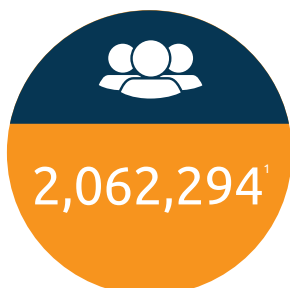


Population (2013)



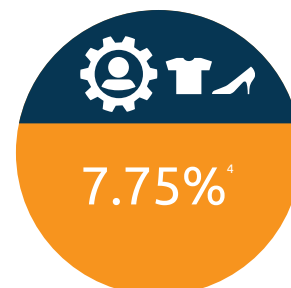
Registered garment factories (2013)



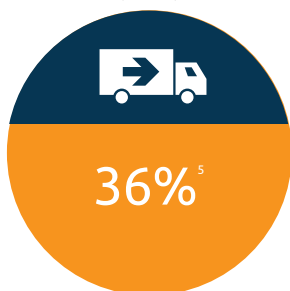
Registered employees in the garment industry (2012)



Share of employment in the garment/-shoe industry in total employment



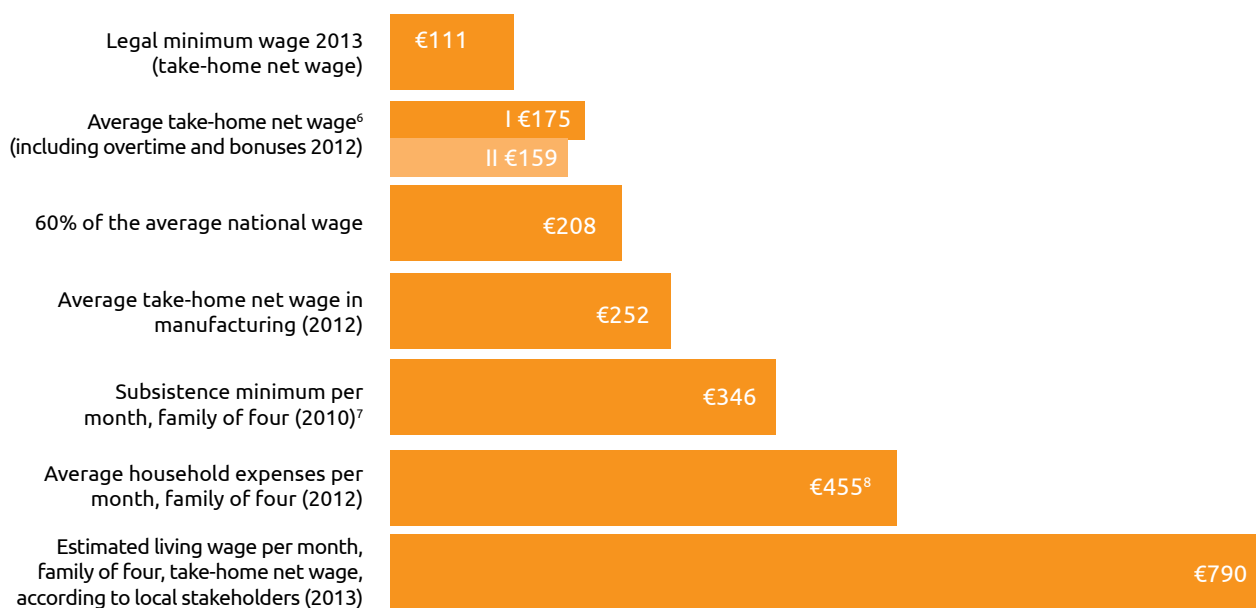
Share of garments/shoes in total exports (2012)



"I pray to stay alive and healthy so I could work constantly, otherwise how will I get paid?"

"You are wondering how do we survive, but tell me what can I do? It will be worse without this job. At least we get paid every month."

WAGE COMPARISON



I garment industry II shoe industry

DEMANDS

- **As a first immediate step**, global buyers have to make sure that workers in Macedonia receive a basic net wage (without overtime and bonuses) of at **least 208 Euro** (60% of the national average wage). As a **further step**, the basic net wages have to be **increased towards the level of the estimated minimum living wage**.
- Buyers have to **analyse and adapt their price structure** in order to make sure that the actual price they pay to the supplier allows for these wage hikes.
- Buyers have to invest in **factory development and long term partnerships** in order to improve the labour conditions
- **The government** should strengthen **the labour inspections** and also carry out regular labour inspections in factories on **Saturdays and after 3 pm** (when overtime is often enforced in factories)

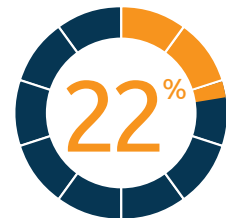
THE MACEDONIAN GARMENT INDUSTRY AND REMUNERATION SITUATION

Macedonia has a long history as a production country of ready made clothes. In the 1990s as part of Former Yugoslavia, Macedonian garment factories employed more than 1,000 workers per factory, mainly women. The majority of the big factories were state owned and located in Shtip (Astibo and Makedonka), Teteks (Tetovo), Edinstvo (Strumica) and Bitola. During the transition period and transformation of the state self-governed capital, and by the end of 1999, all of the big factories had been sold and privatised. Today there are over 500 registered garment factories owned by Macedonian private companies. They are all medium-sized with no more than 500 employees. Most of the companies produce in the OPT-system for buyers from Germany, Canada, Switzerland, UK, Italy, and USA.

Labour conditions have changed drastically during the last 20 years. During the time of the state-owned factories, the workers had pension and health insurance, wages that were higher than the judges' and employees' in the local and public institutions; they were paid overtime and bonuses for reaching the deadlines. Today all these benefits and privileges have gone. Rarely, there is a factory where workers are organized or have paid overtime and additional bonuses for reaching the quota. Today, garment and shoe workers are an impoverished workforce with wages far below the subsistence level. During the world economic crisis in 2008, the garment industry was one of the most affected sectors in Macedonia⁹. The production decreased and the measures that the employers used to sustain the business in the period of recession included decreasing of the numbers of employees, decreasing of the working hours and therefore lowering the wages, and "reorganisation" which meant sending workers on forced leave. Compared to 1989, workers today earn less than half of the nominal net wage.

Buyers of the researched factories mentioned by workers include: Max Mara, Tesco, C&A

AN AVERAGE NET WAGE of a garment worker covers



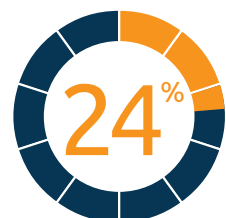
of a minimum living wage.

An average net wage of a shoe worker covers



of a minimum living wage.

The legal minimum wage is far below the poverty line and covers only



of the average expenses of a household

WAGE RELATED RIGHTS VIOLATIONS

- Legal minimum wage far below subsistence level
- Compulsory overtime of 8-10 hours per week, overtime often not paid according to the law
- Absence from work is allowed but it isn't paid
- Work during public holidays is often not paid according to the law
- Annual vacation has to be taken collectively
- Forced vacation occurs when there are no orders
- Payment at piece rate is widely spread; often workers can't earn the legal minimum wage without doing overtime
- Extensive use of short term contracts: contracts are constantly renewed, usually every 3-6 months over a period of several years
- Workers are afraid to lose their job and therefore accept bad working conditions and overtime

FIELD RESEARCH FINDINGS¹⁰

POVERTY WAGES

Macedonian garment and shoe workers earn extremely low wages. The lowest wage found during the research was 6,000 MKD (97 Euro), which was a take-home wage including overtime. Calculated for a standard work week of 40h, this equals a monthly wage of as low as 4,513 MKD (73 Euro) which accounts for just 66% of the legal minimum wage and less than 10% of an estimated living wage. Employees often can't earn the legal minimum wage without overtime. Due to their poverty wages, workers face a double and triple burden. They have to grow their own vegetables and engage in agricultural activities.

OVERTIME AND FORCED HOLIDAYS

Workers in the researched factories usually worked from Monday to Saturday which leads to a total of 48 hours and means regular overtime of 8-10 hours per week. Workers believe that there is no overtime work if extra hours take place on Saturdays. Only one of the three researched factories paid overtime work according to the law. Overtime is expected by the employers; employees were not asked if they were available to perform the extra hours. If the factory is short of orders, they send home workers and force them to take leave. Days of absence for personal reasons are allowed, however, those days aren't paid. In two of the three factories, workers were paid per piece and had to fulfil a daily quota.

SHORT TERM CONTRACTS

Workers often sign contracts for an employment period of 3-6 months. The short term contracts are often renewed for several years which leaves them in an extremely vulnerable position.

The legal minimum wage covers



of a minimum living wage (as estimated by local stakeholders)

"Foreigners don't like when the delivery time is not met. You have to respect the deadlines."

"During the working week I'm too tired to work at home so on Sundays I clean, cook, etc."

ADRIANA'S STORY – FACTORY WORKER FROM MACEDONIA

Adriana has worked in the same textile factory for four years. Previously, she worked in another factory, but left due to the uncertainty. "I could not stand it there anymore because we never knew whether we were going to work during the day or night. The trip was exhausting and it cost me extra time and energy, so four years ago I decided to look for a job here."

She is 50 years old and has two children, both of whom are students in Shtip. Her husband leased some state land in order to grow vegetables to help them survive. "My husband and I don't have parents to help us so we do everything we can to provide a better life for our family." Each month the priority is to pay utilities and with whatever is left they can live modestly. In the factory during the summer, it is very hot, air-conditioners are provided but there are too many people in one plant and as the machinery heats up the air, nothing helps keep the heat down.

"During the winter, it is warm and comfortable. So far, I am pleased with my job. Four years ago, I used to work overtime and now at least I know that I work from Monday to Saturday from 07.00 to 15.00 We do not have overtime and this allows me to work with my husband on the land. If we don't produce anything, we can not survive. With my salary we can only pay the utilities, and we also have a loan to pay. At least we get paid every month. I know that for a four member family, spouses need to make at least 15,000 MKD (242 Euro) each to live decently, but what should we do when we have no other choice. This is a small town. We pray for our children to finish their studies so that they can have a better life. It is good that my work contract is unlimited. It gives me the opportunity to be able to get a loan from a bank, so we can cover the cost of our children's education. I hope that one day this situation will improve and the wages will increase. I pray to stay alive and healthy so I can work constantly, otherwise how will I get paid? You are wondering how we survive, but tell me what I can do? It will be worse without this job."

Today there are over 500 registered garment factories owned by Macedonian private companies. They are all medium-sized with no more than 500 employees. Most of the companies produce in the OPT-system for buyers from Germany, Canada, Switzerland, UK, Italy, and USA.

¹ As of 31 December 2012: www.stat.gov.mk/OblastOpsto_en.aspx?id=2

² FWF. Country study Republic of Macedonia 2010, for 2013 no data available

³ Apparel and leather related products, as of 2012, State Statistic Office of R. Macedonia, News Release No: 2.1.13.04 from 18 March 2013, p.7

⁴ Total (formally) employed workers: 480,146

⁵ Euro. www.stat.gov.mk/pdf/2013/7.1.13.02.pdf, State Statistic Office of Macedonia, p.2. Total export of researched country 2012: 2.126 bn. € http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113381.pdf FYR Macedonia EU bilateral trade and trade with the world. 5 July 2013, p.7

⁶ As of 2012, according to the State Statistic Office Macedonia: www.stat.gov.mk

⁷ State Statistic Office, as of December 2010 (last available subsistence threshold)

⁸ Total used assets, average per household (2012) by State Statistic Office of Macedonia; http://www.stat.gov.mk/OblastOpsto_en.aspx?id=13, 27 February 2014

⁹ M. Anceva MSc. Review of the influence of economic crises to material and social position of the workers in metal industry, electro-industry and mining in Macedonia.

¹⁰ During June-August 2013, a total of 29 qualitative interviews with workers from 3 different factories were conducted.

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