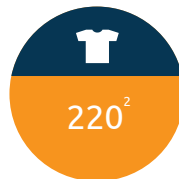


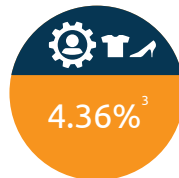
Population (2013)



Number of registered clothing factories (June 2019)



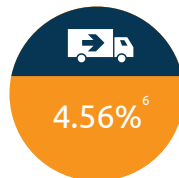
Share of registered clothing companies in total manufacturing industry (June 2019)



Formal and informal employees in the clothing industry (2018)

Share of registered employees in textile, clothing and leather sector in total manufacturing industry (2018)⁵*Federation of BiH
**Republika Srpska

Share of clothing industry in total export value (2018)



Share of "lohn" production/ Outward Processing Trade in all clothing production



EU countries are the main export destinations for textile, clothes, footwear and leather products from BiH.⁷

Italy (33%)

Germany

Austria

France

Croatia



"I experience sexual and gender harassment constantly. Because of the harassment I even put on the hijab thinking that would slightly reduce the harassment from a man in a higher position, but that did not happen." Almedina, 33

BRANDS PRODUCING IN BOSNIA AND HERZEGOVINA

According to media publications, published supplier lists, websites of companies and own investigations, the following fashion brands and retailers are among the international companies sourcing from Bosnia-Herzegovina:

Adidas AG, ALDI Süd, Armani, Benetton, Burberry, Calzedonia, Cavalli, Clarks, Converse, C&A, Diadora, Dolce&Gabbana, Decathlon, Gucci, Hess Natur, Hugo Boss, John Lewis PLC, Lidl, Moschino, Nike, Next, Prada, Pentland Brands Ltd, Paul Green, Sportalm, Uyn, Versace, VF.

¹ According to last Censuses done in 2013. <http://www.bhas.gov.ba/>

² Business statistics - Units of the Statistical Business Register, Agency for Statistics of BiH, https://unija.com/wp-content/uploads/2019/10/Saop%C4%87enje_poslovna-statistika-BiH.pdf

³ Calculated according to data provided in document from previous footnote

⁴ Number of registered workers in 2018: 10,103 Federation of BiH (Source: http://fzs.ba/wp-content/uploads/2019/06/Zaposlenost_.pdf) and 2,829 in Republika Srpska (Source: <https://www.rzs.rs.ba/static/uploads/bilteni/rad/>

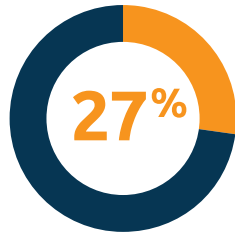
BiltenStatistike_Plata_Zaposlenosti_i_Nezaposlenosti_2019_WEB.pdf).

The share of nonregistered workers among total workers is estimated at 30%

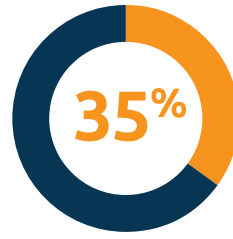
⁵ Calculated according to data provided in documents from previous footnotes

⁶ Calculated according to data provided in document http://bhas.gov.ba/data/Publikacije/Bilteni/2019/ETR_00_2018_TB_0_BS.pdf

⁷ https://oec.world/en/visualize/tree_map/hs92/export/bih/show/11.12/2018/; Last access: 22.4.2020.



Legal minimum net wage as share of the Europe Floor Wage



Average net wage of interviewed workers as a share of Europe Floor Wage

"I need to do additional work in order to provide enough money for my family. I often cut wood for money and that way I earn an extra 255.65 EUR. But all in all this is barely enough to cover all the family expenses." Marko, 48

WAGE LADDER BOSNIA AND HERZEGOVINA (BIH)⁸

Legal net minimum wage (2020)	*520 BAM/266 EUR ⁹ **407 BAM/208 EUR ¹⁰
Legal net minimum wage in textile, leather and rubber industry (2020)	*520 BAM/266 EUR **436 BAM/223 EUR ¹¹
Average net wage of interviewed workers within regular working hours	565 BAM/289 EUR
Average net wage of interviewed workers including overtime hours	598 BAM/306 EUR
Demand of the Federation of Trade Unions for a minimum wage (2020)	*550 BAM/281 EUR **700 BAM/358 EUR ¹²
Average net wage in Bosnia and Herzegovina in the manufacturing industry (2020)	692 BAM/354 EUR ¹³
Average net wage in Bosnia and Herzegovina (2020)	941 BAM/481 EUR ¹⁴
Cross-border base living wage for Bosnia and Herzegovina (Europe Floor Wage, 2018)	1,604 BAM/820 EUR ¹⁵
Living wage estimated by interviewed workers (2020)	1,834 BAM/938 EUR
Average household expenses for a four-person household (May 2020)	*1,922 BAM/983 EUR ¹⁶ **1,997 BAM/1,021 EUR ¹⁷

*Republika Srpska **Federation of BiH

⁸ All conversions BAM – EUR according to OANDA as of 1st July 2020 (1 EUR = 1,95583BAM).

⁹ Minimum wage in Republika Srpska is the same for all sectors: <http://www.vladars.net/sr-SP-Cyrl/Vlada/media/vijesti/Pages/pres-nakon-vlade-najniza-plata.aspx>, Last access: 21.3.2020.

¹⁰ <https://advokat-prnjavorac.com/zakoni/Opci-kolektivni-ugovor-za-teritoriji-FBiH-2016.pdf>; Last access 31.1.2020. The minimum wage is calculated as: hourly wages of 2.31 BAM multiplied with 176 monthly average working hours = 407 BAM.

¹¹ <https://www.upbpk.com/documents/kolektivni%20ugovori/kolektivni%20tekstil%20i%20ko%20C5%BEarsko-prera%20C4%91iva%20C4%8Dka%20industrija%2076%2018.pdf> The minimum wage is calculated as: hourly wages of 2.48 BAM multiplied with 176 monthly average working hours = 436 BAM.

¹² Republika Srpska: <https://www.paragraf.ba/dnevne->

vijesti/19122019/19122019-vijest6.html; Last access: 1.6.2020. Federation of BiH: <https://hayat.ba/povecava-se-najniza-plata-u-fbih/205719/>, Last access: 1.6.2020.

¹³ Data for May 2020. http://www.bhas.ba/data/Publikacije/Saopštenja/2020/LAB_04_2020_05_0_BS.pdf

¹⁴ Data for May 2020. http://www.bhas.ba/data/Publikacije/Saopštenja/2020/LAB_04_2020_05_0_BS.pdf

¹⁵ https://cleanclothes.org/file-repository/cleanclothescampaign_europefloorwage_report_web.pdf/view

¹⁶ <http://savezsindikats.org/sindikalna-potrosacka-korpa-za-maj-2020-godine-191677km-pregled-troskova/>; Last access: 25.6.2020.

¹⁷ <https://www.sssbih.com/sindikalna-potrosacka-korpa-za-maj-2020/>; Last access: 25.6.2020.

MAIN VIOLATIONS OF WORKERS' RIGHTS

- **Poverty wages:** Interviewed workers earn on average about a third of what they would need to at least cover basic needs.
- **Wages below legal minimum level:** All workers at one factory out of the three researched earn less than the legal minimum during regular working hours. Even with overtime, most of these workers earn less than the legal minimum.
- **Regular violations of overtime laws:** Overtime is either unpaid or paid below the legal premium of 30%. Most of the time it's not voluntary but obligatory. Overtime hours are usually not recorded and do not show up on the payslip. Saturdays are often regular working days and obligatory; they are often not paid. Moreover, overtime hours are often beyond the legal limits.
- **Violations of legal regulation on annual leave:** Workers often have an obligatory annual leave time, so they cannot choose when to use it. They have difficulties getting legally guaranteed annual leave days or days off.
- **Absence of main labour rights regulation** due to an absence of sectoral Collective Bargaining Agreement (CBA) in Republika Srpska.
- **Informal work:** Some workers from one researched factory are working without a contract.
- **Verbal intimidation and harassment:** Workers from all three factories report that they are yelled at. They experience verbal abuse (yelling and being called derogatory names).
- **Sexual harassment:** At one of the three researched factories, female workers are blackmailed into supplying sexual services.

"I am very bothered by the yelling at workers, even if doesn't include me. It is very humiliating and that is why I do not feel comfortable going to work." Marko, 48

RECOMMENDATIONS

Recommendations to the brands

- pay higher buying price for your orders and make sure that workers earn a living wage salary
- monitor suppliers in Bosnia-Herzegovina on the reported labour rights issues; make sure workers are treated with dignity

Recommendations to the Governments of Bosnia and Herzegovina

- adopt new labour law or bylaws that will define minimum workers' rights and overcome violations of workers' rights in the absence of a CBA
- increase the legal minimum wage to the level of a living wage
- intensify the work of the labour inspection

THE DEVELOPMENT OF THE GARMENT INDUSTRY IN BOSNIA AND HERZEGOVINA

The textile, apparel and footwear industry was one of the key industries in Bosnia and Herzegovina during socialist times. It dates back to the early twentieth century. Companies produced everything from thread and fabric to the ready garment, mostly under their own brands. After transition, the sector changed completely. Factories are mostly privatized and today 90% of them are doing “lohn” jobs-Outward Processing Trade-for Western European brands, which means garments are only assembled in Bosnia and Herzegovina where value added is very limited.

For about twenty years, apparel exports and the numbers of workers in the sector have been slowly but steadily increasing.¹⁸ The government contributes to this with various incentives including fiscal relief for salaries in the apparel and footwear industries, tax and customs relief. At the same time, field research has shown that the conditions of workers in the garment sector are very poor. Their labour rights are violated. In this regard nothing has changed compared to earlier field research in 2013/14 and 2015/16.¹⁹ Workers receive poverty wages. Salaries are not even enough to cover food expenses. Therefore, workers have to work additional jobs as well as engage in subsistence agriculture. The workers stated that they believe (and that is a fact) that the government is not protecting their rights; instead, it is working to benefit factory owners.

Legal minimum wage and collective bargaining

Between 2008 and 2015, in the Federation Bosnia and Herzegovina, the minimum wage has not increased despite inflation rates of around 5 percent. In Republika Srpska, legal minimum wage remained unchanged between 2010 and 2016. Obviously, this was due to pressure from international financial institutions like the IMF, the European Central Bank and the European Commission.²⁰

Since 2018, the minimum wage of workers in the garment sector in the Federation of BiH, defined by the sectoral CBA, is a bit above the universal legal minimum wage. But it is still far below a living wage. In Republika Srpska the minimum wage in the garment sector is on the same level as in other sectors. However, a sectoral CBA for the textile, apparel and footwear industry does not exist in Republika Srpska. This means that a major part of labour rights is not codified.

Most workers in Bosnia and Herzegovina-and particularly garment workers-earn the legal minimum wage.

"I dream of buying shoes I like and not the ones that I can afford. I believe that one day I will be able to buy shoes that cost more than 23.00 EUR." Violeta, 28

Working hours

For most of the workers working overtime and on Saturdays is mandatory and they are afraid to refuse because they might lose their job. Workers also report that they can almost never use the whole annual leave they are entitled to and they do not get compensated for unused days. Records of working hours and salary calculations are often not transparent; workers are often not familiar with the number of overtime hours worked and how they factor into their salaries.

There have been strikes or work stoppages in different factories, often related to the impact of privatization when salaries and mandatory social contributions were not paid.



Organisations and institutions which should protect workers' rights

Workers' rights should be protected by trade unions, but workers told researchers that they don't trust unions. Almost all interviewed workers stated that they don't trust their union representatives (when there are unions in a factory) because they are connected with the management and they never seriously deal with workers' complaints. Workers are also afraid of joining a union due to expected retaliation from management. Another institution that workers feel betrayed by is the labour inspection. Workers reported that labour inspectors never ask workers about their conditions, but only speak with the management.

¹⁸ See Bosnia-Herzegovina country profile 2014: <https://cleanclothes.org/file-repository/livingwage-europe-country-profiles-bosnia-herzegovina/view>

¹⁹ See Luginbühl, C. und Musiolek, B. (2016). Clean Clothes Campaign: Labour on a shoestring. The realities of working in Europe's shoe manufacturing

peripheries in Albania, Bosnia-Herzegovina, Macedonia, Poland, Romania and Slovakia. Entwicklungspolitisches Netzwerk Sachsen e.V. & Public Eye: <https://cleanclothes.org/file-repository/resources-recommended-reading-labour-on-a-shoestring/view>

²⁰ Ibid, p. 12



THE LABOUR RIGHTS SITUATION AT A SPECIFIC FACTORY²¹

The factory produces for a number of global fashion brands. Some of them have codes of conduct including well-sounding norms and conventions. The reality is totally different!

The exact number of employees fluctuates due to constant changes; internships and probation periods are abused; workers often quit due to unbearable conditions. Workers do not get payslips and are unsure exactly how their salaries are calculated. Working hours are from 7 a.m. to 3 p.m., but most days workers stay longer to finish orders. 80% respondents stated that they stay at work until 5 p.m., at least 2-3 times a week, plus they work every Saturday.²² It is evident that this factory violates the labour law when it comes to the number of allowed overtime hours during the week.

While some workers stated that it is not a problem to take sick leave, others find it very difficult. They stated that they came to work under pressure from management despite being sick.

"I would love to send my kids to kindergarten but I can only dream about it. I can't afford it, so their grandmother takes care of them even if she is not able to do that properly." Mirjana, 33

Only one of the respondents said that he could use his full annual leave according to the law. All others reported that they used only 7 to 10 days of the legally entitled minimum of 20 days. They were not compensated for the unused annual leave days and are not aware of whether those days were recorded as used in reports to state inspections. Workers saw labour inspectors visiting management, but not interviewing them. Workers reported that the canteen is not heated.

Most interviewed workers have signed a permanent contract with an average net salary within the regular working hours approximately 375 BAM/192 EUR net per month. This is far below the legal minimum wage of 520 BAM/266 EUR. Just 20% of interviewed workers earned above the legal minimum wage if overtime is included, though any legal minimum wage must be earned without overtime.

All workers stated that they also engage in subsistence agriculture to make ends meet. So they are producing their own food in order to survive. Their salary is not even enough to cover the costs of food and hygiene on a monthly basis.

²¹ The name of the factory and of the brands cannot be disclosed as workers are afraid of this information being published. They are afraid conditions could worsen after publication.

²² Regular working hours according to the law is 40 hours per week. The CBA for textile, leather manufacture and rubber industry in the Federation of

BiH defines that workers should receive 30% more compared to the normal rate for working overtime, at night or on public holidays. In Republika Srpska, labour law recognizes that overtime hours should be paid more but the concrete number must be defined by a sectoral CBA, which does not exist.

DARIJA'S STORY

Darija (the name has been changed for the purpose of preserving anonymity) is a 24-year-old woman who started working in the garment industry immediately after high school. After a probation period of eight months, she was offered a permanent job. That was one of the most important days of her life. She lives with her parents and four brothers and they are all employed. **Her salary is 204.52 EUR net (including the overtime)**, and she thinks it is low, but for now, it is enough for her.

Her working day starts at 6:30 a.m. when she goes to work, which takes her 15 minutes by bus. **The company pays for her travel expenses although she points out that she is one of the few who is paid for travel expenses.** She pointed out that there is a lot of yelling by the manager at the workers. Sometimes the director calls workers derogatory names, but she is rarely targeted because, as she says, she does her job very well and works more than average. She usually **stays longer at work** because the work has to be done and she has no children, so she is not in a hurry and it is not difficult for her to stay. It is a little hard to be **working every Saturday**, but "work is work", as she says. **She is happy to have a job because many of her peers are unemployed.**²³

She contributes a little to the household expenses, to pay the bills and for food, and the rest she spends on her own needs. Last year, **she went to the seaside for the first time. She went for a weekend with her friends** and she wishes she could afford such weekends at least twice a year.



"My kids are 5 and 7 years old and have never been to the seaside and that is their unfulfilled wish. We don't have enough money even to take them for the weekend. We live with my husband's parents and our salaries are not enough to provide everything we need, so we can't even think about going to the sea."

Mirjana, 33





ALMEDINA'S STORY

Almedina is 33 years old. She is divorced and has **three** children. She has been working for the company for two years and is one of its most **valuable workers**. The norm she usually completes is higher than the norm of other women.

She is an **appreciated worker**, but still cannot take a day off when she needs it, even though she lives alone with her children.

Her working day starts at 6:30 a.m. because she has to be at work at least 15 minutes before to get ready and start her shift at 7:00 a.m. sharp. She works at a sewing machine but when necessary she transfers to other machines, because she is one of the few who has the skills for it.

She **earns about 300 EUR** net and she is not satisfied. **She plans to leave her job for two reasons**. One is the low salary. In addition to work in the factory, she is forced to work

"Although I complained about the sexual harassment no one reacted. This behaviour is well known in the company but kept as a secret and sometimes approved by female workers who were promoted in such a way. I do not agree with that and as soon as I find another job, I will resign. Right now, I need to work under these conditions because I am a single mom of three."

Almedina, 33

at home to earn extra money for her needs. Another even more important reason is **sexual and gender harassment** that she constantly experiences. Because of sexual harassment she has put on the hijab thinking that would slightly reduce the sexual advances from a man in a higher position, but that did not happen. Although **she complained** about her superior's behaviour to managers above him, **no one reacted**. This behaviour is well known in the company but kept as a public secret and sometimes approved by female workers. Some of them were promoted in this way. Almedina does not agree with this behaviour and as soon as she finds another job, she is planning to resign.

Regardless all of this, she is a positive person who fights for her rights and wants to provide all the best for her children.

RESEARCH METHODOLOGY

The country profile is based on desk and field research and was done between February and June 2020.

Field research was conducted at three different factories (two in Republika Srpska and one in the Federation of BiH). All factories are in private ownership and suppliers of Western European brands. 10% of the interviewees were men, which corresponds with the share of overall male employment. Interviewees live both in rural and urban areas and travel between 3 km and 40 km to

work. Interviews were done individually and in groups (two or three workers). All interviews were off-site interviews. Part of the research was done online, due to the COVID-19 pandemic.

In order to protect workers' privacy, the names of the workers used and quoted in the report are fictional. The photos used for this report do not depict the workers from the researched factories.

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STIFTUNG**

Authors:

Jelena Vukelić
Bojana Trninić
with support of Bettina Musiolek

Contact:

europe-east-south@cleanclothes.org
ns@novisindikat.hr

Design:

Dajan Špirić

Photos:

Yevgenia Belorusets

In Cooperation with:

Friedrich-Ebert-Stiftung

<https://www.fes-bosnia-and-herzegovina.org/>
