

# Scandal: Poverty wages on the edge of Europe

Fair Pay in Eastern Europe:  
to eat, to live, to stay

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Front cover photo: A typical “basket of goods” from Croatia.

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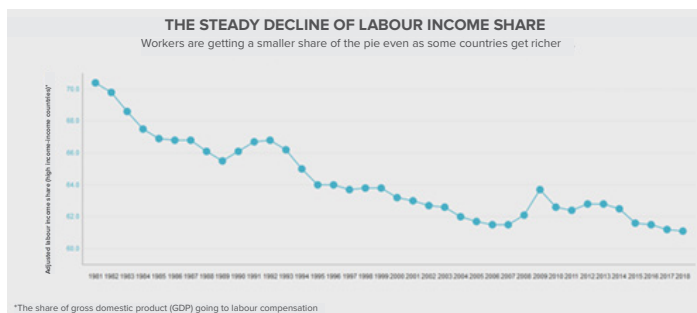
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# Introduction

We have a global wage crisis, and inequalities have reached historic levels. Millions of people are struggling to get by, and there are poverty wages on the edge of Europe.

Globally, 84% of people tell us the minimum wage is not enough to live on and more than 70% of people have little or no social protection. Fifty-five per cent of the global population – four billion people – are not covered by any social protection benefit, and less than one third of the world enjoys a comprehensive level of protection. Freedom of association and collective bargaining, which are central to shared prosperity, are under attack.

A decline in the labour income share compared to rising productivity over the last decades has meant that economic growth is being shared less and less with workers through their wages. The world is three times richer than just over thirty years ago, but more people go to bed hungry than global leaders claim to have lifted out of poverty.



Source: ILO based on European Commission (AMECO data) ]

These trends are creating despair and anger, hampering aggregate demand, paralysing domestic markets and holding back sustainable global growth. Minimum wages are too low for a decent life, representing only a fraction of the estimated cost of living for a family. Workers are struggling to survive, and minimum wages across Eastern Europe are not living wages. Minimum living wage mechanisms and strengthening collective bargaining are essential to remedy this. The legislation promised by the new European Commission leadership, if it sets a floor for a living wage, can provide hope.

While globalisation has created global growth, this growth – as seen in Eastern Europe – is not inclusive, and massive inequality is now a recognised economic as well as a social risk.

**The minimum wage in Romania and Bulgaria after taxes represents less than a quarter of the cost of living basket for an average family.**

Eastern Europe experienced relatively steady economic growth over the past decades. Gross Domestic Product (GDP) in the region has nearly quadrupled since the year 2000, from 570 billion USD to nearly 2 trillion. Romania and Bulgaria are growing faster than the European Union average, with latest annual GDP growth rates at 4.4% and 3.1%, respectively, compared to the EU average of 2%. In the Western Balkans, the growth for the period of 2018-2020 is forecast at an average rate of 3.5% between 2018-2020.

**In Bulgaria, North Macedonia and Romania, the share of national income among the top 10% is over 10 times higher than that of the bottom 10%.**

It is nevertheless clear that economic growth is not being shared equitably among the region's people, nor has it adequately translated into decent work opportunities or improved living conditions.

**Trade union rights have been systematically or regularly violated in Romania, Bulgaria, Albania, North Macedonia and Serbia (ITUC Global Rights Index rating 3 and 4) and no guarantee of trade union rights can be assured in Ukraine (ITUC Global Rights Index rating 5).**

The social contract has been torn apart.

Governments have failed to regulate the labour market, and too many governments, covered by big business and believing in a right-wing ideology, have directly attacked or allowed attacks on human rights, labour rights, wages and the social security of their own people.

It is not surprising that a loss of trust in institutions, including in democracy itself, continues to grow. Too many people have not seen dividends from democracy,

and associated insecurity and despair is fueling an age of anger.

In Eastern Europe the scars of the Cold War, authoritarian leaders, state oppression and military conflict are all too recent. People need hope, and this begins with decent work and a minimum wage on which you can live.

## Fair Pay to eat, to live, to stay: the campaign for a pay rise in Eastern Europe

Ten countries, **Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Moldova, Montenegro, North Macedonia, Romania, Serbia and Ukraine** have joined together to campaign for increases to the minimum wage and social protection under the banner Fair Pay in Eastern Europe, to eat, to live, to stay.

Regional coordination on wages is necessary. If governments support and promote minimum wage increases across the region, competition can no longer be argued to be a barrier. Moreover, given the increasing economic integration across Europe, coordination between European countries on wages can help to stem the tide of massive emigration of young people from Eastern Europe and counter the resulting skills depletion in these countries.

The European Union must be supportive of these objectives for fair pay, social protection and workers' rights and promote their achievement in order to guarantee decent livelihoods for its citizens, promote upward social convergence in Europe and fight against social dumping. Poverty wages and working conditions threaten plans for integration and upward social convergence.

The European Union must accordingly adapt its policies and instruments and take ambitious actions to ensure that its Member States (Bulgaria, Croatia, Romania ) achieve decent statutory minimum wages and really promote and strengthen collective bargaining, including in the context of a new initiative announced by the European Commission on fair minimum wages.

**Based on current projections, by 2050 Serbia will have 19% fewer people than in 2020, and 34% less than in 1990.**

For those States outside the European Union (Albania, Bosnia and Herzegovina, North Macedonia, Moldova, Montenegro, Serbia and Ukraine), it must equally ensure that fair wages and decent work are properly considered

within its trade and association agreements, as well as within enlargement processes with the European Pillar of Social Rights as a necessary element of accession or association.

Unions across Eastern Europe are calling on governments to:

1. **Set statutory minimum wage floors** that would allow workers and their families to live in dignity, combined with adequate comprehensive social protection systems. Such measures would support formal work, enhance productivity and job creation, boost employment, counter massive emigration and skills depletion and support inclusive economic development.
2. **Ensure minimum wages are evidence based**, taking into consideration the cost of living. They should, moreover, be developed through transparent processes with full involvement of social partners, as well as regular updates of the minimum wages in order to take into account inflation and changes in living costs.
3. **Address wage arrears and enforce minimum wages** through well-resourced labour inspectorates, as well as through issuing dissuasive penalties to enterprises for non-compliance in line with ILO Convention 131 (the Minimum Wage Fixing Convention), which most countries in the region have ratified. Payment of wages should be a priority debt to be paid in insolvency situations in line with ILO Convention 95 (the Protection of Wages Convention).
4. **Put in place adequate, comprehensive social protection systems** in line with International Labour Standards, including ILO Convention 102 on Social Security and Recommendation 202.
5. **Ensure and promote freedom of association and collective bargaining rights** in order to achieve fair wages above the minimum wage level. Workers should have the right to organise, join trade unions, and negotiate appropriate wages and compensation for their work with their employers.

It is time for fair pay in Eastern Europe: to allow workers and their families to be able to eat, to live, and to stay.

Sharan Burrow  
General Secretary, International Trade Union  
Confederation

# Fair Pay in Eastern Europe: to eat, to live, to stay

## Economic growth in Eastern Europe – A blueprint for inequality

1

- Economic growth has not translated into decent work opportunities.  
**Economic growth in Romania is more than twice the EU average, yet one in every four workers is at risk of poverty and social exclusion.**
- Income inequality is high and rising.  
**The share of national income captured by the top 10% earners in North Macedonia is over 15 times that of the bottom 10%.**
- Poor working and living conditions are leading to massive emigration.  
**Over one third of the nationals from the Western Balkans region currently live abroad.**
- A lack of decent work opportunities and high levels of poverty are having disastrous social, political and economic consequences.  
**As people move abroad to find better work opportunities, Moldova is experiencing major skill shortages in key sectors including health. The country lost 7% of its medium qualified medical staff and 6% of its nurses between 2011-2016 alone, and currently over one quarter of the medical staff is above retirement age.**

## The need for a pay rise in Eastern Europe

2

- Statutory minimum wages rates in Eastern Europe are poverty wages.  
**The minimum wage in North Macedonia after taxes (€238) is below the national poverty line for a single person (€265) and even lower compared to the poverty line for an average household (€556).**
- The cost of living outstrips statutory minimum wages.  
**In Bulgaria, the minimum wage after taxes represents only 17% of a cost of living basket for an average-sized family.**
- Collective bargaining on wages is under attack.  
**In Romania, collective bargaining coverage declined by nearly 70% over the last ten years following a series of reforms to weaken the scope of collective agreements.**
- Non-enforcement of labour law is denying workers their rights.  
**In Ukraine, unpaid wages were estimated to reach around €115 million, with half of these wages being withheld by economically active enterprises.**
- Low wages encourage informality, suppress aggregate demand and have negative economic consequences.  
**Nearly 40% of workers in Albania are in informal employment.**

## Addressing inadequate social protection

3


- Social protection systems fail to cover most workers  
**In Croatia, only 20% of the unemployed actually receive unemployment benefits.**
- Social spending is insufficient.  
**Romania spends half of what the average country in the EU spends on their social protection systems (14% of GDP compared to 28%).**
- Inadequate social protection systems are contributing to greater poverty and inequality and are holding back inclusive economic growth.  
**Nearly 40% of the population in Serbia, Romania and North Macedonia are at risk of poverty.**
- Extending social protection to all workers is financially feasible.  
**The Friedrich-Ebert-Stiftung's Social Protection Index has shown that the additional cost for extending social protection floors would amount to less than 2% of GDP for all countries covered in this report.**

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## The economic case for minimum living wages and social protection

- Raising statutory minimum wages reduces poverty and inequality.
- Raising statutory minimum wages boosts aggregate demand, employment and overall economic growth.
- Minimum statutory living wages and adequate social protection foster inclusive economic growth.

# Country profiles<sup>1</sup>

Albania 	
GDP growth vs EU average	4% compared to the EU-average of 2%
Minimum wage (gross level in Euro)	€216 per month
Minimum wage (net level in Euro)	€191.50 per month
Poverty line (Euro)	€247 per month for an individual €494 per month for a household
Projected Population Change	Based on current projections, by 2050 Albania will have 18 % fewer people than in 2020, and 36% less than in 1990.
ITUC Global Rights Index rating	3 – Regular violations of rights
Employment rate	60%
Share of employment in the public sector	14.9%
Main employment sectors	Services, agriculture, public sector, garment, lumber, oil, cement, chemicals, mining, basic metals, hydropower
Largest companies (international/ domestic)	<ul style="list-style-type: none"> <li>The Electric Power Distribution Operator - OSHEE (electricity company)</li> <li>Kastrati (petroleum company)</li> <li>National Commercial Bank (financial services)</li> <li>Spiecapag Shqiperia (construction company for Trans-Adriatic Pipeline)</li> <li>Bankers Petroleum (oil and gas)</li> </ul>
Relationship with European Union	Albania signed a Stabilisation and Association Agreement with the EU in 2006. Albania's application for EU membership was submitted in 2009, and the country has had EU candidate status since 2014.
Percentage of trade with the EU	Around 77% of total exports are destined to the EU.
Ratification of ILO Convention 131	Yes (2004)
State of play in national wage negotiations	The National Labour Council, a tripartite body, sets the minimum wage. In 2019 the minimum wage was marginally increased by 8%; however, this is far below union demands and the cost of living in the country.

## Violeta, 43, Textile worker, Albania



“ There are many problems at work. First, the salary is very low. To enjoy your work, you have to be paid correctly for what you are doing. I do this work only because we don't have any other options and for me it's very difficult to be employed elsewhere. Our expenditures, for a family of four people, are approximately €490; we always ask ourselves how we manage to survive with my salary. We can only afford basic expenditures to survive. We calculate all our spending: electricity €33, water €8, food €205. We are not very optimistic for the future, but we, Albanians, we are living with hope, as we say. ”

## Bosnia and Herzegovina



<b>GDP growth vs EU average</b>	3.1% compared to the EU-average of 2%
<b>Minimum wage (gross level in Euro)</b>	Varying at the entity level (each entity sets wages, taxes and contributions in accordance with its own laws): <ul style="list-style-type: none"> <li>• For the Republic of Srpska entity: €343 per month</li> <li>• For the Federation of Bosnia and Herzegovina entity: €282 per month</li> </ul>
<b>Minimum wage (net level in Euro)</b>	Varying at the entity level: <ul style="list-style-type: none"> <li>• For the Republic of Srpska entity: €230 per month</li> <li>• For the Federation of Bosnia and Herzegovina entity: €222. per month</li> </ul>
<b>Poverty line (Euro)</b>	For the Republic of Srpska entity: €182.26 per month for an individual (2015).
<b>Projected Population Change</b>	Based on UN projections in 2019, Bosnia and Herzegovina will lose 20% of its population by 2050 and 50% by 2100. Bosnia and Herzegovina loses 0.63% of its population annually.
<b>ITUC Global Rights Index rating</b>	4 – Systematic violations of rights
<b>Employment rate</b>	57.3%
<b>Share of employment in the public sector</b>	Data not available
<b>Main employment sectors</b>	Services, metals and minerals, manufacturing, textiles, tobacco products, wooden furniture, domestic appliances, oil refining, trade, construction, catering
<b>Largest companies (international/ domestic)</b>	<ul style="list-style-type: none"> <li>• JP Elektroprivreda (electric company)</li> <li>• Bingo doo (supermarket company)</li> <li>• Holdina doo (oil and petroleum)</li> <li>• Konzum doo (supermarket company)</li> <li>• Optima Grupa (oil)</li> <li>• BH telecom (telecommunications)</li> <li>• ArcelorMittal (steel company)</li> </ul>
<b>Relationship with European Union</b>	Bosnia and Herzegovina signed a Stabilisation and Association Agreement with the EU, which entered into force in 2015. The country submitted an application for EU Membership in 2016. It is, however, not yet considered a candidate for membership, but rather a “potential candidate”.
<b>Percentage of trade with the EU</b>	Around 73% of the country’s exports are destined to the EU (2018).
<b>Ratification of ILO Convention 131</b>	Yes (1993)

## Robert, 48, Administrative clerk, Federation of Bosnia and Herzegovina



“ If I would get a raise, which is however unlikely to happen, I would set some money aside to have a more decent toilet. Our apartment and basically all the furniture are being paid off through bank loans. We could otherwise never afford them. ”



Bulgaria 	
GDP growth vs EU average	3.1% compared to the EU-average of 2%
Minimum wage (gross level in Euro)	€286 per month
Minimum wage (net level in Euro)	€222 per month
Poverty line (Euro)	€180 per month for an individual €377 per month for a household of 4
Projected Population Change	Based on current projections, by 2050 Bulgaria will have 18% fewer people than in 2020, and 66% less than in 1990.
ITUC Global Rights Index rating	3 – Regular violations of rights
Employment rate	72,4%
Share of employment in the public sector	23% (Share from the number of all employees) 17% (Share from total employment)
Main employment sectors	Public sector, services (including outsourcing centres), metals, machinery and equipment, automotive parts, chemical products.
Largest companies (international/ domestic)* <sup>2</sup> *additional companies in end notes.	<ul style="list-style-type: none"> <li>• EVN (electricity production and supply)</li> <li>• Standard Profile (metal processing)</li> <li>• Asarel Medet (mining)</li> <li>• Arsenal (weapon production, machine building)</li> <li>• KZM (metallurgy and mining)</li> <li>• Bulgarian State Railways (rail transport)</li> <li>• Mines”Mariza East” (mining)</li> </ul>
Relationship with European Union	Bulgaria is a member of the European Union and thus part of the EU single market.
Percentage of trade with the EU	Intra-EU trade accounts for 68% of Bulgaria’s exports
Ratification of ILO Convention 131	Yes (2018)
State of play in national wage negotiations	The minimum wage level has been annually adjusted in Bulgaria, and social partners are consulted within the National Council for Tripartite Cooperation. The minimum wage increased in 2019 by around €25 (gross) compared to 2018 – the level is far from sufficient in meeting the needs of workers and their families, and remains the lowest minimum wage in the European Union.


## Diana, 54, Chambermaid, Bulgaria



“ I have a degree in history and psychology from two of the most prestigious institutions of higher education in Bulgaria and the Balkan Peninsula. It is almost impossible to find a job, so I work as a chambermaid. My income is very close to the national minimum wage.

My biggest expenses are for household bills: electricity, water, heating, telephone, internet.


I love the cinema, theatre, concerts, traveling, but I almost always cannot afford them. There are some music festivals in Rouse and the musicians often stay at our hotel – I can see them there, but not on stage. Exploitation, the constant struggle against poverty and the fear of marginalisation – this is the situation for workers in our city. ”

Croatia 	
GDP growth vs EU average	2.9% compared to the EU-average of 2%
Minimum wage (gross level in Euro)	€507 per month
Minimum wage (net level in Euro)	€405 per month
Poverty line (Euro)	€336 per month for an individual €706 per month for a household
Projected Population Change	Based on current projections, by 2050 Croatia will have 18% fewer people than in 2020, and 42% less than in 1990.
ITUC Global Rights Index rating	2 – Repeated violations of rights
Employment rate	65.2%
Share of employment in the public sector	21.3%
Main employment sectors	Public sector, services (including tourism), chemicals and plastics, machine tools, metals, electronics, aluminum, paper, wood products, construction materials, textiles, shipbuilding, petroleum and petroleum refining
Largest companies (international/ domestic)	<ul style="list-style-type: none"> <li>• Fortenova (agribusiness)</li> <li>• Hrvatska Elektroprivreda (electricity company)</li> <li>• Hrvatske šume (forests)</li> <li>• INA (oil company)</li> <li>• Konzum (supermarket company)</li> <li>• Zagrebacka Banka (financial services)</li> </ul>
Relationship with European Union	Croatia is a member of the European Union and thus part of the EU single market.
Percentage of trade with the EU	Intra-EU trade accounts for 68% of Croatia's exports
Ratification of ILO Convention 131	No
State of play in national wage negotiations	The government recently increased the minimum wage in 2019 by 9% following consultation with the Economic and Social Council, a tripartite body – the level, nevertheless, is below the cost of living in the country.

### Ivana, 51, Cleaner, Croatia



“ I get paid the minimum wage of €405. I spend most of my salary on bills, about €135 per month. The rest on food, personal and family hygiene and household products. There are always unexpected costs. Last month, my 14-year-old daughter needed new shoes; this month, she needs a new jacket. These are the things we cannot go without, but I can also not afford to buy more than one such item per month. ”

Moldova 	
<b>GDP growth vs EU average</b>	4% compared to the EU average of 2%
<b>Minimum wage (gross level in Euro)</b>	Varying per sector: €52 per month in the public sector to €145 per month in the private sector
<b>Minimum wage (net level in Euro)</b>	€52 per month in the public sector €126 per month in the private sector
<b>Poverty line (Euro)</b>	Data not available
<b>Projected Population Change</b>	Based on current projections, by 2050 Moldova will have 17% fewer people than in 2020, and 30% less than in 1990.
<b>ITUC Global Rights Index rating</b>	2 – Repeated violations of rights
<b>Employment rate</b>	42%
<b>Share of employment in the public sector</b>	27%
<b>Main employment sectors</b>	Public sector, agriculture, services, food processing, machinery, domestic appliance manufacturing, garments
<b>Largest companies (international/ domestic)</b>	<ul style="list-style-type: none"> <li>• Moldovagaz (gas company)</li> <li>• Gas Natural Fenosa (Premier Energy) (energy supplier)</li> <li>• Energocom (electricity supplier)</li> <li>• Rompetrol (supplier of oil and gas)</li> <li>• Moldtelecom (telecommunications)</li> </ul>
<b>Relationship with European Union</b>	In 2014, Moldova signed an Association Agreement and a Deep and Comprehensive Free Trade Agreement with the EU (AA/DCFTA).
<b>Percentage of trade with the EU</b>	Around 70% of Moldova's exports are sent to the EU.
<b>Ratification of ILO Convention 131</b>	Yes (2000)
<b>State of play in national wage negotiations</b>	For the private sector, the minimum wage is updated annually following a consultation with social partners, but the annual updates have been extremely limited, and the level is far below the cost of living. The minimum wage for the private sector increased in 2019 by around 6% compared to 2018.




Supermarket shelves in Croatia


Montenegro 	
GDP growth vs EU average	5.1% compared to the EU-average of 2%
Minimum wage (gross level in Euro)	€363 per month
Minimum wage (net level in Euro)	€222 per month
Poverty line (Euro)	€325 for an individual €683 EUR for a household of 4
Projected Population Change	Based on current projections, by 2050 Montenegro will have 6% fewer people than in 2020, and 4% less than in 1990.
ITUC Global Rights Index rating	2 – Repeated violations of rights
Employment rate	59.8%
Share of employment in the public sector	27.5%
Main employment sectors	Services (including tourism), steelmaking, aluminum, agricultural processing, consumer goods
Largest companies (international/ domestic)* <sup>3</sup> *additional companies in end notes.	<ul style="list-style-type: none"> <li>• China Road &amp; Bridge Corporation – CRBC</li> <li>• Deutsche Telekom group</li> <li>• Coca Cola HBC</li> <li>• Elektroprivreda Crne Gore AD Nikšić</li> <li>• Crnogorski elektrodistributivni sistema</li> </ul>
Relationship with European Union	Montenegro signed a Stabilisation and Association Agreement with the EU in 2007 and submitted an application for EU Membership in 2008. The country was recognised as a candidate for EU membership in 2010, and accession negotiations have been underway since 2012.
Percentage of trade with the EU	Around 35% of total exports are destined to the EU.
Ratification of ILO Convention 131	Yes (2006)
State of play in national wage negotiations	Minimum wages are set through a General Collective Agreement. Following a year of tripartite discussions, the minimum wage was increased by around 15% in July 2019. This increase was deeply anticipated, as there had been six years of no update to the minimum wage and a substantial deterioration of the value of minimum wage over time due to inflation and increases in the cost of living.

## Ludija, 63, Internal communications, Montenegro



“ We have European prices for food, which means that everything is expensive. It costs at least €150 as week for food. Petrol, clothes, electricity and taxes are also expensive. ”

North Macedonia 	
<b>GDP growth vs EU average</b>	2.7% compared to the EU-average of 2%
<b>Minimum wage (gross level in Euro)</b>	€369 per month
<b>Minimum wage (net level in Euro)</b>	€238 per month
<b>Poverty line (Euro)</b>	€265 per month for an individual €556 per month for a household of 4
<b>Projected Population Change</b>	Based on current projections, by 2050 North Macedonia will have 11% fewer people than in 2020, and 7% less than in 1990.
<b>ITUC Global Rights Index rating</b>	4 – Systematic violations of rights
<b>Employment rate</b>	47.4%
<b>Share of employment in the public sector</b>	22.8%
<b>Main employment sectors</b>	Services, public sector, food processing, beverages, textiles, chemicals, iron, steel, cement, energy, pharmaceuticals, automotive parts, wholesale and retail trade, agriculture.
<b>Largest companies (international/ domestic)</b>	<ul style="list-style-type: none"> <li>• Johnson Matthey Doel (automobile part manufacturer)</li> <li>• Okta (refined petroleum products)</li> <li>• EVN (electricity distributor)</li> <li>• Makpetrol (retailer of motor fuels and lubricants)</li> <li>• AD Elektrani Na Makedonija (electricity producer)</li> </ul>
<b>Relationship with European Union</b>	North Macedonia signed a Stabilisation and Association Agreement (SAA) with the EU in 2001. It submitted an application for EU membership in 2004 and has been recognised as a candidate for EU membership since 2005.
<b>Percentage of trade with the EU</b>	The EU is North Macedonia's main trade trading partner, representing 60% of the country's exports and 48% of its imports.
<b>Ratification of ILO Convention 131</b>	Yes (1991)
<b>State of play in national wage negotiations</b>	The government and social partners, through the country's Economic and Social Council, recently negotiated a 16% increase to the minimum wage to around €238 (net). The increase was nevertheless below the union's demand to increase the minimum wage to at least 60% of the average wage (around €244).

<b>Romania</b> 	
<b>GDP growth vs EU average</b>	4.4 % compared to the EU-average of 2%
<b>Minimum wage (gross level in Euro)</b>	€469 per month
<b>Minimum wage (net level in Euro)</b>	€283 per month
<b>Poverty line (Euro)</b>	€158 per month for an individual €332 per month for a household
<b>Projected Population Change</b>	Based on current projections, by 2050 Romania will have 15% fewer people than in 2020, and 44% less than in 1990.
<b>ITUC Global Rights Index rating</b>	4 – Systematic violations of rights
<b>Employment rate</b>	69.9%
<b>Share of employment in the public sector</b>	14.86%
<b>Main employment sectors</b>	Agriculture, services, public sector, electric machinery and equipment, auto assembly, textiles and footwear, machinery, metallurgy, chemicals, food processing, petroleum refining, mining, timber, and construction materials.
<b>Largest companies (international/ domestic)*<sup>4</sup></b> *additional companies in end notes.	<ul style="list-style-type: none"> <li>• Dacia (automotive)</li> <li>• OMV Petrom (oil)</li> <li>• Profi Food</li> <li>• Rompetrol (oil)</li> <li>• Carrefour Romania (supermarket chain)</li> <li>• British American Tobacco (tobacco)</li> </ul>
<b>Relationship with European Union</b>	Romania is a member of the European Union and thus part of the EU single market.
<b>Percentage of trade with the EU</b>	Intra-EU trade accounts for 77% of Romania's exports
<b>Ratification of ILO Convention 131</b>	Yes (1975)
<b>State of play in national wage negotiations</b>	Minimum wages are set following consultation with unions and social partners. In January 2020, the minimum wage was increased by around 7%, but the increase failed to take into account union demands on the cost of living. As of 2018, nearly all health and social security contributions have been shifted from employers to workers – these contributions now represent around 35% of salaries and considerably reduce workers' take-home pay. These changes, challenged by the union, have contravened ILO Convention 102 on Social Security, the European Social Charter and the European Code of Social Security.

## Serbia




GDP growth vs EU average	4.4% compared to the EU-average of 2%
Minimum wage (gross level in Euro)	€343 per month
Minimum wage (net level in Euro)	€255 per month
Poverty line (Euro)	€141 per month for an individual €297 per month for a family of 4
Projected Population Change	Based on current projections, by 2050 Serbia will have 19% fewer people than in 2020, and 34% less than in 1990.
ITUC Global Rights Index rating	4 – Systematic violations of rights
Employment rate	58.8%
Share of employment in the public sector	31.0%
Main employment sectors	Services, public sector, automobiles, metals, furniture, food processing, machinery, chemicals, sugar, tires, garment, pharmaceuticals
Largest companies (international/ domestic) <sup>5</sup>	<ul style="list-style-type: none"> <li>• NIS (energy company)</li> <li>• Fiat Chrysler Automobiles – FCA (automobile company)</li> <li>• Mercator doo (wholesale and retail group)</li> <li>• Telekom Srbija (telecom company)</li> <li>• Delhaize, Belgrade (supermarket company)</li> </ul>
Relationship with European Union	Serbia applied for EU membership in 2009, and was recognised as a candidate country in 2012. In September 2013, a Stabilisation and Association Agreement between the EU and Serbia entered into force.
Percentage of trade with the EU	Around 68% of total exports from Serbia are destined to the EU.
Ratification of ILO Convention 131	Yes (2000)
State of play in national wage negotiations	Social partners and the government, through the Social Economic Council, negotiate the minimum wage annually – and the government made the decision on an 11% increase for 2020. The increase is far below the unions' demands for around 25%, and closely in line with employers' demands of around 10%.

## Tanja, 39, School cleaner, Serbia



“ The jobs like mine are the least paid, and I earn around €230 a month. As a household of four, we need at least €100 a week to buy food and pay the bills. A lot of things are unaffordable. Some essentials also become hard to afford. For example, heating becomes a major investment every year. Also, I compromise every day when it comes to food items that need to be bought, the clothes that should be bought. ”

Ukraine 	
GDP growth vs EU average	4.2% compared to the EU average of 2%
Minimum wage (gross level in Euro)	€181 per month
Minimum wage (net level in Euro)	€146 per month
Poverty line (Euro)	€184 per month for an individual
Projected Population Change	Based on current projections, by 2050 Ukraine will have 19% fewer people than in 2020, and 46% less than in 1990.
ITUC Global Rights Index rating	5 – No guarantee of rights
Employment rate	67.2%
Share of employment in the public sector	26.5%
Main employment sectors	Services, public sector, coal, electric power, metals, machinery and transport equipment, chemicals, food processing
Largest companies (international/ domestic)* <sup>6</sup> <small>*additional companies in end notes.</small>	<ul style="list-style-type: none"> <li>• ArcelorMittal Kryvyi Rih (metallurgy)</li> <li>• McDonalds Ukraine (food)</li> <li>• Auchan Ukraine (retail)</li> <li>• Ukrzaliznytsia (Ukrainian Railways)</li> <li>• Ukrposhta (Ukrainian Post)</li> </ul>
Relationship with European Union	An Association Agreement establishing a Deep and Comprehensive Free Trade Area (AA/DCFTA) between the EU and Ukraine was signed in 2014.
Percentage of trade with the EU	Around 42% of Ukraine's exports are destined to the EU.
Ratification of ILO Convention 131	Yes (2006)
State of play in national wage negotiations	The government has increased the minimum wage by roughly 200% over the last four years following tripartite negotiations (from 1600 in 2016 to 4723 in 2020). This has resulted in a doubling of the average wage in the last three years. Nevertheless, the level remains extremely low and inadequate in meeting the needs of workers and their families. About 25% of workers receive wages lower than the actual living minimum for one person, not to mention family members.

## Kazmirchuk, 44, Train conductor, Ukraine



“ I get paid €170 for working a minimum of 167 hours. If you work more hours, they rarely pay you more, since they just move those hours to a later month. Food and bills is where the biggest part of my salary goes. Every week you pay for unofficial requests from repairmen or obligatory school events – around €7.00. Taking the bus to work costs 88 cents both ways. And I have to pay for a full summer and winter work uniform – one blouse costs €25! ”



## Worker's Testimony

**Dimitar, 30, Security guard, Bulgaria**

I was born in the year of the changes and the fall of the Berlin Wall. I have no wife and children, and I live with my mother who I care for. She has epilepsy and became unemployed years ago.

After a difficult period without a permanent job, at the end of the summer I started working as a security guard at the National Palace of Culture – the building where Bulgaria was the President of the Council of the European Union last year.

I get a minimum wage – about €280. This is by contract, but in practice I get less – about €250, since there is no tax-free minimum in Bulgaria. I have heard that we are the only country with similar tax practices in the whole EU.

The National Palace of Culture is state owned, but its security is not carried out by a state or municipal company, but by a private security company. I work at night, with two days' work, two days' rest. I start at 8:00 p.m. and work 12 hours until 8:00 a.m.

I pay my transport on my own salary. Although I work as a night watchman, there is no difference between my salary and that of my colleague who is on the day shift.

The only thing I like about my job is that I have it. Before I got it, I had to take one or two days' work without a contract and with absolutely no job security.

There is often a possibility of extra shifts that are extra paid. Did I say possibility? You could theoretically refuse them, but even though no one is saying it, you don't feel comfortable doing it, as you fear it may change your employer's attitude and he can get rid of you at a convenient time. I accepted such shifts once. They told me they would pay me €3 an hour for them. But they paid €1.75. That was 30 Bulgarian leva less for the whole shift than I was told I would receive. That's the cost of the food for me and my mother for two to three days.

But what could I do? I had no choice.

I spend my money mainly on food for me and my mother. We have to deprive ourselves of quality food. We choose the cheaper things, we replace the butter with margarine, steaks with sausages, cheese with imitation product and so on – as many Bulgarian families. I can't even imagine anything that could even pass for luxury. And to think about a holiday in Bulgaria or abroad is absolutely absurd for now. Not to mention thinking of having my own family and children. Maybe once a month I can afford to go to the

movies. I somehow cover my basic needs and household bills, but if something extraordinary pops up – which almost always happens here – things get complicated.

Currently, food for me and my mother costs an average of about €5 a day. We shop at intervals of several days. That makes about €150 a month. The remaining €100 goes to household bills, transportation, medicines and other small consumption. The most expensive thing we give money for is probably the electricity bill – about €25-30.

I would live more peacefully with a salary of about €500. This will allow me not to worry that at the end of the month, if something goes wrong or my salary is delayed, the fridge will be empty. Such a monthly salary will not change my life radically, but it will give me much more peace of mind. We will be able to eat more quality food. To buy what we really want to eat, not just what will satiate us for the day.



In Sofia, one of the most thriving sectors at the moment is that of the call centres. If you know a language other than the most popular English, you may find yourself making decent money – four or five times more than I currently earn. I do not know how long this will last and when these companies will find a place with cheaper labour. But for now, this is the most attractive place for young people. The situation is very strange and absurd. A friend of mine has a degree in nuclear chemistry and works at the Bulgarian Academy of Sciences for about €300. And others who work at a call centre get a lot more money without having a college degree. Some even interrupt their studies because they earn as much today as they would not earn in years after completing their college education. But how long will this work?!

I have friends who left Bulgaria. They pack their suitcases and straight to the airport out of necessity. Then the government says “unemployment is low” – yes, the people just leave... I don't want to leave; I want to live here.

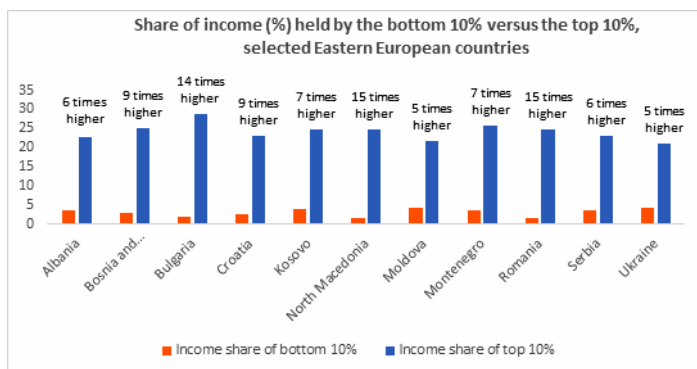
Who is to blame for all this? In my view, it is the brutal form of capitalism that we have implemented since the changes that took place in the year of my birth. The workers are too weak and at the same time they are the majority. Many of them are like me – they work, but they remain poor and live in deprivation. This makes them weak and dependent. Those on the top – people with money – want too much. Their greed is huge, and the worker always pays for it – with exploitation and low wages.

One must earn enough to live peacefully. Not to think about the bills and calculate the price tags in the store. I just want to not worry that at the end of the month my money will run out and what extra jobs I need to find to make ends meet or who to borrow money from.

# Economic growth in Eastern Europe – A blueprint for inequality

Eastern Europe has experienced relatively steady economic growth over the past decades. Gross Domestic Product (GDP) in the region has nearly quadrupled since the year 2000, from 570 billion USD to nearly 2 trillion<sup>7</sup>. Romania and Bulgaria are growing faster than the European Union average, with latest annual GDP growth rates at 4.4% and 3.1%, respectively, compared to the EU average of 2%. In the Western Balkans, the growth for the period of 2018-2020 is forecast at an average rate of 3.5% between 2018-2020<sup>8</sup>.

It is nevertheless clear that economic growth is not being shared equitably among the region's people, nor has it adequately translated into decent work opportunities or improved living conditions. The United Nations Development Program (UNDP) office for Europe and Central Asia has stressed that lack of inclusive economic growth in the region has meant that income and job insecurity continue to affect large sections of the population. Instead, growth has largely benefitted those who are already well-off. Income inequality has grown substantially among most countries in the region in the last two decades<sup>10</sup>. The share of income among the top 10% is over 10 times higher than that of the bottom 10% in some Eastern European countries, such as Bulgaria, North Macedonia and Romania.



Source: ITUC analysis based on the World's Bank Development Indicators.

Note: Latest data available. Albania (2012); Bosnia and Herzegovina (2011); Bulgaria, Montenegro (2014); Croatia, North Macedonia, Romania, Serbia (2015); Ukraine (2016); Kosovo, Moldova (2017).

According to the UNDP, low wages and a lack of decent work opportunities have strongly contributed to income inequality in the region. High levels of unemployment, economic inactivity and poverty, moreover, remain serious challenges.

These trends are not only an affront to social justice, but they are also a risk to social and political stability as well as sustainable economic development. Low wages and high poverty rates have led to deficits in aggregate demand, which are constraining further growth<sup>11</sup>. High levels of income inequality also carry significant risks, including low social mobility, underutilisation of human capital, reduced social cohesion and eroded trust in institutions<sup>12</sup>.

Working conditions in Eastern Europe are, moreover, dramatically lower than that of Central and Western Europe. Such divergences exist even for those within the European Union, despite an EU single market, entailing the free flow of goods and capital across the union, along with freedom of movement between EU Member States. Wages in Croatia, for instance, represent only 36% of average wages within so-called "old" EU Member States (EU15), while in Bulgaria they represent only 17%. These divergences are disproportionately large compared to differences in productivity or the cost of living between countries, and threaten the EU's objective for upward social convergence. Major differences in wages and working conditions are also persistently acute for those Eastern European countries that are not yet members of the EU, despite context of unprecedented levels of trade with the EU and visa liberalisation for Western Balkan countries. Average wages in Serbia, North Macedonia and Bosnia and Herzegovina represent around one quarter of average wages in the EU-15 – and in Albania they represent only 12%<sup>13</sup>.

It is therefore not surprising that poor working and living conditions in the region are leading many people within the region to emigrate in order to seek better opportunities. These trends are having major consequences in terms of labour shortages and the sustainability of public finances. Over one third of the nationals of Western Balkan regions now live abroad<sup>14</sup>. The IMF has projected that given

current trends, such emigration is expected to continue and labour supply will decline significantly<sup>15</sup>. Bulgaria, for instance, is expected to lose more than one fifth of its population by 2050<sup>16</sup>. As mass emigration includes many high-skilled workers and educated young people, skills depletion is a major concern as well<sup>17</sup>. Moldova, for instance, is experiencing major skill shortages in key sectors including health. The country lost 7% of its medium

qualified medical staff and 6% of its nurses between 2011-2016 alone, and currently over one quarter of the medical staff is above retirement age<sup>18</sup>. A recent poll by the European Council on Foreign Relations (ECFR) shows that citizens from Eastern European countries worry more about the consequences of massive emigration than immigration<sup>19</sup>.

## Summary

- Economic growth has not translated into decent work opportunities.
- Income inequality is high and rising.
- Poor working and living conditions are leading to massive emigration.
- A lack of decent work opportunities and high levels of poverty are having disastrous social, political and economic consequences.

## Draženka, 48, Textile worker, Croatia



“ More and more young people leave this region. My son is one of them. After his studies, he came back from Zagreb to live here and started working at a local company. They kept him on the minimum wage and wouldn't even pay for his travel expenses. One day he had enough, handed his resignation letter and decided to search for a job in Germany. His girlfriend joined him there; they are both employed and pretty happy with their life there. I was heartbroken when he left, since he is my only child, but then I thought – why not, it might be better for him. I don't think he will ever come back... except to spend his holidays here maybe. ”

## Iliya, 26, Doctor, Ukraine

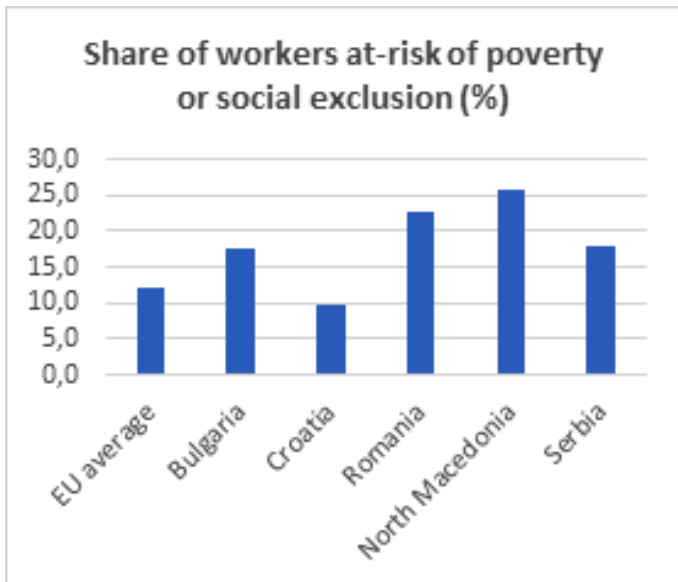


“ Young people tend to leave the country to continue their medical career, or if they decide to stay, they are changing professions. Half of the list in my university class have changed their professions. That's a real loss for the future of medicine here. A couple of good friends some time ago have moved to work in Germany within the medical sphere; others changed jobs to private entrepreneurship or related to medicine fields of work like being dieticians, working in international organisations, pharmaceuticals, etc. For them it's better, but is it better for the population? What good will it bring if true professionals and bright doctors are gone? ”

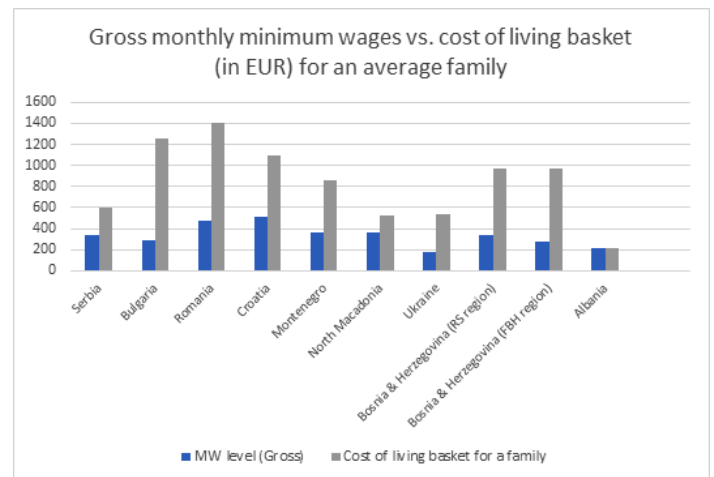
# The need for a pay rise in Eastern Europe

For many workers, having a job is unfortunately not a means out of poverty, let alone a guarantee for a decent livelihood. In work-poverty remains a major challenge in the region – one in six workers lives below the poverty line in Bulgaria and Serbia – increasing to around one in four in Romania and North Macedonia.

While all countries in the region have statutory minimum wages, they tend to be extremely low and inadequate in affording workers and their families a decent life. In nearly all cases, statutory minimum wage levels tend to be set below national poverty lines for a household, let alone the average cost of living basket for a family. In Bulgaria, for instance, the gross minimum wage represents less than a quarter of the cost of living basket for an average family – and after taxes and social security contributions, it is worth only 17%. In Serbia, the minimum wage after taxes and social security contributions amounts to only 46% of an average consumer basket.

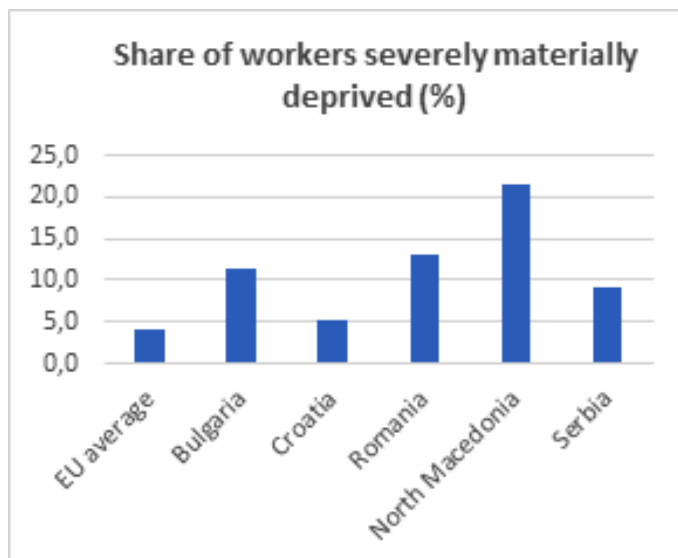


Source: Eurostat. Latest data available: Bulgaria and Romania (2018); EU 28, Croatia, North Macedonia and Serbia (2017).



Source: ITUC calculations based on information provided by national trade union centres (2019)

Note: Cost of living baskets are estimated for an average-sized family. In Albania, it is for 3.2 people, in Serbia it is for 3 people, and in Croatia 2.7 people – while in all other countries it is for 4 people. The cost of living basket for Ukraine was converted for an individual to a household of four using the OECD equivalency scale.



Source: Eurostat Database. 2018 data. Data for population more than 18 years old.

Low statutory minimum wages in some countries are further exacerbated by irregular updates in order to take into account changes to inflation and the costs of essential goods, leading to a further depreciation of their value over time. While some countries provide for minimum wage consultations and adjustments on an annual basis, such as in Bosnia and Herzegovina, Kosovo, Serbia and Ukraine, there is no fixed period for minimum wage adjustments foreseen in the legislation for Albania, Croatia and Romania. In Montenegro, while the minimum wage is supposed to be reviewed by the Social Council every six months, there was no adjustment to the minimum wage level between 2013 and 2019 – leading to a loss in value of around eight per cent during this time period<sup>20</sup>.

In addition to low statutory minimum wages, workers' possibilities to organise and collectively bargain for fair wages above the minimum wage level are also being compromised in many countries in the region as trade union rights have been under attack. The ITUC 2019 Global Rights Index shows that trade union rights have been systematically or regularly violated in Romania, Bulgaria, Albania North Macedonia and Serbia (rating 3 and 4) and that no guarantee of trade union rights can be assured in Ukraine (rating 5)<sup>21</sup>.

Low wages in the formal economy are also linked to informality in many countries in the region – with many workers receiving top-ups from employers in cash above the minimum wage level, while other workers seeking to complement low wages received in the formal economy with informal activities elsewhere<sup>22</sup>. These practices have negative implications both for public finances and the adequacy of social protection benefits for many workers later on in life.

Wage theft affects many workers in the region – with arrears in wage payments and non-compliance in paying minimum wages a regular occurrence in some countries. In Ukraine, for instance, the State Statistics Service has estimated unpaid wages to reach 3 billion UAH in March 2018 (115 million EUR), with half of these wages being withheld by economically active enterprises. Delayed wages and underpayment of wages are further exacerbated by labour inspectorates who are often poorly resourced and/or have limited powers of enforcement<sup>23</sup>. Severe limitations on the frequency of labour inspections and the restrictions on the powers of inspectors have further exacerbated these problems<sup>24</sup>.

Dismally low wages constrain household consumption, which in turn reduces aggregate demand, particularly when wages are stagnating in many economies at the same time<sup>25</sup>. This in turn compromises job creation and productivity, and limits possibilities for even greater economic growth. Low wages also can contribute to excessive household debt that can in turn threaten macroeconomic stability – as evidenced by the recent economic and financial crisis<sup>26</sup>.

## Summary

- Statutory minimum wages rates in Eastern Europe are poverty wages.
- The cost of living outstrips statutory minimum wages.
- Collective bargaining on wages is under attack.
- Non-enforcement of labour law is denying workers their rights.
- Low wages encourage informality, suppress aggregate demand and have negative economic consequences.

## Violeta, 43, Textile worker, Albania



“ To sign the employment contract, our managers came while we are working and told us “please, just sign here”, so we didn't have time to read it carefully. When I am sick and cannot go to work, they retain €2.45 from my salary. And during the two-weeks holidays I get annually, they only pay me 40% of my salary and not 100% as they should. ”

## Dajana, 26, Journalist, Serbia

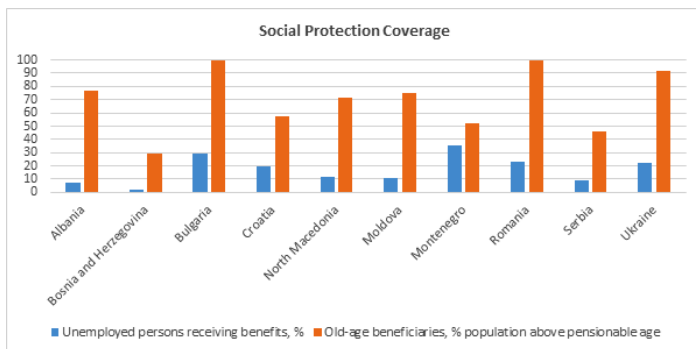


“ My work assignments are various – I am a news anchor and a TV reporter, I work on story pitches, record news announcements, and do many other things. On a typical working day, I come back home around 6:00 p.m. or later. For that, I make around €290 per month.

I live in a rented flat, and each month I have to pay a rent, household utilities, buy food and cover monthly payment for a car I bought through a bank loan. Altogether, those costs amount to around €314 , while I actually live off the money I get from the “aside gigs”. The rent is my biggest monthly cost, while my week’s worth of food costs around €25. ”

# Addressing inadequate social protection

In addition to low wages, social protection systems in the region remain woefully inadequate and leave many workers unprotected. While social security and social protection floors exist in most countries, major coverage gaps remain. In Bosnia and Herzegovina and Serbia, less than half of the elderly receive any sort of pension. Support for people out of work is extremely limited – with unemployment benefits covering less than one out of eight unemployed people in Albania, Bosnia and Herzegovina, Serbia, North Macedonia and Moldova. In addition to very limited coverage, the ILO has reported that very low benefit levels have compromised the adequacy of social protection and its ability to prevent and reduce poverty<sup>27</sup>.

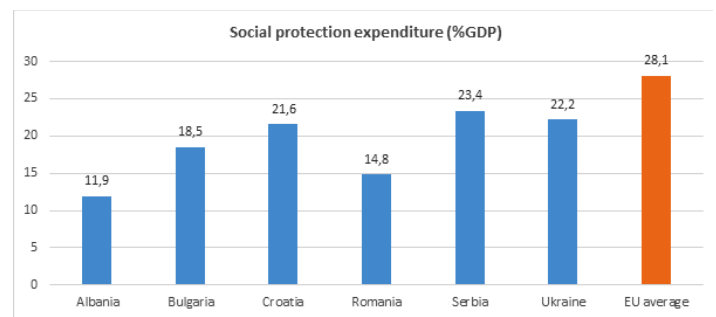


Source: ITUC analysis based on data from the ILO World Social Protection Report Data 2017-2019.

Note: Figures are for 2015 expenditures or latest available year.

The low coverage and adequacy of social protection systems is largely driven by the fact that social spending remains insufficient to meet demand. All countries spend considerably less than the EU average on social protection in terms of percentage of GDP. Albania and Romania, for instance, spend less than half of what the average country in the EU spends on their social protection systems in GDP terms, despite the fact that the rates of unemployment and poverty are substantially higher in these countries. Recent reforms in many countries have been undertaken with the aim of further reducing social spending, risking to further reduce adequacy of and access to social protection. In Montenegro, the pension age has increased and the average replacement rate, which used to amount to 85% of average earnings, has been reduced to below 60% of average earning<sup>28</sup>. In Croatia, the pension age has similarly been increased substantially and the financial penalty for retiring early has been increased substantially, despite the fact that life

expectancy remains among the lowest in the European Union<sup>29</sup>. In Romania, a recent reform to reduce employer social security contributions by shifting the vast majority of them on to workers themselves is leading to a substantial loss of revenue for social protection and has led to a reduction in workers' net wages by an estimated 20%<sup>28</sup>.



Source: ITUC analysis on the basis of the ILO World Social Protection Report Data 2017-2019, Eurostat and OECD database.

Note: No data available for Bosnia and Herzegovina, Kosovo, North Macedonia and Montenegro. \*Latest data available: OECD (2018), EU 28 (2016).

Governments tend to cite a lack of resources to considerably expand social protection coverage, and many countries in Eastern Europe have cited demographic pressures as an additional reason for not further extending social protection. However, estimations show that the cost of extending social protection in order to provide guaranteed minimum level of protection for everyone would be far from unaffordable<sup>30</sup>. There are, moreover, numerous means at governments' disposal to raise revenue and create fiscal space, including reallocating public expenditures, leveraging progressive taxation, tackling tax evasion and illicit financial flows, ensuring that employers pay their fair share of social security contributions, supporting the transition to the formal economy, and addressing barriers to the labour market of women, youth and other underrepresented groups<sup>31</sup>.

Overall, inadequate social protection is having negative social and economic consequences. Underdeveloped social protection systems in the region have been reported to contribute to greater poverty and inequality, which are further driving people into informal work<sup>32</sup>. Inadequate social protection is also further dampening aggregate demand, placing an impediment to sustainable economic growth.

## Summary

- Social protection systems fail to cover most workers.
- Social spending is insufficient.
- Inadequate social protection systems are contributing to greater poverty and inequality and are holding back inclusive economic growth.
- Extending social protection to all workers is financially feasible

### Robert, 48, Administrative clerk, Federation of Bosnia and Herzegovina



“ I like my job, but the salary is very low at €300 per month. It’s a bit above the minimum wage but it’s not easy to live off of it, especially when you have a child, as I do. The worst thing is that whenever he gets sick, we need to pay for all of the medicines and almost all consultations with doctors. ”

### Zoran, 47, Security guard, Republika Srpska



“ My wife left; I am a single father of three girls. I lost the right to the monthly state aid for parents last year, which was a huge setback. Apparently, the government thinks that a person who makes €255 a month shouldn’t be eligible for state aid per child, although the monthly consumer basket costs €1,019.93 (KM 2,000). I find that to be horrifying. ”



# The economic case for minimum living wages and social protection

Ensuring statutory minimum living wages and extending social protection within Eastern Europe would have significant social and economic benefits. Raising the statutory minimum wage has been shown to be effective in reducing poverty as well as wage inequalities by pushing up wages at the bottom of the distribution<sup>33</sup>. While employers and some governments have wrongly argued that raising the minimum wage compromises companies' abilities to operate and reduce jobs, the vast majority of literature has shown that this is not the case<sup>34</sup>. Empirical evidence across other regions of the world, such as Indonesia, Brazil, South Africa and India, has shown that increasing the minimum wage can boost aggregate demand, job creation and employment levels, and overall economic growth<sup>35</sup>. The International Labour Organization highlighted in 2017 that, "Recent evidence shows that when minimum wages are set at an adequate level and adjusted regularly to reflect the cost of living and economic factors, they can raise the wages of low-

paid workers – many of whom are women – without significantly negative effects in jobs<sup>36</sup>."

Research also shows that minimum wage increases have not affected competitiveness, and there are other, more critical factors that can affect competitiveness, such as skill supply, the rule of law, the stability of industrial relations, availability and use of technology and infrastructure, logistics, and trade rules<sup>37</sup>. Numerous studies have also highlighted the positive effects of minimum wages on improved skills, reduced turnover, higher organisational efficiency and higher productivity<sup>38</sup>.

Likewise, adequate, well-designed social protection systems have been shown to be extremely effective in preventing and reducing poverty and inequality, fostering skills development and employability, providing crucial automatic stabilisers, reducing informality and supporting overall economic growth and development<sup>39</sup>.

## Summary

- Raising statutory minimum wages reduces poverty and inequality.
- Raising statutory minimum wages boosts aggregate demand, employment and overall economic growth.
- Minimum statutory living wages and adequate social protection foster inclusive economic growth.

# End notes

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## 1. Country Profiles Data Sources

**Minimum wage levels (gross and net):** Data derived from national legislation and information provided by national trade union centres. For Serbia the information is based on data from Statistical Office of the Republic of Serbia – RZS.

**GDP growth:** Eurostat database for Bulgaria, Romania, Croatia, Serbia, Bosnia and Herzegovina, North Macedonia, Montenegro and the EU average. World Bank data bank for Albania and Moldova. Information provided by national trade union centres for Ukraine. Latest data available for all countries.

**Projected Population Change:** Data for Bulgaria and Bosnia and Herzegovina based on information provided by national trade union centres. Data for all other countries from UN DESA (2019) World Population Prospects.

**Employment rate:** EU labour force survey (2018) for Bulgaria, Croatia, Romania and Montenegro. State Statistical Office (2019) for North Macedonia. ILOStat (2018) for Bosnia and Herzegovina. Information for Albania, Moldova and Ukraine provided by national trade union centres. For Serbia the information is based on data from Statistical Office of the Republic of Serbia – RZS.

**Poverty line:** Eurostat database for Bulgaria, Croatia, Montenegro and North Macedonia – latest data available. Thresholds are set according to the EU's at-risk-of-poverty indicator (relative poverty) and household calculations are based on a family of four (two adults and two children). Data for Romania and Bosnia and Herzegovina (Republika Srpska Entity) are provided by national trade union centres. For Ukraine, the information is based on the estimated “living minimum for an able-bodied individual” calculated by the Ministry of Social Policy. For Albania, the information is based on the estimated “subsistence minimum” calculated by the institute of labour. For Serbia the information is based on data from Statistical Office of the Republic of Serbia – RZS. No data available for Moldova.

**Share of employment in the public sector:** Information provided by national trade union centres for Bulgaria, Romania, Albania, Montenegro and Moldova (latest data available). State Statistical Office (2019) for North Macedonia. ILO Stat - 2013 figures for all other countries. Data not available for Bosnia and Herzegovina.

**Percentage of trade with the EU:** Data for Romania, Croatia, Romania, Bulgaria, Ukraine and Moldova come from European Commission DG Trade country profiles. Data for North Macedonia from the EU's External Action Service. For Albania, Serbia, Montenegro, and Bosnia and Herzegovina, Eurostat data on exports is used.

**Main employment sectors:** CIA World Factbook and information provided by national trade union centres.

**Largest employers:** Information provided by national trade union centres and national press articles. All of the data for the abovementioned countries have been reviewed by national trade union centres.

2. **Multinational/foreign companies:** SKF Bearings Bulgaria(machine-building) Bordnetze(machine- building); Ideal Standard Vidima (metal and ceramic production); E. Mirolio (textile); Lukoil (petrol and chemical production); Balkapharma (pharmaceuticals) **Bulgarian private companies:** Sopharma(pharmaceuticals)**Bulgarian state-owned companies:** TPP “Mariza –East 2” (electricity production); VMZ (weapon production, machine –building).

3. International: Telenor Crna Gora; M-Tel doo; Mercator CG; Ina Crna Gora Domestic:Hard diskont Laković; Voli trade doo; Uniprom; Bemax; Montenegro airlines.

4. Kaufland Romania (supermarket chain); Ford Romania (automotive); Lukoil Romania (oil); Auchan (supermarket chain); Yazaki (electronics); Dedeman (retail chain).

5. <https://www.serbianmonitor.com/en/serbian-companies-with-the-biggest-revenue-2016/>

6. International:Raiffeisen Bank Ukraine (banking); Leoni Wiring Systems (automobile); Alfa Bank (banking); SE Bordnetze Ukraine (automobile) Domestic: Ukrtelecom (telecommunications); Ukrnafta (oil company); Naftogaz (energy sector); ATB-Market (retail) ; Silpo-food (retail) ; Energoatom (energy sector); Nova Poshta (postal services); Oschadbank (banking); Epicentre (retail) ;Pavlogradvugillia (coal mining).

7. See World Bank statistical database (GDP in USD), looking at GDP in 2017 (latest figure available) compared to 2000.

8. IMF (2018) World Economic Outlook Update for Europe and Central Asia.

9. See UNDP Europe and Central Asia Office: [Employment and Livelihoods.](#)

10. See UNDP (2015) [Poverty, Inequality, and Vulnerability in the Transition and Developing Economies of Europe and Central Asia.](#)

11. IMF (2015) Caucasus and Central Asia Regional Economic Outlook.

12. See for instance World Bank (2016) Poverty and Shared Prosperity; IMF (2015) Causes and Consequences of Income Inequality: A Global Perspective; Wilkinson and Pickett (2009) The Spirit Level: Why More Equal Societies Almost Always Do Better.

13. ETUI, Paunovic-Kosanovic (2019) –calculations based on AMECO.

14. ILO (2017) What Future for Decent Work in Europe and Central Asia.

15. IMF (2019) Demographic Headwinds in Central and Eastern Europe.
16. Ibid.
17. International Institute for Applied Systems Analysis( 2016) Labor market and migration across the Eurasian continent, workshop report.
18. UNDP Moldova Office (2018) Making the Most of Emigration.
19. See summary of the poll here: <https://www.theguardian.com/world/2019/apr/01/europe-south-and-east-worry-more-about-emigration-than-immigration-poll>.
21. For more information please refer to the [ITUC Global Rights Index 2019](#).
22. ILO (2017) What Future for Decent Work in Europe and Central Asia.
23. Ibid.
24. Ibid.
25. ILO (2017) [Global Wage Report 2016/2017](#).
26. IMF Working Paper (2018) [Understanding the Macro-Financial Effects of Household Debt: A Global Perspective](#).
27. ILO (2017) What Future for Decent Work in Europe and Central Asia.
28. See explanation of reform here: <https://balkaneu.com/trade-unions-demand-reform-montenegrin-pension-system/>.
29. See ETUI explanation of the reform [here](#).
30. See, for instance, ILO Cost Calculator and the Friedrich-Ebert-Stiftung's Social Protection Floor Index.
31. See, for instance, the conclusions of the ITUC 2018 [Global Conference on Financing Social Protection](#); Ortiz et al. (2017) [Fiscal Space for Social Protection and the SDGs](#).
32. See, for instance, ILO (2017) [What Future for Decent Work in Europe and Central Asia](#).
33. See, for instance, [ILO Global Wage Report 2016/2017](#).
34. See, for instance, the ILO [Minimum Wage Policy Guide](#); World Bank (2015) Balancing Regulation to Promote Jobs.
35. See, for instance, OECD (2016) Employment Outlook; World Bank (2012) Balancing Regulation to Promote Jobs; L20 Policy Brief (2018) [The Case for Wage-led Growth](#).
36. ILO (2017) What Future for Decent Work in Europe and Central Asia.
37. See, for instance, OECD (2008) Skills for Competitiveness: Tackling the low skilled equilibrium conceptual framework; World Bank (2017) Trouble in the Making? The Future of Manufacturing-Led Development.
38. See, for instance, a comparative evidence review conducted by the Ontario Ministry of Labour (2015) The Economic Impact of Minimum Wages; OECD (2016) Employment Outlook; ILO (2017) [Global Wage Report 2016/2017](#).
39. See ILO World Social Protection Report 2017-2019; European Commission (2013) Evidence of Demographic and Social Trends: Social policies' contribution to inclusion, employment and the economy; ILO (2011) Decent Work and the Informal Economy; ILO (2014) Monotax: Promoting formalization and protection of independent workers.

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