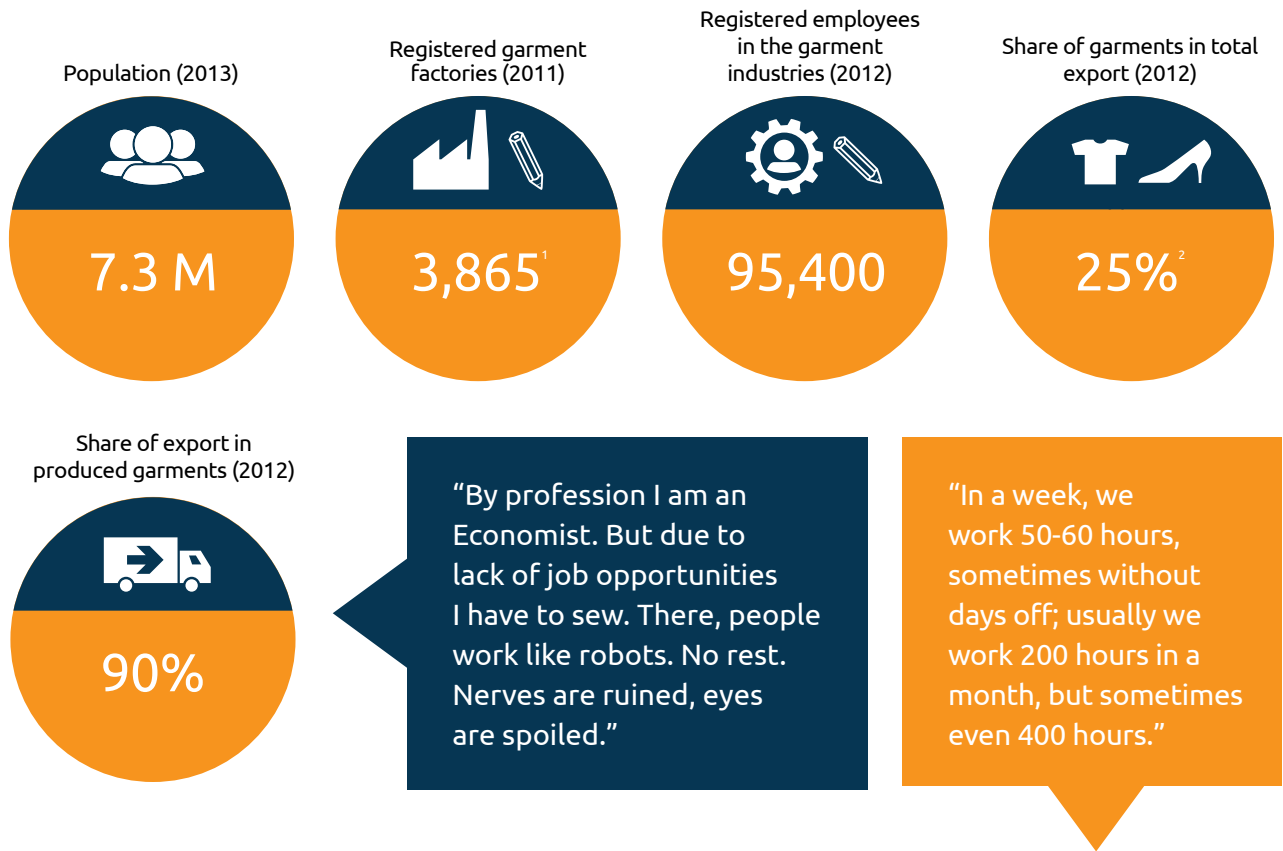


COUNTRY PROFILE
BULGARIA



WAGE COMPARISON



DEMANDS TO BUYERS

- ▶ **As a first immediate step**, global buyers have to make sure that workers in Bulgaria receive a basic net wage (without overtime and bonuses) of at **least 245 Euro** (60% of the national average wage). As a further step, the basic net wages have to be **increased towards the level of the estimated minimum living wage**.
- ▶ Buyers have to **analyse and adapt their price structure** in order to make sure that the actual price they pay to the supplier allows for the payment of a living wage.
- ▶ Formally “self-employed” seamstresses or home-based workers should be treated like regular wage earners with regard to working time and social insurance (ILO Convention 177 art 4: Equality of treatment as concerns Occupational Health & Safety (labour inspection), access to social protection).
- ▶ Wage theft practices such as cash payments and forced subcontracting to home-based production must be stopped.

GARMENT INDUSTRY IN BULGARIA – SEWING SWEATSHOP FOR EUROPE

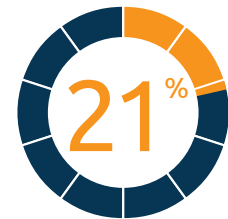
The garment industry is a major employer and exporter in Bulgaria. The biggest export markets for garments “Made in Bulgaria” are Germany and Italy with about 25% each, followed by Greece. About 100,000 people work in the garment industry in registered employment. In addition to this, an estimated 50,000 workers work under semi-formal or informal conditions with no labour contracts or with contracts that do not reflect the real employment in terms of working hours and wages, without social insurance protection and without any employment security. These workers may work in factories or at home. In many areas of the country, garment manufacturing is the only job opportunity.

Women make up 86% of the workforce. The industry is concentrated in the south west and southern central regions. More than 80% of the garment companies are owned by Bulgarians. Garments are exported under the Outward Processing Trade scheme (“Ishleme”/ “Lohn”-System) and subcontracted by Turkish, Greek and Western European buyers. Many major European brands and retailers sell garments produced in Bulgaria.

While the sector carries a high weight for the national economy in terms of employment and exports and it supplies most European fashion brands, it is unable to lift its 150,000 workers out of poverty. The approximately 30,000 home-based workers in the sector are particularly vulnerable to poverty as well as any kind of abuse and illegal practices.

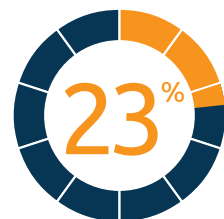
According to national statistics, the salaries in the garment industry are the second lowest compared to other sectors⁷ - the lowest wage is earned in hotels and catering, the highest in mining. Not only are wages in the garment industry very low, the gap to the highest wages is ever increasing. The garment sector is notorious for violations of the law and for meagre remuneration.

AN AVERAGE SALARY of a garment worker covers just



of a minimum living wage.

The legal minimum wage covers just



of the monthly expenditures for food for a family of four and



of a minimum living wage.

WAGE RELATED RIGHTS VIOLATIONS

- Wages far below a living wage
- Legal minimum wage only reachable with overtime and not for a standard working week (40 hrs in BG)
- Closure of factories without paying outstanding wages (sometimes for several months)
- Wage arrears and delays
- Arbitrary quality and disciplinary deductions from wages
- Frequent violations of the law concerning working hours, breaks and holidays (days-off and holidays taken at a time according to supervisor, overtime not voluntary, excessive overtime, no breaks)
- Locking in workers until quotas are fulfilled
- Releasing seamstresses on forced unpaid leave with orders to work from home. Employers are justifying this with the global economic crisis and workers aren't paid salaries or social security contributions; they are paid by piece-rate. Workers are forced into a state of "self-employment" as employers try to void any responsibility for them.
- Anti-union strategy of employers
- Misuse of "part-time employment" (4 hrs per day): in reality, workers work full time up to 14 hours a day. Whether an "additional payment" is made is up to the employer
- Social insurance just paid for legal minimum wage, the rest is paid in cash "under the table"
- Gender pay gap within the companies and compared to other sectors - seamstresses are seen as "unskilled" workers

FIELD RESEARCH FINDINGS⁸

The research focused on the south western and northern central parts of Bulgaria. Generally, workers were reluctant to speak to the researchers. Some did not state their wages because they thought they have "no right" to do so.

The monthly wage of interviewed workers varied from 129 to 340 Euro net including overtime and bonuses. When there are no orders and when workers are sent on leave, wages are sometimes as low as 51 Euro. The highest found wage was 340 Euro net and was earned for a working week of 75 hours. A home-based worker earned 307 Euro for a working week of 108 hours (18 hours 6 days a week).

Workers regularly work overtime to reach their quota. They usually do not see this extra work as overtime. Normally, workers would earn no more than the legal minimum wage without overtime – sometimes even less. Some interviewed workers reported that they would not reach the legal minimum wage without overtime. Workers said they do not dare to refuse overtime because they fear to lose their job. Moreover, they need the additional income.

All of the interviewed workers had secondary education, some college education. They moved into the garment sector due to lack of opportunities in other sectors and because of family subsistence obligations.

"Do you believe it is up to every single person whether one feels exploited?"

"When we go to work we don't know when we will be back home again."

Interviewees said these buyers or brands produced in the researched factories: ZARA, Levi's, H&M, S.Oliver, OTTO, Max Mara, Calvin Klein, Cerruti, Peter Luft, MS Mode, Tom Tailor, Lee, Benetton, Massimo Dutti.

"We are not treated like human beings. We are shouted at. We take the problems and the pressure home and the family is suffering. You get aggressive."

"BULGARIAN WAGES + EUROPEAN PRICES" = EXTREME POVERTY

Salaries of garment workers and cost of living in Bulgaria stand in sharp contrast. Garment workers are poor and one of the indications of this is the high number of Tuberculosis (TB) cases in garment industry regions such as in the south west of Bulgaria. The number of TB cases per 100.000 people increased from 25.9 in 1990 to 63 in 1996 and still haven't fallen to the level of 1990. "The Bulgarian Red Cross believes the economic crisis (in the 1990's) has undoubtedly been an important factor, impacting badly on health care. Moreover, poverty, chronic unemployment, poor living and working conditions, and malnutrition have all helped spread the disease among those most vulnerable."⁹

While the **minimum wage in 2013 was 139 Euro net¹⁰ and the average net wage including overtime and bonuses of interviewed workers amounted to 220 Euro, interviewed workers need a minimum 1022 Euro as a minimum living wage** to cover food, hygiene and health, utilities, communication, transport, and clothing. According to workers, a family of four needs a minimum of 613 Euro for food alone.

"You must not protest; you just have to function. Fear is forcing workers to do that. If I protest, I get fired - and I would feel relieved."

FUNCTIONING INSTITUTIONS?

Bulgaria has a labour inspection in place and the labour code regulates terms of employment. However, in reality workers reported malfunctioning or non-functioning labour inspectorates and the general non-observance of the law. About 5% of workers are organised in labour unions. It is interesting to note that one of the researched companies was named "socially responsible employer of the year 2007". However, research revealed that the wages are sometimes paid with one month delay and overtime is not paid according to the law.

NIKOLINA'S STORY – HOME-BASED SEAMSTRESS IN BULGARIA "I DREAM OF BEING ABLE TO SEE A DENTIST"

I have been working as a seamstress since I graduated from secondary school. I have a family and two children. I have been working for the company for 10 years. I can work on all machines and I have always worked overtime because I was always underpaid.

Three years ago our salaries were paid with a delay of two months, we didn't work regularly. Some of the workers were dismissed. They said if we want to stay employed, we have to take home work and continue working at home. This is how I became a home-based seamstress. I am still sewing at home. At home, I have two machines from the company: one is an overlock sewing machine and one a standard sewing machine. I work two or three different operations depending on the model. At the moment, we are overloaded with work, which is why I work almost the whole day. I earn 500-600 BGN (256-307 Euro) . But I only sleep 4-5 hours. Usually, my day looks like this: I get up at 6.30; I drink coffee with my husband; after that I send my younger child to school; I set up something to be cooked and I start to work on the machine. All day long I work without any lunch break. At around 16.00 I have a coffee

and continue with my work till 20.00 when we gather together for dinner. I rest a bit and after 21.30 I continue with my work till 1 or 2 in the morning. To some extent, I am happy with that because my son is a student and my husband receives a low wage – 300 BGN (153 Euro). He works as a guard.

Life in Bulgaria is very hard; the cost of living is high. Despite this very hard life, I like my profession as a seamstress. This is my life. My dream is for my work to be better paid so that I don't have to work so much, to have social security benefits and to be able to buy something for myself or to be able to see a dentist.

NATALIJA'S STORY – FACTORY WORKER IN BULGARIA: “IT'S A CONSTANT STRUGGLE FOR LIFE”

I have been working in the garment factory for seven years. Before that, I worked in several other garment companies but the remuneration there was even lower. I am a single mother of a son. In this company, the remuneration is better even though our wages are sometimes one or two months late. We signed contracts for 8 working hours a day, but sometimes we work even more than 10 or 12 hours. And we work on Saturdays – sometimes even on three consecutive Saturdays.

According to the Labour Code we should just work 160 hours in a month but we work up to 238 hours a month. For the additional 78 hours, we don't receive anything. The managers' attitude towards the workers is very bad; they are shouting and insulting us. You should work like a robot, without talking, just working. Actually, it is us who work for the managers' salaries.

The conditions at the work place are very bad; in summer time, it is 38-39 degrees and the air conditioning is not allowed to be turned on. Some seamstresses collapsed, they couldn't stand this heat anymore. During winter, it is only 10-12 degrees, the heating is on for a short time in the morning and in the afternoon only.

I work here only because there is no other work in the city. At least, I have a labour contract and I am covered by social security schemes. When I started working, I signed a contract with a wage of 600 BGN (307 Euro) because I graduated from a vocational school and therefore I am not unskilled. But in the end, I received 400 BGN (204 Euro). I got deductions, “punishments” and “fines”, for example for being late for work after lunch break, for talking with a colleague or for an unpaid leave of 10 days. I was not informed about this at all. When you complain, they say: “Well, why didn't you use your leave”. They are dismissing whomever they want by forcing the women to sign that they are leaving voluntarily. They are threatening us with legal actions.

We produce for famous brands like Zara, Levi's and H&M. Our boss is constantly saying that we are a European company established according to European standards and European levels of remuneration. How cynical! I do not want to risk my meagre wage and end up on the streets. Therefore, I prefer to be silent and say nothing; I prefer to be exploited and humiliated.

I live with my mother who is handicapped and receives a pension of 125 BGN (64 EUR), but at least I have someone to care for my child when I am working 12 hours a day. I come back home tired. I do not remember when I last watched a movie or went to the theatre; I have not been out with friends in a restaurant or café; this is like a dream for me. My wage is enough for covering my basic needs, costs of water, electricity and food. For everything else, there is no money left. When I am on annual leave, we cannot afford to go on vacation. During that time, I work for the company from home – I sew on zippers on pants. I am very short of money. I am very grateful for the help of my good colleagues; they give me clothes for my child for free.

My life is work and caring for my mother and my son. I don't have any personal life. If I was alone, I would leave for Spain, but now I have responsibilities towards my family. I live with the hope that someday my life will change, that I will receive a wage that I deserve for the heavy work I am doing. I would work eight hours a day, I would go on vacation, to the cinema and the theatre. My son and my mother would be smiling more frequently.

¹ Ministry of Economy, Energy and Tourism, Source Database: „Amadeus”, 2011, <http://www.mi.government.bg/files/useruploads/files/ip/c14.pdf>

² <http://www.nsi.bg/otrasal.php?otr=60&a1=992&a2=993&a3=998&a4=1001#cont> ; Time series - 2012

³ All data in Euro according to exchange rate of www.oanda.com, 1.2.2014

⁴ 158 Euro gross, minus mandatory contributions

⁵ <http://www.nsi.bg/en/content/6410/total>

⁶ Source: National Statistical Institute Bulgaria, Demographic and social statistics: Household expenditure <http://www.nsi.bg/en/content/5696/annual-data>

⁷ www.nsi.bg, Labour, 4.2.2.1.xls. 2012 – HWA assesses that seamstresses receive even less than this amount due to quality and disciplinary deductions.

⁸ During May - August 2013, a total of 63 qualitative interviews with workers from 14 different factories and with 14 home-based workers have been conducted. The interviewed home-based workers were subcontracted by one of the 14 researched companies.

⁹ <http://www.ifrc.org/en/news-and-media/news-stories/europe-central-asia/bulgaria/tuberculosis-health-problem-and-social-ill/#sthash.JvVOTfxG.dpuf>

¹⁰ As social security threshold in 2013/2014, for seamstresses the lowest threshold applies: 164 Euro.

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