

**Fair Wear Foundation**

# **Background survey**

**Bulgaria**

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**Sofia**

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# Contents

<b>1</b>	<b>Introduction</b> .....	<b>3</b>
<b>2</b>	<b>Working methods</b> .....	<b>4</b>
2.1	Sources .....	4
<b>3</b>	<b>Elements of the background study</b> .....	<b>6</b>
3.1	The garment industry .....	6
3.1.1	Areas where garments are produced .....	12
3.1.2	Statistical data on garment production .....	13
3.1.3	Raw material .....	19
3.1.4	Description of types of garment production .....	22
3.1.5	Description of the supply chain/production network .....	22
3.2	General description of the industrial relations and labour conditions in the garment industry .....	25
3.2.1	General background .....	25
3.2.2	What do the unions do in this region/industry?.....	29
3.2.3	Are there other groups to defend the interest of workers (especially women workers and unregistered workers)? .....	34
3.3	The labour standards .....	39
3.3.1	Employment is freely chosen.....	39
3.3.2	Discrimination in employment.....	46
3.3.3	No Exploitation of Child Labour .....	53
3.3.4	Freedom of Association and the Right to Collective Bargaining .....	57
3.3.5	Payment of a Living Wage.....	63
3.3.6	No Excessive Working Hours .....	71
3.3.7	Health and Safety .....	81
3.3.8	Legally Binding Employment Relationship .....	109
3.3.9	APPENDIX 1. - Collective labour agreement in the garment industry.....	115
3.3.10	APPENDIX 2. - Collective labour agreement in the leader, fur, footwear and haberdashery industry .....	116
3.3.11	APPENDIX 3. - Collective labour agreement in knitted fabrics industry .....	117
3.3.12	APPENDIX 4. - Collective labour agreement in cotton, linen and hemp industry.....	118
3.3.13	APPENDIX 5. – Labour contract .....	119
3.3.14	APPENDIX 6. – Civil contract.....	120

# 1 Introduction

To be able to verify the implementation of the Code of Labour Practices, the Fair Wear Foundation operates in various countries where garments are being produced. In these countries, a network of partner organisations is set up. Whenever FWF starts to operate in countries where garments are being produced for FWF (prospective) member companies, the first step is to make a background study for "members of FWF". Often this study refers to a specific region of the country, as garments are often produced in particular regional clusters.

This study has four different parts serving four different purposes:

- Part 1. To give an overall context to assess the limits and possibilities to improve labour standards in the companies involved.
- Part 2. To facilitate the verification process by FWF and the monitoring task of member companies by giving an overview of current legislation, and relevant court cases regarding the labour standards and other types of regulation concerning the labour standards.
- Part 3. Similar to 2 but then focussing on H&S laws and regulations.
- Part 4. The background study contains an inventory of the stakeholder organisations that could be asked to participate in the partner network.

The FWF commissioned this background study to an ad-hoc team of Bulgarian researchers based in Sofia. The Background Study covers an overview of the general situation including the labour conditions of the textile and garment industry in Bulgaria, a review on the Bulgarian labour related laws and regulations.

This study is a working document. Parts of the Background study related to practical examples and contact information can be updated at any time.

Contributors to this study were: Polina Radeva, Nikolay Kolev and Sjef Stoop as the editor.

## 2 Working methods

This report is based on desk research and interviews with local experts. General sources such as the National Labour Report, and statistics from the ILO, National Statistical Institute of Bulgaria and national trade statistics was used when they were applicable. Also the most recent local and national statistics concerning the garments industry were used.

### 2.1 Sources

The information included in the Background Study is gathered from secondary literature review on Bulgarian laws and regulations, labour related reports and other researches on the labour, textile and garment industry conditions in Bulgaria, as well from interviews with experts and TUs representatives, website information, and organizations' publications.

The main sources are:

1. Bulgarian Agency for Investments, [www.investbg.government.bg](http://www.investbg.government.bg)
2. General Labour Inspectorate, <http://git.mlsp.government.bg>
3. Ministry of economy and energy, [www.mi.government.bg](http://www.mi.government.bg)
4. Ministry of health, <http://www.mh.government.bg>
5. Ministry of interior, <http://www.mvr.bg>
6. National representative survey of ASA (Women in poverty, 2003)
7. National Social Security Institute, [www.noi.bg](http://www.noi.bg)
8. Project "Fair condition for women dressing Europe", WAD Foundation 2005, [www.women-bg.org](http://www.women-bg.org)
9. Recurrent studies of Bulgarian population made by Demographical institute of Bulgarian Academy of Science (BAS); "Women, labour, globalisation", national representative research, 2001, ASA.
10. Research of attitudes towards the discrimination and recognition of the newly LPAD, carried out in North-West Bulgaria as a part of WAD Foundation project, excerpt of 600 people above 18 years of age.
11. Researches of Institute of Social and Trade union Analyses of CITUB, Agency for Social Analyses (ASA), Vitosha Research, [www.knsb-bg.org](http://www.knsb-bg.org)
12. Sector development strategy "Premiana Bulgaria", [http://textil.stfi.de/download/sites/download\\_script.asp?filename=1018\\_.pdf](http://textil.stfi.de/download/sites/download_script.asp?filename=1018_.pdf)
13. Statistical yearbooks, NSI, 2001-2004
14. The Labour code, [www.paragraf22.com/pravo/kodeksi/kt.html](http://www.paragraf22.com/pravo/kodeksi/kt.html)

15. The Law on Health and Safety at Work, [www.paragraf22.com/pravo/zakoni/zakoni-d/72.htm](http://www.paragraf22.com/pravo/zakoni/zakoni-d/72.htm)

16. The Law on Protection Against Discrimination,  
[www.paragraf22.com/pravo/zakoni/zakoni-d/52533.html](http://www.paragraf22.com/pravo/zakoni/zakoni-d/52533.html)

Note: Chapter 3.1 is taken from the report “Sector Development Strategy “Premiana Bulgaria”, Apparel Production In Bulgaria” (Sofia, 2004), a report from the Ministry of Economy and the relevant associations for apparel and textile.

### **3 Elements of the background study**

#### **3.1 The garment industry**

The Apparel and textile industry in Bulgaria can be described as follows<sup>1</sup>:

“The predominant part of the apparel producing companies in the country are small and medium-sized enterprises with not more than 250 employees. According to the National Statistic Institute (NSI) 95 percent of the companies in the sector are SMEs as of 2000.

The majority of the companies are Sole Proprietors and Limited Liability Companies, which have been established during the last 15 years and have gained between 10 and 15 years of experience. There also exists a considerable number of Joint Stock Companies, most of which are successors of the privatized big former state enterprises. In practice the property in the sector is fully private.

Statistical information regarding the total number of the apparel producing enterprises is contradictory and hardly comparable.

According to National Social Security Institute (NSSI) data there are about 1.200 companies, specialised in the production of apparel, including leather.

According to the National Statistics Institutes BULSTAT (NSI) register the number of companies dealing with the production of apparel reaches several thousand without any distinction being made of how many of the companies actually carry out the declared scope of activities. NSI also estimates a total of more than 4000 companies involved in production of textiles and textile products in 2003 (722 textile producing companies including knitwear and respectively 3.598 companies for apparel production including leather).

According to the Ministry of Economy the number of apparel producing companies in the country is about 3 000 for the period 2000 – 2001. Experts and producers from the sector dealing with a big number of local contractors estimate a number of actually operating apparel producing companies of about 2 500.

In line with the same estimations at least half of the mentioned number of companies is small enterprises, working as sub-contractors or suppliers for particular orders with an inconstant number of employees and big fluctuations of the capital flow, which makes them vulnerable to any market instability.

According to NSI data the number of employees in the production of apparel and textile in 2003 varies approximately between 165000 and 170000. Traditionally the peak of the employment is marked in the first several months of the year, which is defined by the seasonal

distribution of the production.

Cumulated Foreign Direct Investments (FDI) for Bulgaria amount in the period 1998 until June 2004 to about 6,6 billion USD. Out of these its 210 million USD that have been invested by foreign companies in the textile and apparel sector. That makes 3,3 percent. Still the textile sector ranks at 8th position among Bulgaria's branches concerning this indicator.

The investment mainly comes from few big investors amongst them: Miroglio Group (Italy), Rollmann and Partners (Germany), Bulsafil (Italy), ADF (France), Vesticonfex (Portugal), Mazer Holding (Turkey), Demo-Bulgaria (Greece), etc.

On the other hand, the sector became one of the major exporting forces in the country with a share of more than 20 percent of the country's total exports. Figures indicate a share of 22.7 percent in 2003 compared to 22.2% in 2002 and less than 15% in mid 90's. Again as in the previous years textile and apparel exports alone rose with more than 20 percent compared to the year before.

(...)

The main exporting market of the Bulgarian textile production are the countries of the European Union with a share of more than 80% in the last few years, where the major positions are held by Greece (mostly knitted apparel exports) and respectively by Germany and Italy (mostly woven apparel exports). In the majority of cases the increase in exports to the countries mentioned is driven by the presence of the foreign investors and their local production including sub-contracting.

Even if the sector is one of the major employers in the country in 2003 on average (about 6% of the total workforce) the level of average wages in the sector is considered relatively low. According to NSI data the average wage in the whole textile and apparel sector in 2003 amounted to 176.7 BGN per month.

There are varying and contradicting estimations concerning the grey market economy. Statements of companies interviewed indicate that the grey market holds a share between 30 to 50 percent. In terms of employment this market section is considerable in so far as it offers job opportunities (very low paid) to people who would have no income otherwise.

This applies in particular to southern Bulgaria. As a whole the "grey economy" as well as the illegal trade and unfair business practices (Tax evasion, illicit employment, smuggling) are considered as one of the major internal problems of the local textile industry.

The branch productivity is according to data from the European Union one of the lowest in Europe. This is only to some extent because of technology but to a considerable extent to poor workflow organization.

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<sup>1</sup> Sector development strategy "Premiana Bulgaria"

The Premiana Bulgaria Study lists some crucial trends and findings that are overwhelmingly considered as relevant for the whole sector from the viewpoints of the companies:

- The predominant part of the companies has a discernible export orientation which has been getting stronger during the past few years.
- A considerable part of the companies in the sector are in a very strong dependence on 1-2 foreign customers.
- The strong orientation toward the use of trade intermediaries, more specifically of foreign companies' representations in Bulgaria, restricts the opportunities for carrying out flexible market policy and leads to the strong dependence on particular key customers.
- The companies declare willingness for unification with the aim of performing joint marketing and distribution but practically such structures are still only isolated cases.
- The considerably high relative share of the work in different forms of CM production and with design defined by the customer decreases the added value that is formed in the sector and exposes the producers in Bulgaria to the exclusively price-based competition. This creates great risks for the sustainable development of the sector in and makes it dependent mainly on the low labour price in Bulgaria at the present moment.
- There are a very limited number of companies that possess own trade marks (expert estimations indicate less than 5% of all companies). Nevertheless, the inquired companies as per the present study pay strong attention to trade marks – 43.2 percent of them have registered own trade marks. Apparently the respondents are among the most active firms on the market.
- There are very few producers that are ISO 9001 certified – barely 1 percent of all textile and apparel companies in the country (a total of 48 firms 32 of them apparel producers).
- The smaller companies cannot afford the expenses related to the successful elaboration and implementation of a quality management system. The quality certificate is viewed primarily as a pre-condition for successful export to the foreign markets and the Western European markets in particular
- Turkey and EU are the main sources for materials for the sewing industry. The Bulgarian suppliers of materials come third after Turkey and EU as a result of the broken relations between the sewing and textile industry in Bulgaria
- There is a lack of strategic planning in the branch. More than one third of the inquired companies are planning their activities only up to 3 months forward.

The main problems of the inquired companies are in the field of acquiring and keeping of qualified personnel and in regard of the unfair competition.”

Below is a summary of the SWOT analysis as presented in the Premiana Bulgaria report.

Represented in the strategy SWAT analyse shows:

<b>Strengths and Weaknesses</b>	
MICROLEVEL	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The apparel industry is one of the main contributors to the export revenues and is a major employer in the Bulgarian economy</li> <li>• Over 95 percent of the firms within the industry are Small and Medium Sized Enterprises (SMEs), which have high flexibility to react to clients' demands for quick delivery and respond to new standards for quality and organization of production</li> <li>• Favorable geographic position in terms of market access to the EU and proximity to the main suppliers of qualitative textile fabrics and yarn from Italy and Turkey.</li> <li>• 100 percent private initiative and property</li> <li>• Long-term partnership with Western firms, thus gained experience in the organization of production, turning the design into patterns,</li> <li>• Development of "production on hangers" for the European Market</li> <li>• Comparatively good language and computer skills</li> <li>• European mentality and understanding for doing business</li> <li>• High commitment to fulfilling customers' needs</li> <li>• Competitive labour costs</li> <li>• Fairly good technological equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Low productivity rates because of the lack of specialization</li> <li>• The majority of the companies are extremely dependent by very few major customers.</li> <li>• A relatively small share of the companies in the sector has a registered trade mark.</li> <li>• Steady orientation towards the use of trade intermediaries, more specifically of foreign companies representations in Bulgaria.</li> <li>• Low motivation of the workers and middle managers (salaries too low, not attractive to new people)</li> <li>• Insufficient quality of the higher and middle management in terms of control, work group management, marketing, distribution, total quality management)</li> <li>• Insufficient investment in human resource management</li> <li>• Necessity for investment in improving safety and health conditions for labour</li> <li>• Poor planning capacity, lack of strategic thinking at management level</li> <li>• Missing organization of trade on the Bulgarian market; no distribution system</li> <li>• Weak logistics capacity and sourcing capacity, materials not available just in time</li> <li>• Interrupted links with the local producers of raw materials</li> <li>• It is estimated that some 800 companies from a total of 2500 are operating in a serious and in a dedicated way. That is to say that these companies consider the apparel industry as their future. There are about 1.600 companies which are currently rather observing the market than actively going and exploring their opportunities. one third is considered to concentrate on the "quick time" and is expected to close down activities, once the CMT train moves out of Bulgaria</li> <li>• Due to inappropriate financing opportunities it is difficult for many producers to obtain and pre-finance the necessary raw materials for large contracts (credit lines are in principle available, problems with double book-keeping and dealing with grey economy)</li> <li>• It is difficult to bridge over operation financing for production. Banks do not understand the specific short-term capital needs of producers.</li> <li>• Incurred inter-company debts distorts trust building</li> <li>• International contact and business relation management is not sufficient. The capacities of the Bulgarian branch are insufficiently used</li> <li>• Distribution channels are insufficiently organized. This applies to the lack of specialized wholesalers as well as retailers.</li> <li>• Associations are existing, but companies do not support associations enough through active information and cooperation.</li> <li>• Insufficient support of companies in organizing joint business trips, business delegations or international business contact management</li> <li>• The marketing of most companies is at a poor level. Marketing Departments in most of the Bulgarian companies basically do not exist</li> </ul>

	<ul style="list-style-type: none"> <li>• Lack of Design departments</li> <li>• Lack of investment in standardizations, such as ISO 9000 and ISO 14000</li> <li>• Low efficiency levels</li> <li>• Fashion products of high quality and established domestic brands on foreign markets are missing</li> <li>• Interviews conducted clearly state that following are the main obstacles for branch development: Lack of qualified staff, unfair competition, weaknesses in financing (credits), corruption and bureaucracy, small domestic market.</li> <li>• Low productivity as a result of poor workflow management</li> </ul>
<b>MEZOLEVEL</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Clearly visible tendency for establishment of sector associations</li> <li>• High number of educational institutions</li> </ul>	<ul style="list-style-type: none"> <li>• The Fair system is insufficiently organized. There are a lot of B2C (Business to consumers) fairs. Bulgaria needs specialized B2B (Business to Business) Fairs in both apparel and textile sub sector</li> <li>• Despite of a fairly large number of training schools, the supply of well qualified workers who are practice-oriented is not sufficient. The educational system does not properly react to the need of companies. This applies in particular to low and middle management jobs like apparel technicians, logistics, quality management, distribution, sales and marketing, design and samplers</li> <li>• The bargaining procedures for wages are not so efficient</li> <li>• Some of the currently existing branch structures in the sector are just “paper tigers” or remaining from communist times</li> <li>• Lack of legislative basis for representatives of the branch associations</li> <li>• No cluster policies (only ideas, no concept!) Insufficient supply (purchase) and distribution networks</li> <li>• 'Subcontracting' creates a poor image</li> <li>• Lack of service centres for the sector</li> <li>• Lack of testing and certification centres</li> <li>• Lack of needs-oriented vocational training centres</li> <li>• Lack of sufficient co-ordination with the international branch associations</li> </ul>
<b>MACROLEVEL</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The national legislation with respect to the regulation practice in the sector is harmonised to a large extent with that of the EU</li> <li>• Low probability of drastic changes in the existing regulations in short term and medium term in the light of the forthcoming membership in the EU</li> <li>• Liberal international trade regime as regards production of textile goods, which have contributed to the improvement of the market access and the competitiveness of the sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient tax and labour preferences from the business view point</li> <li>• Inconsistent and non-coordinated efforts of the business and the government with regard to the provision of wider legally stipulated preferences for the sector</li> <li>• Late common position and misunderstanding of the situation by the business and lack of concrete measures toward the forthcoming liberalisation of the world textile trade as of 1 January 2005</li> <li>• Insufficient and ineffective utilisation and application of the possibilities for state aids, envisaged in the Bulgarian legislation and consistent with the internationally agreed regulations and disciplines. Probability for additional changes in the labour and social security regulations related to the future membership in the EU hampering the employers</li> <li>• Illegal imports</li> <li>• Poor domestic infrastructure</li> </ul>

	<ul style="list-style-type: none"> <li>• Too many and too expensive changes in terms of labour safety, social security, etc</li> <li>• Red-tape bureaucracy, delays in VAT reimbursement in particular and customs</li> <li>• Missing commitment of the Government concerning the preference in origin</li> <li>• High customs duties with Russia</li> <li>• Lack of national support policy (fairs, national image of products, international trade fostering, innovation funds, trade policy, etc.) More than 80 percent of the companies consider this support to be too weak. To a lesser extent, this also applies to the associations.</li> <li>• Lack of information concerning changes in the context of EU accession</li> <li>• Lack of fair competition framework</li> <li>• Lack of correspondence within the National statistics data (classification is different)</li> </ul>
<b>Opportunities and Threats</b>	
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• The predominantly EU oriented export, stated by the inquired companies, as well as the data for moderate growth of the annual turnover and the number of the employed implies the existence of resources which could be utilized with a view to the future strategic development of the producers from the sector.</li> <li>• Intensified transfer of capital, know-how, technologies and design to Bulgaria with the approach of EU membership</li> <li>• Increased market demand of apparel in small series</li> <li>• Increased purchasing power of the domestic market</li> <li>• Re-gain of the Russian market</li> <li>• Active prudent regulation of the domestic market (observing the rules of the game)</li> <li>• EU policy towards the Bulgarian apparel sector</li> <li>• The unification of enterprises with the aim of performing joint marketing and distribution may result in better exploitation of domestic and international markets. Only 10.8 percent of the inquired companies have declared they participate in such kind of unifications. The predominant part of them (83.8 percent) declares their inclination to participate in such a structure.</li> <li>• In the field of supply, as well as in marketing and distribution, most companies demonstrate willingness for co-operation with other companies. The same applies to sales and marketing.</li> </ul>	<ul style="list-style-type: none"> <li>• Elimination of the quotas for textile imports in 2005 within the WTO</li> <li>• Immediate loss of competitiveness of Bulgarian firms in the low customer segments due to unlimited Chinese imports into the EU and the US.</li> <li>• Continuing trend for decrease of the domestic market share</li> <li>• Massive Firm liquidations due to the cut of the CMT orders</li> <li>• Dependency ratio increase by the foreign buyers</li> <li>• Related social loss because of many losing their jobs in the sector</li> <li>• Deterioration of the image of the sector</li> <li>• Dumping imports from China</li> <li>• Imports of faked brands</li> </ul>

### 3.1.1 Areas where garments are produced

There are 6 regions for planning in Bulgaria, which are defined by enactment №145 on 25.07.2005 of the ministerial council. The regions correspond to the second level of the statistical classification of the territorial units NUTS.

The statistical figures for the last four years show that the sector is regionally stratified. An absolute leader in this industry in the last four years has been the southeast region, as for the year 2003 the companies in this region have produced one third (31.6%) of the production in this sector. The second place (26%) is taken by the central southern region. Basically, these two regions generate more than half (56.7%) of the production in this sector. The smallest amount of production is situated in the northeast part of the country (4.5%).

What's important to know, is that the big share in the production of this sector doesn't necessarily have an influence on the economy of this specific region.

For example, within the southeast region, which has the biggest production in the sector, the production of textiles has a significantly smaller contribution to the regional economy (6%), compared to the south-eastern region 17.1%, which otherwise produces two times less that amount of production.

The production of companies from the apparel and textile sector								
In the period of 2000-2003r. <sup>2</sup>								
		As a total about the sector	North-West	Central North	North-East	South-East	Central South	South-West
2000	Thousand BGN	1092867	82393	201597	112962	100963	282484	312468
	% of the production in the sector	100.0%	7.5%	18.4%	10.3%	9.2%	25.8%	28.6%
	% of the production in the region	-	16.5%	7.9%	5.8%	2.8%	8.0%	5.8%
2001	Thousand BGN	1340140	93333	246441	133681	148755	341119	376811
	% of the production in the sector	100.0%	7.0%	18.4%	10.0%	11.1%	25.5%	28.1%
	% of the production in the region	-	18.0%	9.6%	6.1%	10.9%	8.9%	4.5%
2002	Thousand BGN	1774442	87164	298896	147079	219024	441693	580586
	% of the production in the sector	100.0%	4.9%	16.8%	8.3%	12.3%	24.9%	32.7%
	% of the production in the region	-	7.3%	10.2%	5.9%	15.1%	9.5%	5.7%
2003	Thousand BGN	2060704	92024	341683	157691	282043	535142	652121
	% of the production in the sector	100.0%	4.5%	16.6%	7.6%	13.7%	26.0%	31.6%
	% of the production in the region	-	8.0%	10.9%	6.0%	17.1%	10.0%	6.0%

*Excluding Production and Distribution of electricity. The data for the year 2000 are from Regional review - NSI, 2001.*

### 3.1.2 Statistical data on garment production

During the last few years, the textile and apparel sub-sector has been one of the fastest developing sub-sectors in Bulgaria, especially during 2003. The total value of the produced production is higher than during the year 2000 with an 88%. This pace of development exceeds the industry as a whole with a 23%. At the same time, the value of this sector is growing in the national industry. If during the year 2000 the textile and apparel companies produced 5.5% from the whole industry production, during 2003 this share increased to 8.8%.

	2000г.	2001г.	2002г.	2003г.
Produced production /million. BGN/	1093	1340	1774	2061
Production Index of the companies in the sector /the year 2000=100%/	100%	118.5%	146.0%	187.5%
The production share of the industries in the country	5.5%	6.3%	7.8%	8.3%

The sales and production indexes in the apparel and textile industry point out the development of the sector from the year 2000 till now. At the same time, figures from the year 2004 and figures from the first 9 months from 2005 indicate a decrease of production in both sub-sectors.

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<sup>2</sup> Statistical yearbooks, NSI, 2001-2004

<sup>3</sup> Statistical yearbook, NSI, 2001-2004

		Sales index in the apparel and textile industry (2000=100) <sup>4</sup>												
Sector	Year	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII*	2000.**
Clothes production, including leather, treatment of sheep-skin jackets	2000	82.7	90.4	97.2	83.8	89.2	113.4	105.6	113.5	103.9	100.0	101.9	118.4	100.0
	2001	115.1	107.1	128.1	98.6	106.0	121.0	127.1	138.3	117.9	116.1	109.0	106.9	115.9
	2002	123.5	126.4	134.4	137.5	124.1	149.5	163.5	151.7	141.3	144.4	141.5	146.1	140.3
	2003	176.1	169.7	163.9	164.7	159.0	169.0	203.0	170.7	173.3	174.0	154.2	188.2	172.2
	2004	195.5	202.5	205.3	167.4	165.5	200.3	223.7	192.7	167.9	170.9	178.7	209.9	190.0
	2005	192.3	191.7	174.1	177.1	160.5	196.1	210.4	195.8	173.8				190.0
Textile production, and textile articles, without clothes.	2000	68.6	88.5	103.7	92.4	100.5	110.1	96.2	105.5	104.6	113.2	113.7	103.0	100.0
	2001	85.3	87.8	94.4	91.9	109.7	110.6	111.5	94.0	103.8	114.8	99.8	94.1	99.8
	2002	107.0	98.1	111.0	129.3	127.8	130.5	157.8	120.5	133.9	152.6	141.5	120.9	127.6
	2003	148.8	138.6	143.2	163.8	179.9	192.1	188.9	166.2	178.2	217.7	219.8	197.3	177.9
	2004	191.6	197.2	216.3	196.8	219.9	255.6	236.9	164.2	198.4	215.7	240.7	218.2	212.6
	2005	225.4	212.1	190.4	203.9	209.7	248.7	253.6	186.0	202.7				222.1

\* - Preliminary records

\*\* - The same period for the year 2000.

		The Index of the production Industry (2000=100) <sup>5</sup>												
Sector	Year	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII*	The year 2000**
Clothes production, including leather, treatment of sheep-skin jackets	2000	80.0	91.5	98.2	85.0	88.7	115.3	106.6	111.6	103.9	96.4	103.2	119.6	100.0
	2001	115.4	109.8	127.0	101.0	109.7	121.8	127.6	139.4	116.6	117.8	109.7	108.7	117.0
	2002	125.0	128.4	135.3	139.2	128.0	150.6	164.5	153.3	140.8	145.6	141.6	146.5	141.6
	2003	178.3	169.1	166.1	166.8	161.1	171.3	203.5	173.3	174.4	171.7	155.8	195.1	173.9
	2004	195.2	202.3	210.0	169.5	173.4	200.5	226.6	194.3	170.1	174.8	179.1	214.2	192.5
	2005	191.4	193.3	194.8	177.5	165.1	199.3	213.2	198.1	174.8				193.9
Textile production, and textile articles, without clothes.	2000	68.7	85.4	101.7	93.9	100.0	110.7	105.4	104.8	104.7	111.3	113.5	98.9	100.0
	2001	83.1	78.3	93.6	90.7	103.8	112.3	109.0	94.8	101.7	111.9	106.0	90.0	97.9
	2002	99.6	104.3	116.7	121.8	117.9	131.0	149.9	123.3	136.3	151.5	148.9	118.2	126.6
	2003	144.1	145.9	152.4	167.7	179.6	201.2	199.4	187.2	202.0	222.1	228.3	221.0	187.6
	2004	186.5	204.9	228.7	203.2	228.3	259.1	247.8	187.9	208.0	226.8	242.6	233.3	221.4
	2005	226.0	249.3	174.5	195.4	209.7	252.0	261.3	189.7	227.2				226.8

• \* - Preliminary records

• \*\* - The same period 2000.

The apparel and textile sector has provided work places for 181 thousand persons during

<sup>4</sup> NSI – [www.nsi.bg](http://www.nsi.bg)

<sup>5</sup> NSI – [www.nsi.bg](http://www.nsi.bg)

2003, which is 6.9% more than the previous year. These places taken by the industry make up a whole of 5.7% of all work places in the country and they therefore put the sector in third place according to that number, after the agricultural and forest industry (25.4%), and trade (13.0%). The sector is totally made private – a small amount of 1400 people are occupied in public places, whereas 180000 are in private companies, which is a 7.5% of the people occupied in a private sector at a national level.

<b>The average annual number of jobs<sup>6</sup></b>							
	2002			2003r.			
	Textiles' production	As a whole in the country	% of the occupied in the country	Textiles' production	As a whole in the country	% of the occupied in the country	% in comparison with 2002
As a whole	169757	2978562	5.7%	181442	3166499	5.7%	106.9%
Public Sector	1980	737252	0.3%	1432	771691	0.2%	72.3%
Private Sector	167777	2241310	7.5%	180010	2394808	7.5%	107.3%

Though with a great importance in the labour market, this sector is one of the lowest-paid sectors in the national economy. During the year 2003 the average reward for the hired people in the sector was 63% (1200 BGN) less than that of the whole country. Namely those low rewards in the sector are one of the reasons for attracting foreign investments.

<b>Average annual salary for the hired personnel /in BGN/<sup>7</sup></b>								
	The year 2002			The year 2003				
	Textiles' and clothes production	As a whole in the country	The difference in comparison with average annual salary in Bulgaria (in BGN)	Textiles' and clothes production	As a whole in the country	The difference in comparison with average annual salary in Bulgaria (in BGN)	The difference in comparison with the year 2002 /BGN/	% according the year 2002
As a whole	1963	3091	-1128	2069	3280	-1211	106	105.4%
Public Sector	1814	3871	-2057	1989	4118	-2129	175	109.6%
Private Sector	1965	2613	-648	2070	2790	-720	105	105.3%

According to the data provided by the national statistics, retail trade of textile productions went down in the period 2001 – 2003. Comparing this to the production of the same period, which has been growing, it can be said that main markets in the sector are the foreign markets.

<sup>6</sup> NSI – [www.nsi.bg](http://www.nsi.bg).

<b>Domestic market with products from the textile and apparel industry<sup>8</sup></b>			
	2001	2002	2003
<b>Retail trade (Thousand BGN)</b>			
Textile articles for clothes and haberdashery production	111548	113130	117718
Clothes and sheep-skin products	528434	532627	543736
<b>Index for retail trade (for the year 2000=100)</b>			
Textile articles for clothes and haberdashery production	96.7	93.7	93.6
Clothes and sheep-skin products	97.9	95.1	98.7

Results from foreign trade statistics show the huge importance of the exchange of merchandise with foreign countries in Bulgaria. During 2001 – 2004 textile materials' export makes up more than one fifth of the national export as a whole. The sector is one of the few sectors with a positive and dynamic trade balance for the above mentioned period as well as for 2004. The difference between exports and imports is 54% higher than that of the previous year and is with a value of \$381922. At the same time, the sector has a significant contribution (though a smaller one) in the imports of the country. The export and import costs which are almost the same are an indicator for the production of CTM within large numbers, having in mind that the imported materials are re-exported as a Final production.

<sup>7</sup> NSI – [www.nsi.bg](http://www.nsi.bg)

<sup>8</sup> Statistical yearbook, NSI, 2004.

Statistics for foreign trade for the period 2000-2004 <sup>9</sup>				
			The economy as a whole	Textile industry and textile materials
Export FOB	2004	+/-% PY*	32.8	19.7
		Thousand dollars	9887919	2083993
		share	100.0	21.1
	2003	+/-% PY	30.7	37.6
		Thousand dollars	7439588	1741060
		share	100.0	23.4
	2002	+/-% PY	10.9	19.4
		Thousand dollars	5677728	1264894
		share	100.0	22.3
	2001	+/-% PY	6.1	27.4
		Thousand dollars	5120164	1059390
		share	100.0	20.7
2000	Thousand dollars	4825581	831455	
	share	100.0	17.2	
Import CIF	2004	+/-% PY	33.7	14.0
		Thousand dollars	14378628	1702071
		share	100.0	11.8
	2003	+/-% PY	35.9	37.2
		Thousand dollars	10742368	1492041
		share	100.0	13.9
	2002	+/-% PY	8.6	17.5
		Thousand dollars	7895071	1087095
		share	100.0	13.8
	2001	+/-% PY	11.5	27.3
		Thousand dollars	7268470	925620
		share	100.0	12.7
2000	Thousand dollars	6521601	727410	
	share	100.0	11.2	
Balance	2004	+/-% PY	-35.7	54.0
		Thousand dollars	-4490709	381922
	2003	+/-% PY	-49.4	40.4
		Thousand dollars	-3302780	249019
	2002	+/-% PY	-3.2	32.9
		Thousand dollars	-2217343	177799
	2001	+/-% PY	26.7	28.6
Thousand dollars		-2148306	133770	
Exchange of goods	2004	+/-% PY	33.3	17.1
		Thousand dollars	24266548	3786064
		share	100.0	15.6
	2003	+/-% PY	33.7	37.4
		Thousand dollars	18181956	3233101
		share	100.0	17.8
	2002	+/-% PY	9.6	18.5
		Thousand dollars	13572799	2351989
		share	100.0	17.3
	2001	+/-% PY	9.2	27.3
		Thousand dollars	12388634	1985010
		share	100.0	16.0
2000	Thousand dollars	11347182	1558865	
	share	100.0	13.7	

\* +/-% PY – Changes compared to previous years.

<sup>9</sup> [www.mi.government.bg](http://www.mi.government.bg)

Main foreign trade partners for the Bulgarian textile and apparel producers are EU member countries – 80% of the textile and apparel trade exchange is within this region. During 2004 this percent is increased with 17% in comparison to 2003. Among EC countries, a big share in trade exchange for this sector is held by Greece (20.5%), followed by Italy (18.9%) and Germany (14%). Though with the smallest share, Germany is the best trade partner – export exceeds import with 219 million dollars. With Greece, it's a lot less but still positive – 74 million dollars. The approximate balance in figures between import and export in Greece is an indicator of the mass production of CTM. With Italy, exports are 17 million dollars less than imports. Another important foreign partner is Turkey, with which there are 8% of trade exchanges of textile and apparel materials. But the trade balance for Bulgaria with this country is absolutely negative in results – imports exceed exports with 134 million dollars.

<b>Main guidelines in the foreign goods-exchange for the textile and apparel sector.<sup>10</sup></b>								
			Textile and apparel in total	EC Countries	In this number			
					Germany	Greece	Italy	Turkey
Exchange of goods	2004	+/-%		17.4	17.0	12.0	26.0	16.0
		Thousand \$US	3786064	3 045 683	531 759	775 510	714 596	306 666
		% of direction		22.5	17.1	42.8	26.5	16.5
		% of the sector in total		80.4	14.0	20.5	18.9	8.1
	2003	Thousand \$US	3233101	2 593 240	456 021	695 445	567 959	265 179
		% of direction		24.9	19.5	46.8	26.5	19.8
Exports FOB		% of the sector in total		80.2	14.1	21.5	17.6	8.2
	2004	+/-%		20.7	16.0	13.0	30.0	18.0
		Thousand \$US	2083993	1 756 133	375 486	424 971	348 771	86 934
		% of direction		30.5	37.2	43.2	27.0	8.8
		% of the sector in total		84.3	18.0	20.4	16.7	4.2
	2003	Thousand \$US	1741060	1 455 277	323 541	377 091	268 048	73 927
Imports CIF		% of direction		32.5	40.3	48.8	25.7	10.9
		% of the sector in total		83.6	18.6	21.7	15.4	4.2
	2004	+/-%		13.3	18.0	10.0	22.0	15.0
		Thousand \$US	1702071	1 289 549	156 272	350 540	365 825	219 732
		% of direction		16.6	7.5	42.4	25.9	25.3
		% of the sector in total		75.8	9.2	20.6	21.5	12.9
2003	Thousand \$US	1492041	1 137 963	132 479	318 353	299 911	191 252	
	% of direction		19.1	8.6	44.6	27.3	29.1	
	% of the sector in total		76.3	8.9	21.3	20.1	12.8	

There's a material production for the textile industry in Bulgaria. What's noticeable though

about most of those productions is a complete opposite for the sector tendency – during 2000-2003 there's a significant decrease in material production. Obviously, the registered increase as total in material production is due to the increase in production of knitted fabric.

<b>Production of textile and apparel industry products.<sup>11</sup></b>				
	2000	2001	2002	2003
Cotton carded or combed fibres (cotton) - tons	3860	2521	3315	1085
Wool threads, unsuitable for retail trade– tons	3942	4297	4254	3813
Cotton fibre unsuitable for retail trade– tons	19055	20730	18479	16130
Silk tissues – thousand.m <sup>2</sup>	**13447	17062	18235	16822
Wool tissues – thousand.m <sup>2</sup>	**4722	7981	9261	7096
Cotton tissues (without the special ones) – thousand.m <sup>2</sup>	**49785	68979	63422	57208
Knitted fabric - m <sup>2</sup>	***1520375	6688021	13892232	18119172
** - thousand				
*** - kg				

### 3.1.3 Raw material

Production capacity for textile and apparel materials in the country is not enough to satisfy the existing need for those materials. According to results from the ministry's statistics, a main part from the apparel and textile materials is imported. Leading positions in imports are raw materials from the year 2003 are cottons are cotton fabrics (48 thousand tons), synthetic and artificial fabrics (49 thousand tons), woollen raw materials and fabrics and knitted work fabrics (19 thousand tons).

During 2003 the biggest increase in imports (50% more than the year 2002) can be noticed in wool-materials. Imports of synthetic raw materials increased 25%, cotton fabrics and knit-wear fabrics increased 18%.

<sup>10</sup> [www.mi.government.bg](http://www.mi.government.bg)

<sup>11</sup> Statistical yearbook, NSI, 2004.

<b>Foreign trade turnover in some materials in textile and garment industry<sup>12</sup></b>								
	2002				2003			
	Export		Import		Export		Import	
	Thousand tons	Mill. BGN	Thousand tons	Mill. BGN	Thousand tons	Mill. BGN	Thousand tons	Mill. BGN
Silk	0.0	0.2	0.1	5.8	0.0	1.4	0.1	9.7
Wool, fine/coarse animal hair, horsehair yarn and fabrics	5.1	64.4	12.8	213.7	6.3	84.4	19.2	269.5
Cotton	14.3	76.6	40.7	383.0	18.1	89.1	48.3	438.8
Man-made filaments	7.0	67.5	15.2	239.6	7.8	69.3	19.2	262.5
Man-made staple fibres	11.7	65.7	24.8	317.3	16.3	88.0	30.7	330.3
Knitted or crocheted fabrics	1.4	16.6	16.1	161.5	1.6	23.5	19.0	205.9

Main sources for importing raw materials are EU countries, mainly Italy, Germany and France. Greece has a leading position in importing cotton and knitted fabrics. Turkey also has a rather leading position in importing cotton and knitted fabrics, as well as the import of synthetic fabrics and tissues. What's also noticeable is the increase of importing synthetic and artificial textiles and tissues from central and Eastern European countries, as well as cotton and synthetic yarns and fabrics from Southeast Asia (including China, Taiwan, Hong Kong and The Korean Republic). Imports of raw materials from the USA are rather limited and they do not exceed 5 million \$ US<sup>13</sup>.

<b>Import of main raw materials and findings, 2003 (mill. USD)</b>				
	EU	Turkey	SE Asia	CEE
Cotton	184.219	41.828	7.836	3.121
Man-made staple fibres	130.004	29.414	8.276	11.101
Wool	107.013	3.830	--	10.138
Man-made filaments	105.121	14.046	9.991	4.523
Knitted or crocheted fabrics	86.416	22.827	3.355	2.618

Bulgaria's geographical closeness to leading regional textile centers like Italy and Turkey highlights the big share of imported raw materials from these two countries, even though import shares from Italy, Germany and France exceed those of Turkey with the majority of the above mentioned 5 leading raw material imports for the production of textiles and clothes in Bulgaria.

Italy's leading position in importing raw materials for wool production, synthetic and artificial fabrics, as well as cotton fabrics can be explained with the noticeable Italian investments in the Bulgarian textile production. Italians have made premises for vertical clusterizations – from planning, finding and developing textiles and accessories for creating a final product

<sup>12</sup> Statistical yearbook, NSI, 2004.

<sup>13</sup> Sector development strategy "Premiana Bulgaria"

and its market realization.

Greece's leading position in the import of knitted fabrics and cotton raw materials is almost the same. Those knitted fabrics and cotton raw materials which are necessary for producing a final product from local companies of apparel and knitted fabric production, have appeared as a result of Greek investments.

Imports of raw materials from Spain are also noticeable (synthetic or artificial fabrics, impregnate and knitted fabrics), and also from Great Britain (man-made staple fabrics and knitted fabrics)<sup>14</sup>.

<b>Main positions of EU countries in the import of raw materials and findings, 2003 (mill. USD)</b>		
<b>Product<sup>15</sup></b>	<b>Countries</b>	<b>The volume of the import</b>
Cotton	1. Italy	66.262
	2. Greece	30.840
	3. Germany	22.227
Man-made staple fibres	1. France	31.656
	2. Italy	27.582
	3. Germany	21.805
Wool	1. Italy	63.684
	2. France	19.904
	3. Germany	6.557
Man-made filaments (incl. fabrics)	1. Italy	28.091
	2. Germany	20.440
	3. France	17.257
Knitted or crocheted fabrics	1. Greece	34.759
	2. Italy	16.563
	3. Germany	11.064

The source of raw materials depends in most cases on the characteristics of the production. When making an order for whole CTM from the EU client, the producer normally receives the necessary raw materials produced in Western Europe, without any significance of whether they were firstly taken from the supplier from a third country. When it comes to the production of semi-CTM or the production of a personal product, the company supplies itself with necessary raw materials and materials from sources, which make the most profits for the company. In this case, a big amount of the products is delivered from Turkey, Italy and from local sources.<sup>16</sup>

<sup>14</sup> Sector development strategy "Premiana Bulgaria"

<sup>15</sup> The definitions according to the National Statistical Yearbook

<sup>16</sup> Sector development strategy "Premiana Bulgaria"

### 3.1.4 Description of types of garment production

According to results from foreign trade statistics, there is no narrow specialization in a specific type of garment production in Bulgaria. The value of the exports during 2003 for knitted fabrics is lower – 1124 million BGN.

Export of clothing <sup>17</sup>				
	2002		2003	
	<i>Thousands tons</i>	<i>Mill. BGN</i>	<i>Thousands tons</i>	<i>Mill. BGN</i>
Articles of apparel and clothing accessories, crocheted	42.6	961.3	48.9	1124.5
Articles of apparel and clothing accessories not knitted/ crocheted	40.4	1279.3	44.0	1458.1

The Bulgarian Agency for Investments BAI describes some of the sector's elements as follows:<sup>18</sup>

- The main export is made up of men's and women's sportswear and casual clothes, 90% of which is intended for EU countries.
- Most of the Bulgarian companies can serve every level of the production including cut-types, processing, sewing and ironing.

### 3.1.5 Description of the supply chain/production network

In a report made by the association "The European-Bulgarian Partnership" there is a description of the existing supplier-chains in the branch:

#### 1. A balanced chain

Commodities for mass use with good quality, average prices, with their own label. None of the firms or groups in this chain has a dominant role above the others; they all co-exist and cooperate together. When possible, indicators of a balanced chain are:

- Suppliers making orders to different subcontractors.
- Suppliers working for other suppliers.
- Both sides exchange a huge amount of information for their activity, orders and their realization-due time.
- It would be very difficult for each side taking part in such a chain to find another company, which would do the same things that, their partner – company does for them.

<sup>17</sup> Statistical yearbook, NSI, 2004r.

- An environment for a fast problem-solving by means of discussion rather than by threats or quitting.

As an example of such chain, the authors point the Spanish company (Indoyko Holding). As a rule, the company works with representatives and they keep in touch with suppliers who hire lower-level suppliers.

## 2. Hierarchical Chain

Labeled goods, excellent quality, high prices, and well-known brands with their own labels.

All companies in this chain are vertically integrated. This means that most if not all companies in this chain belong to one enterprise, which controls all companies or most of them. Indicators of a hierarchal are:

- A couple of levels in the chain are a part of one enterprise.
- The supplier factory belongs to the other supplier or vice versa.
- A very strict and low level of independence in making decisions at a local level – a necessity for coordinating or for permission from the main office.

“Fanco Group” is indicated as such a chain, which co-works with Reebok, Nike and Levi’s. The company holds 2 enterprises in the country that are with a Greek management. Those enterprises also work with Bulgarian suppliers.

## 3. Controlled Chain

Highly oriented, with designer labels. This chain is controlled by one company, which dictates what should be produced and who should produce it. It also controls the product’s quality. Indicators of a controlled chain are:

- The main client takes at least 50% of the whole production.
- The client sets product design and its technical specifications.
- The client controls the producer’s activity.
- The supplier’s chances for leaving the company are less than those of the client, because they are in most cases dependant on the supplier within the chain in comparison to the client.

Authors explain the way the Italian company “Benetton Group” works as such kind of a chain. Giving orders is established through mediator trade companies. Sub-contractors use other sub-contractors and suppliers.

## 4. Market Chain

Distanced relations, shops with sales, standard merchandises with low prices. The

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<sup>18</sup> Bulgarian Agency for Investments, <http://www.investbg.government.bg>

Cooperation between countries is very limited and the exchange of information and help is almost at a zero level. It can be said that this is a very fragile link due to the lack of trust between countries.

Indicators for distanced relations are:

- A lot of suppliers and a lot of sub-suppliers.
- The supplier and the sub-supplier can do business together more than once, but they do not talk about orders, delayed orders and other things like that.
- Lack of technical help.

According to the report, this is the biggest group of companies in number, which produces the orders for foreign countries with its own contracts and is at the last and only branch of sub-supplier chains in the country's territory. As for quantity, their production is almost the half of the whole apparel and textile industry exports in Bulgaria. Those are mostly small and medium companies with lots of suppliers, varied production and small series.

Speaking about territory those companies are found and distributed all over the country, but there are certain specifics about property:

- In the internal parts of the country the property is Bulgarian with a few exceptions. There are some mixed companies and some foreign ones with a Portuguese, German or French property. Materials are delivered by the buyer and the completed and fully ready production is delivered back.
- In regions with compact Turkish population one can find mixed Turkish-Bulgarian companies, or companies with a pure Turkish property or a pure Bulgarian property but with a Turkish mediator. Materials come from Turkish agents but the production isn't taken back to Turkey. It directly goes to Western Europe, the USA or Canada.
- In south West Bulgaria most of the companies are totally Greek or Greek-Bulgarian property. All of them work for Greek mediators who deliver materials. But the final product is either taken back to Greece or sent to west-European markets, the USA or Canada.

In this type of companies orders from famous brands are held out, but they do not have a direct access to the representatives of these brands. They only have contacts with mediators. Authors say that there are no trade union organizations or any other forms of work structures in any of those companies. Namely in these companies there are the most frequent labour violations – false labour contracts or papers of such contracts, as well as low payment and a lot of overtime work.

## **3.2 General description of the industrial relations and labour conditions in the garment industry**

### **3.2.1 General background**

#### **The labour “climate”**

As a whole the labour climate is regulated and normal. There are no drastic and systematic violations of the labour legislations and the international standards. According to assessments made by national experts and international observers, legislations in the country are at a high level and in most cases the legislations' demands outweigh the European demands for legislation. The main problem in the country is obeying these laws, which maintain the legal attitude between the employers and the employees. There are different reasons for this, from one angle, employers actuated by their economical interests prefer to find a way to optimise their incomes and minimize their expenses by giving their employees low payments and by ignoring the overtime work or by simply not rewarding it as it is implied in the labour legislation, or by saving from the expenses intended for carrying out the norms for healthy and safe labour conditions. On the other hand, workers, especially in the less developed economic regions prefer to pay social insurances on the basis of a lower amount of money than what is really earned (provided that it is regular) and to receive the rest of the amount from the negotiated labour reward “in hand or cash” without having to pay any income taxes for this amount.

According to interviews with local experts and trade unionists, non-payment of back wages is a big issue. Workers are paid at the end of the month but sometimes the factory closes before paying. Especially Greek companies have a bad reputation. Other major issues are:

- No fixed working hours, excessive OT.
- No legal OT compensation
- No paid sick leave, fines for workers who do take it.
- Mothers with small children do not receive the support they are entitled to
- Workers locked in factories
- Workers are being hit
- Double bookkeeping to evade taxes

One of the outcomes of a project done by Nike, Adidas, H&M, Levis with their major suppliers was that companies turned out to be good at OHS, but a big problem area was social dialogue. Parties did not talk to each other.

Nowadays there are also vacancies posted in the garment industries of the south. Workers may be migrants from the north (where unemployment is up to 60%) or Roma. Roma are paid even less because they have less formal qualifications.

Embroidery for instance is done as homework. Pay maybe just 1 BGN for 3-4 hours of work. There are also about 20-30 small workshops, in garages and so, with -say like- 20 workers, doing work for larger factories.

Also cases of child labour have been reported, packaging, ironing, mainly in summer. Some-time even with official permits.

Another issue is 'grey wages'. Factory workers may earn 300 BGN, but only earnings of say 120 BGN may be registered.

## Employment and Unemployment

The number of employed in the private sector reaches 2208.1 thousand people, or 71.3% of the whole population's percentage.

Occupied with the public sector are 882.8 thousand or 28.5% of employment. The distribution of employment according to economical sectors is as follows:

- Agricultural sector 313.2 thousand (10.1%)
- Industrial sector 1049.9 thousand (33.9%)
- Services' sector 1733.2 thousand (55.9%)

From the total number of hired people 197.4 thousand (123.8 thousand in the private sector and 73.7 thousand in the public sector) are hired for a specific period of time.

In the third quarter of the year 2005 unemployed people reached 312.9 thousand or 9.2 % from the economically active population. Unemployed men are 167.8 thousand whereas unemployed women are 145.1 thousand. Unemployment rate by sex are 9.2 or 9.1% in cities, unemployment reaches 8.4 % in the countryside and it is with 3.2 points higher (11.6%). Unemployed individuals aging 15 – 64 are 312.9 thousand and unemployment rate for the same age group is 9.3%. Unemployed youth ageing 15 – 24 are 62.1 thousand and the youth unemployment rate is 20.5%.

The unemployment rate according to the rank of education for the economically active population is 3.8% for individuals with a higher education, 8.6% for people with a high-school education and 16.8% for those with a secondary or lower rank of education.

With unemployment duration of a year or more are 193.2 thousand, or 61.7% from all unemployed individuals.

Residence Sex	Labour force			Persons not in labour force - thou- sands	Activity rate - %	Employment rate - %	Unem- ployment rate - %
	Total- thousands	Employed- thousands	Unem- ployed - thousands				
<b>Total</b>	<b>3 411.0</b>	<b>3 098.1</b>	<b>312.9</b>	<b>3 260.0</b>	<b>51.1</b>	<b>46.4</b>	<b>9.2</b>
Male	1 824.2	1 656.4	167.8	1 375.2	57.0	51.8	9.2
Female	1 586.8	1 441.6	145.1	1 884.8	45.7	41.5	9.1

<b>Urban</b>	<b>2 576.1</b>	<b>2 359.8</b>	<b>216.2</b>	<b>2 087.3</b>	<b>55.2</b>	<b>50.6</b>	<b>8.4</b>
Male	1 349.1	1 231.9	117.2	868.2	60.8	55.6	8.7
Female	1 226.9	1 127.9	99.0	1 219.1	50.2	46.1	8.1
<b>Rural</b>	<b>834.9</b>	<b>738.3</b>	<b>96.7</b>	<b>1 172.8</b>	<b>41.6</b>	<b>36.8</b>	<b>11.6</b>
Male	475.1	424.6	50.6	507.0	48.4	43.2	10.6
Female	359.8	313.7	46.1	665.8	35.1	30.6	12.8

### Migration of the labour force

As a whole, the labour force in the national economy is a low mobile force. Traditionally, the population in Bulgaria by perimeter works at a distance not further than 50 km from its home (according to data acquired by the demographic institute of BAS). People are very much attached to their homes and their environment. According to demographic and sociological research<sup>19</sup> Bulgarians are not willing to change their place of residence, especially when they are married. Even if they do not find economically good opportunities for their self-realization in their current place of residence, a very few number of individuals would change their place of residence in such a case. According to professional observers of this problem, this phenomenon is due to three main reasons. From one side, this is the need for “a personal home”, which is a very strong one for Bulgarians. After making a family, a Bulgarian traditionally provides the family with a home, which is not an easy thing to do, and after doing so he/she is not inclined to change this home to move to another place. Another important factor is the importance of the social environment for the Bulgarian as an individual. Bulgarians are defined as “strongly social individuals” and they can not be easily motivated to move and search for a labour realization in a different place, especially that in the case of finding work the role of personal contacts and acquaintances is extremely important. (In most cases the only way for the opposite to happen is the economic need in the case of severe poverty.)

The third factor for this low mobility is the risk of the loss of security. In most cases the average-statistical Bulgarian family is contented with little but sure and certain incomes.

The main labour migration in the country, which has grown stronger in the past few years, is directed from smaller cities to bigger ones or towards the capital. According to researches made by NCIOM, there are 1.5 million residents officially in the capital in 2005 and unofficially this number is even twice bigger. Comparing this information with the records from counting the population made by the NSI it's obvious that there is 20% of the country's population concentrated within the capital, having in mind that those are mainly economically active individuals looking for labour realizations. According to information given by the NSI the unemployment in Sofia is lower than that of Bulgaria as a whole. What should be clearly distinguished is the difference between the attitude towards labour in the country and that of

those living in the capital. This difference is related to the economical behaviour, attitudes toward finding of better paid jobs, inclination to selection of jobs etc. In the capital people are more active than in the country side. During the past few years this difference has gotten even bigger, and the newly invented labour behaviour is being imposed by labour competition on everyone who is looking for work opportunities at the labour market in Sofia.

### **Level of unionization and most important trade unions (TUs)**

According to the law the worker's rights in Bulgaria are protected by trade unions/ labour organizations and labour associations. The two main trade unions are the Confederation of Independent Trade Unions in Bulgaria (CITUB) and the Confederation of Labour "Podkrepa". The apparel and textile sector, in both trade unions, is situated in the federation "Light Industry".

**The Federation for Independent Trade Unions in the Light Industry (FITULI)** is a part of CITUB and it's a voluntarily union of independent trade union organizations, in which workers and specialists from the light industry take part, all united to protect their own labour, professional and social interests. This federation was created in May 12<sup>th</sup> 1990. In 1993 the federation's first congress was held. In 1996 the second, and in May 17<sup>th</sup> of 2001 the third congress was held. There are 24362 trade union members in this federation all united in 111 trade union organizations.

The federation has developed regional councils for coordination at a regional level with four permanently appointed experts in each of them. The federation's management authorities are: the congress, the coordination council, the executive comity, a president and a finance controlling commission.

FITULI is a member of ITGLWS.

Address:

Sofia 1040

1, Macedonia sq.

Tel. 987-70-16

E-mail: [fnsopl@abv.bg](mailto:fnsopl@abv.bg)

**Confederation of Labour "Podkrepa"** was established in February 1989. This is a trade union organization made up of 36 regional trade unions, 30 federations and national trade unions and four associate organizations. There are 150 000 members in the "Podkrepa" labour confederation. The central office is in Sofia on "2, Angel Kanchev Street, 1000 Sofia". Confederation of labour "Podkrepa" is a member of the European Confederation of Trade Unions and a member of the International Confederation of the Free Trade Unions.

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<sup>19</sup> Recurrent studies of Bulgarian population made by Demographical institute of Bulgarian Academy of Science

The Light industry federation has 1725 members and its address is:

Sofia 1000

37 Eksarh Josif str.

Tel: 987-68-80, 981-72-61

Fax: 987-68-80

Email: [flp@podkrepa.org](mailto:flp@podkrepa.org)

Workers' Trade unions established by employers (yellow unions') do not exist in Bulgaria. There is also no governmental trade union like there was before 1989. Both main trade unions are independent organizations empowered by the national legislation (The Labour code and the Legislation for legal entities with a non-profitable purpose). It's important to highlight the fact that there is a strongly noticeable partnership between those two trade unions during the last two years, as well as an attempt to reach a unity for the purpose of applying pressure and reaching the necessary demands for solving a problem. In the near past between both trade union main offices there was a tensed relation because of the strong competition for potential members.

Being a member in a trade union organization in Bulgaria is voluntary and it is each worker's personal decision. There is no law that forbids or limits the right to form unions (Freedom of Association). In the main legislation, which regulates labour's mutual relations in the country – the labour codex clearly mentions the freedom to join a labour organization, the freedom to choose or to decline such membership, as well as the rights and the obligations coming from that membership.

Private employers are very strongly opposed to unions. Almost none private garment business is unionised.

### **3.2.2 What do the unions do in this region/industry?**

Data for the trade unions and number of the members comes from two national institutions – National Institute of Statistics and Ministry of Labour and Social Politic.

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(BAS); "Women, labour, globalisation", national representative research, 2001, ASA.

#### According to NSI – 2004

Name of the Industry	Number of Companies	Hired	Companies with under 9 employees	Representatives of CITUB	Number of members	Number of trade unions
Textile and textile articles, without clothing	488	31987	250	FITULI	20651	52
Clothing including leathers	2726	117548	1342	FITULI	No data	38
Leather processing and shoes processing	358	20384	153	FITULI	No data	13

#### According to MLSP – 2004

Sector	Number of trade union Organizations	Number of trade union members	Number of trade union organizations with a minimum 5 members
Production of textile and textile articles as well as clothing	100	19757	100
Production of face leather and articles of those	8	1631	8

There are no other government activities for help the syndicalization of the workers except the law in the country. The trade union members themselves share that trade unions and collective labour agreements are mainly (more than 90% according to data from CITUB) in factories, which existed before changes since 1989 and there was a trade union earlier. In the new factories the creation of a trade union is a hard process without help from the government.

As a whole, the attitude of members of the trade union to their organization is positive, with a view to that they are more secure inside compared to the non-members. At the same time the trade union in the factory is a buffer between the management and workers and reduces the tensions pressure between two sides of the labour contract, when revision has been made for the additional bonuses or when someone insists for keeping the law or the contract articles. The workers are happy about the local trade union representatives and the observation shows that most of these people are with strong social opinions.

At a national level there are industrial collective agreements for workers and employers from the garment industry (2002), for the workers and employers from the leather, shoe and haberdashery industry (2002), for the workers and employers from the textile industry (2002) and for the workers and employers from cotton, flaxen and hemp industry (2002). In appendix 1-4 parts of these collective contracts are represented.

However sectorial collective bargaining is weakly developed because the agreements are not

generally binding. Employers can choose to stay out of the Employers Federation and then the agreement does not apply.

According to data from the two trade unions, in the factories where they exists, there are collective bargain agreements (CBA).

For example, trade union organizations can be counted in the garment industry of CL "Podkrepa". As a whole the Light Industry Federation has 1725 members, 573 are in the garment industry. Regional distribution is as follows:

Region/ Company	City	Members of TU (number)	Yes/ No CBA
<b>Blagoevgrad Region</b>			
"Strumatex" JSC	Blagoevgrad	82	Yes
"Bella Style" JSC	Petrich	42	Yes
<b>Bjala Region</b>			
"Primiana" JSC	Bjala	130	Yes
<b>Bourgas Region</b>			
"Ropotamo" JSC	Bourgas	40	Yes
<b>Vidin Region</b>			
"Vida style" JSC	Vidin	30	Yes
<b>Gotse Delchev Region</b>			
"Printex" Ltd.	Gotse Deltchev	50	Yes
<b>Pazardjik Region</b>			
"Riton – P" JSC	Panagurishte	95	Yes
<b>Pleven Region</b>			
"Mizia" Ltd	Pleven	13	Yes
<b>Plovdiv Region</b>			
"Briliant" JSC	Plovdiv	40	Yes
<b>Haskovo Region</b>			
"Mir" JSC	Haskovo	50	Yes

According to CITUB, in 1990 there were 240 000 garment workers member of a union, now it is 23 000. Some factories are organised, but these are the former state owned companies. Not all the CBA articles are implemented by all companies, but in general there are no big problems in these factories. In the new private companies there are no trade unions. If some core group of workers try to organise within these companies and apply for recognition these spokespersons will be fired.

Employers forbid TU's and warn workers not to become member, they, may even require a signed declaration from the workers not t get involved with unions.

After making a series of interviews with leaderships' representatives and regional sections of CITUB and Confederation of labour "Podkrepa", the acquired information can be summarized

as follows:

- ✓ Trade unions first contact workers and after establishing the trade union organization, it is then that they contact the leaders of the company to let them know. They do not ask the managers for permission in advance. The contact with workers is a two-way contact, from one side the trade unions themselves search to contact the hired personnel, and on the other side workers turn to trade unions for help when their labour rights are violated. Unfortunately, the effort made in this direction hasn't been very positive. In most cases workers look for help only in an extreme situation or when it is too late, and after solving the problem they again take a passive position. It is very often that newly established trade unions in small private companies fall apart immediately after a problem like this is solved. In such cases workers are more in need of a mediator who can solve a concrete problem or dispute between workers and their employers rather than creating a trade union structure.
- ✓ The collective labour contracts are made after a revision between the trade union organization in the company and the leadership's representatives. The collective labour contract is meant for members of the trade union organization, and workers outside this organization can use the agreed-upon conditions in two ways. The first way is if they become trade union members (according to representatives of both trade union main offices, this is the best way so far for increasing the number of trade union members). The other way is after giving out a written application to the employer or to the trade union organization's leadership, who has made a contract under some conditions agreed upon from both sides, in a way that "is not law-contradictory and does not impair customs. According to sectors and branches, a collective labour contract is made between employer and employee representative leaderships on the basis of the understanding between their national organizations. The branch's CBA is contracted between representatives of the employer's and employee's organizations on the basis of agreement between their head offices. In this agreement are defined the general principles of the CBA's frame and procedure. The collective agreement on the branch level can include several similar occupations according to the National classification of the economic activities. The CBA on branch level is in force for all representatives of employer's and employee's organizations in this branch. Depending to their will the Minister of the labour and social policy can spread the contract, or parts of it, for all companies or departments in the branch.
- ✓ It is very often that regional sub-sectors of trade union organizations also deal with complaints of labour rights violations made by employees who are not trade union members. And this happens due to two reasons; on a regional level communities are small and local trade union leaders take problems personally. On the other hand, this according to them is the best way to advertise their abilities and actions in a trade un-

ion and it's the only positive way for employees to be convinced that this kind of action is useful for them.

- ✓ There are lawyers from particular federations working on cases made by trade union members. Those lawyers represent the specific person's interests in the court of law. According to the labour codex the all labour-rights associated cases are free for all employees. But in practice, non trade union employees rarely carry out such cases.
- ✓ By the power of reaching agreements on a national level between trade unions and the main Labour inspection, the trade unions can signalize regional administrations of labour inspection (the so called "the trade union's signal function") for violating labour legislations. And after the check-up, made by the local labour inspectors, trade unions can follow for the performance of the instructions carried out by regional labour inspections.
- ✓ In the case of not following the agreed upon terms or as a final drastic measurement for expressing one self's opinion, according to law, the trade unions can organize strikes and protests on a company level, a sector level or on a national level. In the past year, both trade unions CITUB and Confederation of labour "Podkrepa" organized mutual strikes and protests with the purpose of protecting the interests of all trade union members and expressing a mutual position. The controversies and rivalry between both main offices were overcome.
- ✓ Employees pay their membership fees in two ways; by wage-sheets (if there's an agreement for this with the employer, and he/she can transfer a specific amount to the trade union) or cash to the trade union representative. The membership fee is the amount of 1% of the employee's nominal salary.
- ✓ The trade unions in Bulgaria have no difference in attitudes towards employees according to their differences like ethnic groups or religion. According to the national legislation, all citizens of Bulgaria share equal rights and have the same obligations without certain groups being tolerated or discriminated. According to trade union representatives there is no difference in the employees' attitudes towards them, according to their demographical characteristics or other peculiarities. In the textile and apparel industry, which is a largely feminized sector, the trade unions have a more active policy because they evaluate the social responsibility in protecting women taking into consideration their motherly functions. They're a fact that cannot be lightly taken though, and it is that in this sector there's a great fear of syndication and violations of employee's trade union rights are often met. The ban for trade union membership and cases of forcing of workers to sign papers for rejecting it are often met.
- ✓ The trade unions' activities do not stop at their efforts to attract new members and to negotiate terms for CBA. Both trade union organizations lead an active informational educational policy directed towards their members (and towards all employees in

companies in which there are trade union organizations). As an example of directing employees towards their labour rights, the CITUB's campaign can be pointed out. This is carried out by distributing brochures and other materials as well as by carrying out seminars on practical subjects, which hold the employee's attention. Another example is the Confederation of labour "Podkrepa" campaign for a better informing of employees about the safe and healthy work conditions.

With the American Solidarity Centre (Bulgarian Office now closed), Podkrepa has set up regional consultancy centres for workers in 10 of the 28 union regions. They have direct contact with the workers there. Also with the non-union members. They have also given training seminars.

### **3.2.3 Are there other groups to defend the interest of workers (especially women workers and unregistered workers)?**

There is an integrated labour inspection now in Bulgaria; ILO has assisted in setting this up. They also register collective agreements.

Apart from this there exists an inspection from the social security institute.

The new OHS legislation makes OHS committees mandatory; in small companies this still is a problem.

On the basis of an agreement of Podkrepa and CITUB with the Labour inspection (LI), TU's have a right to go into the factories and signal problems to the labour inspection. Only the LI can give sanctions. There is a good cooperation between unions and regional labour offices.

Other groups protecting workers' rights are different private/ non-governmental organizations, which have, as their main target, to protect workers' rights, to inform and train workers and to represent them in cases when it is impossible for them. NGO's main functions in the country are:

- The educating process related to workers' rights (labour and civil rights)
- The motivating education and developing practical skills for a job applying
- Interests and rights protection (law-guaranteed) and etc.

In Bulgaria exist a well-established private sector, which is internally structured according to the main problems and risks of labour.

As an example for as such a campaign PHARE project can be pointed out, provided by WAD Foundation and its goal is to inform the citizens, employers and local authorities in Northwest Bulgaria about the Law on Protection Against Discrimination and what kind of obligations every side of the labour contract has. This project is not pointed only to the employers from the apparel industry, but on the seminars (according to the data form checklists) participated

and owners of tailor workshops in Northwest Bulgaria.

Another concrete example for introducing workers from the textile industry with their rights is organized in December 2005 under the control of Fair Labour Association (FLA) training for workers and managers in Kardjali (Sahinler Company, supplier for PUMA).

In the region of Petric and Sandanski there are and a home workers groups.

### Employers:

The most important Employers Federation might be Bulgarian Industrial Association (BIA)<sup>20</sup>. They also do bargaining at national level. There are many Employers Organisations. Six employers Federations are recognised at national level. They also have industry branches. In the light industry there is a sectoral agreement.

On local level most of them are mainly defending their own private interests. The unions have organised their CBA counterparts themselves, setting up 7 Chambers of Industry. But of the +/- 3000 garment companies only 25-28 are member of the Chamber that signs the CBA.

The government does not want to make the agreement legally binding for all. Individual companies can sign company CBA's only if they provide better conditions then the branch CBA.

Every year, the Bulgarian Industrial Association (BIA) declares the branches' chambers and unions, which are members of the BIA. In economical sectors "Production of textile articles, and clothes production" and "Production of leather and leather articles" the following organizations are included:

Organization	Representative	Address
Association of unions from the light industry	Jordan Ivanov	1509 Sofia 18, Plachkovski Manastir str. Building No 3, 4 <sup>th</sup> floor, app. 9 Tel.: 843 7778 Fax: 843 7778 e-mail: <a href="mailto:acli@sinetbg.com">acli@sinetbg.com</a>
Bulgarian association for producers and exporters of clothes and textiles (BAPECT)	Petko Shishkov	1057 Sofia 3, Dragan Cankov bulv. 4 <sup>th</sup> floor, office 12 Tel.: 969 3161; 969 3166 Fax: 969 3181 e-mail: <a href="mailto:association@bgtextiles.org">association@bgtextiles.org</a> web: <a href="http://www.bgtextiles.org">www.bgtextiles.org</a>
Branch chamber of the apparel and textile Industry	Hilda Savcheva	1407 Sofia 47 Cherni Vrah bulv. Tel.: 962 4398 Fax: 868 8826 e-mail: <a href="mailto:iple@mbox.content.bg">iple@mbox.content.bg</a>

<sup>20</sup> Website [www.b2b.bia-bg.com](http://www.b2b.bia-bg.com).

Branch union of textile producers	George Topchiev	8800 Sliven 43, Tzar Simeon bulv. office 207, post box 209 Tel.: 044-663-008 Fax: 044-663-008 e-mail: <a href="mailto:bsptbg@abv.bg">bsptbg@abv.bg</a>
The Bulgarian Fashion Chamber	Ivan Alexandrov	1006 Sofia 31 Vladaiska str. Tel. 987 11 36 Fax: 987 11 36
The Bulgarian Branch Union of the Knit-wear Industry	Stefko Kolev	1000 Sofia 1, Macedonia sq. Tel.: 987-70-16 Mobile Phone: 0888 83 25 30 e-mail: <a href="mailto:kolev@ruen.bg">kolev@ruen.bg</a> , <a href="mailto:knitwear_union@netbg.com">knitwear_union@netbg.com</a>
Branch union of leather, fur, footwear and haberdashery industry	Sonia Petkova	1528 Sofia 5, Iskarsko shose str. Post box 19 Tel.: 979 8262 Fax: 973 1769 e-mail: <a href="mailto:branchunion_lffhi_bg@yahoo.com">branchunion_lffhi_bg@yahoo.com</a> , <a href="mailto:milvena@mbox.infotel.bg">milvena@mbox.infotel.bg</a>

The Bulgarian Association of Producers and Exporters of Clothes and Textiles (BAPECT), which is an organization with a private purpose, created in 1998. This association helps with the economic, trade, legislative and financial interests of its members and it also works for the purpose of increasing their global orientation. This association is a voluntary chamber of producers, business unions, agencies and other structures connected with clothing and textiles. Membership in this association doesn't ban the membership in other unions. It is created so that it covers a hole in the complex of services which foreign companies long to see in Bulgaria, starting from making research about the country as a potential new supplier.

This association's main functions are promoting the Bulgarian textile and clothing industry within and outside the country and to establish the cooperation between members and their clients and suppliers. There are 145 export-oriented companies who are members in this association. And thanks to those members and their yearly membership fees the structure of this association is kept.

The association collects structured and renews specialized information and distributes it among its members, thus helping companies optimize their everyday work.

According to the Association of clothes and textile exporters and its legislations, a member of the association can be any juridical person who:

- Is developing an activity in the apparel and textile branch or another consultant agency or designer agency or even an educational agency connected to this branch.
- Has registered its activities in the Bulgarian trade legislation.

Three levels of classification have been developed for companies and enterprises for differentiating the annual membership fee:

- Small enterprises – up to 50 people
- Medium enterprises – up to 200 people
- Large enterprises – above 200 people as employees.

The services directed towards members of the association are at three levels – standard, individual and for international partners. The standard package includes:

- Gathering information about the development and the tendencies of the sector.
- Organizing different events and seminars in support of its members' activities.
- Developing a large network of business partners.
- Making and spreading advertising materials and informational bulletins with the purpose of populating of the associations' activities and its members' activities in the country and abroad.
- Promoting companies – members and their activities by means of web site developed for the association.

The individual services package includes:

- Organizing expositions and business missions with the attention of promoting the activity of the association's members.
- Giving out contact information for companies/ clients and deliverers by missions defined by the applicant.
- Developing regional or thematic researches.
- Consultations on specific economical and producer questions and topics.

The services for international partners include:

- Data bases with textile companies
- Developing regional or thematic researches
- Organizing trips to enterprises with the intention of enquiring about the business opportunities in Bulgaria.

The Bulgarian Association of Producers and Exporters of Apparel and Textiles has a well-developed national and international partner's network.

#### Bulgarian Partners:

Bulgarian SME's Promotion Agency (BSMEPA): [www.bepc.government.bg](http://www.bepc.government.bg)

Bulgarian Industrial Association (BIA): [www.bia-bg.com](http://www.bia-bg.com)

Bulgarian chamber of commerce and industry (BCCI): [www.bcci.bg](http://www.bcci.bg)

Deutsch Gesellschaft fur Technische Zusammenarbeit (GTZ) GmbH: [www.gtz.de](http://www.gtz.de)

#### International partners

International Textile Federation /ITF/ [www.iafnet.org](http://www.iafnet.org)

European Association for Apparel and Textiles [www.euratex.org](http://www.euratex.org)

Austria : [www.fashion-industry.at](http://www.fashion-industry.at)

England : [www.emtex.org.uk](http://www.emtex.org.uk); [www.asbci.co.uk](http://www.asbci.co.uk)

Belgium-CREAMODA : [www.belgianfashion.be](http://www.belgianfashion.be)

Germany : [www.textile-online.de](http://www.textile-online.de)

Greece : [www.greekfashion.gr](http://www.greekfashion.gr)

Spain : [www.fedecon.es](http://www.fedecon.es)

Portugal : [www.anivec.com](http://www.anivec.com)

Turkey : [www.itkib.org](http://www.itkib.org); [www.tgsd.org](http://www.tgsd.org)

Holland-MODINT : [www.modint.nl](http://www.modint.nl)

Other organizations in economical sectors “Production of textile articles, and clothes production” and “production of leather and leather articles” are following:

**1. Branch Union of Light Industry Producers - Rousse**

[http://www.fashion.bg/rousse/index\\_en.php](http://www.fashion.bg/rousse/index_en.php)

[p](#)

7000 Rousse,

3A, Ferdinand str., floor3

tel. +359 82 82 58 74

fax. +359 82 82 58 74

Mobile: +359 888 147 765

**2. Branch Union of Apparel and textile industry – Plovdiv region**

<http://buati.org/>

4003 Plovdiv,

7 Samara str., floor 2, room 1

tel. +359 32 962 619

fax. +359 32 962 619

E-mail: [union\\_plovdiv@bgtextiles.org](mailto:union_plovdiv@bgtextiles.org)

**3. Association of Bulgarian Apparel Makers**

<http://www.bulgarianapparelmakers.com/>

1000 Sofia,

1 Macedonia sq., floor.16

tel. +359 2 980 80 81, +359 2 981 83 52

fax. +359 2 980 08 11

**4. National Fashion Chamber**

<http://www.bgfashionchamber.com/>

4000 Plovdiv

51 Alexander I Batemberg str. floor 1

tel. +359 32 62 09 29, +359 88 825 35 16

fax. +359 32 63 22 71

E-mail: [office@bgfashionchamber.com](mailto:office@bgfashionchamber.com)

**5. Branch chamber of cotton, linen and hemp industry**

1517 Sofia ,

56 Mizia bul.,

tel. +359 2 45 11 72

fax. +259 2 47 01 53

**6. Branch chamber of garment industry**

1202 Sofia

119 Tzar Samuil

tel. +259 2 931 11 03, +259 2 931 10 86

fax. +259 2 31 01 63, +359 2 931 07 18

E-mail: [rila-style@internet-bg.net](mailto:rila-style@internet-bg.net)

**7. Branch union of wool, textile and silk industry**

8800 Sliven,

Drujba district, block 7, entrance B, app. 13

tel. +359 44 7 94 36

fax. +359 44 66 30 08

**8. Bulgarian branch union of knitted fabrics production**

1000 Sofia

8 Pozitano str., floor 3, office 308

tel. +359 2 981 09 66

fax. +359 2 981 44 83

e-mail: [knitwear\\_union@netbg.com](mailto:knitwear_union@netbg.com)

**9. Union of the Employers in the tailoring industry**

[www.ueti.org](http://www.ueti.org)

6300 Haskovo

14 – A – 7 Svoboda sq.

tel. +359 38 62 36 78

fax. +359 48 187 230 162

e-mail: [office@ueti.org](mailto:office@ueti.org)

In some cases besides those organizations, by positions and branches there are other organizations and unions, which protect the rights of employers. Those are different unions like the one established in 2005 The Employers Union in the Textile Industry in Haskovo. One of its targets is to unite and protect the rights of employers who are located in Southeast Bulgaria – a region with a high concentration of garment companies.

### 3.3 The labour standards

ILO Conventions ratified by Bulgaria	Ratification date	Status
C1 Hours of Work (Industry) Convention, 1919	14:02:1922	ratified
C26 Minimum Wage-Fixing Machinery Convention, 1928	04:06:1935	ratified
C29 Forced Labour Convention, 1930	22:09:1932	ratified
C87 Freedom of Association and Protection of the Right to Organise Convention, 1948	08:06:1959	ratified
C98 Right to Organise and Collective Bargaining Convention, 1949	08:06:1959	ratified
C100 Equal Remuneration Convention, 1951	07:11:1955	ratified
C105 Abolition of Forced Labour Convention, 1957	23:03:1999	ratified
C135 Workers' Representatives Convention, 1971		Not ratified
C138 Minimum Age Convention, 1973	23:04:1980	ratified
C155 Occupational Safety and Health Convention, 1981		Not ratified
C182 Worst Forms of Child Labour Convention, 1999	28:07:2000	ratified

#### 3.3.1 Employment is freely chosen

##### 3.3.1.1 Laws and Regulations

Both conventions concerning the ban and removing the compulsory labour are ratified in Bulgaria. Convention number 29 was ratified in 1932, whereas convention number 105 was ratified in the begging of democratizing the country in 1989.

In our national legislation there is no concrete text that corresponds to those conventions. In the labour codex there general statements mentioning; “the good will according to the law“, but with no specification to the exact meaning of this text. The practice in Bulgaria shows that it is not necessary for those texts to be written in a very clear way. Of course, the enforced labour attitudes in the country exclude (in most cases) the compulsory labour.

The legal provisions:

- Starting and ending of the labour contract

**The appearance of labour legislations** between an employer and an employee, this is viewed in the Article 61 from the Bulgarian Labour code.

In the Article 67 the kinds of a labour contract that one person can conclude are described:

- (1) The employment contract may be concluded:
  1. for an indefinite period;
  2. as an employment contract for a fixed term.
- (2) The employment contract shall be considered concluded for an indefinite period, unless expressly agreed otherwise.
- (3) An employment contract concluded for an indefinite period may not be transformed into a contract for a fixed term, except where explicitly desired by the employee, and stated so in writing.

In the Article 66 are described the contents of the personal labour contract.

- (1) The employment contract shall specify the place and nature of work, and the wage or salary of the employee.
- (2) Other terms and conditions may also be negotiated in the employment contract pertaining to the provision of labour which is not regulated by mandatory provisions of the law, as well as terms and conditions which are more favourable for the employee than those established by the collective agreement.
- (3) The registered office of the enterprise with which the employment contract has been concluded shall be deemed as the place of work, unless otherwise agreed or ensuing from the nature of the job.

Ending of labour relations is carried out in the labour codex. In that labour codex there is an explanation of all cases and ways in which a labour contract can be stopped. For ceasing a labour contract the law gives out the following opportunities:

#### Termination of Contract of Employment by Employee by Notice

##### Article 326

- (1) An employee may terminate a contract of employment by giving the employer a notice in writing.
- (2) The notice period for termination of an employment contract of unlimited duration shall be 30 days, unless a longer period has been agreed by the parties, but not longer than 3 months. The notice period for termination of an employment contract of an indefinite period shall be 3 months, but not more than the remaining period of the contract.
- (3) (...)
- (4) The notice period shall begin on the day following receipt of the notice. A notice shall be considered withdrawn upon the employee's request to do so before or at the time of its receipt. With the consent of the employer, a notice may also be withdrawn before the period has expired.

#### Termination Employment Contract by Employee Without Notice

##### Article 327

An employee may terminate his employment contract in writing without notice, in the following circumstances:

1. Should he be unable to perform the assigned job because of illness, and should the employer fail to provide him with suitable work as per the prescription of the medical authorities;
  2. Should the employer delay the payment of remuneration or compensation pursuant to this Code or for social security;
  3. Should the employer change the place or character of work or the agreed remuneration, except in cases where entitled to make such changes, and also should he fail to meet other obligations, stipulated in the employment contract or the collective agreement, or established by a normative act;
- (...)
6. Should he be employed as a substitute for an absent employee and take up employment elsewhere under a contract of employment for an indefinite term;

#### Termination of Contract of Employment by Employer with Notice

##### Article 328

- (1) An employer may terminate a contract of employment by giving a notice in writing to the employee in observance of the terms of Article 326, para 2 (The notice period for termination of an employment contract of unlimited duration shall be 30 days, unless a longer period has been agreed by the parties, but not longer than 3 months. The notice period for termination of an employment contract of an indefinite period shall be 3 months, but not more than the remaining period of the contract.), in the following cases:
  1. Closing down of the enterprise;

2. Partial closing down of the enterprise or staff cuts;
  3. Reduction of the volume of work;
  4. Work stoppage for more than 15 workdays;
  5. When an employee lacks the qualities for efficient work performance;
  6. When an employee does not have the necessary education or vocational training for the assigned work;
  7. When an employee refuses to follow an enterprise or a division thereof, in which he is employed, when it is relocated to another community or locality;
  8. When the position occupied by the employee should be vacated for reinstatement of an unlawfully dismissed employee, who had previously occupied the same position;
  9. Should the occupied position be vacated due to the return of an employee, who has been released ahead of schedule or postponed from regular military service, and had previously occupied the same position;
  10. When an employee has become eligible for retirement for length of service covered by social security and age, and for Professors, Associate Professors and Senior Research Assistants I and II degree and Academic Doctors – upon completion of 68 years of age;
  11. When the requirements for the job have been changed and the employee does not qualify for it;
  12. When it is objectively impossible to implement the contract of employment.
- (2) In addition to the cases under para 1 enterprise management employees may be dismissed by advance notice as per the terms under Article 326, para 2, and by reason of conclusion of an enterprise management contract. The dismissal may be effected after the start of the management contract, but not later than 9 months.

### Right to Selection

#### Article 329

In case of partial closing down of an enterprise, as well as in case of staff cuts or reduction of the volume of work, the employer shall be entitled to selection and in the interest of production or business may dismiss employees whose positions have not been made redundant, in order to retain employees of higher qualifications and better performance.

### Termination of Employment Contract by Employer Without Notice

#### Article 330

- (1) (...)
- (2) An employer shall terminate an employment contract without notice in the following cases:

1. Whenever an employee refuses to take a suitable job offered to him in case of medically prescribed reassignment;
2. In case of disciplinary dismissal.

### Termination of Employment Contract on the Initiative of the Employer for Agreed Compensation

#### Article 331

- (1) The employer may, on his own initiative, propose to the employee to terminate the employment contract in return for compensation. Where the employee fails to state his position on the proposal in writing within 7 days, the proposal shall be deemed not accepted.
- (2) Where the employee accepts the proposal under paragraph (1), the employer shall owe him compensation to the amount of not less than four times the last gross labour remuneration of the employee, unless the parties have agreed a higher amount of compensation.
- (3) Where the compensation under paragraph (2) has not been paid within one month following the date of termination of the employment contract, the grounds for payment shall be deemed invalid.

### Protection Against Dismissal

#### Article 333

- (1) In the cases under Article 328, para 1, items 2, 3, 5 and 11 and Article 330, para 2, item 6, an employer may dismiss only with prior consent of the labour inspectorate for each specific case:
  1. Pregnant employees, mothers of children younger than 3 years of age, or spouses of persons who have entered their regular military service;
  2. Employees who have been reassigned due to reasons of health;
  3. Employees suffering from certain diseases, listed in a Regulation of the Minister of Health;
  4. Employees who have commenced a period of permitted leave.
- (2) In the cases under items 2 and 3 of the preceding paragraph prior to dismissal the opinion of an expert medical commission should also be considered.
- (3) In the cases under Article 328, para 1, items 2, 3, 5 and 11, and Article 330, para 2, item 6, an employer may dismiss an employee who is a member of the enterprise trade union leadership belonging to a territorial, industrial or national elected trade union body, throughout the period of occupation of the trade union position and not earlier than 6 months after that, only with prior consent of the trade union body, specified by decision of the central leadership of the respective trade union organization.

- (4) When provided for in the collective agreement and employer may dismiss an employee due to staff cuts or reduction of the volume of work after obtaining a prior consent from the respective trade union body of the enterprise.
- (5) A female employee who uses leave for pregnancy and childbirth may be dismissed only pursuant to Article 328, paragraph (1), sub-paragraph 1.
- (6) The protection under this article is towards the moment of serving the order of dismissal.

In the law there are no practice for payment on the worker's side who is a free participant in the labour market. According to the Labour Code, the labour contract is free and free of charge for both sides. Based on a previous experience in certain cases workers are susceptible (according to different sociological analyses from the last 3 years, in regions with high percentage of unemployed people) to pay a fee to get a new job, but in reality this happens very rarely.

According to the TUs data, there is no systematical convention for the worker to keep or to take away by force documents or personal property to force them to work. The only one compulsion is economic – the workers haven't got any other option for paid employment and regular income.

On the other hand, there might be cases in which employers retain the salary payment till the completion of whole errand or till the money is transferred by the client. That applies to the smallest companies, which rely on single errands and if they haven't got an advanced payment, they can't pay their workers.

### 3.3.1.2 Compliance situation

The main way of compulsion is economic. In many big regions around the country - frontier areas, country sides, sparsely populated areas – unemployment is very high and this is the reason for workers to agree to almost any kind of paid work, which brings them regular (or minimum) income. In Bulgaria there is no data for extreme measures of compulsion to work.

This could better be put under compliance with no discrimination

In the country there is no clear labour migration, which affects the garment industry and there is no moving by force of labour from one region to another. The migration is bound by the movement of young people from the villages to the big cities and to the capital. In practice, the garment factory uses workers from around the region and from the nearest village or city (the neighbouring villages are max 50 km away).

### 3.3.1.3 Guidance for auditors

Since there is an absence of a concretely written law concerning this standard, in a following social attempt, it wouldn't be possible for the controlling individuals to stop at the maintenance and non-maintenance of a certain legislative text. The only way to verify the real situation is by observing the workers' attitude and to make interviews with them which would include indirect questions on different, but ensuring and the interviewees in advance that their participation in such interviews would remain anonymous.

The best way for gathering information from the auditors for compulsory labour in the factories is by direct interviews with to basic group of people – the workers and with representatives of non governmental organizations and trade unions.

Interviews with the workers must be personal, outside of the work environment (if there is such a possibility). The Interview must be anonymous (according to the experience if the above conditions of the Interview are not completed, there is a chance for the worker to loose his/her job). The basic standard questions which might be useful are:

- Are the workers free to leave their job, if they want to?
- Are the workers or any other people related to them in company debts? What is the nature of these debts and what are the payment conditions?
- Is there any kind of deposit (money or any other valuables) or personal documents (private ID card, drivers' license).
- Is there a free entrance for workers in the factory (company)?
- Are there security guards (or a security system) to control the workers? What is the security policy of the company?
- Are wages always fully paid and in time?

During the interviews (for the direct ones, but without confidential requirements, unless the correspondent requires them) with representatives of NGOs and trade unions, questions about compulsion labour in the local companies of garment industry might be discussed. It is good to explain the purpose and the term "compulsion and obligatory labour" to the representatives of NGOs and trade unions before the beginning of the conversation.

Before the beginning of the audit every one of the representatives needs to have excellent legal qualification and needs to be familiar with ways of surrounding the law or the partial ways of trying to break it. The consultation with a lawyer is necessary.

To this end, there will be no more changes in the Labour Code and it can be used for preparing of well-motivated and well-grounded conclusions from practical observations.

### 3.3.2 Discrimination in employment

#### 3.3.2.1 Laws and Regulations

The conventions, which determine the prohibition of labour discrimination, were ratified in Bulgaria in 1955 (Convention 100) and 1960 (Convention 111).

In the national legislation the prohibition of labour discrimination is regulated by 2 laws – The Labour Code and the newly adopted (since 1<sup>st</sup> of January 2004) Law on Protection Against Discrimination.

The Labour Code (article 8, item 3) says: “In the exercise of labour rights and duties no direct or indirect discrimination, privileges or restrictions shall be allowed on grounds of ethnicity, origin, sex, race, skin colour, age, political and religious convictions, affiliation to trade union and other public organizations and movements, family, social and property status and disability.”

ILO translation states: based on nationality, origin, gender, sexual orientation, race, colour of skin, age, political and religious beliefs membership in syndicate and other social organizations and movements, family and material situation, existence of psychic or physical disorders, as well as differences in the contract term and duration of working time.

The equality between men and women on the labour market is guaranteed by article 243: “Women and men shall be entitled to equal remuneration for the same or equivalent labour. This paragraph shall apply to all payments under the employment relationship.”

Law on Protection Against Discrimination (LPAD) arranges protection against any form of discrimination and co-operates to prevent it. The goal of this law is to provide every person the right of equality in front of the law, and the equal possibilities to participate in the social life and effective protection against discrimination.

In this law (article 4, item 1) every direct and indirect discrimination based on a **certain group of characteristics as follows**: sex, race, nationality, human genome, citizenship, origin, religion or faith, education, conviction, political convictions, personal or social status, injury, age, sexual orientation, family status, property status or any other characteristics, defined by a law or international contract which Bulgaria is a part of.

**Direct discrimination** as defined by the LPAD is: every badly treatment of persons, based on the above characteristics, comparing to a treatment (now, in the past or in the future) of other person in similar circumstances.

**Indirect discrimination** is to treat a person based on the above characteristics in unfavourable circumstances compared to other persons through a seemingly neutral decree, criteria or practice, unless it is proven to be objective in the face of the law and the resources for

achievement of this goal are acceptable and necessary.

For discrimination is also considered the harassment. Harassment based on the above characteristics, sexual harassment, instigation to discrimination, chasing and race segregation, also the building and supporting of the architectural environment for the public places, which make the access difficult for people with injuries.

This law is still new and as yet there is no legal practice, which can give more information. It is important to know the cases, which according the law, are not deemed to be discrimination. Sixteen such cases are mentioned in article 7.

In the national labour legislation the rights of two main religions in Bulgaria – Christianity and Muslimism are kept.

The official religion is Eastern Orthodox Christianity and the main religious holidays are national and use the religion calendar. At the same time, and according to Article 173, para 2 “In the case of employees who profess a creed other than the Eastern Orthodox Christianity, the employer shall permit them to use, by their own choice, part of their annual paid leave, or grant them an unpaid leave under Article 160, para 1 (Upon the request of the employee, the employer may permit him an unpaid leave, regardless of the fact whether he has used his annual paid leave or not, and irrespective of his length of service.), on the days of the respective religious holidays, but not more than the number of days for the Eastern Orthodox Christian holidays under Article 154 (May 6 - St. George’s; December 24 - Christmas Eve; December 25 and 26 - Christmas; Easter - two days (Sunday and Monday) on which it is celebrated in the respective year). The days for the religious holidays of the creeds other than the Eastern Orthodox Christianity shall be specified by the Council of Ministers upon the proposal of the official leadership of the relevant creed.

The Labour code gives detailed information about leaves of women workers, as well as for the specific rights of the employees:

#### Leave for Pregnancy, Birth and Adoption

##### Article 163

(1) Female employees shall be entitled to pregnancy and childbirth leave of 135 days for each child, 45 days of which shall be granted before the date of birth.

(...)

#### Leave for Raising a Child up to 2 Years of Age

##### Article 164

(1) After the leave for pregnancy, childbirth or adoption has been used, in case the child is not placed in a child-care establishment, the female employee shall be entitled to an additional leave for raising a first, second, and third child until they reach 2 years of

- age, and 6 months for each subsequent child.
- (2) (Repealed – SG, No. 25/2001).
  - (3) With the consent of the mother (adoptive mother), the leave under paragraph (1) shall be granted to the father (adoptive father) or to one of their parents in case they work under an employment relationship.
  - (4) For the time of the leave under the preceding paragraphs, the mother (adoptive mother) or the person who has taken over the raising of the child shall be paid a cash indemnity under terms and in amounts specified by a separate law. The time of the leave shall be recognized as length of service.
  - (5) In case the leave under paragraph (1) is not used, or the person using such leave terminates its use, the mother (adoptive mother), if she is working under an employment relationship, shall be paid a cash compensation from the State Social Security to the amount of 50 per cent of the statutory minimum monthly salary in the country.

#### Leave for Raising a Child up to 3 Years of Age

##### Article 165

- (1) After using a leave under para 1 of the preceding article, upon the request of the female employee she may also be granted an unpaid leave until the child reaches 3 years of age, in case it is not placed in a child-care establishment. With the consent of the mother this leave may also be used by the persons under Article 164, para 3.
- (2) The time during which the leave under the preceding paragraph is used shall be recognized as length of service.

#### Leave for Breast-feeding and Feeding a Young Child

##### Article 166

- (1) A female employee who breast-feeds her child shall be entitled to a paid leave for Breast-feeding until the child reaches 8 months - 1 hour twice a day or, with her consent, 2 hours together. For a female employee who works at reduced working hours of 7 hours or less this leave shall be 1 hour a day. After the child reaches 8 months this leave shall be 1 hour a day and shall be granted to the employee only in case the medical authorities find that it is necessary for her to continue Breast-feeding the child.  
(...)
- (4) The leave under the preceding paragraphs shall be paid by the employer.

#### Leave In Case of Death or Severe Illness of a Parent

##### Article 167

- (1) Should the mother (adoptive mother) of a child under the age of 3 die or become severely ill, with resulting inability to take care of the child, the balance of the leaves for

childbirth, adoption, and raising a young child may be used by the father (adoptive father). With his consent, these leaves may be used by either of his parents, or by either of the parents of the deceased or severely ill mother (adoptive mother), should the said person work under an employment relationship.

#### Unpaid leave for taking care of a child of up to 8 years of age

Article 167a (New – SG, No. 52/2004)

- (1). After having used the leaves under Article 164, Paragraph 1 and Article 165, Paragraph 1, any of the parents (adopters), if they work under a labour contract, and the child has not been placed in an institution on a full public support, upon request shall have the right to use unpaid leave up to 6 months for taking care of a child before he/she becomes 8 years old.

#### Additional Leave for Two and More Alive Children

Article 168

- (1) Where provisions to such effect have been set forth in the collective agreement, a female employee with 2 surviving children under the age of 18 shall be entitled to 2 working days, and such an employee with 3 or more surviving children under the age of 18 - to 4 working days paid leave for each calendar year. This leave shall be used when the employee wishes, and it shall not be compensated in cash, except in case of a termination of the employment relationship.
- (2) The female employee shall be entitled to use a leave under the preceding paragraph, including for the calendar year in which one or all the children reach 18 years of age.
- (3) (Repealed – SG, No. 25/2001).
- (4) The use of a leave under this article may be postponed pursuant to Article 176.

#### Prohibition of Heavy and Harmful Work

Article 307

- (1) Performance by women of work, which is heavy or hazardous for their health and maternal functions, is prohibited.
- (2) The list of jobs pursuant to the preceding paragraph shall be approved by the Minister of Labour and Social policy and by the Minister of Health. The list shall be duly updated in conformity with occurring changes and shall be reviewed at least once every 3 years.

#### Women's Rooms

Article 308

Employers employing 20 or more women shall provide rooms for personal hygiene of the women and rooms for rest of the pregnant as established by the Minister of Health.

## Job Reassignment for Pregnant and Nursing Mothers

### Article 309

- (1) A pregnant woman or a nursing mother employed at a job unsuitable for her condition shall be reassigned to another appropriate job or to the same job with alleviated conditions on prescription of the health authorities. Prior to the carrying out of the prescription she shall be relieved of the obligation to carry out work unsuitable for her condition and the employer shall compensate her in the amount of her gross labour remuneration for the month preceding the prescription.
- (2) The health authorities' prescription shall be mandatory for the pregnant or nursing woman and for the employer.
- (3) A female employee reassigned to another appropriate job or to the same job with alleviated working conditions pursuant to paragraph 1 shall receive labour remuneration for the work done. When it is lower than the labour remuneration for the previous work she shall be entitled to cash compensation to the amount of the difference between the labour remunerations pursuant to a separate law.
- (4) The employer, jointly with the health authorities, shall annually designate positions and jobs suitable for pregnant women and nursing mothers.

#### 3.3.2.2 Compliance situation

The social audit for the removal of labour discrimination can emphasize on several main characteristics, defined by the law. They are as follows:

- Age – very often women above 45 decrease labour access, regardless of their qualification and experience. The real reason is their age.
- Ethnical or religious affiliations – cases are reported (in a number of social researches and observations), in which in the regions with predominant Moslem population (mainly in South-East Bulgaria near by the borders with Turkey) women from Bulgarian ethnic groups have fewer chance of finding a job or keeping their current job, than the women from Turkish ethnical groups. Often in workshops and factories the places of work, are separated by ethnical belongings – relatively, the lightest work is accomplished by women from Turkish ethnical groups.
- Family status – the employers don't like young women and define the pregnant women as a "burden for the company"<sup>21</sup>. Some cases have been reported that the employer stated that if a woman is pregnant, she loses her job. Some of the employers use legal methods (such as ending of their contracts, decreasing of the produc-

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<sup>21</sup> "Women in the informal economy in Bulgaria 2004", WAD Foundation, ASA, 2005.

tion, etc.), and in some cases they may use the ignorance of the law by the workers, to release them. Usually if that is illegal, women don't look for their legal rights.

According to research<sup>22</sup> made in 2005, in most cases the manifestations of discrimination are at hiring (36.2% from participants) and on the work place (21.9%). In garment industry discrimination (according to researches and observations of the labour force in regions, where this type of factories are concentrated<sup>23</sup>) is shown mainly by the characteristics like sex, age, ethnical affiliations and religion.

At a national level there is no clear policy on the implementation of the Law on Protection Against Discrimination. A commission for protection against discrimination has been established, but it is not fully active. Most cases that have been referred to the commission are related to discrimination based on people from a Roma ethnic minority.

Sometimes only Muslim women are hired, because they are thought to be more submissive. There was an issue in Sandanski that owners check female workers and made them undress, because garments were stolen from the factory. This caused real outrage and was publicized in the press. They sometimes also check visits to toilets.

The regional labour inspections watch for adherence of the Labour Code, but they don't pay special attention to the protection against discrimination. At the local level non-governmental organizations work on problems of discrimination and spread information about the law and possibilities that it provides. There are no concrete data for activities directly connected with the apparel industry.

### 3.3.2.3 Guidance for auditors

For gathering reliable information on this issue<sup>24</sup> again it will be useful to search for information on two levels – from the workers and from local non-government organizations or trade union representatives.

The interviews with the workers might be based on questions about:

- What is meant by the term discrimination (with clear examples)
- Whether there is discrimination in their factory according to them with examples of the concrete cases and groups, which are under discrimination, to avoid the subjective

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<sup>22</sup> Research of attitudes towards the discrimination and recognition of the newly LPAD, carried out in North-West Bulgaria as a part of WAD Foundation project, excerpt of 600 people above 18 years of age.

<sup>23</sup> Researches of Institute of Social and Trade union Researches of CITUB, Agency for Social Analyses (ASA), Vitosha Research, as well as huge number of NGOs worked in the field of women's rights

<sup>24</sup> What has to be taken in mind is the fact that this question is a problematic one for most areas in which there are textile factories. The problems exist because they are in border regions with mixed population and very often the real company holders are not Bulgarian citizens. Unfortunately discrimination cases are very common espe-

estimation of the workers

- What is the nature of the discrimination (i.e., whether certain groups of workers carry out a certain kind of work, and is there a classification of the positions, are there any differences between real salaries between men and women doing the same jobs with the same quality and so on).

Besides this, if there are any signs of discrimination, there might be some information about measurements concerning its removal from the company or region.

The opinion of the workers is useful to be known according to the necessity of reducing discrimination and the possible ways of doing so.

The interviews with representatives from local non-government organizations and trade unions in the beginning have to explain what exactly is meant by discrimination and after that to discuss discrimination in the region, in the apparel sector and within a concrete factory.

It is good if the people, who are participants in the interview, explain their position, based on concrete and specific regional experience, about what the suitable measurements to reduce discrimination are and how these measurements affect the region, industry and a concrete factory.

Except the national legislation, which auditors have to know well and in depth (as borders between Labour Code and Law on Protection Against Discrimination in the case when a dispute for labour rights is very thin), in short, they have to know about the real situation, related with the problems of discrimination in the country at the moment. This might be achieved in two ways – through giving to the auditors the latest information from NGOs, worked against discrimination in social life and through establishing contact with representatives from non-government organizations (specialized in problems of discrimination), which can share concrete practice experience with these specifics (dependency on different characteristics, defined in article 4, paragraph 1 of the Law for protection against discrimination).

Changes in two laws according to labour discrimination are not expected soon. The one change, which is most desirable, is to pass the Law of equal opportunities between men and women, which have been under development since the last two governments of the country.

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cially of workers from Greek's owned companies in South-west Bulgaria – for example in Snadanski and Petrich region.

### **3.3.3 No Exploitation of Child Labour**

#### **3.3.3.1 Ratified conventions and laws**

Both ILO conventions related to child labour were ratified in Bulgaria. Convention 138 was ratified in 1980, Convention 182 – in 2000. It is important to mark that Convention 182 supplements, but does not cancel Convention 138.

In the national legislation issues about children and child labour were defined in 2 main laws – The Law on Protection of the Children (LPC) and The Labour Code. According to the LCP – article 1, paragraph 2 – The Country protects and guarantees the basic rights of the child in all aspects of social life for all groups of children according to their age, social status, physical, health and psychically condition, and provides all with suitable economic, social and cultural environment and education as well as freedom of their opinion and security.

The two conventions are discussed in to the Labour Code, which defines cases and ways of hiring children. The Labour Code arranges cases as follows:

#### Minimum age for employment

##### Article 301

- (1) The minimum age for employment shall be 16. The employment of persons less than 16 years of age is prohibited.
- (2) As an exception persons between 15 and 16 years of age may be employed to perform work of easy nature and not dangerous or harmful to their health and to their proper physical, mental and moral development.

#### Employment of Persons Under 16 Years of Age

##### Article 302

- (1) Persons under 16 shall be employed after a thorough medical examination and a medical ruling that they are fit to perform the respective job and that it would not impair their proper physical and mental development.
- (2) Persons under 16 shall be employed upon permission of the Labour Inspectorate in each separate case.

#### Employment of Persons between 16 and 18 Years of Age

##### Article 303

- (1) Employment of persons between 16 and 18 years of age in heavy, harmful and dangerous jobs shall be prohibited.
- (2) Persons between 16 and 18 years of age shall be employed after a thorough preliminary medical examination and a medical ruling, which certifies their fitness to perform

the respective work.

- (3) Persons between 16 and 18 years of age shall be employed upon permission of the Labour Inspectorate in each separate case.

### Employment of Persons Under 18 Years of Age

#### Article 304

- (1) Prohibited for underage persons shall be jobs which are:
  1. Beyond their physical or mental capacity;
  2. Related to exposure to harmful physical, biological or chemical effects, and in particular to toxins, cancerogenes and agents causing hereditary genetic or intrauterine impairments;
  3. Related to hazards, which cause continuous detrimental effects on human health in any other way;
  4. Exposed to radiation;
  5. At extremely low or high temperatures, noise or vibration;
  6. Related to risk of occupational accidents, which the underage persons presumably are unaware of because of their physical or mental adolescence.
- (2) The list of jobs under paragraph (1), as well as jobs to which persons from 15 to 16 years of age could be admitted as an exception, shall be issued by the Minister of Labour and Social Policy.

### Particular Care for Adolescents

#### Article 305

- (1) The employer shall take special care for the work of persons under 18 by providing alleviated working conditions and opportunities to acquire professional qualification and to raise the qualification level.
- (2) The employer shall be bound to inform the underage employees and their parents or guardians about the eventual risks on the job and about the measures taken to ensure healthy and safe conditions of work.
- (3) The working hours of employees under 18 shall be 35 working hours weekly and 7 hours daily for 5-day workweek.
- (4) Employees under 18 shall be entitled to a paid annual leave of not less than 26 working days, including during the calendar year when they turn 18 years of age.

The school training under the age of 16 is compulsory.

The legal way for determination the age of citizens of the Republic of Bulgaria is through his personal number (first two digits are year of birth, next are for month and day) or through his

ID card, which everyone according to the law receives at age of 16.

In hiring of workers the employer is obliged to demand their personal id cards, the data contained in the card is added to the labour contract. Without these personal documents there can't be a labour relationship, because the documentations in the company, according to the laws in the country, have to contain information about the worker. In that way the employers can always identify the age of the candidate and to provide suitable measurements if the person is not in the appropriate age to work legally by the Labour Code.

### 3.3.3.2 Compliance situation

In a global view, Bulgaria is not a country with signs of extreme exploitation of child labour. When there is such a kind of labour, it is voluntarily approved by the parents. Unfortunately in Bulgaria there is a worse kind of child labour (prostitution, begging, drug-abuse and etc.), in regions with a high level of unemployment and especially in the frontier areas this is an actual problem. According to the data from regional non-government organizations ("Ideas and Worthy" Foundation – Sandanski, Association IKAR – Haskovo, Association NAIA – Targovishte) there is a trend of well-organized channels for traffic of children, and sex tourism for rest days.

Hiring children in garment factories is also a familiar practice in Bulgaria. In contrast to other countries, it is often a temporary kind of work for the children during their summer holidays. Another form of child labour is the one-month training necessary for graduating from a certain specialized high-school education. According to children working as hired workers during the summer<sup>25</sup>, the employers don't hire them if they are under the age of 18, because the law is very strict and the sanctions are very high.

It is very often the children don't mind the temporary work in workshops (where, most often, their mothers are workers or other relatives), but categorically declare that after their graduation they won't work in such workshops. This kind of work is suitable for them, because the salary is bigger than their own money provided by their parents.

The institutions which monitor the protection of child labour and the removal of its worst forms are the Labour Inspection – for illegal hired workers, regional branches of the Agency for Child Protection, trade unions (which have a signal function towards Labour Inspection) and the local non-government organizations.

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<sup>25</sup> In depth interviews and school debate with students in Haskovo region for the problems in textile factories, under the project "Fair condition for women dressing Europe", WAD Foundation 2005.

### 3.3.3.3 Guidance for auditors

For gathering information, again the sources are workers and local representatives of non-governmental organizations and trade unions. The questions towards the workers might be related to:

- Whether and in what way age of new candidates was checked.
- Explanation to what “child labour” means and whether it’s real in this current factory/workshop/region
- What is the reason for family to force children to work?
- Workers personal experience with their children and personal positions on this subject.

The problems of discrimination and child labour in the region, the apparel industry, and concrete factories/workshops can be discussed with representatives of non-governmental organizations and trade unions. To determine what kind of actions (local/regional/national) can be made to reduce the child labour and if within factories there is child labour, how they, as independent social organizations, can correct this problem or at least reduce it to the reasonable levels.

There are two ways to check the age of hired staff – documental and verbal. Through the documental approach auditors may check the age of the whole staff in the factory and meet with randomly chosen people to check the data. Through the verbal approach auditors may demand the documents (contracts or personal documents) only of people under legal age.

It might be stated that the Bulgarian legislation in this section is even stricter than the convention of ILO and there will probably not be any major changes in the near future.

### **3.3.4 Freedom of Association and the Right to Collective Bargaining**

#### **3.3.4.1 Laws and Regulations**

Conventions 87 and 98 according to the freedom and right of organization in trade union, as well as the right of a collective labour agreement were ratified by Bulgaria in 1959. Convention 135 and Recommendation 143 are still not ratified.

In the national legislation the right for organization is defined in the Labour Code and by the law of legal entities with non-profitable purposes.

According to the Bulgarian labour code the State shall carry out the regulation of labour relations and the immediately related relations, the social security relations and the living standard issues after consultations and through dialogue with the employees, the employers and their organizations, in the spirit of cooperation, mutual compromise and respect for the interests of each of the parties.

Chapter III from The Labour Code defines the rules of creation and action of trade unions and employers' organizations.

#### **Article 33**

- (1) Trade union organizations and employers' organizations are entitled, within the bounds of the law, to autonomously draw up and adopt their statutes and rules, to freely elect their bodies and representatives, to organize their leadership, as well as to adopt programmes of action.
- (2) Trade union organizations and employers' organizations shall define their functions freely, and shall perform them pursuant to their statutes and the law.

#### Representative Organizations of the Employees

#### **Article 34**

Recognized as representative organizations of the employees on national level shall be the organizations which have:

1. At least 50 000 members;
2. At least 50 organizations with not less than 5 members each in more than half of the industries set forth in the National Classification of Industries;
3. Local bodies in more than half of the municipalities in the country and a national managing body;
4. Capacity of legal entity, acquired pursuant to Article 49.

## Representative Organizations of the Employers

### Article 35

Recognized as representative organizations of the employers on national level shall be the organizations which have:

1. At least 500 members with not less than 20 employees each;
2. Organizations with not less than 10 members each in more than one fifth of the industries set forth in compliance with the National Classification of Industries;
3. Local bodies in more than one fifth of the municipalities in the country and a national managing body;
4. Capacity of legal entity, acquired pursuant to Article 49.

## Participation in the Preparation of Internal Regulations of the Enterprise

### Article 37

Trade union organization organs in the enterprise shall be entitled to participate in drafting all internal rules and regulations which pertain to labour relations, the employer being bound to invite them to do so.

## Representation before the Court

### Article 45

Trade union organizations and their divisions are entitled, upon the request of employees, to represent them as attorney before the Court. They shall not be entitled to conclude agreements, to recognize claims, to renunciate, withdraw, or reduce the claims of employees, and to collect amounts on behalf of the represented persons unless they have been expressly authorized to do so.

## Cooperation to Further the Activities of Trade Union Organizations

### Article 46

State agencies and employers shall provide conditions for, and cooperate with, trade union organizations to further their activities. The former shall make available to the latter, for gratuitous use, real estate and movables, buildings, premises, and other facilities required for the performance of their functions.

In the Labour Code definitions of the legal circumstances of creation and levels of a **collective labour agreement** are pointed out, as well as rights and obligations for each side of it. By the law – article 50 - the collective agreement shall regulate issues of the labour and social security relations of employees that are not regulated by mandatory provisions of the law. The collective agreement shall not contain clauses, which are more unfavourable to the employees than the provisions of the law or of collective agreement, which is binding upon

the employer.

### Levels of Collective Bargaining

#### Article 51

- (1) Collective agreements shall be concluded by enterprises, branches, industries and municipalities.
- (2) Only one collective agreement may be concluded at the level of enterprise, branch and industry.

### Collective Agreement in Enterprises

#### Article 51 a

- (1) Within an enterprise the collective agreement shall be concluded between the employer and a trade union organization.
- (2) The trade union organization shall prepare and submit a draft of collective agreement. Where more than one trade union organizations exist within one enterprise they shall submit a common draft.
- (3) Where within the enterprise the trade union organizations fail to submit a common draft, the employer shall conclude the collective agreement with that trade union organization the draft of which has been approved by the general meeting of the employees (the meeting of proxies) by majority of more than half of the members thereof.

### Collective Agreement on Industry and Branch Levels

#### Article 51b

- (1) The collective agreements by industries and branches shall be concluded between the respective representative organizations of employees and of employers on the basis of an agreement between their national organizations, which shall set forth general provisions in respect of the scope and the procedure framework of the industry and branch level agreements.
- (2) The representative organizations of the employees shall prepare and submit a common draft to the representative organizations of the employers.
- (3) Where the collective agreement on industry or branch level has been concluded between all representative organizations of the employees and of the employers in the industry or the branch, the Minister of Labour and Social Policy may, upon their joint request, extend the application of the agreement or of individual clauses thereof to all enterprises of that industry or branch.

### Obligations to Negotiate and to Provide Information

#### Article 52

- (1) The individual employer, the group of employers, and their organizations shall:
  1. Negotiate with the employees' representatives to conclude a collective agreement;
  2. Make available to the employees' representatives:
    - a) The collective agreements concluded which bind the parties on the basis of to sectorial, regional or organizational affiliation;
    - b) Timely, authentic and understandable information on their economic and financial position which is significant for the conclusion of the collective agreement; provision of information the disclosure of which could cause damages to the employer may be refused or granted subject to requirement for confidentiality.
- (2) In case of failure to perform the obligation under the preceding paragraph the employers in default shall owe indemnity for damages inflicted.
- (3) The employer shall be deemed to be in delay if he does not fulfil his obligation under para 1, subparagraph 1 within one month, and under para 1, subparagraph 2 within 15 days after the notice.
- (4) The trade union organizations in the enterprise shall, upon request of the employer at the start of negotiations for collective agreement, provide information about the actual number of their members.

#### Entry into Force and Duration

##### Article 54

- (1) The collective agreement shall come into force as from the date of its conclusion, insofar as it does not provide otherwise.
- (2) The collective agreement shall be deemed concluded for a term of one year, insofar as it does not provide otherwise, but not for more than two years. The parties may agree for shorter terms of validity of individual clauses of the agreement.
- (3) The negotiations for conclusion of new collective agreement shall start not later than three months prior to the expiry of the term of the current collective agreement.

#### Extension of the Effect of the Collective Agreement

##### Article 55

- (1) The effect of the collective agreement concluded between an employers' organization and trade union organizations shall not be terminated with regard to an employer who terminates his membership in it after the agreement has been concluded.
- (2) In the cases under Article 123 (The employment relationship with the employee shall not be terminated) the existing collective agreement shall be valid until conclusion of a new collective agreement, but for not more than one year following the date of change of the employer.

### Effect with Regard to Persons

#### Article 57

- (1) The collective agreement shall have effect for the employees who are members of the trade union organization signatory to the agreement.
- (2) The employees who are not members of a trade union organization that is a party to a collective agreement may accede to a collective agreement concluded by their employer by applications in writing submitted to him or to the leadership of the trade union organization which has concluded the agreement, under terms and provisions determined by the parties to the agreement, such as may not be contrary to the law or evading the law, or such that are offensive to the good morals.

### Obligation for Information

#### Article 58

The employer shall make the text of the collective agreement available to the employees.

### Actions in Case of Default

#### Article 59

In the event of default on the obligations under the collective agreement actions in court may be instigated by the parties to the agreement, as well as by any employee who is subject to the application of the agreement.

#### 3.3.4.2 Compliance situation

Most often, workers create trade union organizations at their desire after cases of brutal violation of their rights (i.e., long term salary delay, regular overtime work, violence from the immediate superiors or owners, bad work conditions and etc.). If there are no similar problems, workers don't like to look for the local representative of the trade unions. Regional representatives of both trade unions said, that their practical experience include creation of trade union organization in unusual places – on the street in front of the factory/workshop, in local coffee-house, etc. Unfortunately in most cases these organizations are temporary. In most cases the employers finds a motive to end the labour contract with the leader of the trade union in the factory, which automatically stops the existing of this organization. After similar cases a new trade union organization of the workers is impossible (in spite of their problems), because of their fear of loosing the job.

The main problem, which trade union members share, according to unions of the workers from the apparel industry is the fear. Most often, according to the leaders of Light industry federations the workers are sanctioned for their membership or for their desire to become members in the trade union. There are cases, in which the employers (according to the trade

union leaders especially if they are foreigners) that force newly workers to sign documents that they are not members and they won't become members of the trade union. There is no real evidence for this (copies from the declarations or documented cases and witnesses). The fear of losing the job or the impossibility to find another (most often the workshops are in small villages and everyone knows each other) stops the workers to look for protection of their rights.

Trade union leaders share that in a number of cases in newly organized small apparel workshops in South Bulgaria (regions around Petrich, Sandanski, Haskovo) exist for a few weeks, because the main members among the workers were fired.

#### 3.3.4.3 Guidance for auditors

As direction for the auditors again it is recommended to provide two kinds of interviews – with workers and local structures of trade unions and non-governmental organizations, which work on the problems of workers' rights. The interviews in general might be connected with:

- Worker's opinion and their experience in trade union activities, in the factory and society.
- Which trade union has members in the factory/workshop? What is the level of the trade union organization of the workers in general? If there are no trade union members are there any trade unions in the region who would accept the workers from a certain company/ factory? Do they know or have any idea of such possibilities? Have they discussed and made research about this question?
- Is there any other kind of worker's organization and is there any usage to keep the trade union outside of the factories/workshops?
- Are workers allowed to choose their own representatives? Are there chosen representatives and was the process of election democratic or was there external (from the employer, manager, other persons) intervention?
- Is there a collective labour agreement? If yes – is it being respected? If no – will management allow collective bargaining and was there any effort made in that direction?
- What kind of conflicts, including strikes were there between owners of the factories and trade unions and their representatives?
- Is there anyone fired or sanctioned of the trade union members (ex-trade union members or leaders) in a concrete factory/workshop?

The gathering of information by the representatives of the trade union and non-governmental organizations might include:

- Discussions about the syndicalization of workers in the region and in the garment sector in general and their cross point in the concrete village/region.

Which are the strong and weak sides of the trade union organizations?

- What are the priorities of the trade unions related to the syndical organization of the workers in the garment industry?
- Which trade union and in which factory/workshop does he/she have a membership? What is the level of the trade union organization of the workers? If there are no trade union members, is there any trade union in the region, who would get members from another concrete factory?
- Is there any other kind of worker's organization and is it used, to keep the trade unions in the factory/workshop?
- Is there a collective labour agreement in the audited factory or in the apparel industry in general?
- What kind of conflicts, including strikes were between management and trade unions and their representatives? Has the factory management ever fired trade union members?

No recent changes or expected changes in the legislative regulation.

### **3.3.5 Payment of a Living Wage**

#### **3.3.5.1 Laws and Regulations**

Bulgaria has ratified only Convention 95: "The salaries and rewards, paid for a standard work week, must cover the living minimum and to satisfy the basic needs of the workers and their family. All workers must have written and clear information about the conditions, according to the payment, before the beginning of work and in particular payment for the certain period (daily/month wages) and they way of getting it."

Convention 26 and 131 were not ratified. Bulgaria recognized the Universal Declaration for Human Rights.

The application of these international documents in the local legislation and economy of Bulgaria happens through two kinds of instruments. From one side, this is the *minimum wage*, defined by the government. But on the other hand –it's the *legislation, related to social insurance*, which is related with the concrete payment.

Since April 2003 in the country the registration of the labour contracts in the National Insurance Institute is obligatory, as well as the minimal levels of payment and health and social insurance for different professions and occupations. This is defined by the article 62, item 3-4 from the Labour Code: "In a three-days' period from making or changing a labour contract

and in a seven-days' period from it's ceasing, the employer is obliged to inform the appropriate local branch of the National Insurance Institute. The data in this document, and the way of its sending are defined by the regulation of the ministry of labour and social policy, coordinated with the General Manager of the National Insurance Institute and the President of the National Institute of Statistics”.

The minimal insurance income, under which people can't be hired for concrete position defined in their contract, for the garment industry is as follows:

Minimal monthly insurance income for 2005 (in BGN)							
Economic activities	Managers	Analytical specialists	Practical specialists	Support staff	Qualified production specialists	Machine operators, plants and vehicles	Low qualified staff
Production of textile and textile products, without clothing	260	210	190	170	170	170	150
Production of knitted fabrics goods	270	200	170	150	160	160	150
Production of clothing, incl. furs; processing of leather	280	200	170	150	150	150	150
Production of leather and leather products	270	200	190	150	150	150	150

**The minimum working salary** is an economical and a social instrument, according to the social payments is regulated in some cases (social pensions, maternity payments, etc.). Since 1 January 2003 the official minimum salary in Bulgaria is 110 BGN (around 56 Euros). Since 1 January 2004 the official minimum work salary is 150 BGN (around 75 Euros).

**The social minimum wage** (living wage per four-member household) for 2003 is around 155 euro according to TUs investigations.

According to the ISTUR<sup>26</sup>, the threshold of poverty for Bulgaria is 130 BGN (around 65 Euros) per person of family of 4 members. Almost 18-20% from the workers belongs to this group. The level of poverty is defined by the “consumer’s basket”, part of it is mostly needed for living goods and services.

According to CITUB, the average wage in the Light Industries is 209BGN, but in garments it is lower, between 130-170BGN. Garments average wage was always 62-65% of average Light Industries wage.

### 3.3.5.2 Compliance situation

Workers in Bulgaria receive an additional payment or bonuses in these cases; as a gift – connected with a worker's personal event like a wedding, birthday or child birth; as an award – in the case of good monthly or yearly firm income; or as an additional salary (usually at the end of the year, the so called “the thirteenth salary”).

This is an often met practice in the apparel industry as well. The employers usually pay for a piece-work (job-work), and the monthly salary goes between the minimum and the average salary in the country. After finishing with the order or on a certain period the workers receive the rest of the agreed salary in cash or as a form of an award.

Timely and legal labour rewards are checked by The Labour inspection and are watched by trade union organizations in companies (if there are organized in the company).

Piece-work is a very common phenomenon in the apparel factories in Bulgaria. The majority of which (over 80% according to information provided by trade unions) work on CTM for foreign brands with pay on piece-work with appropriate quality. Piece-work payment is determined by the difficulty of the order, its urgency and its assigner. There are no national or trade union standards for piece-work payment in the textile industry, especially after they became private. Taking into consideration the amount of work, in most companies in the country, the monthly salary for a worker is calculated from the above minimum labour salary. It is important to mention that in most cases in the contract-declared monthly wages around or above the minimum, but in practice, workers get (sometimes 2 or 3 times) a higher salary in hand without any taxes or insurance amounts added to that salary.

*According to Universal Declaration on Human Rights, Article 25 “Every person has a right of living standard, including food, clothing, home, medical treatment and all social care that are necessary for hers/ his personal existence and well-being and the existence and well-being of hers/ his family. She/ he has the right of social insurance in the case of unemployment, illness, disability, widowed, old age, and other cases in which the person are unable to gain the money for the existence.”*

According to 2003 World Bank Survey 14% of the Bulgarian population live below poverty threshold. On 20 July 2004 the [Ministry of Labour and Social Policy](#) submitted at National discussion the results of the fourth Poverty survey, implemented with the financial support of the [World Bank](#). With measured **poverty threshold of monthly BGN 102 (about EUR 52)** each seventh Bulgarian is with income below that level or on national scale the poor house-

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<sup>26</sup> ISTUR – Institute for Social and trade Union Research, <http://www.knsb-bg.org/eng/enindex.htm>

holds are 409 thousands with 1 113 thousands people.

The main results after defining poverty threshold on 102 BGN per month for 1 person give different poverty profiles:

- The most affected of poverty in Bulgaria are Roma people. In same time they are the smallest ethnic group in the country. The larger ethnic group – Bulgarian – has the lowest risk of poverty. The poverty level of the 3 main ethnic groups in the country are:

Roma people	64.3%
Turkish	23.5%
Bulgarian	9.4%
- There are very high rates of poverty among families with 2 and more children and single parents households:

Two husbands without children	9.6%
Two husbands with one child	10.7%
Two husbands with 2 children	14.5%
Two husbands with 2 or more children	47.9%
Single mother with children	26.1%
Single father with children	28.8%
- As much lower is the education level of the head of household as much big is the risk of poverty of the household:

Up to primary education	45.6%
Basic education	20.3%
Secondary education	8.1%
Secondary vocational education	4.7%
High education	3.6%
- According to economic status the poverty level are:

Employed	7.6%
Unemployed	29.5%
Registered unemployed without compensations	40.3%
Unregistered unemployed	27.8%
Inactive	23.7%
Discouraged unemployed	59.4%
Retired	20.6%

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The poverty depends of several main factors like education level, economic status and demography structure of the household. The most significant correlations between these factors are:

- Finishing of basic education decrease twice the risk of poverty, finishing of secondary school decrease this risk 2.3 times and finishing of secondary vocational school or university decrease this risk almost 3 times.

- Every employed person decrease the risk of poverty in his/ hers household with 33%. Every unemployed person increases the risk with 50%.
- The risk of poverty in households with 2 children, single parents households and those with 2 and more children are twice higher than in households with one child.

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This poverty threshold of 102 BGN was strongly attacked by the Trade unions because according to their calculations it is not realistic and very low. According to TUs data the poverty line is 125 BGN. The subjective estimations of people show 2 threshold's level of the incomes related to the poverty:

- Life in extreme poverty – 69 BGN per person in the household
- Poor living – 133 BGN of a person in the household.

According to the recent data:

- 1 412 BGN monthly were necessary for the normal living of four-member household (2 adults and 2 children) as the Cost of living survey of ISTUR in December 2005 showed. According to the December cost of living (353 BGN) the household needs 27 BNG more to secure the same quantity of goods and services as compared with December 2004.
- According to the consumer basket of 502 goods and services for 4-member household, the cost of living for working member of the household in December 2005 is 384 BGN, which is by 22 BGN more as compared to December 2004. The working member of the household must secure the cost of living of 1 child as well. In December 2005 the cost of living per child as percent of the cost of living of working member represents: 56.4% (child up to 1 year old); 56.9% (child between 1-3 years old); 61.1% (child between 4-6years old); 89.1% (child between 7-13years old); 99.5% (child between 14-18years old). Therefore, the working member with child up to 6 years old needs 581 BGN and 706 BGN respectively if the child is over 6 years old.
- The cost of living in December 2005 as compared with December 2004 increased by 8.2 per cent. The average gross income increased by 4.8 per cent. It allowed only 65.1 per cent satisfaction of the needs of the population (according to the cost of living). The total consumer expenditure (total expenditure without taxes and productive expenses for the household plot) as related to the cost of living showed that it covers only 53.0 per cent of the needs.
- The gross household income per member in December 2005 is 230 BGN. Its level is low both compared to the cost of living (353 BGN) and net monthly AW (265 BGN). Some data on the household's income distribution compared to the cost of living confirm the status quo in the field of income and do not give a proof for dynamic changes or significant improvement of the living standard:
  - ✓ The relative share of households with gross income (GI) up to 120 BGN is 11.6%. The average number of members in these households is 3.41 and the GI per household member is 84 BGN
  - ✓ The relative share of households<sup>1</sup> with GI up to 16 BGN is 29.1. The average number of members in these households is 2.9 and the GI per household member is 116 BGN. These households live with income below the poverty line (the cost of living per member of the poor households is 143.79)
  - ✓ The relative share of households with GI above 321 BGN is 19.3%. The average number of members in these households is 2.23 and the GI per household member is 467 BGN, i.e. they dispose with recourses more than the cost of living (353 BGN)
  - ✓ The ratio of the GI of the low income households groups (116 BGN) and these with secured income for normal living (467 BGN) is 1:4

- Some differences are observed between the structure of the cost of living and the structure of the total expenditure (TE) of the surveyed households. The household TE includes as well expenditure for income taxes and production costs for the household plot. These and other expenditure not elsewhere classified represent 13.9 per cent of the expenditure of the gross income. The relative share of this group of expenditure and expenditures not elsewhere classifies (other) is high and impacts the total expenditure structure.
- The number of employees in the country in December 2005 was 2 233 988, of them 1 534 018 in the private sector and 699 970 in the public sector. As compared to December 2004 the number of employees increased by 2.3%. The increase in the economy was by 51 thousand. The increase in the private sector was by 71 thousand. The number of employees in the public sector decreased by 20 thousand.
- The average wage for the country (AW) for December 2005 was 340 BGN - 435 BGN in the public sector and 295 BGN in the private sector.
- In Bulgaria in December 2005 50% of employees were female (1062 thousand). The average wage of female employees was 315 BGN and is lower both than the AW of male (364 BGN) and the AW for the country (340 BGN). About 52.3% of employed women were in three sectors as follows:
  - ✓ 28.9% were in Manufacturing (307 thousand) with average monthly wage of 246 BGN.
  - ✓ 23.4 % were in Education (150 thousand) and health care (99 thousand). The average wage of women employed in these sectors was 367 BGN and 364 BGN respectively.
- The net wage (the AW without taxes and social security contributions) in December 2005 was 265 BGN that is by 15 BGN more as compared with December 2004. The real net wage in December 2005 as compared with December 2004 decreased by 0.4%. The real minimum wage increased by 17.5 % for annual period.
- **Branches with increase** of the real net wage are 9 out of 14: Financial inter mediation - 11.2%; Hotels and restaurants -by 4.1 %; Miscellaneous community and personal services - 3.7%; Mining and quarrying - by 5.8%; Agriculture, forestry and fishing - by 2.0%; Health care - by 3.0%; Manufacturing - by 1.4%; Education – by 1.7%; Transport and communication - by 1.9%. **Decrease of the real net wage is observed in** the rest 5 branches in the grouping: Trade and repair-by 11.4%; Electricity, fuel, gas and water supply- 0.5%; Real estate and rental activities, business services -2.2%; Public administration-by 0.3%; Construction-by 2.1%.
- The trend a significant part of the employees to be part of the gradually formed category of "working poor" is lasting. Poor are the employees with minimal wage of 150 BGN, poor are the agriculture and forestry workers, the security, service and trade personnel and low qualified workers. As a result a low AW is characteristic for entire enterprises and some branches. The average wage in December in 9 out of 28 branches of the economy represents only 55 to 74% (from 187 to 241 BGN) of the AW for the country (340 BGN). In this branches work 38.7% of the employees.
- According to the TUs the "working poor" in Bulgaria are between 18 and 20% of the employed in the country (about 550 000 people). The economic braches with higher part of "working poor" are Agriculture, forestry and fishing, Textile, clothing and fur, Wood processing, Hotels and restaurants.
- According to the vice chair of Bulgarian Chamber of Commerce the minimum wage can be binded to poverty line, as the lowest minimum wage should be at least twice higher than poverty threshold. On that scheme with the recent poverty threshold of 102 BGN the minimum wage should be about 200 BGN. At the moment the minimum wage in Bulgaria is 150 BGN.

## **Sources:**

1. Living Standards, Informational bulletin of Institute for Social and Trade Union Research (ISTUR), CONFEDERATION OF INDEPENDENT TRADE UNIONS IN BULGARIA, 2005-2006.
2. [www.knsb-bg.org](http://www.knsb-bg.org)
3. [www.mediapool.bg](http://www.mediapool.bg)
4. [www.mlsp.government.bg](http://www.mlsp.government.bg)

### 5.1.1.1 Guidance for auditors

According to the CITUB<sup>27</sup>, Bulgaria in 2005 has the largest share of poor workers compared to the most of the other European countries.

“The productivity of the labour outstrips with 42% the growth of the real labour salary”, says the director of the Institute for social and trade union analyses Mr. Ljuben Tomev. “This result shows that in Bulgaria the labour is highly underpaid. Typical industries in this manner are the agricultural and the forestry enterprises, textile and fur industries, woodworking, trade, hotels and restaurants<sup>28</sup>. There are more than 666 000 people working in these industries, which are low-paid according to all European criteria for poverty.”

“This allows us to speak about one big number of people in a hard condition. It doesn’t matter that they work, they are under the level of poverty for the country”, Mr. Ljuben Tonev said. About the possibilities for the country to get out of this condition, the director of the Institute for social and trade union analyses says: “The growth of the minimal salary is not going to be enough. In the European countries there are a lot of other social programs, concerning the level of the income for the family. A successful way is to subsidize the low incomes, as well as the government to take the expenses for the employees’ insurance. As a whole there are 3 –4 ways with which one can work with an absolutely wide range of instruments and mechanisms that can be applied to decrease the number of working poor”.

According to official data provided by Eurostat, the average number of poor workers in Bulgaria is not that different from that same number in Europe. The only difference is the level of poverty.

“The information which is provided is almost the same, but looking at the parameter by which this poverty is evaluated, it can be said that in Bulgaria this percent is three times lower than that of the countries now entering the EU”, declares Liuben Tomev. “And speaking of the so-called 15 countries of “old Europe”, Bulgaria is 13 times worse than the other countries. And if we add the purchasing power parity , i.e. we equalize not only the currency but also its purchase power in certain countries as well; we can clearly see that we are 5 times poorer than

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<sup>27</sup> Article published in [www.big.bg](http://www.big.bg) on 3 of April 2005.

<sup>28</sup> According to the national representative survey of ASA (Women in poverty, 2003) in all listed activity groups, excluding woodworking, employed are mostly women.

all of Ancient Europe”.

There is a practice in Bulgaria for paying a lower salary for newly employed workers. In general, there is a 3 -6 months period of testing period. Practice shows that during this period salaries start from the minimum average salary with a tendency for increase. In the capital of Bulgaria this process is a bit different – starter salaries are likely to be higher and the average salary in Sofia is a lot higher than that of the whole country.

The documentation which should be carried out by the accountant of each company and which concerns giving salaries is called “The salaries’ register” in which the salaries of each worker carried in. Besides this register, the companies give out an individual a monthly file for the salary and receive a document with the insurance amount carried out by the National Insurance Institute for each worker. Through these documents the exact salary can also be set.

The interviews with workers concerning to the payment of the minimum wages can include the following methods for acquiring information:

- ✓ The interviewees are asked to bring their salary slips for the last 3 months. Whether those slip are understandable or not should be discussed, and whether those amounts mentioned in the slip were really given to the workers should also be discussed (and if they are not, how much are they different from the truth). Another thing that should be mentioned is whether the interviewees are clear with how their salaries are calculated and if there are any comments or questions about this same subject.
- ✓ Questions about whether the employees salaries are regularly paid and whether they are paid according to the law. Hypothetical conversation to whether there are any chances of any salary increase.
- ✓ Checking the knowledge and understanding of the interviewees about their insurance status.

Interviews with NGOs and with trade unions can concentrate upon collecting information about what the salaries are in a certain company compared to salaries in the region and sector as a whole and about the locally interested partners’ opinions about the existing system for guaranteeing the minimum salary appointed by the law.

Also to determine whether it is possible for auditors to get information from The National Insurance Institute about the social salaries, given out by the employer, as well as checking their regularity.

## 5.1.2 No Excessive Working Hours

### 5.1.2.1 Laws and Regulations

Bulgaria has not ratified ILO conventions concerning the ban and limitation of over time work as well as to regulating labour hours and the labour week as well. But in the national legislation, in the labour codex, information about those things is clearly mentioned as well as the conditions in which payment of the overtime work authorized and practiced.

Concerning labour time, the national labour legislations order the following:

#### Normal Duration of Working Hours

##### Article 136

- (1) The workweek shall comprise five workdays with normal duration of the weekly working hours up to 40 hours.
- (2) (Repealed – SG, No. 25/2001).
- (3) The normal duration of the working hours during the day shall be up to 8 hours.
- (4) The normal duration of the working hours under the preceding paragraph shall not be extended, except in the cases and pursuant to the procedure provided for in this Code.
- (5) (Repealed – SG, No. 25/2001).

#### Extension of Working Hours

##### Article 136 a

- (1) For reasons relevant to the production process the employer may, by order in writing, extend the working hours in some work days and compensate that in other work days, after preliminary consultation with the representatives of the employees, inasmuch as the collective agreement does not provide otherwise. The employer shall be bound to notify in advance the labour inspectorate about the extension of the working hours.
- (2) The duration of the extended workday under the provisions of paragraph (1) may not exceed 10 hours, and for employees at reduced working hours – up to 1 hour in excess of their reduced working hours. The employer shall be obliged to keep a special book for recording the extension and the compensation of the working hours, respectively.
- (3) Extension of the working hours pursuant to paragraphs (1) and (2) shall be allowed for a period of up to 60 work days throughout one calendar year, but for not more than 20 consecutive work days.
- (4) In the cases under paragraph (1) the employer shall be bound to compensate the extension of the working hours with respective reduction of the working hours for each workday within 4 months. Where the employer fails to compensate the extension of the working hours within the specified term, the employees shall be entitled to determine

themselves the time to compensate for the extension of the working hours with respective reduction thereof, whereas they shall notify in writing the employer to that effect at least two weeks in advance.

- (5) In the event of termination of the employment relationship before the compensation under paragraph (4) takes effect, the variance to the normal work day shall be paid as overtime work.
- (6) For employees under Article 147 extension of the working hours shall be allowed pursuant to the provisions for overtime set forth in this Article.

### Reduced Working Hours

#### Article 137

- (1) Reduced working hours shall be established for:
  1. Employees working under unhealthy conditions or doing work under special conditions upon the decision of the Council of Ministers;
  2. Employees who have not reached 18 years of age.
- (2) Entitled to reduced working hours pursuant to paragraph (1), sub-paragraph 1, shall be employees who work under such conditions for duration not less than half of the statutory working hours.
- (3) In the case of reduced working hours pursuant to paragraphs (1) and (2) the employment consideration and the other rights of the employees may not be reduced.

### Part-Time

#### Article 138

- (1) The parties to the employment contract may negotiate work for a part of the statutory working hours (part-time work). In this case they shall specify the duration and allocation of the working hours.
- (2) In the event of decrease of the work volume the employer may set unilaterally, for a period of three months within one year, part-time work for the employees of the enterprise or a unit thereof, after preliminary coordination with the representatives of the employees.
- (3) The duration of the working hours under paragraph (2) may not be less than half of that set forth by law for the period of calculation of the working hours.

### Allocation of Working Hours

#### Article 139

- (1) The allocation of working hours shall be established by the internal rules of the enterprise.
- (2) In enterprises where organization of work allows flexible working hours may be established. The time during which the employee must be at work in the enterprise, as well

as the manner of accounting for it, shall be specified by the employer. Outside the time of his compulsory presence, the employee may determine the beginning of his working hours himself.

- (3) Depending on the nature of work and the labour organization, the working day may be divided into two or three parts.
- (4) For some categories of employees, due to the special nature of their work, the employer may, after consultations with the representatives of the employees, establish open-ended working hours, inasmuch as the collective agreement does not provide otherwise. The employees on open-ended working hours shall, if necessary, perform their duties even after the expiry of the regular working hours. The overtime on working days shall be compensated by an additional annual paid leave, and work on legal holidays - by an increased remuneration for overtime work.
- (5) For some categories of employees, due to the special nature of their work, an obligation may be established to be on duty or to stand by at the disposal of the employer during specified hours in a 24-hour period. The categories of employees, the maximum duration of the hours, and the terms and procedures of accounting for them shall be determined by the Minister of Labour and Social Policy.

### Night Work

#### Article 140

- (1) The normal duration of the weekly working hours at night for a five-day work week shall be up to 35 hours. The normal duration of the night working hours for a five-day work week shall be up to 7 hours.
- (2) Night work shall be work performed between 10.00 p.m. and 6.00 a.m. as for the employees under 18 years of age – between 8.00 p.m and 6.00 a.m.
- (3) The employer shall provide to the employees hot food, refreshments and other facilities for the effectiveness of the night work.
- (4) Night work shall be prohibited for:
  1. Employees who have not reached 18 years of age;
  2. Pregnant female employees, and mothers whose children are under 3 years of age;
  3. Mothers of children between 3 and 6 years of age, as well as mothers raising handicapped children irrespective of the latter's age, except with their own consent;
  4. Reassigned employees, except with their own consent, and only when such employment will not be detrimental to their health in the opinion of the medical authorities;
  5. Employees who are continuing their education while under employment, except

with their own consent.

### Work in Shifts

#### Article 141

- (1) Where the nature of the production process necessitates it, the work in the enterprise shall be organized in two or more shifts.
- (2) A work shift shall be mixed where it includes day and night. A mixed work shift with 4 or more hours of night work shall be deemed a night shift and shall have the duration of a night shift, and if it covers less than 4 hours of night work, it shall be deemed a day shift and shall have the duration of a day shift.
- (3) The rotation of shifts in the enterprise shall be specified by the internal rules.
- (4) The work shifts of the employees who are continuing their education while under employment, as well as of high-school students working in their free time, shall be specified depending on the organization of their studies.
- (5) It is prohibited to assign work for two consecutive work shifts.
- (6) For enterprises with a continuous working process the employee shall not discontinue work before the arrival of the respective employee on the next shift without the permission of his immediate superior. In such cases the immediate superior shall take the necessary measures to find a substitute.

### Accounting for Working Hours

#### Article 142

- (1) Working hours shall be calculated in working days, for each day.
- (2) The employer may establish summarized calculation of the working hours – weekly, monthly, or for another calendar period, which shall not be longer than 4 months.
- (3) The summarized calculation of working hours shall not be allowed for employees on open-ended working hours.

The maximum duration of a work shift under a summarized calculation of working hours can be up to 12 hours and for employees at reduced working hours it can be up to one hour beyond their reduced working hours.

According to the **overtime work** law says:

### Definition and Prohibition

#### Article 143

- (1) Work done on the order of, or with the knowledge of and with no objection from, the employer or the respective superior, by an employee beyond his agreed working hours shall be considered overtime work.
- (2) Overtime work shall be prohibited.

### Admissibility as an Exception

#### Article 144

Overtime work shall be permitted as an exception in the following cases only:

1. (...)
2. (...)
3. (...)
4. For doing emergency repairs in working premises, on machines and other equipment;
5. (...)
6. For the performance of intensive seasonal work.

### Duration

#### Article 146

- (1) The duration of the overtime work performed by one employee in one calendar year shall not exceed 150 hours.
- (2) The duration of the overtime work shall not exceed:
  1. 30 hours day work, or 20 hours night work in one calendar month;
  2. 6 hours day work, or 4 hours night work in one calendar week;
  3. 3 hours day work, or 2 hours night work in two consecutive working days.
- (3) The restrictions under the preceding paragraphs do not apply to the cases under Article 144, sub-paragraphs 1-3.

### Inadmissibility of Overtime Work

#### Article 147

- (1) Overtime work shall be not permitted for:
  1. Employees who have not reached 18 years of age;
  2. Pregnant female employees, and mothers whose children are under 3 years of age;
  3. Mothers of children between 3 and 6 years of age, as well as mothers raising handicapped children irrespective of the latter's age, except with their own consent;
  4. Reassigned employees, except with their own consent, and only when such employment will not be detrimental to their health in the opinion of the medical authorities;
  5. Employees who are continuing their education while under employment, except with their own consent.
- (2) With the exception of the cases under Article 144, sub-paragraphs 1-3, overtime work shall not be permitted for employees for whom this Code establishes reduced working hours due to the fact that they work under unhealthy conditions, or under special condi-

tions.

### Refusal to Work Overtime

#### Article 148

The employee shall be entitled to refuse to work overtime, in case the provisions of this Code, of another normative act, or of a collective agreement are not observed.

### Accounting for Overtime

#### Article 149

- (1) The employer shall keep a special register to account for overtime work.
- (2) The overtime work done shall be accounted for before the labour inspectorate every six months.

### Payment and Prohibition of Compensation

#### Article 150

- (1) Pursuant to Article 262, a labour remuneration in an increased amount shall be paid for overtime work, irrespective of the fact whether it shall be done legally or not.

It shall be prohibited to compensate for overtime work by rest.

The Labour Code defines working hours, as well as the rest period for the workers.

### Rest during the Work Day

#### Article 151

- (1) The working hours of the employee shall be interrupted by one or several breaks. The employer shall provide the employee a rest for a meal which shall not be shorter than 30 minutes.
- (2) The rest periods shall be not included in the working hours.
- (3) In continuous production processes or in enterprises where the work is uninterrupted, the employer shall provide to the employee time for a meal during the working hours.

### Rest between Work Days

#### Article 152

The employee shall be entitled to an uninterrupted rest between work days which shall not be shorter than 12 hours.

### Weekly Rest

#### Article 153

- (1) For a five-day working week the employee shall be entitled to a weekly rest of two consecutive days, one of which shall be Sunday on principle. In such cases, the employee

shall be ensured at least 48 hours of weekly rest at a stretch.

- (2) For summarized calculation of working hours, in case of working in continuous production processes and in case of a change in the shifts, the uninterrupted weekly rest shall be at least 24 hours.

### Legal Holidays

#### Article 154

(1) The public holidays shall be:

January 1 - New Year;

March 3 - the Day of the Liberation of Bulgaria from Ottoman Domination - the National Day;

May 1 - the Day of Labour and International Workers' Solidarity;

May 6 - St. George's - the Day of Valour - the Bulgarian Armed Forces Day

May 24 - the Day of Bulgarian Education and Culture and of Slavonic Letters;

September 6 - Unification Day;

September 22 - Bulgaria's Independence Day;

November 1 - the Day of the Leaders of the Bulgarian National Revival - a legal holiday for all educational establishments;

December 24 - Christmas Eve; December

25 and 26 - Christmas;

Easter - two days (Sunday and Monday) on which it is celebrated in the respective year.

The Council of Ministers may also declare other days for one-time public holidays, or for the commemoration of certain professions, and shift the days off in the course of the year.

The Labour Code defines the **size and the way of payment of labour salary for the overtime and the specific categories of labour** (in Bulgarian legislation there are 3 categories of labour).

### Remuneration for Night Work

#### Article 261

Night work shall be paid with an increase agreed upon by the parties to the employment relationship, but not less than the amounts set by the Council of Ministers.

### Remuneration for Overtime Work

#### Article 262

(1) Overtime work performed shall be remunerated with an increase agreed upon by the employee and the employer but not less than:

1. 50 per cent for work on working days;
2. 75 per cent for work on weekends;

3. 100 per cent for work on official holidays;
  4. 50 per cent for work with an accumulated calculation of the working time.
- (2) Where there is no other provision the increase in accordance with the preceding paragraph shall be calculated on the basis of the labour remuneration set in the labour contract.

#### Remuneration for Overtime Work in case of Open-Ended Work Day

##### Article 263

- (1) No additional labour remuneration shall be paid for overtime work on working days to employees with open-ended workday.
- (2) Overtime work performed by employees with open-ended workday on weekends and official holidays shall be remunerated pursuant to Article 262, para 1, subparagraph 2 and 3.

#### Labour Remuneration for Work on Official Holidays

##### Article 264

Work on official holidays, irrespective of whether it represents overtime work or not, shall be remunerated pursuant to the agreement, but not less than the double amount of the labour remuneration.

#### 5.1.2.2 Compliance situation

According to the law, the overtime work is measurable and can be compensated by specific methods. In practice, there are no concrete forms for accounting the overtime hours. What is mostly practiced and used is the so-called “Diary for Labour Time”, in which the overtime hours get registered. In the apparel industry such documents are usually missing. The overtime labour gets compensated by means of verbal agreements with the employer or manager, with a rest in days in which the production is not loaded and this absence will not be a burden on the production process.

As a whole, the overtime expression isn't a strange one for Bulgaria. In almost all economical sectors this term exists and it is starting to turn into a regular practice. This labour rarely has any kinds of retribution – it is often connected with carrying out certain tasks and does not affect the monthly salary.

In the industry<sup>29</sup> the majority of companies (66%) work between 40 and 59 hours per week; 22% of the companies work under 40 hours, the rest (12%) work 60 hours a week and some-

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<sup>29</sup> According to the NSI data – [www.nsi.bg](http://www.nsi.bg)

times even more. The biggest share of companies (85%) producing goods for an end consumption work 40 and 59 hours.

82% of the companies in the retail trade sector work for less than 46 hours a week, but in the services sector this percent is 93%.

Companies in the sector that have the opportunity to vary with their weekly working hours during the year are 52%. Predominantly, companies vary with their working hours – 43% of the companies in the garment sector. Another way of ranging with the weekly working hours is by ranging the number of workers. This is done by 15% of the companies in the sector. An insignificant percentage of the companies use a temporary closure as a means for changing working hours.

<b>Industry - Total</b>		
The relative and average share of the working personnel		
	Sometimes	Regularly
On shifts	8%	41%
On Saturday	9%	20%
On Sunday	8%	19%
At night	5%	19%

<b>Industry – Goods for final consumption (Including the apparel industry)</b>		
The relative and average share of the working personnel		
	Sometimes	Regularly
On shifts	6%	50%
On Saturday	9%	20%
On Sunday	10%	21%
At night	7%	14%

The overtime labour is one of the main problems of people working in the apparel industry. According to trade union representatives, very often workers have to work more than 8 hours a day. Different researches and journalist investigations give out information about the working hours in the apparel factories (when there is an order with fixed final dates of delivery) which are around 10 or more working hours. Extreme cases are also available when workers spend the night in the factory where there are no suitable conditions for this purpose. There is an extremely shocking incident with an apparel factory in Dupnica where workers have worked over 36 hours without any rest in order to finish the order made by the supplier on time. Those examples are mostly about small companies sewing by CTM for foreign suppliers and who use the speed with which they can finish their order for a competitive factor without taking into consideration the number and abilities of their employees.

In the labour code the stakes for paying the overtime work are pointed out, no matter when this overtime work was done and in which days. A general conclusion about when and how an overtime work must be paid cannot be made. Generally, when paying for a finished pro-

duction, payment is made by piece-work. And practice shows that an over-timed working day is compensated with a rest day.

The institution, which makes sure that law is being applied and sanctions employers who make violations, is the Labour Institution and its territorial sub-branches. Inspectors check the labour conditions as a whole or make some checking on a certain signalized situation. After this check, inspectors give out instructions or sanction the violators.

#### 5.1.2.3 Guidance for auditors

Three methods for collecting information can be used; observations, interviews with workers and in-depth interview with trade union representatives and NGOs. The observation can show clearly how work is done in a specific enterprise for a longer period of time. It would be good thing to find information about whether the company uses sub-suppliers for making an order and to do another check there too.

Questions towards workers can be as follows:

- How often is there overtime work in the factory and is this overtime work paid? (As awards or bonuses given out)
- How many overtime hours were there for the last week? (it would be good to have a possible concrete information)
- Why is there overtime labour – is it because there is an order or is it because workers are not able to reach the expected daily/weekly producing norms?
- Do workers know the fixed labour hours, shifts and holidays and rest days in the company? Are there a printed and a hanged on a clear place charts for those things?
- Does the company have contracts with sub-suppliers for producing orders? Who are the sub-suppliers and where are they?

Interviews with representatives of local trade union structures and representatives of Non Profitable Organizations can be directed towards the information about:

- Is there over time labour in the apparel sector in this region? How many hours is it and how often? Is this labour paid in an enlarged amount or is it the standard amount of payment that workers get?
- What are the reasons for this overtime labour?
- Are sub-suppliers used in this region? Is there any homework given out to workers or are there any other small factories with a number of workers not exceeding 9 people?

### 5.1.3 Health and Safety

#### 5.1.3.1 Laws and Regulations

Bulgaria is still to ratify ILO Convention 155.

Bulgarian legislation contains a number of laws and bylaws related to issues of health and safety at work.<sup>30</sup>

LAWS		
No	Name	Promulgated:
01	Constitution of the Republic of Bulgaria	SG. 56/1991
02	Labour Code	Promulgated in 2001
03	Law on Health and Safety at Work (also Act on Health and Safety Conditions)	SG. 124/ 1997
04	Social Insurance Code (also Code for the Obligatory Public Insurance)	SG. 110/1999
05	Law on protection against harmful impact of chemical substances and preparations	SG. 10/2000
06	Law on Technical Requirements to Products	SG. 86/1999
07	Law on Protection of Consumers and of Rules of Trading	SG. 30/1999
08	Law on National Standardization	SG. 55/1999
09	Law on Control of Explosives, Firearms and Ammunitions	SG. 133/1998

ORDINANCES and REGULATIONS				
No	Name	Issued by	Content	Promulgated:
01	Ordinance №7	MLSP and MH	On the minimum safety and health requirements at workplaces and for the use of work equipment	SG. 88/1999
02	Ordinance №5	MLSP	On the procedure, manner and frequency of carrying out risk assessment	SG. 47/1999
03	Ordinance №3	MLSP	On the functions and responsibilities of designated employees and specialized services in the enterprises for the organization and carrying out of activities related to the protection and prevention of occupational risks	SG. 91/1998
04	Ordinance №14	MH	On the for Occupational Medicine Services	SG. 95/1998
05	Ordinance №13	MH	On the maximum permissible concentration of harmful substances in the atmosphere at workplaces	SG. 82/1992 Amendments and supplements published in SG.11/1994 SG. 57/1994
06	Ordinance №4	MLSP	On the training of representatives of working conditions committees and groups in enterprises	SG. 133/1998
07	Ordinance №15	MH	On the modalities, procedure and requirements for development and implementation of physiological work/break schedules during work hours	SG. 54/1999
08	Ordinance №16	MH	On the physiological rules and regulations for manual handling of loads	SG. 54/1999

<sup>30</sup> General Labour Inspectorate - Executive Agency at <http://git.mlsp.government.bg/>; [www.textil.stfi.de](http://www.textil.stfi.de)

09	Ordinance №4	MLSP and MIA	On the signs and signals for safety at work and fire-fighting	SG. 75/1995
10	Ordinance №3	MLSP	On the instruction of workers and employees in safety, hygiene at work and fire-fighting	SG. 44/1996
11	Ordinance №3	MH	On the minimum requirements for safety and health preservation of workers using personal protective equipment at workplace	SG. 46/2001
12	Ordinance №2	MI	On fire-fighting, construction and technical rules	SG. 58/1987 Amendments and supplements published in SG.33/1994
13	Ordinance №3	MI	On fire-fighting of facilities in exploitation	SG. 54/1997 Amendments published in SG. 60/1997
14	Regulation	MLSP	On detection, investigation, recording and reporting of work accidents	SG. 6/2000
15	Regulation	MH	On the procedures of informing, registering, confirming, bearing an appeal and reporting occupational diseases	SG. 33/2001
16	Regulation	MLSP and MH	On the complex evaluation of working conditions	SG. 73/1991

NORMS		
No	Name	Promulgated:
1	Norms for physical work-load of workers and hygiene-physiological and ergonomic requirements for rational organization of work space and work process	SG. 25/19971 Amendments and supplements published in SG.58/1979 SG.54/1999
2	MLSP norms for design of heating, ventilation and air conditioning systems	SG. 103/1992
3	Radiation protection norms	SG. 103/1992

RULES		
No	Name	Promulgated:
1	Rules for electric devices design	Issued in 1999
2	Rules for safety exploitation of electric devices and equipment	Issued in 1996
3	Rules for technical monitoring over highly dangerous equipment adopted by DCM* No 34 of 1983	SG. 72/1983

### First aid

Ordinance № 7 on the minimum safety and health requirements at the workplaces and for the use of work equipment (henceforth Ordinance №7) stipulates the availability of **first aid means**, as well as of rooms for providing first aid depending on the particular situation.

Art. 242.

One or more first aid rooms must be provided where the size of the premises, type of activity being carried out and frequency of accidents so dictate.

Art. 244.

If required by the working conditions, easily accessible first aid means shall be provided for and designated with the prescribed symbols.

The Law on Health and Safety at Work (LHSW) stipulates that the employer must create an organization for emergency situations and designate the persons who are to carry out emergency activities.

Art. 20

- (1) For the prevention of harmful consequences due to unforeseeable circumstances and taking into account the nature of activities in the undertaking, the employer shall:
  1. take action to organize elimination of the danger, first aid, fire-fighting and evacuation of employees as well as arrange any necessary contacts with civil protection, fire-fighting and emergency medical care services;
  2. designate the employees required to implement the measures for elimination of the danger, first aid, fire-fighting and evacuation and ensure that the number of such employees and their training is adequate to the specific hazards and the size of the undertaking;

According to the MLSP Ordinance adopted by DCM No 263 of 30 December 1999, Bulgarian enterprises are obliged to keep a **register of work accidents**.

Art. 14.

- (1) The Insurer shall keep a register of work accidents, covering:
  1. number and date of the declaration for work accident;
  2. incoming number of the declaration in the local office of National Social Security Institute;
  3. full name and unified citizen number (foreigner's personal number) of sufferer;
  4. place and time of the accident;
  5. date and number of the decision of NSSI local office to recognize or reject the accident as a work accident;
  6. consequences of the accident (temporal inability to work, temporally lowered working capacity, disability or death);
  7. number of days (calendar and working) since the accident;
- (2) The Insurer issues a written order to designate a person responsible for keeping the register under Par. 1 and the declarations for work accidents.

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\* DCM = Decree of the Council of Ministers

- (3) The Insurer keeps the declarations for work accidents for at least 5 years as of the registration date.

### **Fire extinguishers**

Art. 227 of Ordinance No 7 stipulates: "Taking into account the size and utilization of premises, the equipment at place, the physical and chemical properties of the utilized substances and materials and the maximum number of people, the workplaces shall be equipped with appropriate fire-fighting means and when the circumstances require it – with fire extinguishers and fire alarms."

It applies to all production places no matter of type of the production. Additional information can be found from regional offices of the Fire and Emergency Service.

According to Ordinance No 3 of 16 June 1997 by the Ministry of Interior, enterprises must be equipped with the respective fire-fighting means.

Art. 26.

- (1) The buildings and premises shall be equipped with devices, facilities and installations for fire-fighting
- (2) The type and amount of devices, facilities and installations for fire-fighting are established in compliance to Appendix No 2 of Art. 2 of Fire-fighting Construction and Technical Rules, and their arrangement and marking are in compliance with Bulgarian State Standard 12.4.009-83 and Ordinance No 4.

### **Fire alarms and emergency lights**

Ordinance No 3 of 1997 by the Ministry of Interior stipulates:

Art. 28.

- (1) In all administrative, industrial and other buildings, as well as in public buildings, evacuation plans for the respective floor with designation of rooms (premises) shall be placed; evacuation exits and means for fire-fighting and signalling shall be put with necessary explanations.
- (2) Evacuation routes and exits shall be marked in accordance to Ordinance No 4.

According to art. 68 of Ordinance No 7 "When necessary, emergency routes and exits shall be provided with emergency lights with adequate intensity."

### **Evacuation drills**

The requirements for emergency routes and exits are mainly regulated by Ordinance No 7:

Art. 60.

Emergency routes and exits shall be ensured in working premises and buildings for cases of emergency situations, fires, disasters and others; the routes and exits shall be consistent with the number of workers.

Art. 61.

The emergency routes and exits shall be always kept in good shape and lead as directly as possible to a safe zone.

Art. 62.

In the event of danger, it must be possible for workers from all workstations to evacuate quickly and safely.

Art. 63.

The number, position and dimensions of the emergency routes and exits shall be determined according to the position, size and use of equipment and workplaces, and the maximum number of persons that may be present.

Art. 64.

- (1) Doors of emergency exits on emergency routes shall be closed in such a way that they can easily and immediately be opened by any person who may require to use them in a state of emergency.
- (2) Doors of emergency exits leading outside the building or enterprise shall be opened outwards free from obstruction - without key or other security devices.
- (3) Exits on emergency routes shall be marked by prescribed safety signs.

Art. 65.

Sliding or revolving doors are not permitted along emergency routes and at emergency exits.

Art. 66.

The emergency routes and exits shall be permanently marked by prescribed signs.

Art. 67.

The traffic routes and doors leading to emergency routes and exits shall be kept clear and easily accessible at any time.

### **Sufficient light, fresh air and dust removal.**

The fulfilment of certain criteria regarding light, dust and ventilation of work place is stipulated in Ordinance No 7.

Regarding **lighting**, the general stipulations are as follows:

Art. 74.

- (1) Workplaces must as far as possible receive sufficient natural light and be equipped with artificial lighting adequate for the protection of workers' safety and health.
- (2) Mixed or artificial lighting shall be provided when natural lighting is insufficient or cannot be ensured.

Art. 75.

When the lighting requirements for closely set workplaces differ significantly, the requirements for the predominant workplaces shall be fulfilled. Workplaces with stricter requirements shall be provided with mixed (natural and artificial) lighting or a system of combined (general and local) artificial lighting.

Art. 76.

Lighting installations in rooms containing workplaces and in passageways must be placed in such a way that there is no risk of accident to workers as a result of the type of lighting fitted and quality of light.

Art. 77.

Premises, workplaces and traffic routes in which workers are especially exposed to risks in the event of failure of lighting system, must be provided with emergency lighting of adequate intensity.

Art. 78.

- (1) The designed quantitative and qualitative indicators of lighting installations and devices must be maintained in the process of exploitation.
- (2) The quality indicators of lighting installations shall be established through regular measurement.

Art. 79.

Additional requirements to the lighting of underground sites, railway stations, airports, ports and others shall be regulated by specific field or company rules.

Art. 80.

- (1) Stricter requirements to lighting may be approved for any particular economic field, sub field, department, company or firm.

Requirements for the lighting in the textile and garment production are listed at the Bulgarian State Standards (BSS) 1786-84 – Natural and Artificial Lighting.

- (2) Particular premises, activities, workplaces or equipment requiring specific lighting are subjected to specially designed rules.

Art. 81.

Production installations, complete output and others shall be placed inside or outside the building in such a way that they do not disturb the lighting of the workplaces.

The stipulations regarding **ventilation of workplaces** are:

Art. 124.

Production and auxiliary premises and closed workplaces shall receive fresh air through natural or mechanical ventilation that must ensure the necessary circulation of air taking into consideration the working methods and intensity, physical demands placed on the workers and prescribed rules for air speed, temperature and relative humidity.

Art. 127.

- (1) If air-conditioning or mechanical ventilation installations are used, they must operate in such a way that workers are not exposed to harmful draughts.
- (2) Any deposit or dirt likely to create an immediate danger to the health of workers by polluting the atmosphere must be removed without delay.

Rules related to **dust** are set as follows:

Art. 97.

Concentration of harmful substances exceeding the maximum accepted norms<sup>31</sup> is not permitted in the atmosphere of the working environment.

Art. 106.

- (1) Formation of secondary sources of pollution of the working environment shall be prevented by means of regular cleaning of technological equipment, workplaces and work premises.
- (2) Dry methods of cleaning shall not be applied (wiping, brushing, beating the dust out or air-cleaning).
- (3) The following measures are envisaged for restriction of secondary dust pollution:
  1. improvement the quality of surfaces of possible precipitations;
  2. besprinkling;
  3. re-cultivation of internal areas and garbage facilities (depots) for solid wastes;
  4. utilization of vacuum facilities for cleaning of workplace and work equipment;
  5. wet cleaning and others.

### **Clean, sufficient and hygienic toilets**

Ordinance No 7 sets the requirements for **lavatories**.

Art. 237.

- (1) The necessary number of lavatories with washbasins must be provided in the vicinity of workstations, rest rooms, changing rooms and rooms housing showers and washbasins.

Art. 238.

Taking into account the number of workers and the nature of activities, provision must be made for separate changing rooms, shower rooms, rooms housing showers and washbasins, and lavatories or separate use of these for men and women.

This information is in the Construction standards.

Art. 245.

Workplaces must be adequately organized to take account of handicapped workers. This provision applies in particular to the doors, passageways, staircases, showers, washbasins, lavatories and workstations used or occupied directly by handicapped persons.

Art. 87.

The temperature in rest areas, rooms for duty staff, changing rooms, rooms housing showers and washbasins, lavatories, canteens and first aid rooms must be appropriate to the particular purpose of such areas.

### **Fresh drinking water**

Ordinance No 7 stipulates the main requirements for **drinking water**.

Art. 237.

- (2) Workers must be provided with a sufficient quantity of drinking water and possibly other suitable non-alcoholic drink.

Art. 221.

- (1) Taking into account the nature of their activities, enterprises and undertakings shall be provided with the necessary quantities of water for production needs, drinking and daily wants and fire-fighting.

This information is in the Construction standards.

- (2) It is prohibited to connect water supply installations for drinking water with the installations for water for production and technological needs.
- (3) In case of separate water supply installations of different types, the use of industrial waters for drinking and daily wants.

### **Free passages, stairs and exits**

The requirements to **exits and transport passages** are stipulated in Ordinance №7:

Doors and gates

Art. 35.

In work premises and on the territory of the enterprise, the position, number and dimensions of doors and gates, and the materials used in their construction, are determined by the nature of the activities, the type of the premises, the transportation means, the processed goods and by the evacuation requirements in the event of emergency and fire.

Art. 36.

Transparent doors and gates must meet the requirements of Art. 31 and must be appropriately marked at a conspicuous level.

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<sup>31</sup> Ordinance No.13/ 30.12.2003. for protection of workers from the risks related to exposition of chemical agents

Art. 37.

Swing and revolving doors and gates must be transparent or have see-through panels.

Art. 38.

Sliding doors and gates must be fitted with safety devices to prevent them from being derailed and falling over.

Art. 39.

Doors and gates opening upwards must be fitted with a mechanism to secure them against turning or falling back.

Art. 40.

Mechanical doors and gates must function in such a way that there is no risk of accident to workers.

Art. 41.

Mechanical doors and gates must be fitted with easily accessible and visible opening mechanism.

Art. 42.

In the event of a power failure mechanical doors must open automatically and remain open or it must be possible to open them manually.

Art. 44.

(1) Doors and gates of work premises must ensure safe passage of workers.

(2) Doors for pedestrians must not be provided in the immediate vicinity of any gates intended essentially for vehicle traffic, unless it is safe for pedestrians to pass through.

Such doors must be clearly marked and left permanently unobstructed.

Art. 49.

Routes used for pedestrian traffic and/or goods traffic must be dimensioned in accordance with the number of potential users and the type and nature of undertaking, and a sufficient safety clearance must be provided for pedestrians.

Art. 50.

Traffic routes, including staircases, stairs, fixed ladders and loading bays and ramps, as well as spaces between transport vehicle and doors, gates, supporting pillars, corridors, passages for pedestrians, staircases, work equipment and others shall be located and dimensioned to ensure the security of equipment and transport vehicles and the safety of pedestrians and workers in the vicinity of these traffic routes.

Art. 51.

Traffic routes shall be marked, maintained and inspected in accordance to the prescribed requirements.

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at work

Art. 52.

- (1) If the workplaces contain danger areas, taking into account the risk level:
  1. danger areas must be clearly indicated with the prescribed safety signs;
  2. devices must be equipped to prevent unauthorized workers from entering those areas.
  3. appropriate measures must be taken to protect workers authorized to enter danger areas.
- (2) Places in which, owing to the nature of the work, there is a risk of the worker or objects falling, shall be subjected to the requirements of Item 1,2 and 3 of Par. 1.

### **Machines are well maintained and safe to use**

Article 164 of Ordinance No 7 on the Minimum Safety and Health Requirements at the Workplaces and for the Use of **Work Equipment** stipulates: "Equipment, technologies and materials which are produced for domestic use or are imported must comply with the rules and requirements for safety and health at work, for fire safety, ergonomics and with the regulations of the applicable legislation related to compatibility assessment."

The requirements for machines and work equipment are provided in more details in the Ordinances. Every machine has a passport in which have to be listed the norms for safety work and what kind of protection elements have to be putted on it.

### **Hazardous and combustible materials**

The main requirements for safety and work with harmful, combustible and toxic materials are laid down in the Law on Protection against Harmful Impact of Chemical Substances and Preparations.

Art. 6.

- (1) The packaging of dangerous chemical substances and preparations shall satisfy the following minimum requirements:
  1. the packaging must be designed in a way which does not allow its content to spill or leak, save in the cases where special safety devices are required, as provided for in the regulation referred to in Article 5, Paragraph 2;
  2. the packaging and fastenings must be made of materials which do not interact with the packaged contents;
  3. the packaging and fastenings must withstand the normal loading during transportation and handling;
  4. containers fitted with replaceable fastening devices must have such devices that can be re-fastened without the contents spilling or leaking;
- (2) Chemical substances not classified as dangerous, which nevertheless may represent a

specific danger, shall be packed in compliance with the requirements of Par. 1.

- (3) Additional requirements to the packaging of certain substances and preparations shall be determined with the regulation referred to in Art. 5, Par. 2.

Art. 7.

- (1) The labels of dangerous chemical substances and preparations shall include the following minimum information in the Bulgarian language:

1. name;
2. for preparations – chemical name of the dangerous substance or of the dangerous chemical substances contained in the preparation;
3. the name and complete address, including the telephone number, of the person placing the chemical substance or preparation on the market;
4. danger symbols and signs determined with the regulation referred to in Art. 5, Par. 2;
5. R-phrases – standard texts warning about the risk related to the use of the dangerous chemical substance or preparation;
6. S-phrases – standard texts advising on the safe storage and use of the dangerous chemical substance or preparation;

- (2) Indications denying one or more of the dangerous properties of the chemical substance or preparation or leading to underestimation of the dangers, must not appear on the label or the packaging.

- (3) The regulation referred to in Art. 5, Par. 2 shall lay down additional requirements to labelling of certain chemical substances and preparations.

- (4) Chemical substances not classified as dangerous but which may nevertheless represent a specific danger, shall be labelled in compliance with Par. 1, items 1 and 3.

Art. 76.

- (1) Dangerous chemical substances and preparations, as well as preparations not classified as dangerous, which however may represent a specific danger when placed on the market for professional use, shall be accompanied by a safety data sheet;

- (2) The safety data sheet shall be provided by the person placing on the market the chemical substance or preparation prior to or during the first delivery.

- (3) The safety data sheet shall indicate the storage conditions of the chemical substances and preparations.

Ordinance No 7 on the Minimum Safety and Health Requirements at the Workplaces and for the Use of Work Equipment stipulates the following **requirements to the premises where harmful substances are kept:**

Art. 125.

- (1) In work premises containing emissions of dust, toxic and other harmful substances,

compulsory ventilation shall be provided.

(2) The local ventilation shall be located at the source of emissions of harmful substances.

Art. 126.

(1) Where systems for compulsory ventilation are used, their effective and reliable functioning and maintenance shall be ensured.

(2) Every unintended break down of ventilation shall be announced by the control system where this is necessary for protection of workers' health.

Art. 128.

An emergency ventilation system that sets in motion automatically shall be ensured in cases when emissions of strongly toxic substances or combustible and ignitable concentrations are possible in work premises or places.

Art. 129.

In technological processes related to the usage, production or storage of toxic substances, or possibility of formation of combustible mixtures, one or more technical solutions shall be applied depending on the existing risk:

1. automatically switching on of ventilation systems with the beginning of the technological process;
2. automatically switching on of ventilation systems, signalling, emergency, fire-alarm or fire-extinguishing systems;
3. interruption of the production process and signalization;
4. neutralization of harmful substances.

Art. 130.

The local in-drawing installations attached to machines emitting strongly toxic gases and dust, and general exchange ventilation installations in working premises in production category A and B shall be installed in such a manner that they switch on automatically together with the machines and block machines switching when the ventilation system is out of order.

Art. 131.

The ventilation systems shall be set without air re-circulation in productions related to emissions of toxic substances, morbid micro organisms, sharp unpleasant smells, possible sharp increase in combustible and ignitable substance

### **Personal protective equipment**

Ordinance No 7 stipulates the provision of personal protective equipment and instruction for its use by the employer:

Art. 246.

(1) Workers shall be provided with the necessary personal protective equipment in compliance to the procedures and requirements stipulated in the legal acts.

(2) Persons who do not have the required personal protective equipment and special work

clothes and are not instructed and trained to use them shall not be allowed at the workstation.

Art. 247.

- (1) Every enterprise shall endorse a list of workplaces and types of activities for which workers are provided with personal protective equipment and special work clothes; the types of personal protective equipment is defined, as well as periods of wearing and terms of use.
- (2) The lists under Par. 1 shall be announced to the workers.
- (3) Enterprises shall ensure conditions for the storage, cleaning, disinfection, maintenance and regular examination of personal protective equipment and special work clothes in compliance with producer's instructions and provisions of legal acts on safety and health at work.
- (4) Personal protective equipment may be used only for the specified purposes. The use of personal protective equipment and special work clothes after their expiration date shall be forbidden.
- (5) All expenses related to shipping and maintenance of personal protective equipment and special work clothes are covered by the enterprise.

Similar **information on the minimum requirements for safety and health protection of workers using personal protective equipment at work** are to be found in Ordinance No 3 of 19 April 2001 on the minimum requirements for safety and health preservation of workers using personal protective equipment at work.

### **Sitting working positions and chairs**

Ordinance No 7 contains the following provisions in regards to the working posture and stance.

Art. 218.

Working posture and stance of workers during work and while using work equipment shall comply with ergonomic principles.

Art. 219.

Work shall be carried out with optimal organization of working movements and working posture with the aim of avoiding continuous static muscular tension and constraining monotonous activity.

There are no concrete requirements for the chairs in the textile and garment production. The general requirements are listed at the Bulgarian State Standards (BSS) 14877-79 'Man-machine system. Operator workplace. Arrangement of workplace elements. General ergonomic requirements' and at BSS 15263-81 'Unified system of ergonomics. Operator's loca-

tion in a sitting position. General ergonomic requirements.'

### **The working space per worker**

Ordinance No 7 on minimum safety and health requirements for the workplace and use of work equipment stipulates certain provisions for the workstation.

Art. 22.

Workrooms must have sufficient surface area, height and air space to allow workers to perform their work without risk to their safety, health or well-being.

Art. 23.

The dimensions of the free unoccupied area at the workstation must be calculated to allow workers sufficient freedom of movement to perform their work.

Art. 24.

Dimensions of workrooms, number of people, placement of equipment, passages for transport vehicles and persons and unoccupied areas shall comply with the provisions of the legal acts on safety and health at work and fire safety for the respective activity.

### **Rest rooms**

Ordinance No 7 contains provisions for rest rooms for particular types of activities, as well as requirements for such rooms.

Art. 239.

Workers shall be provided with rest rooms when:

1. working hours are regularly and frequently interrupted;
2. there is a constant presence of more than a certain number of employees at the workplace or in the premises;
3. work/break regimes are introduced to ensure workers' health and safety.

Art. 240.

(1) Rest rooms must be:

1. easily accessible;
2. large enough;
3. adequate for the number of people using them concurrently;
4. equipped with an adequate type of furniture and with tables and seats with backs.

(2) This provision does not apply if the workers are employed in offices or similar workrooms providing equivalent relaxation during breaks

(3) Smoking shall not be allowed in rest rooms.

Art. 241.

Pregnant women and nursing mothers must be able to lie down to rest in appropriate conditions.

### **Housing facilities provided by the company**

The legal acts on safety at work do not contain provisions for workers' dormitories. Being a type of residential building, however, they have to conform to the architectural, construction, technical, sanitary-hygiene and fire-fighting requirements and rules applicable to residential buildings. More detailed information on these requirements can be found in the Law on regulation of territory and its bylaws.

#### 5.1.3.2 Compliance situation

The annual report for 2004 of the General Labour Inspectorate - Executive Agency points out that "the most numerous are the established offences against the rules regulating the securing of health and safety at work (also occupational safety and health /OSH) for the employees – 129,210 offences, i.e. 75.1 % of all violations. That high relative share is partly due to the fact that many employers are not well aware of the huge number of rules and regulations and the concrete standards therein related to the provision of normal working conditions, for securing the technical safety of the used machinery, installations and technologies, for safe accomplishment of the industrial operations. In the recent four years one is encountered with a steady increase in the share of the offences against the rules and standards for OSH securing – from 69 % in 2001 to 75.1 % in 2004."

The Annual report of GLI-EA<sup>32</sup> elaborates in details the current situation in the field of manufacturing of textile and textile goods. It can be summarized in the following way:

- As an economic activity "Manufacture of clothing" secures jobs for a considerable number of women (over 90% of the occupied). Conditions have been created for training and professional qualification. The share of foreign investors is not insignificant. Some of them open enterprises with good working conditions and new equipment.
- The results of the inspections indicate that a great part of the enterprises still have problems in the sphere of occupational safety and health. Only 41 enterprises (with 6,644 employed persons) out of 2,185 inspected enterprises (with 158,995 employed persons) are put in conformity with the Law on Health and Safety at Work;
- Out of 14,259 violations (compared to 12,293 in 2003), 4,714 (compared to 3,868 in 2003) are related to the organization and management of activities for occupational health and safety;
- There are cases of employers who have not fulfilled their obligations to secure metrological check of control-and-measurement devices;

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<sup>32</sup> Annual report of the General Labour Inspectorate - Executive Agency for 2004 at <http://git.mlsp.government.bg/>

- No organization has been created to ensure technical certification, regular examinations and exploitation of highly dangerous equipment and installations;
- There is an increase in the number of enterprises that have adopted programs for risk prevention, restriction and control. This fact is confirmed by the results of the inspections for 2004: there is a program for risk elimination in 924 out of 2,185 inspected enterprises (compared to 298 out of 2,745 inspected enterprises in 2003). There are also enterprises where risk assessment has not been made.
- In part of the enterprises risk assessments are impaired by the fact that real dangers related to working equipment (such as thermal danger or danger of explosions) are not always identified; recent measurements of the working environment factors and of electric safety are unavailable; there is underestimated dangers stemming from unwillingness to introduce work/break schedules in monotonous activities, etc.
- The inspections in textile enterprises indicate that larger enterprises have devices for collective protection (ventilation and aspiration devices, air-conditioning and others). Enterprises for manufacturing of clothing also invest in devices for collective protection. Some of the enterprises with ventilation systems still lack a created file with the documentation of their technical characteristics, results from tests and measurements, instructions for exploitations, etc. This is one of the typical violations in this sphere;
- Many of the inspected enterprises exhibit good organization for securing and providing workers with personal protective equipment where its usage is required. At the same time there are enterprises where employers do not provide the necessary personal protective equipment under the pretext of poor financial status;
- In 89% of the inspected enterprises health and safety bodies have been created for the organization of the activities related to prevention and prophylactics of occupational risks. In this sphere the number of employees on permanent positions has almost doubled compared to 2003.
- In most of the enterprises for manufacture of clothing, good organization has been created for the implementation of Ordinance No 3 on the instruction of workers and employees in safety, hygiene at work and fire-fighting. In some enterprises, however, there are serious omissions in the implementation of Ordinance No 3 such as: lack of written directive on the types, topics and schedule of instructions, as well as on the persons designated to conduct the instructions; absence of regular instruction of workers or lack of its documentation;
- Persons working with electric equipment who do not have necessary qualification, have not been periodically trained and are nor medically certified as legally stipulated;
- There is a considerable increase in the number of enterprises providing occupational medicine services (OMS). Inspections in 2004 reveal that OMS are provided in 70%

of the inspected enterprises (compared to 36% in 2003). Inspections also reveal considerable omissions in the quality of provided services. Parts of the services are incomplete and of low quality. Usually bodies of OMS represent only one side of a service contract and there is no demand for OMS effectiveness from the other side. Some employers enter into contractual relations with OMS for the provision of a certain package of services in which the minimum amount of activities and service time are not present as stipulated by Ordinance No 14 on OMS.

- In some cases risk assessments do not correspond to reality and the initial reviews of documents creates a distorted picture of the working conditions in the enterprise.
- In 67% of the enterprises from light industry inspected in 2004 working conditions committees (groups) are established (in 2003 WCC or WCG were present in 55% of the inspected enterprises in light industry). Despite of the size and number of enterprises with established WCC and WCG, there is a constant tendency for their weak and ineffective activities.
- Positive tendencies for securing new equipment in a number of light industry enterprises notwithstanding, there are still problems in some enterprises for manufacture of textile – exploitation of outdated equipment, constructively unsolved safety problems leading to work accidents (the same conclusion refers to part of the enterprises for manufacture of clothing);
- The established violations of safety requirements are in the form of failures in restoring protective panels and shields, removed for repairs; unsafe transmission belts, lack of transparent monitors (in pont-machines, and machines for buttonholes and buttons) for protection of workers in the event of braking of needles; lack of protectors against pin-pricking (for the ordinary sewing machines);
- The established violations related to electric safety of machines and equipment consist of the following: lack of measurement of the impedance  $Z_s$  of the frame "phase-safety wire" (protective activity "zeroing") or of protective grounding of electric machines and equipment; no assessment of the effectiveness of protections against damages and injuries from electricity; tolerated exploitation of unsafe electric equipment; the usage of irregular (out-of-standard) fuses in the electrical boards; failure to provide the ironing places with small rubber mats, failure to ensure monthly tests of the utilized portable electric instruments – garment scissors, electric power drills and others. The main reason for letting people work with unsafe machines and equipment lies in the lack of qualified personnel in charge with their maintenance.
- Noise, dust and vibrations are major problems in enterprises for manufacture of clothing. In weaving and spinning noise measurements reach 90-95 decibels. Some employers have developed rational work/break schedules in view of the impossibility to apply technical solutions for noise reduction in production premises;

- There is an increase in the number of enterprises for manufacture of clothing where physiological work/break schedules are introduced for people working in marked monotonous manner and adopting a forced working posture. Nevertheless, physiological work/break regime has not been introduced in some enterprises despite of the prescriptions.
- There is an increase in the number of enterprises applying technical solutions for restriction of harmful impact of temperatures above the standard in summer;
- The inspections reveal that a great deal of the violations in light industry is related to the lack of measurements of some factors of the working environment. Only 411 out of 2,185 inspected enterprises have current data on the working conditions. The number of personnel in the enterprises with current data is 32,302 (out of 158,995 people working in all inspected light industry enterprises);
- In some production sectors where the level of noise is close to or exceeds the standards, no annual measuring of noise levels is carried out.
- Some of the enterprises do not provide for periodic medical examinations of workers and employees.
- The predominant part of the visited enterprises lack equipped rooms for personal hygiene of women and for rest of pregnant women in compliance with the regulations. In the enterprises where there are such rest rooms, they are not used for the specified purposes.

The report draws the following **conclusions and recommendations**:

The enterprises' managements have increased their activities on issues related to risk assessment, adoption of programs for reduction or elimination of the established risk, securing workers with OMS, introduction of physiological work/break schedules in activities related to high neuro-psychological pressure, monotony and forced working posture, and introduction of measures for putting into effect the rest of the LHSW requirements.

The fulfilment of LHSW requirements measured by quality risk assessment (measurements of working environment factors, of electric safety and others, covering all possible risks and dangers) should be a priority task for all employers in enterprises. It is necessary to take adequate measures for risk prevention, reduction, restriction and control (including compliance of micro-climate with the sanitary-hygiene norms, undertaking of protection activities for reduction of noise levels in working premises, implementation of physiological work/break regime for people working in marked motional monotony and in forced working posture). Enterprises that have introduced physiological work/break regime should comply with the requirement of Art. 10 of ordinance No 15 (SG. 54 of 1999) on effectiveness assessment of the implementation of physiological work/break schedules during work hours.

Measure of control should require measuring of the microclimate in the working premises in

both warm and cold seasons.

Risk assessment should determine the regularity of assessment.

A problem in front of covering of the health and safety working conditions is that many factory buildings are rented. If the factory owners or management do any improvement related to better conditions for workers, the rent will go up.

**Occupational accidents** are an indicator for working conditions. Such accidents result from dangerous activities and harmful working conditions. They are consequences of combination of various factors, the main ones being: technical equipment, working environment and worker.

The results of NSSI regular statistics on occupational accidents reveal 192 accidents in this economic sector, most of them being in the sub sector of manufacture of clothing. This is 4.5% of all occupational accidents for 2004. Taking into consideration the fact that this sector provides employment for about 6% of employed persons, it can be said that accidents are rarer compared to other sectors.

It should be pointed out that as a rule the sector is "safer" compared to other sectors – 1.6% of the cases result in death, while for all sector this share is 2.6%. Also the accidents in manufacture of textile and clothing are obviously not so serious – 2.1% have led to disabilities, while the overall share is 2.3%. This conclusion is supported also by the fact that for every established occupational accident in the sector (Art. 55 Par. 1 of the Social Insurance Code) that have led to temporal inability to work (no disability or death) there are 44.2 lost calendar days on average, while for the country the figure is 55.9 days. One should, however, also keep in mind that exactly because they are considered "not so serious" it is possible that employers skip such accidents without registering them and thus occupational accidents in reality are more than officially reported ones.

Occupational accidents for 2004 by economic sectors <sup>33</sup>								
Name of position	TOTAL FROM THE BEGINNING OF 2004 (12 months)							
	Occupational accidents		Of which occupational accidents causing				Lost calendar days from occupational accidents	
	Number	Number	Death		Disability		Number	Number
	Total	Under Art 55, Par. 1 of SIC	Total	Under Art 55, Par. 1 of SIC	Total	Under Art 55, Par. 1 of SIC	Total	Under Art 55, Par. 1 of SIC
<b>T O T A L</b>	<b>4305</b>	<b>3768</b>	<b>111</b>	<b>94</b>	<b>101</b>	<b>98</b>	<b>199853</b>	<b>169769</b>
<b>AGRICULTURE, HUNTING AND FORESTRY</b>	<b>127</b>	<b>112</b>	<b>11</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>5775</b>	<b>5268</b>
<b>FISHING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>MINING AND QUARRUING</b>	<b>317</b>	<b>297</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>15591</b>	<b>14071</b>
Mining and quarrying of energy materials	178	163	3	2	0	0	10776	9454
Mining, except energy producing materials	139	134	3	3	0	0	4815	4617
<b>MANUFACTURING</b>	<b>1575</b>	<b>1440</b>	<b>31</b>	<b>23</b>	<b>54</b>	<b>54</b>	<b>71827</b>	<b>63983</b>
Manufacture of food products, beverages and tobacco	214	196	6	5	6	6	9961	8782
Manufacture of textiles and textile products; manufacture of clothing	192	169	3	2	4	4	7210	6154
Manufacture of textile and textile goods, excluding clothing	58	54	1	0	3	3	2790	2629
Manufacture of clothing, including leathern	134	115	2	2	1	1	4420	3525
Manufacture of leather and leather products	13	9	0	0	1	1	735	501
Manufacture of wood and wood products, excluding furniture	81	79	3	2	6	6	3496	3466
Manufacture of pulp, paper and paper products, publishing and printing	44	38	3	2	1	1	2233	2055
Manufacture of coke, refined petroleum products and nuclear fuel	20	15	0	0	1	1	1607	1144
Manufacture of chemicals, products and fibers	60	53	1	1	3	3	2612	2379
Manufacture of rubber and plastic products	55	51	1	1	4	4	2707	2180
Manufacture of other non-metallic mineral products	72	66	3	2	1	1	4095	3607
Manufacture of basic metals and fabricated metal products, excluding machinery and equipment	285	274	4	4	14	14	14462	13902
Manufacture of machinery and equipment, excluding ones classified in sub sector DL	261	235	2	1	7	7	11603	10088
Manufacture of electrical and optical equipment	65	58	1	1	3	3	3291	2856
Manufacture of transport equipment	128	117	3	2	1	1	4726	4024
Manufacturing, not classified elsewhere	85	80	1	0	2	2	3089	2845
<b>ELECTRICITY, GAS AND WATER MANUFACTURE NAD SUPPLY</b>	<b>226</b>	<b>202</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>11309</b>	<b>10342</b>

*SIC Art. 55. (1) – Occupational accident shall be any sudden damage of the health which has occurred during, or in relation with, or because of, the work done, as well as during any activity performed in the interest of the enterprise which has resulted in incapacity or death.*

It should be noted that in the period 2001-2003 efforts have been apparently made in the sector to improve occupational safety. In general, for the manufacture of textiles and clothing sector the coefficient of occupational accidents (Art. 55, Par. 1 of SIC) has decreased from 1.75 in 2000 to 1.10 in 2003. The index of occupational accidents frequency has been also changed in a positive direction – from 1.04 in 2001 to 0.63 in 2003.

Unfortunately, the decrease in the number of occupational accidents does not make them less serious. The weight coefficient for 2003 (0.047) is the same as for 2001 (0.054), and 2002 it is considerably higher (0.075)

<sup>33</sup> Working data – National Social Security Institute, [www.noi.bg](http://www.noi.bg)

The manufacture of textiles and textile products, excluding clothing appears to be the riskier sub sector. In the three years the coefficients and frequency indices in this sub sector are around twice higher compared to the ones in manufacture of clothing. Also occupational accidents in manufacture of textile are considerably more serious – for the three years there are totally 21 cases that have resulted in disability, while in manufacture of clothing there are only two cases. The weight coefficients and indices for 2001-2003 in the first group of manufacture are twice higher compared to the second group.

OCCUPATIONAL ACCIDENTS IN THE TEXTILE AND CLOTHING SECTOR FOR 2001-2003																			
	YEAR	Average number of insured persons as registered	Man/hour worked off	Occupational accidents ( number)		Of which occupational accidents causing: (number)				Calendar days lost due to occupational accidents (number)		Frequency coefficient FC		Weight coefficient WC		Frequency indice FI		Weight indice WI	
						death		disability											
				total	Under Art 55, Par. 1 of SIC	total	Under Art 55, Par. 1 of SIC	total	Under Art 55, Par. 1 of SIC	total	Under Art 55, Par. 1 of SIC	total	Under Art 55, Par. 1 of SIC	total	Under Art 55, Par. 1 of SIC	total	Under Art 55, Par. 1 of SIC	общ	Under Art 55, Par. 1 of SIC
<b>FOR THE COUNTRY</b>	2001	359839	618698019	1519	1417	27	22	25	23	66076	58447	4.22	3.94	0.184	0.162	2.46	2.29	107	94
	2002	370052	637661430	1387	1257	33	27	46	41	71622	62434	3.75	3.40	0.194	0.169	2.18	1.97	112	98
	2003	358015	637176720	1181	1044	32	25	19	19	56786	50408	3.30	2.92	0.159	0.141	1.85	1.64	89	79
Manufacture of textile and textile goods; manufacture of clothing	2001	149535	250258262	298	261	1	0	6	5	10923	8113	1.99	1.75	0.073	0.054	1.19	1.04	44	32
	2002	161190	268471419	301	244	2	1	15	15	15764	12143	1.87	1.51	0.098	0.075	1.12	0.91	59	45
	2003	158489	274748312	210	174	3	0	3	3	9959	7479	1.33	1.10	0.063	0.047	0.76	0.63	36	27
Manufacture of textile and textile goods, excluding clothing	2001	31987	53160024	101	89	1	0	5	5	4915	3856	3.16	2.78	0.154	0.121	1.90	1.67	92	73
	2002	34047	56729514	115	100	1	0	14	14	7769	6840	3.38	2.94	0.228	0.201	2.03	1.76	137	121
	2003	32634	57920272	74	68	1	0	2	2	4327	4121	2.27	2.08	0.133	0.126	1.28	1.17	75	71
Manufacture of clothing, including leathers; fur and leather processing	2001	117548	197098238	197	172	0	0	1	0	6008	4257	1.68	1.46	0.051	0.036	1.00	0.87	30	22
	2002	127143	211741905	186	144	1	1	1	1	7995	5303	1.46	1.13	0.063	0.042	0.88	0.68	38	25
	2003	125855	216828040	136	106	2	0	1	1	5632	3358	1.08	0.84	0.045	0.027	0.63	0.49	26	15

\* SIC, Art. 55. (1) – Occupational accident shall be any sudden damage of the health which has occurred during, or in relation with, or because of, the work done, as well as during any activity performed in the interest of the enterprise which has resulted in incapacity or death.

\* Frequency coefficient (FC) – number of accidents for 1,000 insured persons

\* Weight coefficient (WC) – lost calendar days due to occupational accidents of one insured person

\* Frequency indice (FI) – number of occupational accidents for 1 mln man/hour worked off

\* Weight indice (WI) – lost calendar days due occupational accident for 1 mln man/hour worked off

**Institutions and bodies exercising control on the compliance with rules and regulations** for safe and healthy working conditions:

1. General Labour Inspectorate – Executive Agency (GLI-EA)
2. Regional Inspectorates for Protection and Control of Public Health (RIPCPH, former Hygiene and Epidemiological Inspectorates / HEI)
3. National Fire and emergency Service
4. Occupational health services
5. Safety and health services
6. Working conditions committees and groups (WCC and WCG)

**General Labour Inspectorate - Executive Agency (GLI-EA)<sup>34</sup>**

The General Labour Inspectorate - Executive Agency (GLI-EA) under the Minister of Labour and Social Policy is the institution for control on occupational safety and health. The Agency is a state government body exercising, on the grounds of Art. 399 of the Labour Code (LC), overall control on the compliance with the labour laws in all spheres and activities in the Republic of Bulgaria, as well as specialized control on the compliance with the Act for Stimulation of Employment and the Act for Public Servants.

The Agency has regional units. These are twenty-eight Regional Labour Inspectorate Directorates (RLI-D) in correspondence with the administrative division of the country's territory into districts. Each one is managed by a Director. They are Agency units with local competence. The main task of those Directorates is to inspect the compliance with the provisions of the labour laws, the Act for Stimulation of Employment and the Act for Public Servants on the territory of the respective district. They make suggestions for perfecting the effective labour legislation. Besides, they also perform tasks related to the social collaboration at local level and in the enterprises. The local competencies and the number of the personnel in the RLI-D are set with the Structural Regulations for the operation of GLI-EA in accordance with the economic structure of the respective district. RLI-D's Directors have the power of labour inspectors. RLI-D's main office is located in the administrative center of the respective district.

Within GLE-EA there is a specialized called **Occupational Safety and Health Directorate** (OSH-D) and managed by a Director. The Directorate works out the strategy, organizes and co-ordinates the exercising of control on the compliance with the requirements and the fulfillment of the obligations for securing occupational safety and health; analyses and generalizes the data related to the state and the problems of the working conditions and the occupational accident rate in the controlled entities, making suggestions for their resolution; organizes and takes part in working out control methods and evaluation criteria for the fulfillment of the obligations as regards OSH securing, the degree of the occupational risks and the meas-

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<sup>34</sup> <http://git.mlsp.government.bg/>

ures applied for management and control on their manifestation; participates in the elaboration of drafts and in the preparation of official statements on drafts for rules and regulations in the sphere of occupational safety and health; works out instructions, gives information, consultations and advice on the proper implementation of the rules and regulations in the OSH sphere; provides methodological assistance to the Regional Labour Inspectorate Directorates (RLI-D) in law enforcement and in the realization of national and locally important events related to OSH securing; organizes the interaction with other state control bodies and social partners on law enforcement matters; in collaboration with the National Insurance Institute (NII) organizes the investigation of occupational accidents and production breakdowns with a fatal outcome or causing serious damages to workers' health; organizes the activity on the realization of GLI's co-ordination, registration and licensing regimes; prepares GLI's plans and activity reports; accomplishes other tasks assigned by the Executive Director.

The Agency supports the activity of the tripartite Occupational Safety and Health Councils at national, branch and regional level, as well as the activities of the OSH Committees/Groups in the enterprises.

The Agency's policy is targeted at prevention, publicity of the activity, perfection of the integrated inspection.

*The law enforcement bodies have powers as follows:*

- To visit at any time the Ministries, the other institutions, the enterprises and the other sites, where work is performed or a trade is practiced, as well as premises used by workers and employees;
- To require from the employer and the inspected persons an explanation and presentation of all necessary documentation, papers and information related to law enforcement;
- To get informed directly from the workers, the employees and the unemployed persons on all matters related to law enforcement
- To take samples, specimen and the like for laboratory tests;
- To establish the reasons and the circumstances of the occurrence of occupational accidents;
- To give compulsory recommendations to employers and officials for eliminating the offences against the labour laws and the legislation on the civil service, as well as for removing the flaws related to securing occupational safety and health;
- To prohibit the endorsement of plans, as well as the putting into operation of buildings, machinery and equipment, productions and sites failing to observe the occupational safety and health rules;

- To prohibit activities of enterprises, productions and sites, including their construction and reconstruction, as well as machinery, equipment and workplaces, when the violations of the OSH rules endanger people's life and health;
- To prohibit the execution of illegal resolutions or orders of employers and officials, related to occupational hygiene and safety, employment, the allocation of the social funds and the social serving of the workers and the employees;
- To ban from work workers and employees, who are unaware of the OSH rules or lack the required certificate;
- To give recommendations for the implementation of a special regime for safe work in case of serious and immediate danger for workers' life and health, when it is physically or technologically impossible to enforce 'suspension' as a measure;
- To alert the prosecutor's office in case of established offences containing evidence of a committed crime or other breaches of law;
- To seek administrative penal liability from persons failing to comply with the labour laws, as well as from persons failing to fulfill recommendations for the elimination of established offences against the Act for Public Servants.

The specialized control activity, related to the compliance with the legislation on the civil service, is performed by state inspectors meeting the requirements of the Act for Public Servants.

The General Labour Inspectorate Executive Agency performs its inspections either individually, or in collaboration with other state bodies, the employers, the workers and their organizations

### ***Regional Inspectorates for Protection and Control of Public Health (RIPCPH, former HEI)***<sup>35</sup>

The Regional Inspectorates for Protection and Control of Public Health (RIPCPH) are legal budget-supported bodies, subjected to the Minister of Health. Their headquarters are in the administrative centers of the districts. RIPCPH carry out the state policy of protection and control of public health in the respective district.

### ***National Fire and Emergency Service***<sup>36</sup>

National Fire and Emergency Service /NFES/ is a specialized service at Ministry of the Inte-

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<sup>35</sup> <http://www.mh.government.bg/hei/hei.php>

rior /Mol/ authorized to carry out state fire control, fire fighting and emergency rescue operations.

The Service registers and reports emerging fires, emergencies and disasters, analyses the collected data on the extinguished fires and eliminated emergencies and disasters and outlines measures for their prevention; it analyses the status of fire-fighting and emergency-rescue equipment, armaments and extinguishing means. In addition the Service offers technical expertise for fires and accidents, elaborates methods and means for fire prevention, develops applied science products for the needs of Mol, as well as documentation related to the scientific and information services in the field of fire and emergency safety.

### **Occupational Health Services**

The establishment of occupational health services is stipulated by Art. 25 of LSHW, according to which the employers must provide occupational health services for their workers and employees.

The rules and procedures of occupational health services, their functions and tasks, the terms and conditions for registration the securing of their activities, as well as the requirements for the qualification of the personnel are stipulated in Ordinance No 14 of 7 August 1998 on occupational health services, issued by the Minister of health and promulgated in SG. 95 of 14 August 1998. The Ordinance defines the occupational health services and their functions in the following way:

#### Art.2

Occupational health services are:

1. structural subunits of an enterprise or organization, established by the employer to provide services to the workers and employees;
2. occupational health services, established by employers, independently or jointly for common provision of services to the workers and employees;
3. health-care establishments that possess the capacity to fulfil the functions and tasks stipulated in the present Ordinance;
4. occupational health services, established by other legal persons.

#### Art. 6.

The main functions of occupational health services are:

1. elaboration of measures for elevation and reduction of occupational risks to health and safety;
2. monitoring and analysing the workers and employees' state of health in relation to the work done;

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<sup>36</sup> <http://www.mvr.bg/AboutUs/StructuralUnits/National+Mol+Services/NSFire/default.htm>

3. training of workers and designated persons under the rules for preservation of health and safety at work.

### ***Safety and Health Services***

Under Art. 24, Par. 1 of LSHW "The employer shall designate one or more workers in charge with appropriate training and qualification or shall establish specialized service to organize and carry out activities related to the protection and prevention of occupational risks taking into account the nature and the scope of work, and the occupational risks characteristics."

The functions and responsibilities of designated employees and specialized services in the enterprises for the organization and carrying out of activities related to the protection and prevention of occupational risks are stipulated in details in Ordinance No 3 of 17 July 1998 on the functions and responsibilities of designated employees and specialized services in the enterprises for the organization and carrying out of activities related to the protection and prevention of occupational risks, issued by the Minister of Labour and Social Policy and promulgated in SG. 91 of 5 August 1998.

The main functions of safety and security services are:

1. Organization and coordination of the activities for securing healthy and safe working conditions;
2. Consultation and assistance of employers and other officials on the implementation of the regulations for securing occupational safety and health in the organization and carrying out of working activities;
3. Exercising control - on behalf of the employer – on the compliance with the labour legislation and the fulfilment of obligations by workers and employees.
4. Proposition and implementation of measures in the events of violations of rules and regulations and failure to fulfil certain requirements.

The major direction of the activities of safety and health services are related to:

1. Development of integrated company prevention policy covering the organization of work, technologies, work places and work equipment and involving all the participants in the work process.
2. Organization of an effective system for protection and prophylactics of occupational risks.

### ***Working Conditions Committees and Groups (WCC and WCG)***

Working conditions committees or groups must be established in every enterprise as stipulated in Art. 27, 28 and 32 of LSHW:

- A working conditions committee shall be established at any enterprise, trade company or establishment which has more than 50 employees;
- Working conditions groups shall be established at companies and in other undertakings and organisations with less than 50 employees, as well as in the structural units of the companies, undertakings and organisations where there are committees;
- In cooperative societies with 50 and more than 50 members, as well in cooperative societies with less than 50 members there shall be established respectively committee or group on working conditions

WCC and WCG structure, mandate, tasks, functions and training of members are elaborated in LSHW and Ordinance No 4 of 3 November 1998 on the training of representatives of working conditions committees and groups in enterprises. More information about the structure and election of members of WCC and WCG can be found at the article 29-34 from the LSHW.

#### 5.1.3.3 Guidance for auditors

The work of auditors in this particular sphere requires an in-depth acquaintance with the existing laws, bylaws and other legislative documents (rules, regulations). The auditors should have a detailed knowledge of the documents listed under point Laws and Regulations.

It is recommended that the auditor prepares in advance a questionnaire taking into consideration the national legislation and containing in details all the issues on which the enterprise is to be inspected. Such questionnaires are used by the GLI-EA inspectors. It would be useful and would facilitate the work if the auditors are acquainted in advance, during the training, with these questionnaires, and with results from already conducted inspections that may be found in GLI-EA or the regional directorates.

In order to make this possible, it is advisable to establish preliminary official contacts between FWF and the governing bodies of these institutions. Also, it would be useful to negotiate the participation of trainers from this institution.

It would be useful to provide auditors with "Narachnik po zdravoslovni i bezopasni uslovija na trud" [A Handbook on Healthy and Safe Conditions at Work], Mladenov et al, PH "Trud i pravo", Sofia 2005

Since it would be impossible here to cover and describe in detail all requirements, auditors are given only the most general issues in the sphere of securing healthy and safe working conditions.

1. Bodies and institutions for safety and health at work – presence and fulfilment of duties

2. Working conditions committees (groups) - presence and fulfilment of duties
3. Providing the service of workers and employees by occupational medicine service - presence and fulfilment of duties
4. Occupational risk assessment – whether risk assessment is made for every work place; implementation of measures for risk elimination or restrictions within the limits provided by legal rules and requirements, assessment of the effectiveness of implemented measures.
5. Securing occupational safety
  - State of work equipment and technologies;
  - State and suitability of work places and premises
  - Instruction and training for safe performance of the assigned work
6. Securing occupational hygiene
  - Presence of current measurements of working environment factors (microclimate, noise, physical pressure, dust, toxic substances, lighting, vibrations, etc.) and their compliance with the existing rules and regulations for hygiene;
  - Presence, state of affairs and effectiveness of sanitary-technical equipment (general and local ventilation, dust removing, gas-analysing, gas-signalling and other installations)
  - Provision of the necessary personal protective equipment – presence of lists approved by the employers; lists contain work places and position for which the use of personal protective equipment is required, regularity of supply and control on their use;
  - Conduction of compulsory periodic medical examinations and of annual analysis and assessment of the health status of the workers;
  - Development and introduction of physiological work/break regimes during work. effectiveness assessment of the introduced work/break regimes,
7. Work traumatism and occupational diseases
  - Occupational traumatism – presence, transformations, recurrences
  - Occupational morbidity - presence, transformations, recurrences

#### **5.1.4 Legally Binding Employment Relationship**

##### **5.1.4.1 Laws and Regulations**

According to the Labour Code, the labour contract is made between the worker or employee and the employer before going into work. The labour contact should be in a written format having in mind that in a 3 days period of time from making this contract, or in a 7 days period from ending the contract, the employer has to inform the National Insurance Institute. The

information existing in this notification sent by the employer and the order by which it is sent is determined by a order given out from the Minister of Labour and Social Policy, coordinated with the manager of the National Insurance Institute and the President of the National Statistics Institute.

When forming the labour contract the employer introduces the employee or worker with the labour obligations that involve the position taken by the employee. The documents necessary for making this labour contract are defined and specified by the Minister of Labour and Social Policy.

The employer is obliged to give the employee or worker before starting work a copy of the signed contract, signed by both sides and a copy of the notification from Article 62 paragraph 3, which should be legalized from the territorial sector of the National Insurance Institute. The employer does not have the right to take on the employee to work before giving him/her those documents according to paragraph 1.

The employer or manager who violates the labour legislations, and is not severely punished for violating insurance and safe work conditions' rules should be punished with a fine by the amount of 250 – 1000 BGN. For a repeated violation the fine is of the amount of 500 – 2000 BGN. An employer or manager who violates the above mentioned conditions is punished with a fine at the amount of 1000 BGN for each separate violation.

According to regulation No.5 on 29 December 2002 for the order and formation of sending the notification which is found under article 62 paragraph 4 from the labour code, the employer informs the territorial sections of the National Insurance Institute about the contract's registration number, changes in the contract or ending the contract by sending a notification for changing the employer according to article 123 paragraph 1 from the labour code.

The employer has to give the employee or worker before they start working for the employer a paper copy of the legalized notification. The delivery is legalized with the signature made by the employee next to his/her name in the check up list for the legalized notifications. The employer is obliged to keep and save this check up list and to show them when he is asked by control organs of the executive agency "The Labour Inspection" and by the National Insurance Institute.

The notification when signing a contract contains the following:

1. Data about the employer – a unified identification code according to BULSTAT registers for insurances.
2. Data about the employee or worker – the three names of the employer and the ID or citizenship number

3. Data about the conditions according to the labour contract:
  - Reasons for signing a contract- according to the labour codex
  - The contract's number, if the employer has a list or a register for the labour contracts.
  - Date of signing the labour contract.
  - The contract's validity period, if it is signed for a specific period of time
  - The size of the salary
  - The name of the occupation or the position taken by the employee
  - Date of expiry of the contract.
4. Other data and information
  - Code of the National Occupational Classification (NOC) to which a worker belongs to at the moment of sending of the information.
  - Name and code of the economical activity according to The National Classification of Economic Activities (NCEA), in which the individual is a part when sending the notification.
  - A business code for individuals who are a part of the insurer's subsidiary activities when the insurer is doing more than one economic activity according to NCEA.

The notification about changing the place of work contains:

1. The reason for the change according to article 123 paragraph 1 of the labour code
2. The previous employer's identification code according to BULSTAT registers
3. The new employer's identification code according to BULSTAT registers
4. The date of changing employers
5. Data about individuals who have changed their employer – three names and a civil number (the personal ID number for foreigners)

When control organs of the National Insurance Company or the organs of the executive agency "The Main Labour Inspection" check and find some discrepancy between data of the legalized notification and the conditions written in the labour contract, then the employer is obliged to correct this information by sending a new notification in a 7 days period from the date of finding those mistakes. The employer can also himself correct the information in the legalized notifications by sending a new notification.

The order and way of cooperation between the executive agency "The Main Labour Inspection" and the National Insurance Institute, when making some kind of control according to the present legislation, is defined by an agreement reached between both sides.

In a deadline till 30 April 2003 the employer sends a notification about the legalized and signed labour contracts around 2ed January 2003. In the notifications there has to be information about the labour contract that are actual at the moment of sending the notification. A notification is also sent for the legalized documents for the labour contracts by the 2ed Janu-

ary 2003 but which have ended before sending the notification. The regulation is in action from 2ed January 2003.

According to a regulation for changing and improving regulation № 5 from 29 December 2002, for the contents and order of sending a notification according to Article 62 paragraph 4 from the labour codex, employers with which workers have worked according to Article 123 Paragraph 1 from the labour codex for 2ed January 2003 till 15 October 2004, must give a notification about those employers till 31 January 2005. This regulation is in power from 13 October 2004.

1. The main administration “Insurance deposits and short-term insurances” of the National Insurance Institute gives extra information and directions for the registration of labour contracts (Instructions, Outgoing № 91-01-52 / 21.02.2003) The additional directions show the following:
2. The employer is obliged to give the workers and employees a copy of the certified notification but only for the labour contracts made after 1<sup>st</sup> January 2003. A copy of certified and legalized notifications in case of changes or in case of ending a contract is not given out to employees.
3. When a labour contract made for a certain period of time changes to a contract for an un-identified period of time, without making an additional understanding about this, a notification is not necessary.
4. A notification according to Article 62 paragraph 4 from the Labour code for a signed labour contract with a period for testing the employee according to Article 70 from the Labour code is filled out as follows:
  - When it is signed, according to Article 70 with connection to Article 67 paragraph 1 point 1 from the labour codex, after the testing or examining the employee period has run out and if the labour contract is not stopped there is no need for giving out a new notification in this case.
  - When it is signed, according to Article 70 with connection to Article 68 paragraph 1 point 1 from the labour codex, after the testing or examining the employee period has run out and if the labour contract is not stopped there is no need for giving out a new notification in this case.
5. When changing the contract’s duration period or the employees’ position, with additional agreement, including in cases of Article 259 paragraph 1 of the labour codex, a notification is sent according to Article 62 paragraph 4 from the labour codex. When the duration period or the employees’ positions do not change and with a mutual agreement a notification is not written.
6. According to Article 335 paragraph 2 of 1 from The Labour code the labour contract is stopped when:

- Cancelling the contract with notifying in advance – with expiry of the period for notifying. A notification for cancelling and stopping the contract is sent a 7 days' period from the expiry date of the pre-notification.
- In the case of not respecting the deadline of the pre-notification – and with the expiry of that certain part of the deadline of the pre-notification. The notification for cancelling the contract is sent in a 7 days' period of time from the date of the cancelling.
- In the case of cancelling without pre-notifying – from the moment of receiving the letter of notification for cancelling the contract. A notification for the annulment of the contract is sent in a 7 days' period of time from the date of giving out the order for cancelling the contract.

8. In the cases of labour readjustment of workers and employees with a patient's chart or with expert resolution, the notification should be presented only if there are changes in the term of the contract or in the working position according to the Labour contract with an additional agreement.

9. Notification for the foreign citizens, which do not have personal ID number for foreigners, should be presented too, and in the territorial sections of National Insurance Institute should be formed official number for foreigner.

Information about registered contracts and insurance rights can be received of every Bulgarian citizen and every foreign citizen with a personal ID number for foreigners on the web site of National Insurance Institute – [www.noi.bg](http://www.noi.bg). In the same time “the employer is obliged by the law to keep all registration inquiry forms of workers and to present them under request to the control bodies of National labour inspection and National Insurance institute”.

In the Appendixes 5 and 6 can be seen examples of Labour and Civil contracts. With small exceptions (in design and additional agreements) they are standard contracts, used by almost all employers in Bulgaria.

#### 5.1.4.2 Compliance situation

According to the law all labour relations in Bulgaria after 2003 are regulated with a written contract. In very rare cases worker do not have written contracts but this cases concern temporary work, delivering of services or home based work. In the garment industry there are no data for working without contracts. Popular practice in this industry is to hire employees with temporary contracts, which they re-sign or not when the term has expired.

National legislation obliges employers to pay social insurance to all hired workers. In the same time the state gives an opportunity to workers on liberal professions, to people that do

not work under the contract and to long term unemployed to make self-insurance (on the basis and according to the rules pointed in regulation of National Insurance Institute).

The control bodies of registration of the labour contracts and the regularly social insurance of workers are The National Labour Inspection and National Insurance Institute.

#### 5.1.4.3 Guidance for auditors

The workers are main source of information. They can give reliable information about their labour relations and do they have signed contract, or not. On the workers interviews can be collected and other information:

- Are there (in the factory) employees that work without contracts or have temporary contracts? Why?
- Are there workers hired by the local state labour office or by the private one?
- Are there workers with contracts for testing?

With the NGOs representatives and trade unions can be discussed what are the most common labour relations on the local level, in what forms are the majority of labour contracts and how – according to them as experts on local level – can be determinated illegal forms of labour relations.

### 5.1.5 APPENDIX 1. - Collective labour agreement in the garment industry.

#### COLLECTIVE LABOUR AGREEMENT FOR THE WORKERS IN THE GARMENT INDUSTRY 2002

##### I. SIDES AND REPRESENTATION

Art.1. The branch collective labour agreement for the workers in Branch "Garment industry" is entered into in accordance with Art.51 B of The Labour code between Branch chamber of employers in the garment industry and The Federation for Independent Trade Unions in the Light Industry (FITULI), Federation Light industry "Podkrepa" (FLI).

Art. 65. /1/ The employer approves the schedule for the using of the annual full-paid leave coordinated with trade unions and according to the working program of the company. Planning of the leaves is after its harmonization between employer and worker. The way of using, interrupting and postponement of the annual full-paid leave are according to the texts in The Labour code.

/2/ The workers from one and the same family can use this leave at the same time, if they want it.

/3/ When the annual full-paid leave will be used by all workers from one production team or from all workers of the company, the employer should notify them about the schedule not later than 31<sup>st</sup> of March of the calendar year.

/4/ Changes in the schedule are allowed only after co-ordination with trade unions.

/5/ The employer permits to workers to use their full-paid leave for execution of their citizen or social responsibilities according to the Art.157, par.1, point 1 to 3 and Art. 177 from the Labour code.

/6/ The employer gives additional full-paid leave according to the Art. 168 from the Labour code to mothers with 2 or more alive children aged to 18, at the rate of 1 working day.

Paragraph 1. This **BCLA** operates from **1<sup>st</sup> of April 2002** and has duration of two years.

Paragraph 9. This BCLA is prepared according to all ILO conventions, ratified from the Republic of Bulgaria, that are related to the freedom of association and collective bargaining; prohibition of excessive working hours; elimination of discrimination; working time; free time; annual full-paid leave; working salary; health and safety working conditions.

#### **ADDITIONAL AGREEMENT for the changing and editing of the BCLA of the workers in the garment industry for 2002/2003.**

Art. 65 /6/ The employer gives additional full-paid leave according to the Art. 168 from the Labour code to mothers with 2 or more alive children aged to 18, at the rate of 1 /one/ working day.

The additional agreement operates from 1<sup>st</sup> of April 2002.

## 5.1.6 APPENDIX 2. - Collective labour agreement in the leader, fur, footwear and haberdashery industry

### COLLECTIVE LABOUR AGREEMENT FOR THE WORKERS IN THE LEADER, FUR, FOOTWEAR AND HABERDASHERY INDUSTRY 2002

#### I. SIDES AND REPRESENTATION

Art.1. The branch collective labour agreement for the workers in Branch “leader, fur, footwear and haberdashery industry” is entered into based on Art.51 B of The Labour code between Branch chamber of employers in the leader, fur, footwear and haberdashery industry and The Federation for Independent Trade Unions in the Light Industry (FITULI), Federation Light industry “Podkrepa” (FLI).

Art. 66. /1/ The employer approves the schedule for the using of the annual full-paid leave till the 30<sup>th</sup> of April of the calendar year. Planning of the leaves is after its harmonization between employer and worker till the 31<sup>st</sup> of March on the calendar year. The way of using, interrupting and postponement of the annual full-paid leave are according to the texts in The Labour code.

/2/ The workers from one and the same family can use this leave at the same time, if they want it.

/3/ When the annual full-paid leave will be used by all workers from one production team or from all workers of the company, the employer should notify them about the schedule not later than 31<sup>st</sup> of March of the calendar year.

/4/ Changes in the schedule are allowed only after co-ordination with trade unions.

/5/ The employer permits to workers to use their full-paid leave for execution of their citizen or social responsibilities according to the Art.157, par.1, point 1 to 3 and Art. 177 from the Labour code.

/6/ The employer gives additional full-paid leave according to the Art. 168 from the Labour code to mothers with 2 or more alive children aged to 18, at the rate of 2 and 4 working days.

Paragraph 1. This **BCLA** operates from **1<sup>st</sup> of February 2002** and has duration of two years.

Paragraph 9. This BCLA is prepared according to all ILO conventions, ratified from the Republic of Bulgaria, that are related to the freedom of association and collective bargaining; prohibition of excessive working hours; elimination of discrimination; working time; free time; annual full-paid leave; working salary; health and safety working conditions.

### 5.1.7 APPENDIX 3. - Collective labour agreement in knitted fabrics industry

#### COLLECTIVE LABOUR AGREEMENT FOR THE WORKERS IN KNITTED FABRICS INDUSTRY 2002

##### I. SIDES AND REPRESENTATION

Art.1. The branch collective labour agreement for the workers in Branch "Knitted fabrics industry" is entered into based on Art.51 B of The Labour code between Branch chamber of employers in Knitted fabrics industry and The Federation for Independent Trade Unions in the Light Industry (FITULI), Federation Light industry "Podkrepa" (FLI).

Art. 66. /1/ The employer approves the schedule for the using of the annual full-paid leave till the 30<sup>th</sup> of April of the calendar year. Planning of the leaves is after its harmonization between employer and worker till the 31<sup>st</sup> of March on the calendar year. The way of using, interrupting and postponement of the annual full-paid leave are according to the texts in The Labour code.

/2/ The workers from one and the same family can use this leave at the same time, if they want it.

/3/ When the annual full-paid leave will be used by all workers from one production team or from all workers of the company, the employer should notify them about the schedule not later than 31<sup>st</sup> of March of the calendar year.

/4/ Changes in the schedule are allowed only after co-ordination with trade unions.

/5/ The employer permits to workers to use their full-paid leave for execution of their citizen or social responsibilities according to the Art.157, par.1, point 1 to 3 and Art. 177 from the Labour code.

/6/ The employer gives additional full-paid leave according to the Art. 168 from the Labour code to mothers with 2 or more alive children aged to 18, according to concrete number of such mothers in the company.

Paragraph 1. This BCLA operates from 1<sup>st</sup> of April 2002 and has duration of two years.

Paragraph 9. This BCLA is prepared according to all ILO conventions, ratified from the Republic of Bulgaria, that are related to the freedom of association and collective bargaining; prohibition of excessive working hours; elimination of discrimination; working time; free time; annual full-paid leave; working salary; health and safety working conditions.

## 5.1.8 APPENDIX 4. - Collective labour agreement in cotton, linen and hemp industry

### COLLECTIVE LABOUR AGREEMENT FOR THE WORKERS IN COTTON, LINEN AND HEMP INDUSTRY 2002

#### I. SIDES AND REPRESENTATION

Art.1. The branch collective labour agreement for the workers in **Branch "Cotton, linen and hemp industry"** is entered into based on Art.51 B of The Labour code between **Branch chamber of employers in cotton, linen and hemp industry** and **The Federation for Independent Trade Unions in the Light Industry (FITULI), Federation Light industry "Podkrepa" (FLI)**.

Art. 66. /1/ The employer approves the schedule for the using of the annual full-paid leave till the 31<sup>st</sup> of March of the calendar year. Planning of the leaves is after its harmonization between employer and worker till the 1<sup>st</sup> of March on the calendar year. The way of using, interrupting and postponement of the annual full-paid leave are according to the texts in The Labour code.

/2/ The workers from one and the same family can use this leave at the same time, if they want it.

/3/ When the annual full-paid leave will be used by all workers from one production team or from all workers of the company, the employer should notify them about the schedule not later than 31<sup>st</sup> of March of the calendar year.

/4/ Changes in the schedule are allowed only after co-ordination with trade unions.

/5/ The employer permits to workers to use their full-paid leave for execution of their citizen or social responsibilities according to the Art.157, par.1, point 1 to 3 and Art. 177 from the Labour code.

/6/ The employer gives additional full-paid leave according to the Art. 168 from the Labour code to mothers with 2 or more alive children aged to 18, at the rate of 2 and 4 working days.

Paragraph 1. This **BCLA** operates from **1<sup>st</sup> of February 2002** and has duration of two years.

Paragraph 9. This **BCLA** is prepared according to all ILO conventions, ratified from the Republic of Bulgaria, that are related to the freedom of association and collective bargaining; prohibition of excessive working hours; elimination of discrimination; working time; free time; annual full-paid leave; working salary; health and safety working conditions.

**5.1.9 APPENDIX 5. – Labour contract**

Name of the company/ organization

**LABOUR CONTRACT**

No..... date .....

Today,.....(date) in the town of....., municipality of .....,  
on the authority of art. .... of The labour code **the present labour contract was signed**  
between the company.....(name), with BULSTAT  
..... and tax No .....represented by is director:

.....(full name by the ID card)

and

..... (full name by the ID card, personal code, No. of the ID card),

so called “worker”, with address ....., educational  
level..... and specialization.....,

with length of service ..... years,..... months and ..... days, which is/ is not retired/ pensioner  
(underline the correct status), **and according to this contract from** ..... (date)

the company assign and worker accept to execute ..... (concrete  
tasks, working place) with working address ..... and position of  
....., by the time fixed till .....(date) and for full working  
time (8 hours).

Basic monthly wage of the worker is ..... BGN, and with increasing of this wage  
of .....BGN (the cases and period when worker receive additional payment) and with  
additional wage of ..... BGN (if such exist).

The notification term for the termination of the contract for the both sides is 30 calendar days.

Other conditions and remarks .....(if such exist).

**Signed by:**

Worker: .....

Employer: .....

Signed from the both sides copy of this Labour contract as well as copy of notification to the  
National Insurance Institute (for the contraction of this document) is given to the worker on  
the ..... (date).

The worker goes to work on..... (date).

Sign of the worker:.....

**5.1.10 APPENDIX 6. – Civil contract**

Name of the company/ organization

**CIVIL CONTRACT**

No..... date .....

Today..... in the town of..... between .....  
(company), with address.....,

BULSTAT ....., Tax no. ...., represented from :

..... (name) from the one side, called **employer**,

and ..... (name), with address

....., ID card No..... published on

..... from ..... and with personal number

..... from the other side, called **executor**,

was signed the present contract for:

1. The employer assign a task and the executor is agree to:

.....(the concrete work/task)

2. The employer is obligated to provide a normal working conditions to the executor and to deliver all necessary materials and information, and in term of ... days after receiving of completed work/task to pay to the executor in cash/ by bank (underline the correct one) .....BGN.

3. The executor is obligated to declare its income under this contract to the National tax administration.

4. Other conditions and forfeits.....

5. This contract is made according to Art. 258-262 (for production), Art.280-292 incl. (for errand) and Art.293-300 incl. (for commission) from the Law to the recognitions and contracts in the two identical copies. Undivided part of this contract are the Declaration of the executor and the Fee file.

Employer:.....

(signature)

Executor : .....

(signature)