jobseeker or employee is entitled to compensation under the law of obligations. The only regulation related to salary for employees is the Law on Minimum Wages, which determines the lowest salary that an employer in Macedonia must pay employees for the work performed.

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

Current characteristics and labour market trends discourage employers to discriminate against their potential or existing workforce. The government has actively created various measures to support the employment of specific target groups, which should be considered as positive discrimination. Some garment factories establish special (protective) companies to employ people with disabilities and receive subsidies such as tax exemptions and adaptation of the workplace for disabled people.

Due to the flexibility in the labour market, there is a positive trend for women from ethnic minorities, especially from rural areas, to become active in the labour market. Salary differences between men and women are not an issue in the garment industry, as over 80% of employees in this sector are women.

Some of the stakeholders noted that management of garment factories in smaller towns are not aware of all forms of discrimination, so continuous awareness raising will further improve the state of this standard. Fixed-term contracts can be seen as a form of discrimination, which is why the new Labour Law provides for a maximum limit of 20% of fixed-term contracts and limits it to fixed-term contracts of one year (which under the current law is up to five years, so that an employee can have several fixed-term contracts with the same employer), which should automatically be converted into permanent contracts. The current status of workers on fixed-term contracts could limit their right to maternity leave. For example, if the worker becomes pregnant during the validity of her fixed-term contract and the employer learns of her condition, there have been cases where the contract was not renewed. According to the SLI, this is not a case of discrimination, as initially both sides agreed on the fixed-term contract for certain reasons related to the production process and once there is no contract, there is no legal basis for any obligations. There have been fewer cases where a fixed-term contract was not renewed a few months before the worker meets the legal basis for retirement. According to the Labour Inspectorate, this is due to the fact that every employer is obliged to pay each employee two average salaries as soon as she or he meets the conditions for retirement.

During the COVID-19 pandemic, discriminatory actions mainly affected workers who were released from work under the government protocols (chronic illnesses, pregnant women, and parents of children up to 10 years of age). There were cases with violations related to the right of one parent taking leave, non-renewal of fixed-term contracts of workers on leave, and payment of a salary below the minimum wage for workers on leave.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

Fair Wear audits did not report cases where specific discriminatory elements were influencing factors in hiring, compensation, access to training, promotion, termination, and/or retirement of workers. It was generally observed that factories have not regulated discrimination (no written policies and procedures regarding discrimination) or have not developed mechanisms to address grievances or harassment at work. In most cases where a grievance mechanism was introduced, it was ineffective.

WORKER COMPLAINTS RELATED TO 'NO DISCRIMINATION'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

Since 2018, five complaints regarding discrimination were received. Complaints mainly related to discrimination by middle management (supervisor of the production lines) and in the payment of wages. More details on these complaints can be found here.

6.4. NO EXPLOITATION OF CHILD LABOUR

"There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals". (ILO Convention 182)

OFFICIAL STATISTICS ON COMPLIANCE

The percentage of children (5 to 14 years old) working in North Macedonia decreased from 13% in 2016 to 8% in 2019.[21]

LAWS AND REGULATIONS

The government ratified ILO Conventions 138 and 182 and harmonised these with the Labour Relations Law and the Constitution. The relevant laws and regulations on child labour in the Labour Relations Law are in line with the labour standard on child labour in the Fair Wear Code of Labour Practices.

Article 18 of the Labour Law sets the minimum working age at 15 years. Employers are obliged to verify the age of the applicant before signing a contract. Among the documents required are a birth certificate, an identity document, and the registration of residence, all of which must be legally confirmed by the state. The employer is obliged to keep copies of all these documents in the employees' personnel files.

According to Article 44 of the Constitution, every person has the right to attend school, and primary education is compulsory and free of charge. Primary education is completed at the age of 14.

According to Article 3 of the Law on Secondary Education, secondary education is compulsory for every citizen under equal conditions determined by this Law. Secondary education in public secondary schools is free of charge.

The institutional mechanisms for the coordination and enforcement of laws concerning dangerous and forced child labour can be found in the following sections:

- The Ministry of Labour and Social Policy (MLSP)
- The Ministry of the Interior (MOI)
- The Office of the Ombudsman

21. UNICEF (2019), The State of the World's Children 2019. Children, Food and Nutrition: Growing well in a changing world. UNICEF, New York, accessed November 2020 https://www.unicef.org/media/63016/file/SOWC-2019.pdf

- The public prosecutor's office
- The courts
- Social care centres

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

Child labour in the garment industry is not an issue according to all stakeholders consulted.

Child labour is widespread in agriculture and in small family businesses, in addition to street work, including selling small items, cleaning car windscreens, and begging. The majority of children involved in street work belong to the Roma, Balkan Egyptian, and the Ashkali ethnic group.

In 2019, moderate progress was made in efforts to eliminate the worst forms of child labour. Parliament made amendments to the existing Labour Law, providing additional protection for children under 15 and for children who have not completed compulsory education. Education mediators were introduced with the aim of removing educational barriers for Roma children. However, there are cases where children are involved in the worst forms of child labour, including forced begging and commercial sexual exploitation, sometimes as a result of human trafficking. The law's minimum age safeguards do not apply to children who are self-employed or working outside formal employment relationships. Local police services have also shown a lack of knowledge of how to deal with cases of trafficking. In addition, the government has not adopted a policy to combat all the worst forms of child labour, with the exception of child trafficking.

North Macedonia lacks up-to-date, comprehensive data on the nature and extent of child labour in the country, including activities in agriculture, street work, and commercial sexual exploitation.

During the COVID-19 pandemic no child labour was registered in any garment factory.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

There have been no findings related to child labour in North Macedonia. The only issue identified in several factories was that factories lack a written policy regarding juvenile workers and apprentices.

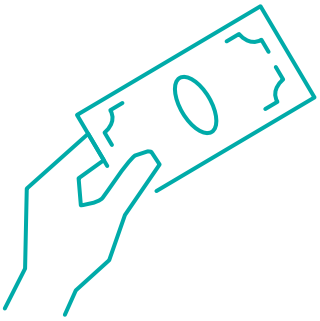
WORKER COMPLAINTS RELATED TO 'CHILD LABOUR'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been no worker complaints regarding child labour.

6.5. PAYMENT OF A LIVING WAGE

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income" (ILO Conventions 26 and 131, the Universal Declaration of Human Rights, art 23(3) and art 25(1))".



"Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period".

OFFICIAL STATISTICS ON COMPLIANCE

North Macedonia is 45th of the 98 countries with the lowest minimum salary according to the CountryEconomy ranking of the national minimum wage.[22] There have been several adjustments in the minimum wage level in MKD (net) over the last few years:

- 2017 - till June 2018: 12,000
- July 2018 - March 2019: 12,165
- April - December 2019: 12,507
- December 2019 - March 2020: 14, 500
- As of April 2020: 14,934

According to 2019 data, the at-risk-of-poverty rate in Macedonia was 21.9%. Analysed by household types, the at-risk-of-poverty rate in households of two adults with two dependent children in 2015 was 19.5%. According to the most frequent economic activity status, the at-risk-of-poverty rate for employed persons was 8.8%, while for pensioners it was 7.8%. The Gini coefficient (measure of income distribution inequality) was 30.8%.[23]

LAWS AND REGULATIONS

North Macedonia's laws establish clear rules for the payment of wages. ILO Convention 131 was ratified by the government and has been incorporated into the national Labour Relations Law and into the national collective agreement and sectoral collective agreements.

22. CountryEconomy, Republic of Macedonia National Minimum Wage – NMW, accessed November 2020 https://countryeconomy.com/national-minimum-wage/macedonia
23. State Statistical Office, - NEWS RELEASE, Laeken poverty indicators in 2019 -preliminary data, issued 30.10.2020, accessed November 2020 http://www.stat.gov.mk/pdf/2020/4.1.20.97_mk.pdf

Minimum wage is set by the Law on Legal Minimum Wage introduced in 2012. As part of recent reforms, the government increased the national minimum wage and has applied an equal minimum wage in all sectors since 2017.

Collective bargaining in the country remains weak and subordinated to labour legislation. There are certain contradictions between the legislation of minimum wage and various collective agreements, which is why collective bargaining and minimum wage laws cannot be considered as complementary policy instruments in the current situation, but are rather uncoordinated. In particular, recent changes to the minimum wage system have not been translated and reflected in collective agreements at any level, and there are discrepancies between minimum wage legislation and the provisions on the lowest wage rates in collective agreements at all levels (national, industry, and company level).

The relationship between productivity and wages could be improved by introducing a legal provision defining the productivity of employees. Although the Constitutional Court has ruled out the introduction of such a provision in the law, this is one way of establishing a stronger link between an employee's productivity and his or her wages. It is advisable that the social partners discuss this issue and find a generally acceptable solution.

The amount of minimum wage paid in gross amount for the month of March is adjusted each year with (Article 1 of the Law on Legal Minimum Wage):

- '1/3 of the increase of the average paid salary in North Macedonia;
- 1/3 of the increase in the cost of living index; and
- 1/3 of the real growth of the gross domestic product, for the previous year, according to the data of the State Statistical Office.'

The employee is entitled to compensation for certain work-related expenses and may be entitled to various bonuses, e.g. on retirement, as provided for in the collective agreement. Overtime premium rates for working hours beyond the regular working time are prescribed in the Labour Relations Law (overtime premium rates are described in the next sub-chapter on reasonable hours of work). More on the prescribed legal compensations as an addition to wages can be read here.

Since 2015, amendments to the General Collective Agreement for the private sector have prescribed obligatory payments of an annual leave bonus (known as K-15) in the amount of at least 40% of the base. A condition to be met for vacation pay is that the employee has worked for at least six months in the calendar year with the same employer. A collective agreement at the level of activity or a collective agreement at the level of the employer may determine recourse for annual leave in an amount greater than the amount determined by this collective agreement. K-15 is paid once a year which means by the end of the year all workers who meet the holiday pay requirement should be paid by the employer, otherwise high penalties are prescribed. The amount of the recourse is determined according to the salary base which is valid on the day of the decision for payment. If an employer has difficulties working, due to economic reasons, he or she may, after prior consultation with the union at the branch or department level, negotiate the amount for annual leave according to this collective agreement, resulting in an agreement signed by the employer and the representative trade union organisation. In the case of employers where no union has been formed, the agreement is signed with an elected representative of the workers.

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

A large share of workers in the textile industry receive the legal minimum wage. Stakeholders agree that the legal minimum wage in the garment industry for 2020 (14,934 MKD or 243 euros) does not come close to a living wage. In North Macedonia the 'living wage' is not generally accepted as a concept.

The closest category for comparison is the calculation of cost of living (basic consumer basket for a four-household family), an estimated monthly cost developed by SSM. In 2010, SSM introduced a methodology for estimating the cost of basic necessities of life, which includes food and beverages, housing, transportation, social activities, clothing, health, and education, all of which represent a broader estimate of expenditure and amounted to at least 33,243 MKD in April 2020.

According to OEM, productivity at the national textile level is not sufficient to ensure a decent living wage. They are in line with the SSM estimate, but the existing economic parameters in the textile industry (CMT production) cannot provide enough profit to meet the living wage estimate. Employers cannot pay higher wages due to the labour-intensive structure of the textile industry and the low technology input. Introduction and continuous increase of the minimum wage is good for the living standards of workers, but is demotivating for good workers. The agreed sewing piece prices with international brands has rarely changed over the last few years, while there is an increase of 50% in the labour cost.

Some stakeholders believe that employers must negotiate with buyers for better prices, but competition from Asia combined with a lack of management skills means that employers end up cutting workers' salaries to meet buyers' demands. According to SSM, there are many players in the supply chain who influence the distribution of profits to employees. Progress can be made by encouraging brands to pay factories appropriately.

There are different perspectives on the correlation of the minimum wage with the average wage. For example, OEM says that this ratio should be 40%-45%, while SSM says this should be increased to 60% of the average salary. According to OEM, the last 3 years of continuous minimum wage increases is mainly a political decision by the current government and it is not fully based on the Law on Minimum Wage. The gross minimum wage paid is adjusted each year in March in line with Article 1 of the Law and therefore does not reflect improved productivity or the rate of economic growth.

It is estimated that 90% of garment factories receive wages based on piecework rates. Piecework wages are set by management and vary from factory to factory. In practice, management pays the legal minimum wage, which is supplemented by a piecework wage calculated at the end of each month. Piecework wages are mainly used as a stimulus. According to OEM, the rates are also acceptable to the business community. Reports indicate that SSM has developed standards for piecework wages according to an international methodology and in cooperation with educational institutions. The garment industry's ageing workforce has a direct impact on piecework wages. The collective agreements reflect SSM's position, including how older workers can achieve their piecework wage target.

LSI has concluded that if an employee is paid less than the minimum wage, the employer is first obliged to pay the minimum wage within seven days. If the employer fails to act, he or she will be fined. If within one year the employer does this again, the fine will be increased. In addition, the State Labour Inspector will prohibit the operation of the employer for 15 days, while the employer will still be liable to pay minimum wages and social contributions to workers. According to the 676 work-related inspections in 2019, the main issue

was paying workers extra in addition to their basic salary. A full-time employee's salary should not be below the minimum wage, salary should be paid within the legal deadline (15th day in the month), the employer must also pay K-15 legally prescribed holiday/leave pay, distribute pay slips to employees, make a decision on salary payment when work is stopped for business reasons, pay work-related benefits and severance pay, and give employees the right to compensation for the unused portion of annual leave after the end of their employment contract.

The implementation of a higher minimum wage has posed employers with several challenges. Some employers misunderstood the legislation and consider that the minimum wage covers all payments (complexity of the work, work performance, overtime, years of service, etc.) to employees and not just the basic wage. For its part, the government was neither fully willing or able to monitor compliance with the legislation, nor was it able to effectively pay employers financial support to cover the increased wage bill. The system used by the Public Revenue Office, where employers submit wage calculations before paying wages, cannot effectively distinguish between basic and total wages. For example, the system is not designed to indicate whether the submitted wage amounts include overtime, shift work, and so on.

During the COVID-19 pandemic, the government rapidly adopted some of the decrees for the protection of workers in the labour process with the force of law without proper and public debate, or any analysis of the nature, form, and legal solutions to be achieved through the adoption of these decrees, measures, and recommendations. Due to this fact and the lack of clarity in the implementation of some of the measures in practice, there have been different interpretations of the legal provisions. Some employers used state support for wage payments to cover gross wages and ended up paying an amount below the minimum wage. LSI issued recommendations to factories that did not pay the minimum wage and used the government subsidies to pay the rest of the amount for each worker, and every month there was a violation of this right.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

Non-payment of living wage is a common issue for all factories in North Macedonia. Living wage as estimated by local stakeholders is a high bar that is challenging to reach for factories. Although the payment of the legal minimum wage has significantly improved in the last three years, non-compliances have still been identified. For example, three out of 11 audited factories in 2019 had not ensured a legal minimum wage for all workers. This was usually a result of not including overtime premium rate payments in the wage calculation. Most violations in North Macedonia involve non-payment of living wage, and therefore Fair Wear has introduced several tools on labour-minute costing to support factories and members in approaching the living wage.

Another important finding that prevails throughout the audits is the lack of clear records or transparent wage systems. A lot of inconsistency in documents was observed, mainly related to avoiding payment of wage taxes, but also due to certain factories preferring to show inconsistent documentation rather than being caught as legally non-compliant.

In addition to the abovementioned findings, the following non-compliances were found:

- Allowances, bonuses, or benefits are not paid as legally required
- Entitled leave is not paid as legally required
- Overtime premiums are not paid as legally required
- Poor record keeping
- Workers do not receive a payslip
- Workers do not understand how wages are calculated
- Workers' payslips/wage records do not correspond to actual hours worked

In most of the audited factories, a piece rate system was still used for wage calculation. This is often only used to motivate workers, and, for example, group performance of production lines can be used as a basis for wage calculation.

A common violation assessed through the audits which has not improved through the years is non-payment of the legally prescribed annual bonus (K-15). Factories do not keep records of overtime, mainly to avoid overtime premium rate payments and to avoid the legal requirement which prescribes payment of a thirteenth month salary if overtime exceeds 190 hours per year.

According to interviews with workers, salaries paid by the factories cannot meet basic living costs for one four-member household.

WORKER COMPLAINTS RELATED TO 'PAYMENT OF A LIVING WAGE'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

In the last three years there have been seven complaints/calls regarding the payment of wages below the legal minimum wage, or not paying the overtime premium rate. Read more details on the complaints here.

6.6. REASONABLE WORKING HOURS

"Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate". (ILO Convention 1)

LAWS AND REGULATIONS

The national legislation is stricter regarding working hours than the Fair Wear Code of Labour Practices. The regular Macedonian working week is 40 hours, with a maximum of eight hours of overtime per week.

According to Article 116 of the Law on Labour Relations, a full-time working week may not exceed 40 hours per week, and a regular working week is five working days. The working time for a full-time working week may be shorter than 40 hours if agreed in a collective agreement, but should not be less than 36 hours per week (with some exceptions for special job positions). Overtime is limited by law to a maximum of eight hours per week and 190 hours per year. An employee who works more than 150 hours of overtime per year (and is on sick leave for no more than 21 days) is entitled to a 13th wage in amount of an average monthly salary.

The employer is obliged to keep full electronic records of working hours. Employers with more than 25 employees at a single location are required to keep electronic records of regular working hours and overtime. If the employer wants his employees to work overtime, he must apply in advance for permission to work overtime at the Labour Inspectorate and provide information about the duration of the overtime.

The payment of overtime is regulated by the Law on Labour Relations and by collective agreements. The Law on Labour Relations guarantees higher pay in accordance with the collective agreement for work on public holidays, night shift work, and overtime. Each hour of overtime shall be paid at a 35% premium, and overtime during holidays shall be paid at 50% above the regular hourly wage.

Overview of the legal framework on working time	
Standard workday	8 hours
Regular working hours per week	40 hours
Maximum working days per week	6 days
Maximum overtime per week	8 hours
Premium for night work (% of hourly pay)	35%
Premium for work on weekly rest day and public holiday (% of hourly pay)	50%
Premium for overtime work (% of hourly pay)	35%
Restrictions on night work?	yes
Non-pregnant and non-nursing women permitted to work same night hours as men?	Yes
Restrictions on weekly holiday work?	No
Restrictions on overtime work?	yes
Paid annual leave for a worker with 1 year of tenure (in working days)	20 to 26 working days

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

All stakeholders consulted agree that overtime and excessive working hours are prevailing issues in the garment industry.

Despite established restrictions, actual overtime work is sometimes important for workers, as they see overtime work as an additional income, but only in cases when it is paid. In recent years, however, there has been a marked improvement in the implementation and regulation of this standard.

SSM receives complaints from their members on a regular basis. In 2020, most of the received complaints addressed to SSM were related to exceeding working hours and non-payment of overtime work. It is not only that overtime occurs, but it is also not reported to the authorities, which means that the employer avoids paying the 13th wage as required by law. The developed methodology and standards for piecework wages are not properly implemented across factories.

In North Macedonia, the eight-hour working day actually has seven and a half hours of working time, as the lunch break is paid and included within regular work hours.

There are often issues regarding the transparent, accurate, and timely reporting of real worked hours per worker in the electronic registration of working hours.

There is clear evidence that employers exceed overtime on a weekly, monthly, or annual basis, as most complaints submitted to SLI related to overtime (676 labour-related inspections in 2019). According to SLI, the main concerns were regarding payment of extra salary, keeping of electronic records, that overtime work should be within the limits of what is allowed, lack of clarity or decision on salary payment when the work process is terminated for business reasons, and granting an employee the right to compensation for the unused part of their annual leave after termination of their employment contract. In addition, there is no clear evidence that workers are fully using their legally defined annual leave.

According to OEM, Saturdays are usually working days across garment factories in North Macedonia. Some of the factories' electronic registration of working hours have double systems: real (only for internal use) and adjusted (falsified for the Labour Inspectorate).

The existing system for salary submission through the Public Revenue Office should be upgraded to signal when payments are under minimum wage levels, to include all salary elements: basic (to meet the minimum wage) and the extras (overtime, bonuses, years of service, etc.), as well as providing SLI with access to this system in real time.

During the COVID-19 pandemic the following violations of workers' rights were reported: Work during quarantine and curfew, overtime was identified, not registered overtime, and deviations in payment of the 35% overtime premium rate.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

Registration of overtime working hours and payment of overtime premium rates remain highg priority issues in the audit reports.

The overtime hours in most of the factories are not excessive, usually the total working time per week is above the legal amount but not over 60 hours. Overtime mainly occurs due to work on Saturdays (seven out of 11 factories work on Saturday) and is usually within the legal frame of accepted overtime. Unfortunately, this overtime is not paid according to the premium rate or is not properly documented. Factories avoid keeping adequate records on working hours, in order to avoid reporting the real hours to the respective labour inspectorate as legally required. The main reason for this is to avoid accumulation of an annual total of overtime hours that would require payment of the 13th wage.

A common finding is that overtime hours reported by the workers do not correspond with the inspected documentation (pay slips). This inconsistency creates confusion in workers' overtime payments. An exact calculation of overtime payment for factory workers paid at a piece rate is not regulated. This is a general challenge in the sector.

Other findings from the audit reports are:

- No clear policy on overtime practice
- Overtime policy is not communicated to workers
- Required leaves are not provided to workers
- Working hour record does not reflect the hours actually worked
- Working hours could not be verified due to inconsistent or incomplete records

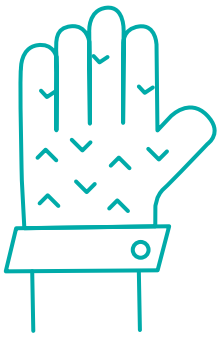
WORKER COMPLAINTS RELATED TO 'REASONABLE HOURS OF WORK'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

In the last three years, Fair Wear received four complaints regarding violations on working hours. All of these related to inadequate payment and some involved working during national holidays. Details on these complaints can be read here.

6.7 SAFE AND HEALTHY WORKING CONDITIONS

"A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155...) Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited."



OFFICIAL STATISTICS ON COMPLIANCE

Number of reported accidents in 2017-2019 on statistical example of 100,000 workers[24]

	2017			2018			2019		
	Total	∑ # employed	Rate	Total	∑ # employed	Rate	Total	∑ # employed	Rate
Accidents	1.111	745,206	149.1	846	771,846	110	1,121	797,651	141
Death	24	745,206	3.22	33	771,846	4.36	25	797,651	3,13

LAWS AND REGULATIONS

The Occupational Safety and Health (OSH) Law is the leading legislation in the country. Derived from the EU framework Directive 89/391 in 2007, it was not amended until 2013. So far it has had 11 amendments and three interventions from the Supreme Court. The basis for the OSH law can be found in the Constitution, under Article 32, Paragraph 1, stating that 'everyone has the right [...] to protection at work...'

The policy creation and administration of OSH in North Macedonia falls under MLSP, whereas SLI carries out enforcement and compliance of the OSH Law trough inspections pursuant to the Law on Labour Inspection.

24. ИЗВЕШТАЈ НА НЕСРЕЌИ ПРИ РАБОТА- Смртни случаи, повреди и несреќи при работа: Годишен извештај за 2019; Годишен извештај за 2018, Годишен извештај за 2017, accessed November 2020 http://mzzpr.org.mk/%d0%b8%d0%b7%d0%b2%d0%b5%d1%88%d1%82%d0%b0%d1%98-2015-%d0%b3%d0%be%d0%b4/ and Цветанка Невчева, специјализирана медицинска сестра по семејна и патронажна грижа, Извештај за повреди на работа во Република Северна Македонија 2018-2019 година, ИНСТИТУТ ЗА ЈАВНО ЗДРАВЈЕ НА РЕПУБЛИКА СЕВЕРНА МАКЕДОНИЈА, accessed November 2020 https://www.iph.mk/izvestaj-za-povredi-na-rabota-vo-2018-2019/

SLI identifies violations of the OSH Law and sub-law regulations, collective agreements, or employment contracts that define the rights and obligations in the area of OSH and has the power to issue orders to request the elimination of irregularities within a set period of time.

The LSI OSH Sector is composed of two units: the Legislative Unit, responsible for drafting laws and regulations (currently non-functional), and the OSH Inspection Department responsible for inspections.

Inspection supervision of safety at work is carried out by state labour inspectors, except in mining operations, where the supervision is carried out by the mining inspection, or in areas/industries where it is regulated by other laws. The coordination between SLI and other inspectorates, which have common competencies regarding safety at work, is carried out if a need for joint inspection arises. The labour inspectors in the field of protection and safety at work are engaged exclusively in activities related to supervision of enforcing safety and health regulations.

The general responsibility of the employer includes the following:

- An employer can delegate the responsibilities and activities related to OSH, laid down in this law, to authorised legal entities if the employer is not in a position or if there are neither employed professionals nor technical equipment available to perform such activities and duties independently.
- The employer shall be bound, with a collective agreement, to guarantee the right of the employees, directly or through a representative, to participate in the identification of the drawbacks and impro vement of the working conditions and the working environment of the employer, by being involved in all activities of the company or institution at all levels of organisation.
- The employer must provide medical check-ups for the employees at least every 24 months or less, using the the risk assessment document.
- The employer must take specific action for fire safety, evacuation, and rescue.
- The employer must ensure correct and timely information is distributed to employees.
- The employer must raise awareness of present risks at work and ensure that the right safety and health information is shared, tailor-made safety and health training of employees must be provided by a state certified consultant.
- The employer must enable workers to elect their OSH representative, who is entitled to special protection, same as the trade union representative, as well specialised training on how the OSH representative should perform its duties.
- The employer, to keep the working environment and means of work safe and operational, must submit periodical tests and keep proper logs about these tests.
- Record keeping and reports for work accidents must be produced continuously and done properly. (When an accident happens, this form is filled out in four copies. Three of them are submitted to the social security and pension fund, which is responsible for covering expenses of the injured worker during the recovery period. The form is usually accompanied with additional documents such as an accident report issued by the police, a medical certificate issued by the medical institu tion that treated the injured, or with the report from the local branch of the Labour Inspectorate).

- Health and safety training is mandatory by law (OSH Law Article 25 & 26). The company must also appoint workers in charge to carry out the defined measures for protection at work, the preventive measures against fire, evacuation of workers, and first aid (OSH Law Article 24.6).
- Fire extinguishers must be appropriate for the types of possible fires in the various areas of the factory, regularly maintained and charged, must display the date of their last inspection, and be mounted on the walls and columns throughout the factory so they are visible and accessible to workers in all areas. Authorised persons should check the extinguishers every year and mark this on the cylinder. The company that installed the fire systems should give a certificate for maintenance of the system.

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

According to the stakeholders, the leading role in fostering implementation of the country on this standard is the Macedonian Occupational Health and Safety Association (MOSHA) who also acts as the main partner for the ILO CIS centre and has been the focal point for OSH in Macedonia for almost a decade. According to MOSHA, although an employer has the responsibility to provide OSH for the employees in any aspect related to the work, many of them are doing just what is needed to satisfy the legal minimum. Very few employers are trying to create a positive working environment or a preventive safety culture for the benefit of all.

Each employer must prepare and implement a safety statement based upon a risk assessment document for each working position, stating the precise measures that need to be taken. Employers often hire specialised safety and health consultants to prepare legally required risk assessments, which is a basic kind of safety statement. This document is kept when the state labour inspector comes and is used only then, instead of providing the employer with the relevant and timely information about the present risks at work, and how to eliminate them for the sake of their employees.

The obligation of the employer to ensure that access to risky areas within the workplace is only allowed for employees given special instructions to work at such workplaces is a grey area, since most cannot prove that they have done so.

Another obligation of the employer is to monitor how the working process influences employees during their entire employment period. To do this, the employer must engage a specialised occupational health medical authority for a periodic check of employee health. Depending on the type of activities performed by the employees, as well as on the type and level of the risk to health, at-work medical examinations include the following: conducting preventive medical check-ups of employees; providing medical services for employees suffering from occupational diseases; organising and providing first aid to employees in case of workplace injury or collective accident; and providing them with first aid training.

When planning, supplying working equipment, and introducing a new technology, the employer must consult and cooperate with the employees and their representatives regarding the consequences and risks arising from the choice of the working equipment, due to their influence on the OSH, working conditions, and working environment.

The great majority of workplace accidents and diseases are preventable, but good intentions have not always been implemented or sustained. While some may be tempted to cut back on OSH expenses, especially during an economic downturn, it remains true that 'good safety is good business'. Prevention must remain a high priority for all stakeholders who are motivated to make workplaces safer and healthier. The trade unions in the country have emphasised the need to enforce OSH legislation and strengthen effectiveness of labour inspection. The national OSH Council still operates on the voluntary basis of its members, even though it is the government's advisory body on OSH issues. Additional efforts must be made to fully implement the ILO Promotional Framework for the OSH Convention (No. 187).

SSM, KSS, and other trade unions support their members in submitting complaints to the courts if an accident occurs. Lack of hygiene and fresh air, as well as systems for regulating temperature are among the most common complaints by workers.

Most employees suffer from diseases related to the nature of their job, including back pain, spondylosis, problems with the cardiovascular system (especially within the elderly population), and hypertension.

During the COVID-19 pandemic, the protocol for preventive measures for all jobs defines activities to be undertaken in working environments, and includes: hand hygiene; respiratory hygiene; physical distancing (1,5-2 metres in working locations); reducing and organising commuting transportation for workers; regular cleaning and disinfection of the working environment; communication, training, and risk education; and managing people with COVID-19 or their contacts. Many failed to maintain a satisfactory level of hygiene in terms of disinfecting production halls, providing masks and gloves as a means of protection at work, organised transportation, and the release from work of employees with chronic illnesses, pregnant women, and parents of children up to 10 years old.

The Macedonian Occupational Health and Safety Association is actively working on raising awareness on extended measures for workers' safety, and issued the 'Guidance's for production facilities on how to adhere to the recommendations for workers protection; Faced with a pandemic: Care for OSH', and established the knowledge centre 'EPI KOVID-19 Center for OSH' in partnership with the Institute of Public Health.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

Awareness regarding OSH is very low among employees. First, they are not familiar with the hazards in their workplace that may cause accidents or injuries. Secondly, when accidents do happen, they do not know how to react. Workers do not know about the advantages of using personal protective equipment (PPE), although it is required to wear protection when performing some operations. Many workers have been trained on recognising potential hazards and problems in the factories, but do not take risks seriously.

Among the common non-compliances with the law is the absence of a workers' representative for health and safety.

Due to poor working conditions, absenteeism in the factories can vary from 7% to as much as 20%. Mostly this absenteeism is related to the very high temperatures during the summer period inside the factories, which can reach up to 37oC, or below 13oC in winter. In turn, high absenteeism leads to higher pressure on the remaining employees, causing much overtime work, decreasing the quality of the final product and losing credibility with buyers.

Safety issues regarding electrical hazards, fire alarms, and insufficient (or not maintained) firefighting equipment, inappropriate storage for chemicals and hazardous substances, and insufficient/inadequate ventilation were the most common findings from audit reports in 2019.

WORKER COMPLAINTS RELATED TO 'SAFE AND HEALTHY WORKING CONDITIONS'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

In the last three years, six complaints were received by workers regarding violations of this standard. The complaints were on verbal harassment from supervisors of the production lines and unhealthy working conditions. More details on this complaints can be read here.

6.8. A LEGALLY BINDING EMPLOYMENT RELATIONSHIP

"Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected".

OFFICIAL REPORTS ON COMPLIANCE

The amount of informal employment is decreasing over the years and reached 128,026 workers in 2019, which is 16% of total employment (formal and informal), and includes more men (67%) than women (33%). Details on age and gender can be further analysed in the following table.

Formal and informal employment, by gender and age, by years[25]

	2017			Informal employment						2018			Informal employment						2019			Informal employment					
	Total E	Men	Women	Total IE	IE/E	Men	M/IE	Women	W/IE	Total E	Men	Women	Total IE	IE/E	Men	M/IE	Women	W/IE	Total E	Men	Women	Total IE	IE/E	Men	M/IE	Women	W/IE
Total	740,648	450,261	290,387	134,285	18%	88,749	66%	45,536	51%	759,054	458,505	300,549	140,825	19%	94,880	67%	45,945	33%	797,651	477,437	320,214	128,026	16%	86,378	67%	41,648	33%
15-24	46,512	31,002	15,509	14,327	31%	9,734	68%	4,592	47%	45,012	28,981	16,031	12,992	29%	9,979	77%	3,013	23%	52,312	33,048	19,265	12,818	25%	9,889	77%	2,929	23%
25-34	184,092	109,286	74,807	27,826	15%	20,988	75%	6,838	33%	187,225	109,257	77,968	29,363	16%	21,719	74%	7,645	26%	196,384	113,371	83,013	28,238	14%	22,034	78%	6,204	22%
35-44	210,563	122,186	88,376	28,782	14%	17,746	62%	11,037	62%	221,469	127,845	93,624	31,828	14%	21,301	67%	10,527	33%	229,964	132,144	97,820	29,333	13%	19,099	65%	10,234	35%
45-54	183,207	111,895	71,312	33,613	18%	20,484	61%	13,129	64%	181,413	110,485	70,928	32,481	18%	20,157	62%	12,324	38%	189,715	113,794	75,921	27,896	15%	17,560	63%	10,337	37%
55-64	109,020	71,192	37,828	24,277	22%	16,620	68%	7,657	46%	112,929	74,633	38,297	25,671	23%	16,424	64%	9,247	36%	119,841	79,288	40,554	23,645	20%	14,366	61%	9,279	39%
65+	7,255	4,700	2,555	5,459	75%	3,176	58%	2,283	72%	11,006	7,305	3,701	8,489	77%	5,300	62%	3,189	38%	9,434	5,793	3,641	6,096	65%	3,431	56%	2,665	44%

A high level of informal employment has various negative effects on the economy, on working conditions in general and on the policy making process. Low tax revenues due to non-payment of payroll taxes limit the government's ability to implement an effective labour market and social protection policy. Moreover, both the large informal economy and the widespread practice of not reporting wages for under-18s create serious problems for the coverage and financing of social security systems, leaving these workers and their families unprotected against significant social risks. For employers, informal employment entails unfair competition and unequal conditions of competition. Entrepreneurs in the informal sector suffer from low productivity, lack access to finance and markets, are not innovative, and cannot grow. For workers, working in the informal economy means that they are restricted in low-paid, precarious, and insecure jobs (as occupational safety and health standards are often neglected). The lack of training opportunities prevents workers in the informal economy from claiming better paid positions in the formal sector. Workers' rights are difficult to enforce in the informal economy.

25. State Statistical Office, MAKStat Database, Formal and informal employment, by gender and age, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat__PazarNaTrud__AktivnosNaNaselenie/066_For_NeforVrab_POl_Vozrast_ang.px/table/tableViewLayout2/?rxid=3708625b-61fe-4810-83b6-96aae7da8831

LAWS AND REGULATIONS

Employment relationships are regulated by the Labour Relations Law, by collective agreements, and the employment contract. According to the Labour Relations Law, an employment contract is mandatory.

According to Article 13 of the Labour Relations Law, the employment relationship between the employee and the employer is concluded by signing an employment contract. If the date of commencement of work is not specified, the date of signing the employment contract is considered the date of commencement of work. The rights, obligations, and responsibilities arising from the employment relationship should begin on the day of commencement of work, even if the employee does not commence work on that day for justified reasons.

Employment relationships should be in written form and should be checked by the local employment centres (which are part of the National Employment Agency). The contract should be kept in the employer's office. A sample of this contract is given to the employee. The contract should contain the following legal provisions:

1. Details about the contracting parties including their place of residence or registered office.
2. Date of commencement of work.
3. Title of the position or details of the type of work for which the employee is contracted, including a brief description of the work to be performed.
4. Place where the work is to be carried out. If no place is specified, the employee is assumed to perform the work at the employer's registered office.
5. Duration of employment, if a fixed-term employment contract is concluded.
6. Determining whether the employment is to be part-time or full-time.
7. Determination of the regular daily or weekly working time and the distribution of working time.
8. Agreement on the amount of the basic salary that the employee receives as remuneration for performing the work in accordance with the law, the collective agreement(s), and the employment contract.
9. Agreement on other remuneration to which the employee is entitled for performing work in accordance with the law and the collective bargaining agreement(s).
10. Defining the length and how the annual leave can be used.
11. List of official company documents/general regulations or acts (procedures and manuals) that define the employee's working conditions.

The employment contract may also contain other rights and obligations laid down by law, or through a collective bargaining agreement. For issues not covered in the contract, the law and/or collective bargaining agreement(s) apply.

The employer shall keep records of monthly calculations of tax contributions which are conveyed to the Public Revenue Office. To transfer the salary through the bank, the employer must prepare the calculations and cover the contribution for pension and disability insurance, health insurance, contribution for employment, and contribution for professional injuries. If the records have not been prepared, submitted to, and approved by the Public Revenue Office, the bank cannot accept payment of wages.

For the purposes of the labour inspection, tax inspection, audits, and control of the social laws, the employers are obliged to keep the following registers and files:

- Legal acts for the registration of the company.
- Tax number.
- Name of the bank and bank account number.
- Reports on measures taken to comply with the minimum legal technical conditions at the working premises.
- Register of financial documents that can be used to verify the payment of tax contributions (e.g. bank statements, calculation and payment of salaries, payment orders).

The employer must create a personal file for each employee working in his company, which includes the employees' personal documents:

- Copies of employees' personal documents (such as birth certificate, copy of identity card, bank account number).
- Employment contract.
- Forms M1 & M2 (which serve as proof of official notification of employment) concerning decisions on annual leave, sick leave, maternity leave.
- Records of attendance of employees and records of working hours and calculations of salaries and contributions.

In accordance with the labour regulations in North Macedonia, there are mandatory notice periods for the employee and the employer in case of termination of the employment contract. If the employee terminates the employment contract, the notice period is one month. A longer period of notice may be negotiated in the employment contract or collective agreement, but it may not exceed three months. If the employer terminates the employment agreement with a single employee or a small number of employees, the notice period is one month; if the employment agreement is terminated for more than 150 employees or 5% of the total number of employees working for the employer before the termination of employment, the notice period is two months. If the employer terminates the employment contract of seasonal workers, the period of notice is seven working days.

The employee is entitled to paid annual leave of at least 20 working days. The annual leave may be extended to up to 26 working days in a collective agreement or employment contract. The employee is entitled to full

annual leave if he/she has reached six months of uninterrupted employment. Full-time employment may not exceed 40 hours per week. As a rule, the working week means five working days. A specific law or collective agreement may stipulate a working week of less than 40 hours as full-time working time, but not less than 36 hours per week. The employee is entitled to a 30-minute break on an eight-hour working day or 15 minutes if the employee's working day is four hours. In accordance with the relevant collective agreement, the holiday allowance is calculated at the rate of 35% of the salary, in addition to the basic salary per hour, which is equal to the amount of overtime pay.

According to the law, in the case of pregnancy and parenthood, the employee is entitled to special protection in employment. The employer is obliged to facilitate the harmonisation of the family and professional obligations of employees. In North Macedonia, regulations were established regarding special care during pregnancy, care during pregnancy and parenthood in connection with night work and overtime work, as well as the right to an additional 1.5-hour break for the nursing mother. In addition, family-friendly employment provisions are laid down in collective agreements, depending on the sector covered by the agreement.

As mentioned above, the employer cannot terminate the employment contract for unfounded reasons of termination, e.g. union membership, pregnancy or sick leave, legal dispute with the employee, taking annual leave, or military service.

According to the Law on Labour Relations, an employee may be given fixed-term contracts for up to five years with the same employer for the same or similar work. In practice, this provision is often disregarded (the contract does not become permanent after five years unless the Labour Inspectorate is involved or it is deliberately terminated before the five years have expired).

Social Security Institutions

Gross wages include the following transfers: personal tax 10%; pension and disability fund 18.80%; health insurance 7.5%; unemployment insurance 1.2%; health insurance supplements 0.5%. According to the Law on Contributions for Mandatory Social Insurance, the employee is the only unit obliged to pay contributions (there is no division of gross wages between employer and employee), while the employer is obliged to calculate and pay the contributions on behalf of the employee. The employer must register the employee for compulsory social security and the employee should receive a certified photocopy of the registration within three days of starting work.

Health insurance is regulated by the Health Insurance Law. The health insurance rate is 7.50% of the gross salary. Health insurance is compulsory for everyone. For services not covered by compulsory insurance, additional insurance is possible. Compulsory insurance is handled by the Health Insurance Fund of North Macedonia.

The pension insurance system is based on three pillars: a state compulsory fund, a private compulsory fund, and a private voluntary fund. The insurance rate is 18.80% of gross salary, which is divided between the private and state compulsory fund, 32% of which goes to the private fund and 68% to the state fund. The required retirement age is 64 years for men, 62 years for women. Minimum years of service is 15. The law on pensions and insurance in case of invalidity regulates the rights to family and invalidity pensions. The average monthly pension is 14,530 MKD (~240 euros).

STAKEHOLDERS' OPINION AND ANALYSIS ON IMPLEMENTATION

Local stakeholders agree that all obligations of employers relating to legally binding labour relations are clearly regulated by the Labour Relations Law. Employers are legally obliged to keep records of their employees. As these documents are always required by the Labour Inspectorate, they are usually kept in good order.

In the past, there was a large number of unregistered workers in North Macedonia, especially in the garment industry, which is not so common today. Employers' motivation for keeping workers unregistered was to avoid taxes and wage contributions. Although stakeholders report that stricter state control and penalties on legally binding employment relationships have helped to reduce the number of workers informally employed in the sector, there are still cases where workers are required to sign an undated letter agreeing to their dismissal before being hired. In addition, there are some workers who receive a part of their wages in cash without proof of payment, without insurance being paid.

The contracts in the textile industry are a combination of fixed-term and permanent. Under current legislation, the employer can hire a worker on a permanent basis for a fixed term of up to five years, with the fixed-term contract being automatically converted into an open-ended contract. The new work-related legislation proposes to shorten this period in order to protect workers. There are cases where employees cannot take full advantage of the fixed term of their employment contract. There are cases in which the fixed-term contract is not renewed as soon as the employer is informed that an employee is pregnant. After the end of the term of the contract, the Labour Inspectorate has no mandate in cases of pregnancy, nor in other cases, such as not renewing employment contracts before retirement, because the employer has to pay two salaries equal to the national average salary as severance pay. This is not an illegal act, as the employer has identified the needs of a particular employee, but it is assumed that fixed-term contracts allow employers to renew their contracts only with those that are in their interest.

LSI capacity must be constantly improved in order to combat the informal economy effectively, and labour inspectors should also promote cooperation with the social partners. The social partners must be aware of how they can contribute to prevention and identification and how they can tackle the informal economy. According to LSI, the main concerns are to harmonise the elements in the employment contract, to change the employment relationship from fixed-term to indefinite, to cancel the agreement on termination of employment, to state the reasons for termination of the employment contract with a notice period, to issue a decision on annual leave, and to familiarise the employees with the rights and obligations under the Law on Protection from Workplace Harassment.

There are also concerns that not all workers are entitled to full use of their annual leave – not all companies are giving this right to their employees.

During the COVID-19 pandemic, the following violations of workers' rights related to legally binding employment have been observed:

- workers with chronic illnesses, pregnant women, and parents of children up to 10 years of age who were exempted from work by government protocols reported violations of the right to leave of one parent,
- non-renewal of fixed-term contracts,
- and payment of salaries below the minimum wage of workers using fixed-term measures.

FAIR WEAR MAIN AUDIT FINDINGS OVER THE LAST THREE YEARS

All audited factories pay social security or insurance fees in line with the legal requirements. Unregistered workers were not identified during the audits. All audited factories employ workers according to the Labour Relations Law, and only in two factories copies of contracts were not given to workers. No other violations were observed under this standard.

WORKER COMPLAINTS RELATED TO 'LEGALLY BINDING EMPLOYMENT RELATIONSHIP'

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the members sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been no complaints received in the last three years addressing issues around legally binding employment relationships. In 2020, two inquiries for information were received from workers for legal consultation on contract termination due to the impact of COVID-19.

SOURCES USED IN THIS COUNTRY STUDY

The study was prepared by gathering information about national laws and local stakeholders' views on labour issues in the garment industry in Macedonia. Apart from this, information was also gathered from internationally recognised and national sources on the economic, social, political, and human rights situation in the country. This information was gathered by Aleksandar Stamboliev, Fair Wear local service provider from North Macedonia.

The following stakeholders, employers, trade unions, and NGOs were consulted:

I. GOVERNMENT/PUBLIC AUTHORITIES

Ministry of Labour and Social Policy

1. Ms. Mirjanka Aleksevska, Head of Labour Department, +389.71.357268, MAleksevska@mtsp.gov.mk

State Labour Inspectorate

2. Ms. Jovana Trencevska, Acting Director +389.70.310987 JTrencevska@mtsp.gov.mk
3. Mr. ZLate Stojanovski, Head of the Unit for Labour Issues. +389.75.257821

II. EMPLOYER ORGANISATIONS

Organisation of Employers of Macedonia

4. Mr. Angel Dimitrov angel@ad-moda.com

Textile Trade Association

5. Ms. Natasha Sivevska nsivevska@yahoo.com

III. TRADE UNIONS

Federation of Trade Unions SSM:

6. Mr. Darko Dimovski (President of SSM) +389.70.397488
7. Mr. Ljupco Radevski (President of the Trade Union for the Textile, Leather and Shoe Industry) +389.70329357

IV. LABOUR-RELATED NGOS

Macedonian Occupational Safety and Health Association MOSHA

8. Mr. Milan Petkovski +389.75.747474 milan.p@mzzpr.org.mk

ILO–Macedonia Country Office

9. Mr. Emil Krstanovski +389.70.218510 krstanovski@ilo.org

Glasen Tekstilec

10. Ms. Kristina Ampeva, President and Project Coordinator, 389.78.312365, glasentekstilec@gmail.com

The following internationally recognised and national sources on the economic, social, political, and human rights situation in the country were used for the desk research:

- AGENCY FOR FOREIGN INVESTMENTS AND EXPORT PROMOTION OF THE REPUBLIC OF NORTH MACEDONIA, Business Climate and Investment Opportunities in Republic of North Macedonia, Textile sector, accessed December 2020, https://www.infoaid.com/wp-content/uploads/2019/09/NORTH-MACEDONIA.pdf
- At-risk-of-poverty rate by poverty threshold, age and sex - EU-SILC and ECHP surveys[ilc_li02], Last update: 02-12-2020, accessed December 2020 https://appsso.eurostat.ec.europa.eu/nui/show.do?query=BOOKMARK_DS-053420_QID_5547FFD3_UID_-3F171EB0&layout=SEX,L,X,0;GEO,L,Y,0;UNIT,L,Z,0;INDIC_IL,L,Z,1;AGE,L,Z,2;TIME,C,Z,3;INDICATORS,C,Z,4;&zSelection=DS-053420INDICATORS,OBS_FLAG;DS-053420UNIT,PC;DS-053420INDIC_IL,LI_R_MD60;DS-053420AGE,TOTAL;DS-053420TIME,2017;&rankName1=INDIC-IL_1_2_-1_2&rankName2=UNIT_1_2_-1_2&rankName3=INDICATORS_1_2_-1_2&rankName4=TIME_1_0_0_0&rankName5=AGE_1_2_0_0&rankName6=SEX_1_2_0_0&rankName7=GEO_1_2_0_1&rStp=&cStp=&rDCh=&cDCh=&rDM=true&cDM=true&footnes=false&empty=false&wai=false&time_mode=ROLLING&time_most_recent=true&lang=EN&cfo=%23%23%23%2C%23%23%23.%23%23%23&eub_bm:ilc_li02$DV_547&lang=en
- COMMISSION STAFF WORKING DOCUMENT North Macedonia 2020 Report Accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2020 Communication on EU Enlargement Policy, Brussels, 6.10.2020, accessed November 2020 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/north_macedonia_report_2020.pdf
- Country insights 6 October 2020 Brussels, Key findings of the 2020 Report on North Macedonia, accessed November 2020 https://ec.europa.eu/commission/presscorner/detail/en/country_20_1795
- CountryEconomy, Republic of Macedonia National Minimum Wage – NMW, accessed November 2020 https://countryeconomy.com/national-minimum-wage/macedonia

- DRAFT DOCUMENT Socio-Economic Assessment of COVID19's Impact in North Macedonia: Policy Response, Economic Recovery and Growth [Version 1, June 12th 2020], UNDP, Skopje 3.06.2020, accessed November 2020 https://www.undp.org/content/dam/undp/library/covid19/Socio-Economic%20Assessment%20North%20Macedonia.pdf
- EACEA NATIONAL POLICIES PLATFORM Republic of North Macedonia, LAST MODIFIED ON: 11/12/2020 - 15:13, accessed December 2020 https://eacea.ec.europa.eu/national-policies/en/content/youthwiki/36-integration-young-people-labour-market-former-yugoslav-republic-macedonia#:~:text=The%20Government%20of%20the%20Republic,education%20and%20training%2C%20or%20internship
- ETF North Macedonia, accessed November 2020 https://www.etf.europa.eu/en/regions-and-countries/countries/north-macedonia
- Eurofound, Living and working in North Macedonia, published 05 June 2018, accessed November 2020 https://www.eurofound.europa.eu/country/north-macedonia
- EUSOSTAT, accessed November 2020
- Gini index (World Bank estimate) - North Macedonia, accessed November 2020 https://data.worldbank.org/indicator/SI.POV.GINI?locations=MK
- https://ec.europa.eu/eurostat/search?p_auth=3Ds4U7kD&p_p_id=estatsearchportlet_WAR_estatsearchportlet&p_p_lifecycle=1&p_p_state=maximized&p_p_mode=view&_estatsearchportlet_WAR_estatsearchportlet_theme=empty&_estatsearchportlet_WAR_estatsearchportlet_action=search&_estatsearchportlet_WAR_estatsearchportlet_collection=empty&text=poverty
- ILO & EBRD COVID-19 and the World of Work Rapid Assessment of the Employment Impacts and Policy Responses NORTH MACEDONIA, 2020, accessed November 2020 https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_746124.pdf
- ILO CEELEX - CEE Labour Legislation database, North Macedonia – 2019, accessed November 2020 https://www.ilo.org/dyn/ceelex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:MKD,,2019:NO
- ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe, accessed November 2020 https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/genericdocument/wcms_676193.pdf
- ILO NORMLEX, Information System on International Labour Standards, North Macedonia, accessed November 2020 https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11110:0::NO::P11110_ISO_CODE:MKD
- ILO Republic of North Macedonia, accessed November 2020 http://ilo.org/budapest/countries-covered/fyrm/lang--en/index.htm

- ILOSTAT, Country profiles, The latest decent work statistics by country, accessed November 2020 https://ilostat.ilo.org/data/country-profiles/
- International Bank for Reconstruction and Development / The World Bank, Report No. 135030-MK, COUNTRY PARTNERSHIP FRAMEWORK FOR THE REPUBLIC OF NORTH MACEDONIA 2019 – 2023, accessed November 2020 http://pubdocs.worldbank.org/en/594281560881939556/North-Macedonia-CPF-full-Eng.pdf
- International Labour Organization Decent Work Technical Support Team and Country Office for Central and Eastern Europe DECENT WORK COUNTRY PROGRAMME 2019–2022 NORTH MACEDONIA, 2019, accessed November 2020 https://www.ilo.org/global/about-the-ilo/how-the-ilo-works/departments-and-offices/program/lang--en/index.htm
- InvestNorthMacedonia, Trade and Clothing, accessed November 2020 https://investnorthmacedonia.gov.mk/invest-textile-and-clothing/
- MACEDONIAN OCCUPATIONAL SAFETY AND HEALTH ASSOCIATION, Accident reports accessed November 2020 http://mzzpr.org.mk/%d0%b8%d0%b7%d0%b2%d0%b5%d1%88%d1%82%d0%-b0%d1%98-2015-%d0%b3%d0%be%d0%b4/
- Marija Ignatova-Gjosheva, Report on the Structure, Functioning and Effectiveness of the Local ESCs in the Republic of North Macedonia, October 2019, accessed November 2020 https://socijalendijalog.mk/wp-content/uploads/2020/04/Report-on-the-Structure-Functioning-and-Effectiveness-of-the-LESC.pdf
- Ministry of Labour and Social Policy, List of registered entities under their jurisdiction, accessed November 2020 https://mtsp.gov.mk/registri.nspx
- Nordea - Country profile North Macedonia, accessed November 2020 https://www.nordeatrade.com/en/explore-new-market/north-macedonia/economical-context
- Observatoire des inégalités, accessed November 2020 https://www.inequalitywatch.eu/La-pauvrete-en-Europe
- Pedro Conceição, UNDP Human Development Report 2019, Beyond income, beyond averages, beyond today: Inequalities in human development in the 21st century, accessed November 2020 http://hdr.undp.org/sites/default/files/hdr2019.pdf
- Peter Sanfey and Jakov Milatovic, EBRD North Macedonia Diagnostic 2019, accessed November 2020 https://www.ebrd.com/documents/north-macedonia-country-diagnostic.pdf
- Prof. Nikica MojsoskaBlazevski, Kriechel and Tim Vetter, ETF SKILLS MISMATCH MEASUREMENT IN NORTH MACEDONIA, accessed November 2020 https://www.etf.europa.eu/sites/default/files/2019-07/Skills%20mismatch%20measurement_North%20Macedonia.pdf
- State Statistical Office, - NEWS RELEASE, aeken poverty indicators in 2019 -preliminary data, issued 30.10.2020, accessed November 2020 http://www.stat.gov.mk/pdf/2020/4.1.20.97_mk.pdf

- State Statistical office, Laeken poverty indicators in 2019 - preliminary data – published 30.10.2020, accessed December 2020 http://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?rbrtxt=115#:~:text=According%20to%20the%20data%2C%20the,children%20in%202019%20was%2019.5%25.
- State Statistical Office, MAKStat Database, External trade and number of enterprises by sectors of activity and by employment size class, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat__NadvoresnaTrgovija__StokovnaRazmenaBizPretprijatija/125_NTrg_Tab2_ml.px/?rxid=51f7962c-4d80-4a14-a4b6-ad5bb41c39c7
- State Statistical Office, MAKStat Database, External trade grouped according to classification of procucts by activity, KPD, cummulative data, accessed November 2020, http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat__NadvoresnaTrgovija__KumulativniPod/210_CPA_godisni_ml.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef
- State Statistical Office, MAKStat Database, Formal and informal employment, by gender and age, by years, accessed November 2020 http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat__PazarNaTrud__AktivnosNaNaselenie/066_For_NeforVrab_POl_Vozrast_ang.px/table/tableViewLayout2/?rxid=3708625b-61fe-4810-83b6-96aae7da8831
- Statista, North Macedonia: Youth unemployment rate from 1999 to 2020, accessed November 2020 https://www.statista.com/statistics/812208/youth-unemployment-rate-in-macedonia/#:~:text=Youth%20unemployment%20rate%20in%20North%20Macedonia%20in%202020&text=According%20to%20the%20source%2C%20the,Macedonia%20was%20at%2037.74%20percent.
- THE IMPACT OF COVID-19 ON LOW-PAID AND LABOR INTENSIVE BRANCHES; Kristina Ampeva, Nikola Popovski, Donche Stamenkov, Silvija Kostovska, accessed November 2020; http://library.fes.de/pdf-files/bueros/skopje/16695-20201104.pdf
- The World Bank in North Macedonia, Last Updated: Oct 13, 2020, accessed November 2020 https://www.worldbank.org/en/country/northmacedonia/overview#3
- TheGlobalEconomy.com, accessed November 2020 https://www.theglobaleconomy.com/Macedonia/exports/#:~:text=Macedonia%3A%20Exports%20of%20goods%20and%20services%20as%20percent%20of%20GDP&text=The%20average%20value%20for%20Macedonia,from%202019%20is%2061.69%20percent.
- Trading Economics, accessed November 2020 https://tradingeconomics.com/macedonia/
- Transparency International CORRUPTION PERCEPTIONS INDEX 2019, accessed November 2020 https://www.transparency.org/en/cpi/2019
- U.S. DEPARTMENT OF LABOR, Bureau of International Labor Affairs, International Child Labor & Forced Labor Reports, Findings on the Worst Forms of Child Labor - North Macedonia, 2019 Findings on the Worst Forms of Child Labor, accessed November 2020 https://www.dol.gov/agencies/ilab/resources/reports/child-labor/north-macedonia#:~:text=In%202019%2C%20North%20Macedonia%20made,worst%20forms%20of%20child%20labor.&text=However%2C%20children%20in%20North%20Macedonia,a%20result%20of%20human%20trafficking.

- UNDP Human Development Report 2019, Beyond income, beyond averages, beyond today: Inequalities in human development in the 21st century, accessed November 2020 http://report.hdr.undp.org/
- UNDP Human Development Reports, Gender Development Index, accessed November 2020 http://hdr.undp.org/en/content/gender-development-index-gdi
- UNICEF (2019). The State of the World's Children 2019. Children, Food and Nutrition: Growing well in a changing world. UNICEF, New York, accessed November 2020 https://www.unicef.org/media/63016/file/SOWC-2019.pdf
- WB PRESS RELEASE NOVEMBER 29, 2018 'Seizing a Brighter Future for All': World Bank Systematic Country Diagnostic for FYR Macedonia, accessed November 2020 https://www.worldbank.org/en/news/press-release/2018/11/29/seizing-brighter-future-for-all-world-bank-systematic-country-diagnostic-for-fyr-macedonia
- World Bank Group, Report No. 135030-MK, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, INTERNATIONAL FINANCE CORPORATION, MULTILATERAL INVESTMENT GUARANTEE AGENCY, COUNTRY PARTNERSHIP FRAMEWORK FOR THE REPUBLIC OF NORTH MACEDONIA FOR THE PERIOD JANUARY 2019 – JUNE 2023 published March 21, 2019; Western Balkans Country Management Unit, Europe and Central Asia, The International Finance Corporation, Europe and Central Asia, The Multilateral Investment Guarantee Agency Economics and Sustainability Group, accessed November 2020 http://pubdocs.worldbank.org/en/705311555590000225/North-Macedonia-CPF-2019.pdf
- World Economic Forum, Global Gender Gap Report 2020, accessed November 2020 https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality
- World Economic Forum, Insight Report Global Gender Gap Report 2020, accessed November 2020 http://www3.weforum.org/docs/WEF_GGGR_2020.pdf
- World Integrated Trade Solution (WITS), North Macedonia Textiles and Clothing Exports by country in US$ Thousand 2018, accessed November 2020 https://wits.worldbank.org/CountryProfile/en/Country/MKD/Year/LTST/TradeFlow/Export/Partner/by-country/Product/50-63_TextCloth
- Worldometers, accessed November 2020 https://www.worldometers.info/world-population/macedonia-population/#:~:text=the%20Republic%20of%20North%20Macedonia%202020%20population%20is%20estimated%20at,of%20the%20total%20world%20population.
- Worldometers, accessed November 2020 https://www.worldometers.info/gdp/gdp-per-capita/
- БИРН, Кевин, Анализа на состојбата на жените и децата во Република Северна Македонија [Електронски извор] : извршно резиме / Кевин Бирн. - Скопје: Канцеларија на УНИЦЕФ, 2020, accessed November 2020 https://www.unicef.org/northmacedonia/media/5326/file/Sit_Small_Women%20and%20Children_MK.pdf

Copyright © 2019 Fair Wear Foundation

This report is published with financial support

from the Dutch Ministry of Foreign Affairs.

Government of the Netherlands

FAIR WEAR

www.fairwear.org