

Chapter 4

Bulgaria: collective bargaining eroding, but still existing

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Bulgaria is the poorest member of the European Union (EU). It had a difficult economic and political transition and faces substantial demographic challenges. During the post-communist transition industrial relations and collective bargaining practices developed in the context of a dynamic political, economic and social environment. The Bulgarian state could be characterised as weak, in Bohle and Greskovits' typology (2012), postponing or imposing reforms without domestic consent and locking the fragile economy into 'low-road' competitiveness policies.

The first economic reforms from 1991 implemented economic shock therapy and aimed at 'demonopolising' state-owned economic groups, liberalising prices and instigating massive economic restructuring. As an immediate result, unemployment rose quickly, there was massive emigration and a substantial part of the population fell into poverty. In the winter of 1996–1997 the country was facing financial collapse and street protests forced the neo-communist government to resign. Since then, stabilisation efforts have included the establishment of a currency board, agreements with the International Monetary Fund (IMF) and the World Bank and measures to ensure macroeconomic consolidation. Economic reforms have also included massive privatisation, as well as closure of enterprises in financial difficulties. This economic policy initially contributed to positive results in terms of growth and investor confidence, but at a high social price, namely rising poverty and unemployment. Economic growth resumed in 1998 and continued to 2008. The unemployment trend was reversed, falling from almost 20 per cent in 2000 to below 6 per cent in 2008. During the 2000s there was a massive inflow of foreign direct investment (FDI), reaching almost 33 per cent of GDP in 2007, benefiting many sectors of the economy and contributing to Bulgaria's dependence on multinationals (Delteil and Kirov 2016). In 2007 the country joined the EU, a long-term goal for Bulgarian political actors and society as a whole. From the beginning of the financial crisis, however, the economic situation in Bulgaria started to deteriorate for four or five years and then resumed growth in 2013.

The industrial relations system was emancipated from the Communist Party in 1990. It was subsequently shaped by the economic and political changes and in the context of tripartism, developed initially under the impulse of the International Labour Organisation (ILO) from 1990 and afterwards in the context of European integration and EU membership since 2007.

As illustrated in Table 4.1, collective bargaining in Bulgaria takes place between trade unions and employers' organisations at industry and company level. The most

Table 4.1 Principal characteristics of collective bargaining in Bulgaria

Key features	2000	2016
Actors entitled to collective bargaining	Trade unions and employers/employers' organisations	
Importance of bargaining levels	Bargaining at company and industry level. Company-level bargaining prevails	
Favourability principle/derogation possibilities	Very limited derogation possibilities (only in case of problematic financial situation)	Limited derogation possibility
Collective bargaining coverage (%)	40 (2002)	29 (2012)
Extension mechanism (or functional equivalent)	No	Yes, introduced in 2001 (but very rarely used in practice)
Trade union density (%)	26 (2002)	Around 15 (2012)
Employers' association rate (%)	N.A. (low)	50 (2012)

Source: Visser (2014), author's compilation based on data from Eurofound, ILO and NICA.

important bargaining level, however, is the company level. Even though in the ten years between 2002 and 2012, collective bargaining coverage decreased by 11 percentage points, at 29 per cent it is still fairly high compared with other central and eastern European countries. An important factor explaining the decline in collective bargaining coverage is the drop in union density from 26 per cent in 2002 to 15 per cent in 2012. For the employers' side there are no figures available for 2000, but in 2012 employer organisation density was about 50 per cent.

Industrial relations context and principal actors

Bulgaria's industrial relations system includes various tripartite structures (Iankova 2000) for national and sectoral social dialogue and collective bargaining structures at sectoral, industry and enterprise level and, in some cases, also at the territorial level (municipalities). National tripartite cooperation takes place within the National Tripartite Cooperation Council (since 1993), the Economic and Social Council (since 2001) and various tripartite governing or supervisory bodies within the employment and social security administration. Industrial tripartite cooperation takes place at (sub-)industrial councils under the umbrella of the respective ministries (in about 50 councils). Although trade union density and the impact of collective bargaining have decreased since the 1990s, bargaining coverage is still substantial in a number of industries and companies.

In addition to tripartite structures, Bulgarian industrial relations also include a dual system of employee representation. From the beginning of the transition process in the early 1990s until 2006, the only worker representation in enterprise union sections was by trade unions. With the harmonisation arising from transposition of the EU *acquis communautaire*, worker representation became a dual system. The role and scope of the second channel, the so-called 'employee representatives for information and consultation', is still marginal, however, because the establishment of these bodies is

Table 4.2 Membership development of KNSB and CL Podkrepa

	1992	1993	1997	1998	2003	2012
KNSB		1,426,057	850,000	607,883	380,000	275,762
CL Podkrepa	250,000			154,894	120,000	91,738

Source: National census.

not automatic and has to be triggered in accordance with Article 7 of the Labour Code. As regards collective bargaining, the principal actors are trade unions, employers' organisations and/or individual employers, which negotiate collective agreements. Bulgaria is characterised by trade union plurality. During the transition the Bulgarian trade union movement was dominated by two large confederations.¹ The main actors in the development of industrial relations on the trade union side were the reformed old social partners' structures and the newly created organisations. Two trade union confederations are of enduring importance. The Confederation of Independent Trade Unions of Bulgaria (Konfederatziata na nezavisimite sindikati v Balgaria, KNSB) is the largest confederation in Bulgaria. The membership of the confederation stood at about 250,000 in 2014. The Confederation of Labour (CL) 'Podkrepa' (Konfederatziata na truda 'Podkrepa') was formed on 8 February 1989 by a small group of dissidents. After the political changes in 1989 CL Podkrepa rapidly became the second largest trade union confederation in Bulgaria with a strong presence in all sectors and regions. According to the latest available data CL Podkrepa had about 91,738 members in 2012.

KNSB was established on the basis of the former communist union *Balgarski profesionalni sauizi* (BPS) (see Petkov and Thirkell 1991). It emancipated itself from the former Communist Party at the beginning of the transition, with a few exceptions, when particular political coalitions were supported. In late 1989, the membership of BPS was about four million (about 98 per cent of the labour force) because membership was quasi-obligatory (Gradev 2001). In February 1990, when KNSB was established, BPS's was already declining as many employees cancelled their membership.

Table 4.2 illustrates the continuous decline in KNSB's membership. In 1993 KNSB still had 1,426,057 members organised in 79 industrial federations and unions, which corresponded to 70 per cent union density. Four years later, in 1997, its membership had almost halved to 850,000 in 53 industrial federations with more than 11,000 trade union company sections. According to national census figures membership decline continued in the following years from 607,883 in 1998, to 380,000 in 2003 to reach 275,762 in 2012.

1. In addition to the two largest confederations, in different periods during the post-communist transition in Bulgaria, other unions were also recognised as being nationally representative, such as the National Professional Union (*Natzionalen profsauiz* or NPS), the Association of Democratic Trade Unions (*Asotziatziata na demokratichnite sindikati* or ADS), the Commonwealth of Free Trade Union Organizations in Bulgaria (*Obshnostta na svobodnite sindikalni organizatii v Balgaria* or OSSOB), the General Headquarters of Branch Trade Unions (*Generalnata tzentrala na branshovite sindikati* or GTBS), and 'Edinstvo' Independent Trade Union (*Nezavisimiat sindikat 'Edinstvo'*). Since the last census of 2012, however, the only two representative trade unions have been KNSB and CL Podkrepa. The other trade union confederations no longer exist or are marginal.

CL Podkrepa, the second largest trade union confederation, was initially part of the democratic opposition in Bulgaria and one of the founders of the Union of Democratic Forces (Saiuz na demokratichnite sili, SDS). Since 1992 it has been politically neutral or has supported centrist parties. According to CL Podkrepa leaders, at the time of its creation the laws were very 'liberal' with regard to trade unions (Kirov 2005) and it was able to obtain official status and operate legally. During the initial period of CL Podkrepa (1989–1991) it was very difficult to distinguish its trade union activities, as it functioned rather as a political movement. Even its initial demands were more political (free movement of persons within the country) than trade unionist. The membership of CL Podkrepa was fairly limited before 11 November 1989. It started to grow rapidly at the end of 1989 to reach about 250,000 members in 1992. After 1992, CL Podkrepa membership began to decrease. One of the explanations given by the leaders of the organisation was that in its first years CL Podkrepa was also a strong political movement and the decrease started when it turned into an 'authentic' union (Kirov 2005). As Table 4.2 shows, in 1998, CL Podkrepa had 154,894 members. Subsequently, membership declined further, to 120,000 members in 2003 and 91,738 in 2012 (see Table 4.2).

Trade union membership declined significantly in the early years of transition. The decline continued at the beginning of the twenty-first century for various reasons, including high unemployment, privatisation followed by restructuring, employers' anti-union behaviour, especially in private companies, where union leaders were sacked, and lack of trust in trade unions (Kirov 2005). In addition, unions are rarely present in the huge number of SMEs that came into being (Illessy *et al.* 2007). There are different explanations of why membership stabilised. Large-scale privatisation and restructuring ended in the 1990s, while the economic boom in the mid-2000s led to labour shortages, thereby boosting trade union bargaining power. At the same time trade unions started to develop more successful unionisation strategies. Trade union membership resumed its decline from 2012, however. According to ILO data, overall trade union density has decreased continuously. Whereas in the early transition period union density was very high, recent figures from the ILO Industrial Relations database (ILO 2018) suggest that it was only 13.7 per cent in 2012. Behind the overall density figures, however, there are major differences between industries. According to the Eurofound representativeness studies, in 2011 trade union density in education was 56.7 per cent (Eurofound 2011a) and in 2009, even 57.8 per cent in the steel industry (Eurofound 2009), but it was very low in banking in 2011, at 4 per cent (Eurofound 2011b) and only 7.5 per cent in textiles and clothing (Eurofound 2013). In general, trade union presence is higher in the public sector (education and health care) and in few manufacturing industries, such as metal, chemicals and mining, where existing companies were privatised, but very low in the rest of manufacturing, services and construction.

Compared with the trade union movement, pluralism is much more prominent on the employers' side. Since the last Census of 2016, five organisations have been nationally representative. The successors of the old structure of managers of state-owned companies, the Bulgarian Industrial Association (Balgarskata stopanska kamara, BSK) and the Bulgarian Chamber of Commerce and Industry (Balgarskata targovsko-promishlena palata, BTPP) co-exist with the more recently established organisations, such as the Confederation of Employers and Industrialists in Bulgaria (Konfederaziata

na rabotodatelite i industrialzite v Balgaria, KRIB), claiming to represent a significant part of GDP and employment, or the Association of Industrial Capital in Bulgaria (Assoziata na industrialnia capital v Balgaria, AIKB), representing the former mass privatisation funds. From early 1990 until 2012, two organisations of small businesses, the Union for Economic Initiative (Saiuzat za stopanska initiative, SSI) and the Union of Private Employers ‘Renaissance’ (Saiuzat na chastnite predpiremachi ‘Vazrajidane’) were active employers’ organisations and recognised as nationally representative. Since 2016, SSI has again been recognised as nationally representative. Until 2012 a company could be a member of more than one employers’ organisation, but the rules were changed and now only one membership is permissible. At industry level both the organisational structure and the attitude of employers’ organisations make collective bargaining difficult. In some industries, there are no employers’ organisations with which trade unions can negotiate. In other cases, employers’ organisations exist at industry level, but are not willing to negotiate and, as in other countries in the region, their role is limited to business representation and lobbying. In recent years, the prevailing attitude of employers is to skip joining employers’ associations or not to authorise them to conclude sectoral/industry agreements. The latter is the case not only among local employers, but also large multinational companies, often from countries with a strong bargaining tradition, such as Germany or Belgium.

Extent of bargaining

Overall collective bargaining coverage is fairly low in Bulgaria compared with the EU average, but still stands among the highest in central and eastern Europe. There are different estimations of bargaining coverage, between 20 and 30 per cent (ETUI 2016), for recent years. Probably the most reliable data come from the *Structure of Earnings Survey* for 2014, which estimates collective bargaining coverage for this year at 27.55 per cent. The latest data provided by the National Institute for Conciliation and Arbitration (NICA 2017) suggest that the number of collective agreements has been slowly decreasing in recent years. In 2016, there were 1,658 active collective agreements at company level covering a total of 247,426 employees, which amounts to coverage of approximately 11 per cent. Most agreements were signed in the public sector. Only 12.2 per cent of all collective agreements active in 2016 were in the private sector, covering 32.1 per cent of all covered employees.

Collective bargaining can take place only between trade unions and employers and their representatives. At sector/industry level, trade union organisations and employers’ organisations have to be affiliates of the respective nationally representative organisations.² At enterprise level other trade union organisations that are not members of the nationally representative organisations can also take part in collective bargaining. Drafts of collective agreements are prepared by workers’ organisations. If a collective agreement is concluded at the sectoral or industry level between all representative organisations of employees and employers within the sector/industry, the Labour Code provides for, upon their joint request, the Minister of Labour and Social Policy to extend

2. Five employers’ organisations and two trade unions have been granted national representativeness.

the agreement or certain individual provisions thereof to all enterprises in the sector or industry. The General Labour Inspectorate runs the collective agreement register, containing information on decisions to extend industry-level agreements. Between 2001 and 2011 the option to extend collective agreements was not used because of employer-induced government opposition to the principle of extension. This situation changed in 2011 when the trade unions campaigned to promote extension in anti-crisis agreements. Hence, after May 2011 five agreements were extended in industries such as mining, beer brewing and water supply (Kirov 2011). Since 2016, however, the extension mechanism has not been used.

In addition to bargaining for collective agreements, in Bulgaria there is also bargaining on the so-called ‘minimum insurance income’ (MII),³ which is used as a basis for calculating the minimum social security contributions for the nine professional categories for each economic activity.⁴ If the social partners at industry level cannot reach agreement on the MII, they are set administratively by the Ministry of Labour and Social Policy. In 2016, 2017 and 2018, employers’ organisations withdrew from the negotiations on setting the MII. While the government sets the monthly minimum statutory wage, higher minimum wage levels could be negotiated at industry level, although this rarely happens in practice, or company level.

The continuous decrease of collective bargaining coverage in Bulgaria reflects the gradual decrease of trade union and employer organisation density rates. As in other central and eastern European countries, the reason for weak sectoral/industry bargaining is the organisational weakness of the industry-level organisations. Within trade unions, industry-level federations are often badly funded and staffed, unable to mobilise employees in the industry as a whole. At company level, collective bargaining can be hindered by particular employers’ anti-union activities.

Security of bargaining

Security of bargaining refers to the factors that determine trade unions’ bargaining role and their involvement in regulating the employment relationship. The initial development of the post-communist industrial relations system in Bulgaria was characterised by numerous conflicts at national, sectoral and enterprise level. In the turbulence of the early transition, there was an explosion of conflicts, protests, movements and demonstrations. There were many national and sectoral strikes, especially between 1990 and 1995. Often these conflicts were neither purely political nor purely economically motivated: in general, redundancies and wages were the central issues.

Concerning trade union involvement in the regulation of the employment relationship, three factors play an important role in Bulgaria: first, the Labour Code as the basis for

3. <https://bit.ly/2MN7uVj>

4. In some cases MII can also serve as industry-level minimum wages as for instance in the brewing industry - http://www.ssi-bg.net/storage/pdf/Inovacii_kolektivno_dogovarjane.pdf

the trade unions' bargaining; second, trade union involvement in tripartite structures that define the 'rules of the game' for collective bargaining; and third, their capacity to mobilise their membership and the wider public for protests and other forms of collective action. The second and third elements of the trade unions' repertoire of action often go hand in hand in order to put pressure on the employers' side and policymakers. In some cases strikes and protests even brought down the government.

The trade unions' involvement in tripartite structures can be traced to the beginning of the transition period, with the establishment of the National Council for Social Partnership in July 1992. In 1993, labour legislation was modified and the Labour Code officially included the principle of tripartism. In this year, the National Council for Tripartite Cooperation (NCTC), the new name of the national consultative tripartite body, functioned relatively well because of the cooperative attitude of the government. The social partners agreed with the government, for instance, to repeal some decisions on shock price increases. In November 1993, KNSB and BSK signed a Framework Collective Bargaining Agreement for 1994. This bipartite agreement stated that national collective bargaining would have a framework character, setting rules, while the real bargaining would take place at industry and enterprise levels.

In the period 1997–2000, trade unions participated in working groups dealing with proposals for further amendments to the Labour Code, shaping the new rules for collective bargaining. These includes the introduction of a maximum two-year period for collective agreements, the possibility of extending industry-level collective agreements and stricter criteria for representativeness. According to the social partners at national level, in recent years there has been 'real partnership' and they have been actively involved in the preparation of legislation on labour and social issues (Kirov 2005). One example of such participation was the revision of the Labour Code (2001), which was evaluated as well-balanced by both social partners.

Interestingly, in 1997–2001, in the first years of Bulgaria's currency board arrangement,⁵ which still operates in the country, industrial action declined considerably. Social dialogue improved during this period, but the currency board left unions with little room to manoeuvre and it was not until 2003 that union mobilisation began to recover, despite the severe consequences of the restrictive currency board policies for workers.

In the period after 2001, the main trade union confederations, KNSB and CL Podkrepa, continued their work in the NCTC and the sectoral tripartite bodies, even if the National Movement 'Simeon II' (now known as the National Movement for Stability and Progress) government initiated some legal amendments, which limited strained the scope for social partner participation: for example, the new Employment

5. Under a currency board arrangement a national currency (central bank monetary liabilities) is required to maintain a fixed exchange rate with a convertible foreign (reserve) currency. The currency board in Bulgaria was introduced by the new Law on the Bulgarian National Bank of 10 June 1997. The currency board arrangement was adopted after several inconclusive attempts to stabilise the economy in 1991–1996 and a major financial crisis, which culminated in a short-lived hyperinflationary episode in December 1996–February 1997. See Avramov, R. (1999), *The role of a currency board in financial crises: the case of Bulgaria*, Publications Division, Bulgarian National Bank. http://www.bnb.bg/bnbweb/groups/public/documents/bnb_publication/discussion_199906_en.pdf

Promotion Act abolished the tripartite consultation body, envisaged in the previous legislation.

The legislative changes of 2001 envisaged the possibility of concluding national collective agreements. The role of such agreements was to set the rules and framework for collective bargaining at industry and enterprise level. In spring 2002, however, the negotiations for a national agreement failed because of the employers' organisations' resistance. Despite repeated attempts by the unions to revive national-level bargaining this level of bargaining has remained dormant. The trade union confederations presented a proposal that the employers' organisations rejected because they did not want to commit to any concrete parameters at national level.

In 2003–2004, the unions organised various nationwide protests against a government proposal to flexibilise labour protection regulations and implement restrictive wage policies. In the period 2003–2008, national social dialogue focused on Bulgaria's EU integration, including harmonisation of national labour legislation with the *acquis communautaire* in 2006, preparations for the structural funds and the need for a qualified labour force. In this period the macroeconomic situation was quite favourable. Social cooperation was formalised in the Pact for Economic and Social Development until 2009, signed by the government and social partners in 2006. This Pact laid down a range of social and economic policy measures.

Social dialogue in Bulgaria was strongly affected by the financial and economic crisis of 2008. There was an intensification of social dialogue at national level, which besides the crisis was influenced by the new government of Boyko Borissov's populist centre-right GERB party from July 2009. Anti-crisis measures were being discussed as early as autumn 2009. In April 2010, after continuous discussions, the social partners agreed on 60 measures to combat the crisis. The measures on employment and households were agreed mainly as a result of pressure from the trade unions, although they were largely supported by the employers. The most important of these provisions include raising the minimum wage; introducing a set of measures funded under the Operational Programme for Human Resources Development and the state budget aimed at preserving employment in companies experiencing difficulties; and asserting the right of the Minister of Labour and Social Policy to extend industry-level collective agreements to all companies in the respective industry or sector and encouraging bipartite negotiations.

The legal regulation of teleworking was incorporated in labour legislation for the first time. The involvement of the social partners in the formulation of public measures against the consequences of the crisis was more significant, especially in 2009–2010. In this period it seems that the exigencies of the crisis led to a closer involvement of the social partners beyond their traditional institutional role. After 2011, however, social dialogue was again hampered by various unilateral government decisions, particularly the increase of the retirement age to 65 years for men and 63 for women. This led observers to affirm that the anti-crisis measures were a kind of PR tripartism (Bernaciak 2013) aimed at providing government decisions with a certain legitimacy. According to Bernaciak (2013), this inclusion of the social partners could be interpreted as an attempt

to take a wider range of views into account in a context of uncertainty and electoral volatility. The crisis allowed the social partners to become involved in decision-making and anti-crisis measures and to achieve a number of important outcomes, such as the extension of industry-level collective agreements.

In 2013 the first Borissov (GERB) government resigned after mass protests against the increase in electricity prices. The unions did not take part in these spontaneous popular actions, however. The coalition government of the Bulgarian Socialist Party (BSP) and the Movement for Rights and Freedom (DPS) early on took a number of unpopular measures and already in autumn 2013 trade unions organised protests and a national strike. In 2014 the Oresharski government resigned and a four-party coalition government, led by GERB, was established in November 2014. Social dialogue continued to focus on pension reform; wages, especially the minimum wage; and, to some extent, on ongoing reforms in the energy sector and health care.

Since then there have been some strikes and protest movements in mining and in large public companies threatened by restructuring and job cuts, such as Bulgarian railways (BDZ) or military production plants. NICA maintains its own register of collective labour disputes, which is not representative. The register suggests continuous growth in the number of registered collective labour disputes since 2012, but a decline in the number of registered effective strikes in 2014. According to the NICA register, in 2015 there were 24 collective labour disputes, three of which counted as effective strikes (Markova 2018).

Level of bargaining

The ILO and other international organisations supported the institutionalisation of collective bargaining in Bulgaria in the early 1990s. The system adopted reflected the principles of tripartism, with a top-down structure: decisions taken at national level lay the basis for industry-level agreements, which, in turn, are supposed to form a basis for enterprise-level dialogue. The principles of tripartite negotiation have not always been observed by successive governments since 1989, although tripartite institutions have existed formally (Kirov 2005). During the post-communist period, one may distinguish periods of ‘partnership’, periods of ‘formalism’ and periods of ‘open conflict’.

According to the Labour Code, collective agreements in Bulgaria are concluded at enterprise, industrial/sectoral and municipal level. At the first two levels, only one collective agreement can be concluded. As regards the issue of quality of work, industry-level agreements usually only provide a general minimum floor, which in most cases is not higher than the legal provisions. The social partners at company level can negotiate more favourable clauses for better working conditions in a company-level collective agreement. At the municipality level collective agreements are concluded in areas financed from municipal budgets, such as education, health care and social services.

Since 2001 the Labour Code has provided for national collective agreements; in other words, agreements between national organisations setting out general principles,

framework regulations and procedures in the sector and industry collective agreement. No such agreement has been concluded, however, and industry-level collective bargaining has developed without such guidelines.

The amendments to the Labour Code, in effect since April 2001, as well as the privatisation of the entire economy, have changed the situation with regard to collective bargaining. The amendments provide for an option to conclude a collective agreement at the level of the sector-/industry or the enterprise for a term of one year, unless provided otherwise, but not exceeding two years. In this sense, collective bargaining has become a 'continuous process', unlike in the years before 2000, when a lot of agreements were concluded in the 1990s and afterwards amended solely by annexes (Kirov 2005; Kirov 2018). According to labour legislation, the negotiation of a new collective agreement shall start not later than three months before the current collective agreement expires.

Despite the improved conditions for industry-level collective bargaining provided for by the new Labour Code, the most important level of collective bargaining in Bulgaria is the company level. Collective bargaining at enterprise level started in the early 1990s. At that time, trade unions were developing previously non-existent bargaining skills, and already by the mid-1990s an ILO study indicated that experience had been accumulated in this area (Aro and Repo 1997). Meanwhile, the almost completed privatisation of Bulgarian industry changed the composition of corporate ownership. Whereas in the 1990s enterprises were run by managers appointed by the relevant government ministry, since the end of the decade they have had private owners. In parallel with the 'known' owners, according to the trade unions there are a number of scarcely identifiable ones and negotiations may be hampered by the fact that an enterprise's formal managers may not be authorised to make decisions (Kirov 2005). The lack of 'homogeneity' within one and the same industry contributes to the existence of considerable differences in terms of remuneration and social benefits. More positive collective bargaining outcomes tend to be found at enterprises owned by multinational companies (ISTUR 2008), although some enterprises acquired by domestic investors also exhibit good practices. At the same time, during the transition many enterprises faced an uncertain future, developing only short-term strategies or merely trying to survive. Collective bargaining can be extremely difficult in such circumstances.

Depth of bargaining

Depth of bargaining refers to the involvement of local representatives of labour and management in the formulation of claims and the implementation of collective agreements. Depth of bargaining thus concerns the internal processes through which unions formulate their claims. There has not been much research on trade unions' formulation of bargaining goals and their validation of bargaining outcomes in Bulgaria (Kirov 2005).

Trade union organisation in Bulgaria is centralised. This centralisation co-exists with fragmentation, especially in KNSB, with parallel federations in many industries. The

existence of industry-level collective agreements and instructions and advice from industry-level federations partly shape collective bargaining at company level.

As signatories of collective agreements trade unions have to ensure compliance. In some industries and companies bipartite committees have been established for this purpose. Usually, collective agreements are not validated by trade union members.

According to the law, trade union organisations are supposed to jointly draft a new collective agreement and start negotiations. If they are unable to reach an agreement, the legislation envisages that the employer concludes a collective agreement with the trade union organisation whose draft has been adopted by an employees' general assembly (or at a meeting of elected employee representatives, also known as proxies) by an absolute majority (Labour Code, Art. 51 a. 3). No research is available to indicate whether this legal possibility has ever been applied in practice.

Strikes are part of the negotiation process, but since the end of the 1990s strikes have been rare in Bulgaria and take place mainly in the public sector, as illustrated by the teachers' strike during 2007. In September and October teachers went on strike for about 40 days in pursuit of higher wages. The strike was successful and as a result teachers' wages increased by 18 per cent. The strike by the railway workers was one of the longest in the recent history of the Bulgarian union movement, lasting from 24 November 2011 to 18 February 2012. The outcome was no job cuts for thousands of workers and the conclusion of a collective agreement. There are no comprehensive data about strikes in Bulgaria. According to the European Company Survey (ECS) (2013), in the period 2010–2013 only 5 per cent of all private sector companies reported strikes of one day or more.

Degree of control of collective agreements

The degree of control of collective agreements refers to two dimensions: first, the extent to which the actual terms and conditions of employment correspond to those originally agreed by collective bargaining; and second, the process of monitoring and enforcing compliance with collective agreements. The later also includes procedures to deal with different interpretations of agreements, such as arbitration procedures.

In Bulgaria, collective agreements are in force for up to two years. If no new agreement is reached the old one expires. In this case only the Labour Code applies. There are some exceptions, however, for instance when the employer changes. In these cases (under Art. 123 and 123a of the Labour Code), the existing collective agreement shall remain in effect until the conclusion of a new one, but for no longer than one year from the date of the change of employer.

In general, collective agreements apply only to the members of the signatory parties. At company level, employees who are not members of a trade union that is party to the agreement may accept the terms concluded by their employer by applying in writing to them or to the leadership of the trade union that concluded the agreement, under

conditions and by an order determined by the parties to the agreement (Labour Code). In practice the trade unions that signed a collective agreement prefer to levy a fee for joining the agreement, but such a clause is not always accepted by the employers.

The collective agreement shall be concluded in writing in triplicate, one copy for each of the parties and one for the labour inspectorate, and shall be signed by the parties' representatives. The collective agreement shall be recorded in a special register at the labour inspectorate where the employer's registered office is located. Collective agreements of an industry-wide or national significance shall be registered with the General Labour Inspectorate Executive Agency.

According to the Law on Collective Labour Dispute Resolution, collective labour disputes are settled through direct negotiations between workers and employers or between their representatives in a procedure freely determined by the negotiating parties. In the case of collective labour conflicts related to the application of collective agreements there are mediation and arbitration mechanisms provided by the National Institute for Conciliation and Arbitration (NICA). The mediation and arbitration processes involve mediators or arbitrators assigned by NICA from a list of 36 to carry out the procedure. The outcome is binding for the parties only if this was included in the collective agreement. If that is not the case, the outcome could be challenged in court.

According to the law, failure to comply with the collective agreement can be taken before a court by the parties to it, as well as by any employee to whom the collective employment contract applies. In Bulgaria there are no specialised labour courts.

Scope of agreements

In Bulgaria, the Labour Code does not define the scope of collective agreements. Usually, they include a procedural part that covers the following: contractual parties, date of entry into force, termination, detailed regulation of the bargaining process, validity of the agreement with regard to employees covered and time horizon and the structure of cooperation between the contracting parties, for example, bipartite structures. As regards content, both industry and company-level agreements cover a wide range of issues, such as employment conditions, pay levels, health and safety, training and trade union activities. Industry-level agreements only rarely contain concrete parameters and therefore serve mainly as framework agreements. Since 2000 the scope of collective agreements has widened, including new items such as improved information and consultation. According to KNSB analyses of collective bargaining for 2010 (KNSB 2010), some industry- and company-level agreements provide for a wider scope of information and consultation on the issues presented in Table 4.3.

Other new 'qualitative' issues covered by, for instance, the metals collective agreement signed on 16 April 2013 by the Bulgarian Association of the Metallurgy Industry and the trade union federation 'Metalicy', KNSB and the Metallurgy union affiliated to CL Podkrepa include monitoring of the labour market, employees with disabilities and the development of competitiveness.

Table 4.3 Issues for which some collective agreements provide wider scope of information and consultation

Issue	Industry
Application of new technologies and restructuring	Metallurgy, mechanical engineering, woodworking and furniture, pulp and paper, textiles
Investments	Metallurgy, brewing, woodworking and furniture, paper
Labour mobility and new jobs for people with disabilities	Metallurgy
Financial situation of enterprise	Textiles, wood and furniture, pulp and paper, metallurgy, mining
More favourable deadlines for information and consultation in case of mass dismissals than foreseen in legislation	Metallurgy, engineering, woodworking and furniture, pulp and paper, forestry, brewing

Source: KNSB 2010.

Conclusions

While it is still in fairly good shape compared with other central and eastern European countries, collective bargaining in Bulgaria has been eroding for some time. The case of Bulgaria illustrates the EU's limited power to structure industrial relations systems and collective bargaining practices (Delteil and Kirov 2016). More concretely, collective bargaining addresses two major obstacles: resistance to and reinterpretation of exogenous rules by local actors, whose original strategies (aimed especially at institutional or political survival) were often far from consolidating Community social regulation; and the ambivalence of European governance, whose flexible rules on industrial relations are sometimes contradicted by the mandatory rules favouring economic competitiveness (Meardi 2016) and increasingly support the neoliberal agenda of international institutions and foreign investors.

Collective bargaining in Bulgaria developed at industry and, most importantly, enterprise level. Bargaining coverage is limited, in the best case standing at about 30 per cent, leaving many workers outside negotiated regulation. Extension mechanisms were applied for a short period at the beginning of the 2010s, but since have fallen into abeyance. The introduction of a second channel of representation since 2006 has had only limited results. The eroding collective bargaining in Bulgaria reflects the falling trade union membership and union weakness in many industries and companies. In addition, employers' attitudes to bargaining are not positive; some of them avoid membership of organisations or do not authorise those organisations to validate collective agreements at industrial/sectoral level. Collective bargaining is present in a number of strongholds, however, mainly in the public sector and heavy industry.

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All links were checked on 15 January 2019.

Abbreviations

ADS	Asotziatziata na demokratichnite sindikati (Association of Democratic Trade Unions)
AIKB	Assoziatiata na industrialnia capital v Balgaria (Association of the Industrial Capital in Bulgaria)
BDZ	Balgarski darzhavni-zheleznitzi (Bulgarian Railways)
BSK	Balgarskata stopanska kamara (BSK) (Bulgarian Industrial Association)
BSP	Balgarska sotzialisticheska partia (Bulgarian Socialist Party)
BTPP	Balgarskata targovsko-promishlena palata (the Bulgarian Chamber of Commerce and Industry)
DPS	Dvijenie za prava I svobodi (Movement for rights and freedom)
GERB	Grazhdani za evropeisko razvitie na Balgaria (Citizens for European Development of Bulgaria)
GTSB	Generalnata tzentrala na branshovite sindikati (General Headquarters of industrial trade unions)
ILO	International Labour Organisation
IMF	International Monetary Fund
KNSB	Konfederatziata na nezavisimite sindikati v Balgaria (Confederation of Independent Trade Unions of Bulgaria)
KRIB	Konfederaziata na rabotodatelite I industrialzite v Balgaria (Confederation of Employers and Industrialists in Bulgaria)
NSE	Nezavisimiat sindikat 'Edinstvo' ('Edinstvo' Independent Trade Union)
NICA	National Institute for Conciliation and Arbitration.
NPS	Natzionalen profsaiuz (National Professional Union)
OSSOB	Obshnostta na svobodnite sindikalni organisatzii v Balgaria (Commonwealth of Free Trade Union Organizations in Bulgaria),
SSI	Saiuzat za stopanska initiative (Union for Economic Initiative)
SDS	Saiuz na demokratichnite sili (Union of Democratic Forces)