Semir Softić, Travnik

Trade union of Civil servants in FBiH

ITUC/PERC SEE Office Sarajevo

Attn. Ms. Enisa Salimović

Office Coordinator

**Report from the meeting of economic experts of the Western Balkan countries**

Dear,

The meeting, held on 7-8 December 2017 in Sarajevo was thematically directed towards the development of economies in previous years. My presentation is based on the proposed items on the agenda:

**- Economic growth.** As for the economic growth in BiH, I have pointed out that the official statistics suggest the trends of growth in the military industry and the sector of commerce and services. I have specified some examples such as production of weapons and services of the Sarajevo airport. The result of this growth has led to the increase in total export, so that gap between import and export is reduced. However, I have mentioned that this growth is not the result of national strategies and efforts by national authorities, but rather some kind of reaction and self-sustainability of the economy in BiH, based on laws of market, primarily, cheap labor force.

**- Labor market and social development.** As I already stated above, labor market in BiH develops just like other markets, uncontrollably, in line with some rules of the market mechanisms. It is visible that the labor market, for which there are some indicators of growth, is not followed by the social development, that is, the social indicators remain the same or have only the moderate growth. Regardless of the development of labor market, average wage, minimum wage and other indicator are at the same level. I believe that in this point in time, it is only the trade unions and trade union fight that may contribute to the social development in BiH, by way of exerting pressure on the government to achieve better social conditions based on adoption of relevant laws.

**- Efficiency of national institutions and instruments of financial control.** I have already emphasized that the mechanisms and control of this kind is at a rather low level in BiH. There are some institutions that deal professionally with these matters, such as the Office of the Audit of Institutions in FBiH and some others, but their work is based on giving opinions, while the system of the society is not yet sufficiently developed to adequately respond and potentially sanction the responsible.

**- National programs/actions for combating corruption.** This is definitely a topic that should be more in focus and something that appears as the priority in BiH. There is a national Strategy for combating corruption in BiH, and there is the State Agency for Prevention of Corruption and Coordination of the Fight against Corruption (APIK). It was established solely because of the implementation of the strategy and it seriously tries to involve level levels of authority in this fight against corruption. In terms of prevention, I think it is a rather successful agency, but the specific repressive results should follow.

**- The role of IFIs, American Chamber of Commerce and other actors; Austerity measures and effects on economy.** IMF is clearly an institution, which has exerted pressures for years on the introduction of austerity measures, thus directly affects the economy. It is often the case that they condition their loans, aimed at stabilization of budgets in BiH, with the adoption of certain laws and austerity programs. Being an economist of consumer orientation, I believe that such an approach and the position of IMF in BiH negatively affects the economy, as it decreases the total economic value through the reduction of consumption. As for the other institutions, such as American Chamber of Commerce, I do not have any data or any information on their influence.

In addition to these topics, we have also talked about the influence of regional, multinational and transnational companies on the labor market in BiH. Based on the discussions, we arrived at the conclusion related to two types of companies or two types of approaches in the labor market in BiH. It was pointed out that there are companies, which appear in the market not only to employ the labor force but also to sell their products in BiH. The most prominent representatives of such companies are banks and financial institutions, or global brands such as Coca-Cola, McDonalds and others. There are also companies, which appear in the market only to employ the labor force, that is to abuse the cheap labor force, mainly in textile, leather, and other low-accumulation branches.

My position on this topic was based solely on the role of trade unions in terms of how to protect workers’ rights, the only instrument of our fight. Knowing the basic principles of profitability of any company (especially companies appearing in the low-accumulation branches), it is clear that the foreign companies base their profit in BiH only on the cheap labor force. Although they regularly control domestic businesses that work for them, through the demands for “safe” jobs (healthcare insurance, fire protection plan, minimum of hygienic conditions, annual leave, etc.), the companies do not influence the wages but rather insist on respecting national legislation. In this way, they facilitate domestic businesses to make extra profit. Governments are not sensitive for these branches, believing that there is no other approach in these branches, fearing that someone might lose the job, thus leaving the workers at the edge of survival and below minimum of decent life. Trade unions have to find a way for higher level of minimum wage regardless of type of economic activity.

I hope I managed, in a brief form, to inform you about may presentation.

Respectfully,

Semir Softić

Travnik

13 December 2017