



Eurofound

# Montenegro: Industrial relations profile

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## Facts and figures

Area: 13,812 square kilometres

Population: 625,266

Languages: Montenegrin, Serbian, Bosnian, Croatian, Albanian (regional)

Capital: Podgorica

Currency: Euro

### Economic background

	Montenegro	EU27
<b>GDP per capita</b> (in purchasing power standards, index: EU27=100)	43 (2009)*	100
<b>Real GDP growth</b> (% change on previous year) (annual average 2006–2009)	5.13%	0.62%
<b>Inflation rate</b>	7.4% (2008)* 3.4% (2009)*	2.12% (annual average 2006–2009)
<b>Average monthly labour costs, in €</b>	€609 (2008)	€3028 (2007)
<b>Gross annual earnings, in €</b>	No data	€31,302 (2006)
<b>Gender pay gap</b> (difference between average earnings of male and female employees as percentage of earnings of male employees)	13.8% (2008)	17.6% (2007)
<b>Employment rate</b> (15–64 years) (2009)	48.7%*	64.6%
<b>Female employment rate</b> (15–64 years) (2009)	41.6%*	58.6%
<b>Unemployment rate</b> (15–64 years) (2009)	19.1%	8.9%
<b>Monthly minimum wage</b>	approx. €141 (2010, set at 30% of average wage)	n.a.

Sources: Monstat (Montenegrin statistical office) and Eurostat; data on Montenegro from Eurostat indicated by \*.

### Industrial relations, pay and working time

	Montenegro	EU27
<b>Trade union density</b> (%) (trade union members as percentage of all employees in dependent employment)	approx. 26%	n.a.
<b>Employer organisation density</b> (%) (percentage of employees employed by companies that are members of an employer organisation)	approx. 65% (self-reported)	n.a.
<b>Collective bargaining coverage</b> (%) (percentage of employees covered by collective agreements)	GCA* 100% branch approx. 75%	n.a.
<b>Number of working days lost through industrial action per 1,000 employees</b> (annual average 2006–2009)	n.a.	31.78 days (estimate)
<b>Collectively agreed pay increase</b> (%) (annual average 2008–2009)	n.a.	4.6% (not weighted)
<b>Actual pay increase</b> (%) (annual average 2008–2009)	20.9%**	1.7% (not weighted)
<b>Collectively agreed weekly working hours</b> (2009)	40	38.7 hours (not weighted)
<b>Actual weekly working hours</b>	51.3	39.3 hours (not weighted)

Notes: \*GCA = general collective agreement; \*\*nominal  
Sources: Eurofound, Eurostat

## Background

### Economic context

After becoming independent in 2006 Montenegro experienced several years of rapid economic growth, with the GDP growth rate more than doubling between 2005 and 2006 (from 4.2% to 8.6%), and continuing at the same rapid pace in 2007 and 2008 (10.7% and 6.5%, respectively). However, the recent economic crisis took a high toll on the Montenegrin economy, which contracted by 5.7% in 2009. The boom period was accompanied by a rapid reduction of the unemployment rate. Unemployment fell from around 30% in 2005 and 2006 to 16.8% in 2008, but by the last quarter of 2010 the unemployment rate had rebounded to 19.5%.

The economic growth was mostly based on ample inflows of foreign investment, running at more than 20% of GDP between 2005 and 2007. However, these were focused primarily on real estate and services, as the country is trying to reorient its economy towards tourism and services and away from traditional heavy industries. Manufacturing still accounts for 15% of GDP, and is concentrated on the basic processing of heavy metals. Steel, iron and aluminium accounted for no less than 65.8% of Montenegrin exports in 2008, but the industry is sorely uncompetitive, as confirmed by the enormous foreign trade deficit, which in 2008 amounted to €2 billion, or 68.5% of GDP. The deficit showed no signs of reducing, as in 2008 and 2009 Montenegrin exports covered less than 17% of the value of imports. The complicated task of restructuring the large, uncompetitive industries will continue to be a problem in the future, as they still account for about 15% of employment and have been responsible for most of the country's industrial disputes in the past few years.

By contrast, in 2008 the highest contribution to GDP was from trade, construction and real estate services, which together accounted for 35.6% of GDP. These were also the sectors with the highest rise in employment between 2005 and 2009, which was as high as 50% in trade and tourism and above 45% in real estate, whereas mining and manufacturing posted declines in employment levels of 22% and 15%, respectively.

In the past, deficits were successfully covered by foreign investments, but these went primarily into the acquisition or long-term lease of land in coastal areas intended for the development of tourism, fuelling something of a property bubble. This might be hard to recover from (and, given the small size of the country, is not likely to be a lasting source of foreign exchange). With declining manufacturing, Montenegro faces the tough challenge of creating new employment opportunities because, in addition to relatively high unemployment, the country also suffers from an extremely low employment rate, which at 48.7% in 2009 was about three-quarters of the average employment rate in Europe. Also worrying is the structure of unemployment – in 2008 57.6% of unemployed people were older than 40 and 55.6% had been unemployed for more than a year, with 30% unemployed for more than three years.

### Legal context

In the context of the EU accession process, Montenegro has been working on harmonising its legal framework with the *acquis communautaire*, which resulted in a host of new laws and regulations, not least in the areas of employment and working conditions. In July 2008 the Montenegrin parliament passed a new Labour Code, which has since been criticised by both employers and trade unions and is currently under revision. The unions stated that the original code gave too much leeway to employers to make unjustified dismissals, that it did not limit the period within which fixed-term contracts ought to be converted to open-ended (indefinite) contracts and that it did not allow fathers the right to parental leave. The current revision was initiated by the government, but apart from expanding the right of parental leave to both parents, it does not address other workers' grievances. On the contrary, new clauses on temporary agency work will expand the possibilities for fixed-term employment even further, and the government also appears open to a request by employers to separate the public from the private sector in negotiating the national collective agreement. The employers have said they are willing to compromise on fixed-term contracts, in the sense that they could only be renewed once (for

a total duration of two years) before the employer has to either dismiss the worker or offer them an open-ended contract. However, the compromise was made conditional upon the right of employers to dismiss 'unruly' workers who violate the Labour Code or the employer's regulations without first initiating disciplinary procedure. The workers still have recourse to legal complaints against such decisions, but the Labour Inspectorate cannot postpone the employer's decision. In 2009 amendments to the Law on Income Tax reduced income tax from 12% to a flat 9% and increased the social contributions slightly, from 32% to 33.8%, while reducing the employer's share of the contributions. This brought down the overall employer's share of taxes and contributions from 14.5% to 10% of the gross wage, while increasing the employee's share from 17.5% to 24%. In late 2009 the parliament adopted a Law on the Labour Fund, which is supposed to fund wage arrears and other outstanding payments to employees of companies that are in the process of liquidation.

The year 2010 saw a renewed flurry of legal activity with regard to labour issues. Parliament passed a new law on voluntary work and unemployment insurance and adopted amendments to the laws on health and safety at work and vocational education. Among the most important provisions with regard to industrial relations is a new law on the representativeness of trade unions.

The Law on Voluntary Work limits voluntary work to six hours per day and 25 hours per week, sets the lower age limit for volunteering at 15 years, and introduces a voluntary contract as the basis for volunteer work, as well as a volunteer booklet for recording such work. Voluntary work is also subject to monitoring by the Labour Inspectorate. The Law on Unemployment Insurance introduced new provisions for active labour market policies and cutting down the insurance payment periods before one is eligible for a payout to between 3 and 24 months. The law also sets the amount of monthly payments at 40% of the minimum wage (as of November 2010, this amounts to €64).

In March 2010, the parliament adopted amendments to the Law on Health and Safety at Work, which extends the provisions of the law to trainees, students, volunteers and people employed through public employment schemes. The revised law also defines more precisely the responsibilities and rights of employee health and safety representatives, although the appointment procedures remain ambiguous (they are to be defined by the company collective agreement). It also introduces more specific provisions for the construction sector. Amendments to the Law on Vocational Education and Training expand the possibilities for employers to become involved in training and provide for recognition of qualifications acquired outside the regular educational process.

Finally, in April 2010 the parliament adopted a Law on Representativeness of Trade Unions, an area that was not legally regulated beforehand. The law stipulates that in order to be considered representative the trade union must demonstrate membership of at least 10% of all employees at the national level, 15% at the branch level and 20% at the company level. Although the thresholds are fairly high by international standards, the larger trade union confederation objected to the law, demanding a higher threshold for representativeness at the national level (15%).

Apart from the revisions of the Labour Code, also currently under discussion is the government's controversial proposal for amendments to the law on pension and social insurance, which would raise the retirement age from 65 to 67 years, and the minimum period of contributions from 15 to 25 years. The proposal has been heavily criticised by trade unions and associations of pensioners, and even by employers, who fear this will make it more difficult to replace older workers with younger and better qualified employees.

### **Main industrial relations trends**

Until 2008, there was only one trade union confederation at national level in Montenegro, the Confederation of Trade Unions of Montenegro (Savez sindikata Crne Gore, SSCG). SSCG is the successor of the former socialist trade union and as such also inherited the property, organisational structure and rights to participation in the tripartite bodies on the

national level. As of 2008, a new confederation, the Union of Free Trade Unions of Montenegro (Unija slobodnih sindikata Crne Gore, **USSCG**), split away from SSCG and has since been campaigning for inclusion in the social dialogue on the national level, which was one of the reasons for the introduction of the above-mentioned law on representativeness. Since the law came into force, the trade union scene in Montenegro has been in a state of upheaval. Around 300 new trade unions have submitted applications for assessment of representativeness, and procedural omissions have raised questions about the ability of both national-level confederations to submit the requisite number of signatures.

In the meantime, on 3 November 2010 representatives of the government, the SSCG and the Montenegrin Employers' Federation (Unija poslodavaca Crne Gore, **UPCG**) signed a general collective agreement on the national level, the first since 2004. The major achievement of this agreement was the setting of a minimum wage at national level, based on which the wages will be calculated for other categories of workers. The USSCG withdrew from the negotiations, claiming that too many changes had been made in the last moment and that the final document did not correspond to the previously made agreements. There is also general dissatisfaction with the collective agreement at the level of branch unions and among SSCG's own members, who argue that the agreement is invalid since it was not approved at the general assembly of the confederation. The local committee of the SSCG in the capital city, Skopje, threatened to break away and establish a separate confederation. The USSCG has appealed to the Constitutional Court to look into the validity of the agreement. The Constitutional Court declared itself not competent to decide the issue and referred the case back to the Administrative Court.

### Main actors

Montenegro was one of the last former socialist states to experience pluralisation of the trade union scene. Since 2008, however, the unions have become steadily more fragmented. In 2009 no fewer than 55 new trade union organisations were registered with the Ministry of Labour and Social Affairs, although there is some indication that after initial reconfiguration of forces the relatively high thresholds for representativeness might force unions into mergers. The same has not happened on the employers' side, which is currently represented by the UPCG, recognised as representative by the government (an employer organisation is representative if its members employ at least 25% of all employees in the country and contribute to at least 25% to GDP).

### Trade unions

The composition of the main trade union organisations is as follows:

- The SSCG consists of 23 branch federations, of which 10 are representative under the new law and another 13 will probably undergo mergers. SSCG has a particularly strong base in the public sector, as well as in the large companies in traditional industries.
- Most USSCG members are affiliated directly to the central union, as the internal threshold for establishing a federation is very high – 30% of all employees in a given branch. Currently there are separate branch unions for education, universities, telecommunications, metalworkers, trade, health and banking.

The recent law on representativeness of trade unions should have resulted in a clearer picture of the membership of the main organisations, but there is still uncertainty regarding the number of members. The USSCG submitted 17,000 signatures, which is about 10% of the overall number of employees in Montenegro. The union claims a total membership of around 20,000 to 22,000, but some 2,500 are non-paying members. SSCG claimed a membership of 60,000, but has recently warned that it will have to merge some of its branches as many of the former members are no longer in employment. As proof of representativeness it submitted around 27,000 signatures. This means that the trade union density rate in Montenegro ranges between 25.9% (based solely on the membership figures submitted by the national

confederations for representativeness purposes) and 40% (self-reported). Both of these numbers exclude membership of independent trade unions, which are relatively common in state-owned enterprises.

### **Employer organisations**

The UPCG is the only one recognised employer organisation in Montenegro. UPCG membership includes 1,057 individual enterprises and 43 associations employing altogether, by the UPCG's count, around 65% of all workforce in the Montenegrin private sector, although they only constitute some 7.8% of the total number of registered companies in Montenegro. A large majority (over 56.3%) of the UPCG's members are active in trade, tourism and construction, but most of the largest and most influential companies in other sectors (manufacturing, telecommunications, etc.) are also members of the UPCG. However, UPCG does not have a developed branch structure, which means that branch collective agreements are also signed with the general secretariat on behalf of the employers in that branch, and the unions have complained that this format makes negotiations and enforcement of agreements more difficult. The UPCG is a member of the International Organisation of Employers.

## **Industrial relations**

### **Collective bargaining**

Probably the most important bargaining level in Montenegro is the national one, which sets the minimum pay standards for all workers in the country. The general collective agreement covers by definition all workers in Montenegro, and serves as a basis for negotiation of branch and company agreements. The agreement currently in force was concluded in 2003 and amended in 2005, and the new agreement concluded in November 2010 is currently being challenged by some of the unions. To date there are 17 branch agreements in Montenegro, most of them concluded in 2004 and 2005, and only a handful (health, education and banking) have been renewed since. This would imply about 75% coverage by branch collective agreements, but there are no data on how many workers within branches are actually covered. The only notable exceptions are workers in public administration and justice and judicial services, who have not been able to get the government to agree to signing an agreement, and who constitute about 10% of the workforce. Other large branches with no collective agreements are mining and telecommunications, but both are dominated by a handful of large firms in which there are company-level agreements. In anticipation of the new general collective agreement, no new branch agreement has been signed since 2007 (with the exception of banking in 2009). Since the new general collective agreement came into force only one branch agreement has been signed, for tourism (July 2011). No data are available on the incidence of company-level agreements.

The agreements concluded at the national level have the force of law and apply to all employers and employees in Montenegro. Branch and multi-employer agreements can be extended with the consent of the parties acceding to the agreement. A special case of agreement 'extension' is the transfer of company-level collective agreements in case of changing company ownership, where the new employer is expected to adhere to the terms of the old agreement for at least one year, unless a new agreement is signed.

### *Issues in collective bargaining*

Although the agreements are legally binding and coverage rates relatively high by international standards, the agreements themselves do not go much beyond the basic legal provisions, focusing mostly on different forms of compensation and occasionally adding additional days of paid or unpaid leave. Their effect on wage increases is very uneven, as the individual wages are a function of multiplying the nationally agreed 'basic wage' with coefficients for qualifications, seniority, performance, etc., which are set at the level of branch or company. There is even a tendency to take non-pay-related issues out of the collective agreements, as in the case of the latest general collective agreement in which the parties omitted the chapters on health and safety at work and peaceful resolution of collective disputes, with the explanation that these have been 'codified by law'. Also, neither the general or branch collective agreements contain more than a passing reference to employees' 'right to education'.



On the other hand, as much of the economy and especially manufacturing is still in the process of restructuring, a highly salient issue in collective bargaining has been the question of redundancies and especially severance payments in cases of ‘voluntary’ redundancies. The law sets the minimum for such payments at six times the average wage, and the difference between the company and branch agreement on severance payments can be in the range of 20–40 times the average wage at the company for individual employees.

*Levels of collective bargaining summarised*

	National (intersectoral)	Sectoral	Company
Principal or dominant level	✓		
Important but not dominant		✓	
Weak level			✓

### **Industrial conflict**

Most industrial conflicts in Montenegro are fuelled by the unfinished or ongoing process of restructuring. No statistics are available on the exact numbers of strikes, protests or days lost, since many of the protests take place in companies which are about to close or where the work process has been halted due to unclear privatisation procedures and property structures. The SSCG reports that in 2010 there were strikes in 23 companies, involving 8,700 people, but that ‘they usually last a long time or are periodically repeated’. A less precise overview made on the basis of press reports suggests that workers’ protests are indeed quite common – more than 40 protests were reported in the course of 2010, of various sizes and durations. Most of the conflicts took place around the capital city and in the east of the country, the traditional strongholds of heavy industry, and an overwhelming majority of protests were in mining and manufacturing, in various departments of the formerly state-owned steel and aluminium industrial complex. Parts of this complex have been more or less successfully privatised since the 1990s, but they are all still experiencing difficulties in performance, and have seen repeated disputes between the owners, the government and the trade unions (see section on restructuring, below).

The year 2010 started with a dramatic strike by 60 miners of a bauxite mine in the north of the country, who closed themselves in an abandoned mine for 25 days until the government intervened. Three months later, 400 workers occupied the headquarters of the company, asking for the dismissal of senior management, payment of wage arrears and a clear production plan. The government stepped in once again but in spite of pledges given to the workers the slow pace of fulfilment of their demands prompted them to repeat the occupation again in November 2010. In April 2010, workers of the Aluminium Combine in Podgorica also occupied the company headquarters, protesting against the restructuring measures and causing the management to flee. The same scenario was repeated in the country’s only steel mill a few months later.

Apart from manufacturing, there were a number of strikes in public services and a number of state-owned enterprises in the ‘secondary public sector’ (broadcasting services, state-owned newspaper, etc.). These entities are often scheduled for privatisation and are not among the priority sectors of the government, so wage arrears are quite common.

Late payments of wages, benefits and contributions are by far the most important cause of protest, although they are often combined with other complaints. Around 10% of the protests in 2010 were by former employees of liquidated companies who were still owed wages, insurance coverage or severance payments. In manufacturing, protests against the wage arrears were often combined with demands for a clear production plan, fears of the factory closing down, and denouncements of failure on the part of the new owners to honour the terms of the sales contract (e.g. in terms of investment, employment figures or acceptance of collective agreements). Throughout 2010 there was only one protest at a relatively successful, privatised company with fairly good pay – Crnogorski Telekom (a subsidiary company of Deutsche Telecom, via Magyar Telecom). One of the three large telecommunications companies in the country, Telekom

attracted the protests because of its employment policy, which, according to the unions, ‘discriminated against older workers’ by systematically fired older, more experienced (and more expensive) employees while employing younger workers, usually on fixed-term contracts.

Considering this context, it is not surprising that most labour disputes are eventually resolved through government’s intervention, and that workers’ demands are often addressed directly by the government, which either acts as a guarantor of loans, reschedules companies’ debts or covers the outstanding payment arrears. On at least one occasion, this has led to the government partly taking over a large company that had already been privatised.

In spite of the relatively widespread industrial conflict, the unions in Montenegro warn that the right to strike is limited, with vague provisions regarding the ‘minimum work process’ allowing employers a wide margin in determining the number of workers who are allowed to participate. The strike can only be declared by a representative union, and in view of high representativeness thresholds, especially on the company level, this has led to some bitter disputes between the unions and the Ministry of Labour and Social Affairs.

### **Tripartite concertation**

The Social Council of Montenegro (Socijalni savjet Crne Gore) exists at the national level as a tripartite forum bringing together 33 representatives of the social partners – 11 each from the government, employers’ organisation and trade union confederations, and is headed by the Minister of Labour and Social Affairs of Montenegro. The council was constituted in 2001 but has since been reformed, most recently in 2007 with the adoption of a separate Law on Economic and Social Council. The primary task of the council is to coordinate the signing of the collective agreement at national level and to comment on the proposals of legal acts concerning labour and social affairs. In extraordinary situations, such as the miners’ protest in early 2010, the council also meets to coordinate negotiations between the parties.

### **Workplace representation**

The primary channel for employee representation at establishment level in Montenegro is the trade union, as the representative union at company level (i.e., covering at least 20% of all employees) is the only one that has the right to negotiate with the employer and initiate strikes. The company union also has rights of information and consultation as well as the right of involvement and initiative with regard to health and safety at work. The law and the collective agreements also define the rights of union representatives, including the amount of hours to be dedicated to union work, the use of company resources, and so on. Where there is no union at the company level, several of these rights (information and consultation and coordination of health and safety and training provisions) are transferred to ‘employee representatives’. Unfortunately, even though a number of laws (the Labour Code itself, the Law on health and safety at work, etc.) refer to the institution of employee representative there is no definition of this institution anywhere in the Montenegrin legislation, and, unlike the case of trade union representatives, there are no provisions either in the law or in the latest general collective agreement defining procedures for appointment of these persons, their rights and duties or their recognition by employers.

### **Employee rights**

There are no specialised labour courts in Montenegro, and although labour-related disputes are supposed to be treated as ‘urgent’ cases, this means little in view of the general inefficiency and backlog of cases in Montenegrin courts. In order to facilitate the resolution of such disputes, in February 2010 the government founded the Agency for Peaceful Resolution of Labour Disputes (Agencija za mirno rješavanje radnih sporova). In the first year of existence, the agency dealt with 46 cases concerning a total of 500 workers, most of them related to wage and benefits arrears and delayed payments of redundancy compensations, with a smaller number concerning unlawful dismissals. Although the agency can also mediate in cases of collective disputes, the only cases submitted so far have been individual grievances.



Montenegro also has a Labour Inspectorate (Inspekcija rada), which is sorely understaffed, and as of October 2010 employed a total of 38 inspectors. In the first ten months of 2010 the inspectorate conducted 12,324 control visits and found 8,914 violations of the Labour Code and related legal provisions, most of them concerning health and safety at work, informal employment and failure to pay social security contributions. The inspectorate mostly acts on the initiative of employees, but the inspectors warn that there are probably more violations than employees are willing to report.

## Pay and working time developments

### Minimum wage

In 2010 the new general collective agreement introduced a statutory minimum wage and set it at 30% of the average wage in the country. Previously, instead of the minimum wage the social partners negotiated a ‘minimum price of labour’, i.e. the minimum net pay the workers would take home. The minimum wage is then multiplied by coefficients for education (from 1 for no education to 3.3 for university degree and 4 for a doctorate) and for seniority (adding 0,5% for every year of work experience up to 10 years, 0.75% for every year above 10 years and 1% for every year above 20 years of working experience). The coefficients can be increased further by collective agreements on lower levels, and the employers can also add performance coefficients and coefficients related to job characteristics such as complexity, responsibility, risks, etc..

### Pay developments

Average wages have risen rapidly in Montenegro in the years before the economic crisis, more than doubling between 2005 and 2009 (from a monthly average of €213 to €463, net). The wage rise was highest in construction (over 200%) and lowest in education (82%). The wages in the highest-paid sectors (financial intermediation and transport and telecommunications) are on average 3.5 times higher than in the lowest-paid (fishing and trade).

According to the national statistical office, the gender pay gap declined from 18.3% in 2006 to 13.8% in 2008. The differences between men and women are very marginal in terms of education – there are more women among the uneducated and slightly fewer among the highly educated, but the differences are within 5%. The gender gap is thus due less to educational or sectoral distribution of employment between men and women, and more to the career structure: although women make up 55% of professionals and technicians, they only account for 23% of employment in the category of legislators and managers. The gender pay gap is the highest in manufacturing (30%), financial intermediation (20%) and health (17%), and is the lowest in mining (2.5%) and even tilted in favour of women in transport and telecommunications (3.5%).

### Working time

There is hardly any data regarding development of working time in Montenegro: the statutory weekly working time is 40 hours, but 44 hours is usually considered ‘full’ working time (i.e. in setting wages). According to the 2010 European Working Conditions Survey, the actual weekly working hours were 51.3 on average: 46.6 hours for women and 54.9 for men.

The Labour Code allows for flexible working hours and working-time accounts (within a reference period of one year), but these are usually defined by the employer in the individual work contracts and have so far not been a prominent issue in collective bargaining. The only exception is overtime, or rather the level of compensation for overtime, since the overtime limit is set by law at 10 hours per week. The unions complain that actual working hours are much longer than those set by the agreement, often without compensation, especially in trade and tourism services, but the employees seem unwilling to take action about it: in 2009, the Labour Inspectorate did not enact a single sanction against an employer on grounds of illegal or excessive overtime work, because the inspectorate received no such complaints from any employees.

The Labour Code provides for a minimum of 18 days off for annual holidays, plus up to three days on account of seniority (years of work experience). Employees are also entitled to seven days of paid leave in case of a death in the family. The general collective agreement increases the length of annual holidays by up to three days for persons with occupational diseases and parents of disabled children, and extends the list of justified reasons for which the employee is entitled to paid leave (up to a combined maximum of 21 days per year). Under the 2010 general collective agreements employees also have the right to 30 days of unpaid leave.

## Research on working conditions

There is relatively little research on working conditions in Montenegro, and most of it is conducted within the routine data collection procedures of the agencies of the Ministry of Labour and Social Affairs and State Employment Office. The studies listed below were commissioned partly in response to a growing demand from international agencies and alongside the introduction of new legal provisions for specific work-related topics, such as mobbing and the integration of persons with disabilities and other disadvantaged groups. Neither of the two main representative organisations seems to have a significant research or publication capacity: SSCG used to publish a monthly bulletin, which was discontinued in 2006. Apart from that, they have published brochures containing interpretations of the relevant legislation, but not research. The situation is similar with UPCG.

- Monstat, **Women and men in Montenegro**, 2010

Bi-annual publication of Monstat, the Montenegrin Statistical Office (since 2006), contains an overview of a selection of statistics on health, education, social welfare, justice, employment and wages according to gender.

- Economic and Social Council, **Mobbing in Montenegro**, 2010

Recent publication based on research commissioned by the Economic and Social Council, examines the incidence of mobbing in Montenegrin workplaces, but also the level of information about this phenomenon among the employers and employees. Mobbing is a recently introduced legal category in Montenegro, and little information is available about the phenomenon and ways to handle it.

- Ministry of Labour and Social Affairs, **Report on the implementation of the strategy for integration of persons with disabilities in Montenegro for 2009**, 2010

Strategy for integration of persons with disabilities adopted in 2007 and implemented since 2008. The document reports on the measures implemented by the ministry including training, education and employment of persons with disabilities.

- Employment Agency of Montenegro, **Employment of RAE population**, 2010

Report focussing on the employment of the Roma, Egyptians and Ashkali population.

- Ministry of Labour and Social Affairs, reports of the Labour Inspectorate and Inspectorate for Health and Safety at Work.

These are regular reports of the Labour Inspectorate, published separately on the [MLSA website](#) and also as part of the Ministry of Labour and Social Affairs annual report. They contain data on the number of inspections, frequency of violations of the Labour Code and related acts and the general awareness of employers of these acts and obligations they entail. The data is quite general and does not offer disaggregation according to sector or company size, or even types of offences, but such information might be available on request.

- Employment Agency of Montenegro, **Survey of the labour market, qualifications and education & training needs in tourism and hospitality**, 2009

A one-off detailed survey of the labour force in tourism, hotels and restaurants conducted by the State Employment Authority. The survey aims to identify the needs of employers in the sector in terms of labour force structure, but also offers some insights into the working conditions of the employees (including types of employment contracts, training provided by employers, etc.).

- Employment Agency of Montenegro, **Labour force and employment**, 2007

Labour force survey focusing on employment and unemployment structure and vacancies, but also providing data on certain aspects of working conditions, such as type of contracts and extent of informal employment. The labour force survey reports are relatively irregular, and instead the Employment Agency conducts a regular survey of employers, which reports on similar issues, including also incidence of part time, different employment contracts and training.

### Main trends in restructuring

Montenegro was hard hit by the international economic crisis, as a property bubble fuelled by large-scale investments in tourism-related real estate and construction deflated. Expansion of employment in related services slowed down accordingly, although its share continues to increase relative to industry. As in previous years, the most significant restructuring activities were in heavy industry, especially in the steel and aluminium sector.

The ongoing industrial restructuring in Montenegro is linked to the botched attempts at privatisation of the large steel and aluminium conglomerates from the socialist era. Most of the Montenegrin economy was privatised in 2001 by mass voucher privatisation, after several waves of insider privatisation had gone awry, but the biggest companies remaining were to be sold to strategic investors. The heavy industry complex comprises bauxite mines (RBN) and a steel mill (Željezara) in Nikšić, in the north-west of the country and the aluminium processing plant (Kombinat Aluminijuma, **KAP**) in the capital city, each of them with a host of smaller subsidiary companies for transport, maintenance and construction, and although they are functionally intertwined they have been sold to different owners. RBN and KAP were bought in 2005 by a Russian businessman Oleg Deripaska and officially belong to his Central European Aluminium Company (**CEAC**) group. The company is still making substantial losses, the production running at less than full capacity and many of the workers are to be laid off in the coming years. Željezara is doing slightly better, although it has recently experienced a period of industrial conflict following announcements of mass redundancies. The company was bought in 2008 by Montenegro Specialty Steels B.V. (MNSS), a company of reportedly UK origin registered in the Netherlands, but little is known about the owners or the origin of its capital.

In general, Montenegro still suffers from unstructured and uncompetitive manufacturing and the after-effects of the socialist hoarding of labour, which has not been offset by the past few years of growth. A 2008 survey commissioned by the government of Montenegro shows that in nearly 60% of the privatised companies the number of employees was immediately reduced, on average by 37%. This process is likely to continue for some time.

### Rudnici boksita Nikšić (RBN)

RBN lost €27.3 million in 2010, and production has reportedly been on hold since late 2008. The company employed 1,200 people at the end of 2009, of whom about 900 were to be made redundant in the course of 2010. By November 2010 around 600 workers had left the company voluntarily, the unions, the government and the CEAC having agreed on a severance package of €25,000 on average (16.6% paid by the government), but the delays in payments caused conflict between the workers and the management, with workers occupying the headquarters in June and evicting the management from the building. Around 200 workers were still waiting for severance payments, and in early December 2010 the government partly re-nationalised the company, swapping its debts (consisting of loan guarantees and unpaid

energy bills) for 31.8% of the company shares, and committing to continue with the restructuring plan. The projected optimum number of employees is around 250.

### **Željezara Nikšić**

More or less since the sale of the company to Montenegro Specialty Steels (MNSS), Željezara Nikšić has been a target of accusations by the non-governmental sector on account of the non-transparent transfer of ownership and unclear origin of the owner. In spite of a government-sponsored loan guarantee of €23.6 million, the company recently halted production, and revealed a restructuring plan according to which 735 out of the present 1,400 employees are to be made redundant, with severance payment from €13,000 to €18,000. Some employees have left the company, but the union claims the sales contract obliges the owner to keep at least 1,200 workers until 2012 and has refused to accept the restructuring plan. This has led to a series of protests, including occupation of the company building in late September 2010 and announcements of demonstrations in early December together with workers of other suffering companies in the region. In April 2011, after the courts established that the production was idle and the company bank account had been blocked for more than four months, the government installed a temporary management to manage bankruptcy and re-sale of the company. MNSS complained, and won a case before a court in London. In an attempt to continue in business, MNSS presented a new restructuring plan, where the main owner would be its subsidiary company Steel Capital. The plan is still being considered by the government.

### **Kombinat Aluminijuma (KAP)**

The situation in the Kombinat Aluminijuma plant has been similarly difficult since its sale in 2005. The problems culminated in a disagreement between the KAP management and the government, which said the owners were unable to manage large-scale restructuring and found themselves in recurring conflict with the workers. In turn, CEAC claims the government had lied about the state of the company during the sales negotiations and threatened charges before international courts. The company owes the government around €30 million in unpaid energy bills and loan guarantees over €135 million.

In July 2010 the company dismissed 42 workers against advice of the Labour Inspectorate, which caused such outrage that the management were forced to flee the premises. KAP currently employs around 1,710 workers, of whom 600 have been deemed redundant, and the company was planning to relocate some of them into a newly created landscaping entity called the 'the Green Plan'. The unions categorically refused, saying the 'metalworkers could not be forcibly turned into street cleaners'. As in the case of RBN, the government recently agreed to swap the company debt for shares, taking over 30% of ownership in the company, and negotiations over the new restructuring plan are currently under way.

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