



LIVING WAGE IS POSSIBLE!

Struggle for living wages in Croatia

September 2022



Clean Clothes Campaign

“There is no way I can survive on the salary. I'm a single mother, I've always done extra work. Yesterday I changed my clothes, prepared my daughter's meal and went to another company to load sawdust.”

Textile worker from Croatia

“I was sick, I almost died, and my contract was about to expire. I was thinking, among other things, if I would have to pay for the hospital...”

Textile worker from Croatia

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What is a living wage

“When you get paid, you don't know what to pay for first – utilities, loan, food, books for school or college for your child...”, says a worker at a textile factory for the survey conducted by Novi sindikat and the Croatian Centre for Workers’ Solidarity in 2019.¹ Another worker adds: “I wish I wasn't so anxious all the time. I always have 10 kunas² in my wallet, but I'm just trying not to spend it. I invite my friends to my house, we never sit down for coffee in the city.”

Most of the stories by around forty female workers interviewed are similar to those two. None of the workers thinks they are paid enough for their work. They also pointed out that it was impossible to live only on the minimum wage, which they have been working for almost their entire lives. Most of them get by with the help of their husbands, relatives, adult children, having gardens and livestock, additional illegal jobs, etc. The women workers did not know how much a ticket to the cinema or a meal in a restaurant cost. Most of them could not remember the last time they were on vacation or travelled somewhere outside of their hometown.

Their statements showed that the minimum wage does not make dignified life possible – far from it. Due to this devastating situation and the fact that the cost of living has increased several times in the last few months, Novi sindikat demands the introduction of a living wage.

According to the general definition, the term “living wage” means the basic income that gives an individual or family the possibility to afford an adequate home, food and other necessities of life. In addition, a living wage must enable a satisfactory standard of living and prevent poverty.

The Clean Clothes Campaign (CCC), an international organization that fights for the rights of workers in the textile industry, expands this definition. Their definition of a “living wage” implies a wage earned in a working month, which on a weekly basis must not include more than the number of hours permitted by law for full-time work (40 hours in Croatia, and a maximum of 48). This salary should be sufficient to cover the costs of food, housing, health care, clothing, transportation and education. In addition to basic expenses, the amount of a living wage must allow a person to save something at the end of the month, so the Clean Clothes Campaign foresees 10 percent of the salary for unexpected expenses to include in living wage.

Novi sindikat, as a member of the CCC, supports this definition. We believe that having a job means being able to support yourself and your family, and not to survive with a job,

¹ [Profil zemlje – Hrvatska, 2020](#) (Profile of a Country – Croatia, 2020)

² Croatian kuna, HRK (Croatian currency)

which is the case today with a large number of workers in Croatia who earn the minimum wage or a salary slightly higher than the minimum wage.

Minimum wages sustain families below the poverty line

According to data from the Croatian Bureau of Statistics (DZS) from March 2021, 10.1 percent of workers (slightly more than 113,200 workers compared to 1,120,988 full time employees) receive a net salary of up to HRK 4,001/EUR 531.87 (which means the minimum and slightly above the minimum).

Data from the DZS also show that in 2021, 20.9 percent of people were at risk of poverty or social exclusion. Additionally:

- almost half of Croatian citizens (46.5 percent) could not cover unexpected financial expenses in the amount of HRK 2,750/EUR 365.57 from their own funds
- almost half of the citizens (42.1 percent) could not afford a week of vacation for all household members
- as many as 16.6 percent of citizens have been late in paying home loans, rents, utility bills or consumer loans in the last year
- 5.6 percent of citizens cannot afford a meal with meat, chicken, fish or a vegetarian substitute every other day
- 5.7 percent of citizens cannot afford adequate heating in the coldest months
- 27.3 percent of citizens have difficulty or great difficulty making ends meet, and 43.5 percent of people live in households that make ends meet with little difficulty.³

The data that was published during the announcement of the reduction of tacit overdrafts on citizens' accounts should be added to these sinister numbers – more than 800,000 people, that is, more than half of the households, used overdrafts on their current accounts.⁴ This means that 20% of Croatian population cannot live off their salaries but depend on debts.

In our previously mentioned survey⁵ we also made calculations that confirm the difficult position of textile workers. In 2019, the share of the net salary of the interviewed workers in the living wage was only 34 percent. Also, their net salary was only 63 percent of the poverty threshold. This means that workers in the Croatian clothing industry should earn HRK 12,118/EUR 1631 more per year to reach the official poverty threshold for a family of four and HRK 73,824/EUR 9936 more to reach the estimated living wage.⁶

³ [Pokazatelji siromaštva i socijalne isključenosti u 2021.](#)/Državni zavod za statistiku, srpanj 2022. (Indicators of Poverty and Social Exclusion, Croatian Bureau of Statistics, July 2022)

⁴ [Labilne zakonitosti ekonomije](#), Bilten – regionalni portal, rujan 2021 (Unstable Rules of Economics, Bulletin – regional portal, September 2021)

⁵ [Profil zemlje – Hrvatska](#), 2020. (Profile of a Country – Croatia, 2020)

⁶ Ibid.



We updated the same data for 2021, so the living wage is HRK 12,391 net. It just means that the gap is now even bigger.

In addition, in 2021, we conducted a survey on working conditions in all sectors in Croatia, in which we asked workers how satisfied they were with wages and working conditions.⁷ The average rating for salaries was 2.2, which speaks volumes about the situation they are in.

All the above data indicate how low the standard of living is in Croatia, and the data from 2018, which states that Croatia is in a high eighth place among EU countries in terms of the risk of poverty rate, in the company of countries with the lowest minimum wages such as Bulgaria and Romania should be added to them.⁸

Inflation that started in mid-2021 led to a drastic price increase – according to the media, the price of every other product went up, and the prices of some basic

⁷ The survey was carried out by scientists from the Department of Social Relations of the Faculty of Law in Zagreb, and was carried out in 2021 as part of the Novi sindikat's project "ZaRUP – Zadovoljan radnik-Uspješan poslodavac (Satisfied employee – Successful employer).

⁸ [Statistički podaci o dohodovnom siromaštvu, Eurostat \(Income poverty statistics\)](#)

necessities rose by 150 percent.⁹ In addition, fuel prices have risen, and energy price increases have been announced. At the same time, wages are mostly stagnant.

At the session on September 8, 2022, the Government of the Republic of Croatia presented a package of measures limiting the prices of nine basic food products, electricity and heating.¹⁰ Although they are lower now, the prices of basic and a number of other products are still higher than before the crisis, and even then workers had a hard time surviving.

All this means that the position of workers can only deteriorate in the future – if something is not done.

When answering the question “What do you lack the most and think you cannot afford because of low salary and difficult working conditions?” most workers said: quality rest, normal annual leave (minimum two weeks of continuous rest, without getting calls from bosses), vacation outside our place of residence, more family time, salary with which they could afford a normal life. The other workers were indifferent in their answers – some of them said they were used to the situation in which they have nothing.

⁹ We compared the prices of 177 items: Every other product went up in price in 10 months, some by 150%, Jutarnji (Croatian daily newspaper) January 2022

¹⁰ The government's package includes aid measures for all segments of society, Government of the Republic of Croatia, September 2022

Living wage in legislation

The right to a living wage is recognized in a number of legal documents, national and international, starting with the *Constitution of the Republic of Croatia*,¹¹ which, in Article 56, defines that “every employee has the right to earn money to ensure a free and dignified life for himself and his family.”

Among the oldest international instruments that recognize the right to justly paid work and a worthy or dignified life is the *UN General Declaration of Human Rights (1948)*. It prescribes that “everyone who works has the right to a fair and adequate compensation that ensures him and his family a life worthy of a human being and which is supplemented, if necessary, by other means of social protection.”

These rights are elaborated in more detail in Article 7 of the *UN International Covenant on Economic, Social and Cultural Rights (1966)*.¹² which recognizes the right of every person “to enjoy just and favourable conditions of work which ensure remuneration which enables all workers at least fair wages and equal remuneration for work of equal value without any distinction (...) and a decent life for them and their families in accordance with provisions of the Covenant.”

At the level of the Council of Europe, the aforementioned rights are regulated by the *European Social Charter (1961)*¹³ Article 4 which establishes the “right to a fair salary” and the obligation of the party states to recognize employees “the right to a salary that will ensure a decent standard of living for them and their families”.

*EU Charter of Fundamental Rights*¹⁴ is the basic instrument for the protection of human rights and freedoms at the level of the European Union. Among the fundamental values of the Union, it lists human dignity, equality and solidarity, and its Article 1 states: “Human dignity is inviolable. It must be respected and protected.”

As we can see from the cited documents, the right to a wage that ensures a decent and dignified life – a living wage – is recognized in a number of international documents, some of which are superior to national laws. However, the majority of Croatian citizens do not exercise this right.

With the aim of ensuring a “decent life” and access for all workers in the EU to “adequate minimum wage protection, either in the form of a statutory minimum wage or a wage determined by collective agreements”, the European Commission published on October 30, 2020, a proposal for a *Directive on adequate minimum wages in EU*.¹⁵ The

11 [Constitution](#) of the Republic of Croatia

12 [International Covenant on Economic, social and Cultural Rights](#)

13 [European Social Charter](#)

14 [EU Charter](#) on Fundamental rights

15 [Directive on Adequate Minimum Wages in EU](#)

Directive was adopted in European parliament on 14 September 2022 in accordance with Chapter II.6 of the European Pillar of Social Rights, which defines the right of workers “to fair wages with which to live with dignity.”

Despite this goal, the adoption of the Directive will not ensure better living conditions and a decent life for workers within the EU. The reasons for this are the rather low, arbitrary criteria for determining the minimum wage – it can be the calculation of a “basket of goods and services at real prices”, 60 percent of the median gross wage or 50 percent of the average gross wage.

Specifically, the average gross salary in Croatia from January to June 2022, (last available data) was HRK 10.271/EUR 1.365,19. 60 percent of that amount is HRK 6.126,6/EUR 814,25. The average median salary was HRK 8.562/EUR 1.138,03, and 60 percent of that amount is HRK 5.137/EUR 682,79.¹⁶

For comparison, the gross minimum wage for 2022 is HRK 4.687,50/EUR 623,05.

Therefore, it would be a minor increase that will not ensure better conditions for workers.

16 Average monthly net and gross salaries of employees for June 2022

The difference between concepts of minimum and living wages

One year after the publication of the Directive, on October 29, 2021, the Croatian Parliament adopted the *Law on Amendments to the Law on Minimum Wage*,¹⁷ which entered into force on December 1, 2021.

The definition of a minimum wage in the current Act is quite narrow: “Minimum wage in the sense of this Act is the lowest monthly amount of gross salary paid to a worker for full-time work.”

Such a definition does not explain what the minimum wage should provide to workers, and the criteria by which it is determined are also not adequate.

The amount of the minimum wage is determined by the Government of the Republic of Croatia on the proposal of the Minister of Labour, “taking into account the increase in the share of the minimum wage in the average gross wage paid in legal entities from January to July of the current year, taking into account inflation, wage trends, unemployment and employment trends, demographic trends and the overall state of the economy, paying special attention to activities with low wages and vulnerable groups of employees”.

As we can see, there is no mention of the cost of living and the needs of workers, but the minimum wage is determined by the market.

Also, in Croatia (as well as in most countries of Central, Eastern and South-Eastern Europe) the minimum wage should be decided by tripartite negotiations involving the Ministry of Labour, the employers' association and trade unions. In many countries, tripartite bodies do not make decisions: if no agreement is reached on the amount, the Government makes the final decision, as was the case, for example, in 2018 in Croatia. After negotiations and consultations, the social partners failed to agree on the amount of the minimum wage. After that, the Government of the Republic of Croatia unilaterally determined the minimum wage. Therefore, there is no direct involvement of workers and their representatives.

The amendments to the Minimum Wage Act were cosmetic and did not define the minimum wage as living, i.e. as the amount needed to meet the basic needs of the worker and his/her family, which was one of the three main objections¹⁸ that the Croatian Coalition for a Living Wage submitted regarding the Amendments to the Law.

¹⁷ [Law on Amendments to the Minimum Wage Act](#), NN 120/21 (Official Gazette 120/21)

¹⁸ [Coalition for a Living Wage on the Amendments to the Minimum Wage Act](#)

An additional problem is that, despite the Coalition's objections, Article 8.1 was re-adopted, which stipulates that “minimum wages can be negotiated in a collective agreement in an amount lower than the amount prescribed by the decree of the Government of the Republic of Croatia”. This is why in practice it happens that workers have to work overtime and on holidays in order to earn the minimum wage, which is not enough to live on anyway.

Unlike the minimum wage, the concept of a living wage is based on the workers' costs, calculated through field research by activists and trade unionists. Also, the difference between the minimum wage and the living wage is that the living wage has a family dimension. The minimum wage is usually not enough to cover living expenses and meet the needs of the family.

The Government of the Republic of Croatia does not yet use the term “living wage” – so far they are only bragging about how much they have raised the minimum wage. Since it follows the policy of the European Union, our Government does not yet have the guidelines for reaching a living wage, but instead sticks to thresholds that are too low (the previously mentioned 60 percent of the average salary through the Directive for appropriate minimum salaries in the EU).

We believe that a living wage could be reached over a period of ten years, and that it would not be an *expense* for employers, but an investment in more satisfied and rested workers.

The fight must be cross-border

The textile industry today functions according to the business model of fast fashion – this means that the biggest fashion brands are the most powerful in global supply chains, which therefore control where production will take place. For example, Benetton has several suppliers in Croatia that produce clothes for them. The Croatian Government decides to raise the minimum wage, so Croatia becomes too expensive for Benetton. This is why they moved production to neighbouring Serbia, where the minimum wage is 298 instead of 498 Euros.

Just as they can leave Croatia for Serbia, they can also leave Serbia for an even “cheaper country”, which shows us that it is not enough to advocate for a living wage at the national level. This is why the Clean Clothes Campaign bases its methodology on a regional, cross-border approach.

The calculation of the regional lowest living wage (Europe Floor Wage) was published in April 2021. It is based on surveys of the cost of living in 15 European countries, including 7 members of the European Union, in which clothes and shoes are produced for the world's largest fashion companies. Data updated for 2021 are available on the Clean Clothes campaign pages.¹⁹

The calculation shows that the average minimum wage of those 15 countries reaches only 2/3 of the poverty threshold.

The aim of the regional approach is therefore first to show that working and living conditions in most European manufacturing countries are very similar and that workers cannot live on minimum wages, and then to prevent the displacement of capital as well as competition between countries that compete for work by offering cheaper labour.

¹⁹ [Clean Clothes Campaign: Europe Floor Wage](#)

Campaign in Croatia

The increased interest in the subject of living wage in Croatia came in mid-2021, when we presented the new method of calculating the living wage and the amount of the living wage for Croatia at the round table “Europe Floor Wage – a living wage is a human right”.²⁰ At the Round Table, we discussed the possibilities and obstacles for a living wage to become our reality with experts from the field of economy and civil society.

After the Round Table, we also created material – brochures with the statements of the participants of the Round Table about the importance of a living wage.²¹ The round table also marked the official start of the campaign for a living wage in Croatia.

We launched the Coalition for a Living Wage, which currently brings together several civil society organizations – Pariter, the Centre for Peace Studies, the House of Human Rights, the Base for Workers’ Initiative and Democratization (BRID), Fashion Revolution Croatia, the Centre for Education Counselling and Research (CESI), then the Regional Industrial Union and the Independent Workers’ Union of Croatia.

At the press conference held on August 11, 2021, Novi sindikat emphasized the importance of introducing a living wage and the calculated amount of HRK 10,400 net for 2018, which prompted a number of media outlets to survey citizens’ opinions. For example, a poll by the Index.hr portal showed that 54 percent of the citizens of the Republic of Croatia believe that the introduction of a minimum living wage is a “great idea”, and the Međimurske Novine portal asked the question “How much should the wage be in Croatia for a dignified life?” As much as 64.13 percent of survey participants thought that a living wage should be higher than HRK 9,000, i.e. three times more than the then minimum wage.²²

As far as we can see so far, the public mostly supports the demand for a living wage. The concrete result of the campaign is that other unions have started to use the term and have given support to a living wage, but the central ones still do not.

The first joint action of the Coalition for a Living Wage was in October 2021. After the publication of the Government's proposal to amend the Minimum Wage Act, we warned them they did not observe the provisions of the Constitution of the Republic of Croatia.

20 Workers' rights: „Europe Floor Wage – a living wage is a human right“

21 Living wage is possible– brochure with statements of the Round Table participants

22 Survey: "How much should the wage be in Croatia for a dignified life?" 499 people took part in the survey

Also, on the occasion of the Amendments to the Minimum Wage Act, we organized a press conference with several other unions in three cities – Pula, Rijeka and Zagreb. There we also talked about a living wage.²³

In December 2021, we met with Tomo Šutić, from the Cabinet of Dubravka Šuica, Vice President of the European Commission for Democracy and Demography, whom we introduced with our demand for living wage. We also got the support of MP Katarina Peović of the Workers' Front and the green-left coalition Možemo! (We can!)

At the European level, we also participate, together with the Coalition for a Living Wage, in the campaign for a living wage – in July of this year, several international organizations launched the European citizens' initiative "Quality clothes, fair salary", among them the Clean Clothes Campaign and Fashion Revolution.

The goal of the initiative is to collect one million signatures of European citizens supporting the request for a law that would ensure living wages for workers in the clothing industry. Supported by a broad coalition of organizations and individuals, this is Europe's largest campaign for living wages and the loudest call for legislation on this topic to date.

"The legislation we are demanding through this campaign is necessary and very relevant to all garment workers, whether they are in Europe, Asia, Africa or the Americas. The pandemic has made it painfully clear that without laws or binding mechanisms, brands, as the main profiteers from the labour of underpaid workers, will ignore their responsibility. The question of a living wage is now more relevant than ever: the crisis has shown the result of decades of living with poverty wages – workers are now in immediate danger of not being able to provide the basic necessities of life for themselves and their families," said Mario Iveković, President of Novi sindikat, at the presentation of the initiative.

Also, at the beginning of July, we organized an international forum in Zagreb called "Living wage is possible!"²⁴ The forum was attended by 110 representatives of member organizations of the Clean Clothes Campaign, an international organization that fights for the rights of workers in the textile industry, and other friendly organizations and unions with the aim of strengthening cooperation and improving the position of textile workers. Participants came from all over the world: 20 European countries, Africa, India, China, Hong Kong, Taiwan, Japan and the United States of America.

²³ Radnička prava: [Press conference by Workers' Front and unions: Amendments to the Act do not amend anything](#)

²⁴ Novi sindikat: [Living Wage is Possible! – snippets from the international forum in Zagreb](#)

At the panels held on July 6 and 7, we discussed steps towards a living wage, the necessary transparency of fashion brands, corporate responsibility, union organizing and connecting trade unions and civil society organizations.

We concluded that a living wage is possible, provided that several prerequisites are met: on one hand, better organization of workers and strengthening of the role of trade unions in society is necessary. On the other hand, civil society support is needed in efforts to oblige brands to respect labour rights, including living wages, which is also possible through currently existing legislative initiatives (European Citizens' Initiative for Living Wages, Corporate Responsibility Directive).

Recommendations

- The Government of the Republic of Croatia must protect workers' and human right to a living wage and introduce legal minimum wages that combat poverty, instead of creating an impoverished and socially excluded workforce
- The Government of the Republic of Croatia must develop a strategy towards achieving a living wage
- Fashion brands and retail chains must take concrete steps to ensure living wages are paid to textile workers in their supply chains.
- Fashion brands should negotiate with trade unions and sign legally binding contracts that ensure payment of the real price of the products they order – a price that ensures respect for the human right to a living wage