



**Free Movement of Labor Force between the
Countries Signatories of the Dayton Agreement
Using the Nordic model of Cooperation as Example**

The project is implemented by the **Igman Initiative**
The project is supported by the **Danish Embassy in Belgrade**



Consultative Session of the Igman Initiative

**FREE MOVEMENT OF LABOUR FORCE BETWEEN COUNTRIES SIGNATORIES OF
THE DAYTON AGREEMENT USING NORDIC MODEL OF COOPERATION AS AN
EXAMPLE**

Podgorica, November 28th, 2014.



Consultative Session of the Igman Initiative on the topic *Free Movement of Labor Force between the Countries Signatories of the Dayton Agreement using Nordic Model of Cooperation as an Example*, was organized in Podgorica on November 28th within the framework of 63rd Session of the Committee for Health, Labor and Social Welfare of the Parliament of Montenegro.

The introductory addresses were given by Suljo Mustafic, Vice-President of the Parliament of Montenegro, Arijana Nikolic Vucinic, Director of the Directorate for Labor Market and Employment of the Ministry of Labor and Social Welfare of Montenegro, Heinz Albert Huthmacher, Director of the Friedrich Ebert Foundation office in Belgrade, as well as Morten Skovgaard Hansen, Deputy Head of the Danish Embassy in Serbia. The Session was presided by Zoran Jelic, Chairmen of the Committee of Health, Labor, and Social Welfare of the Parliament of Montenegro.

Zoran Jelic reminded participants that the findings of the Igman Initiative expert team were presented as part of lobbying campaign during 54th Session of the Committee for Health, Labor and Social Welfare of the Parliament of Montenegro, in which co-presidents of the Igman Initiative took part as well. On that occasion, members of the Committee unanimously accepted and supported recommendations of the expert team, and pledged to further work on their implementation.

Suljo Mustafic pointed out that the topic of the Session, relating to free movement of labor among the countries signatories of the Dayton Agreement using Nordic model of cooperation, is significant both on political and economic level, and, which is even more important, is addressing important 'quality of life' issues and problems of the citizens of all four countries. Findings of the Igman Initiative expert team provide clear guidelines and recommendations, which have been drafted according to the measures already successfully enforced within the



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Nordic model of cooperation. In order to adequately regulate issues of bilateral cooperation in the area of migration of workers, process of drafting bilateral agreements should be fully transparent.

Arijana Nikolic Vucinic welcomed the fact that the Igman Initiative have been promoting dialogue among the four countries for many years, and that good neighborly relations are increasingly apparent. Each country has made a step forward towards Euro-Atlantic integration. As far as movement of workers within the European Union is concerned, one should consider indemnities, because the realization of the principles of the European Union is of great importance. She also emphasized that employment of foreign labor force is very conspicuous, especially from the countries of the region.

Heinz Albert Huthmacher stated that the reasoning behind long-term cooperation between Friedrich Ebert Foundation and Igman Initiative lies in common mission, which is reconciliation and promotion of cooperation among the countries of the region on their path towards the EU. He also reminded participants that at the 22nd Session of the Igman Initiative the presidents of the four countries signed Joint Statement on *European perspective, cooperation and stability of the region*. He also approve of the project of the Igman Initiative Youth Forum under the name *United against Unemployment*, which relates to lessening the rate of youth unemployment and creating new job opportunities in four countries.

Morten Skovgaard Hansesn stressed that the countries of the Nordic Council strongly believe in regional cooperation which is beneficial both for all countries and their citizens. He stated that it is very encouraging to see that similar regional initiatives are being launched within this region. He also said that the representatives of the Danish Embassy are pleased to support such a significant project, and he hopes that Nordic experiences will be very useful in further development of the project.

At the beginning of his speech, **Aleksandar Popov**, Igman Initiative Co-president for Serbia, expressed his gratitude to Zoran Jelic and Sulja Mustafic, for being hosts of the Session. He also thanked Friedrich Ebert Foundation and Danish Embassy for their financial support. He pointed out that the relations in the region since the beginning of 2000 have varied from warm to cold. There were good and bad periods of regional cooperation. The ultimate goal of all four countries is to eventually join the family of European nations. It is important to create positive atmosphere in order to accelerate the process of finding solutions to the issues that the four countries have inherited after dissolution of former



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Yugoslavia. It took 10 years for this region to become normality zone for our future generations. He pointed out that this project represents continuation of the igman Initiative efforts aimed towards improvement of inter-parliamentary cooperation among the four countries. The implementation of the project went through several phases. After the expert analysis and thematic session in Sarajevo, which was attended by the representatives of competent institutions, and on the occasion of which the relevance of the expert report was estimated, the lobbying campaign followed. During the campaign, recommendations of the experts received full support from competent institutions in all four countries. Experts of the Igman Initiative suggested that the countries should work on creating the conditions for adaptable and efficient labor market, which would protect the work force in order to reduce randomness. It is important to put forth the effort in all four countries to reduce black workforce market to the minimum. There are two important mechanisms: conclusion of bilateral agreements and harmonization of domestic legislative, as well as the formation of an inter-state body which will be responsible for implementation of signed agreements.

The position of Croatia should be taken into account, although its membership to EU should not impose substantial obstacle in developing cooperation in this area. Mr. Popov proposed three main conclusions of this Session:

1. The report and recommendations of the Igman Initiative expert team should be supported along with continuation of the work on their implementation.
2. Representatives of competent parliamentary committees from the four countries have agreed to conduct quarterly meetings during which phases of the work of the expert group will be assessed, suggestions will be provided with the aim of improving their recommendations, and the assessment of other areas of concern will be carried out.
3. Competent ministries have agreed to delegate one expert who will along with the Igman Initiative experts and the representatives of parliaments work on concrete implementation of the adopted recommendations.



Jagoda Milidrag Šmid highlighted that the movement of labor force in the region is crucial issue from the economic as well as political prospective. She also stressed that domicile workforce in Croatia is full of prejudices and is afraid of damping in relation to employment of workforce coming from the countries of the region, i.e. that migrant workers are coming to drain social funds. The governments should work on breaking the habit of prejudice and xenophobia in this area. They should also work on establishing regional cooperation, i.e. interstate and inter-parliamentary cooperation, so as to ensure social conditions and develop economic prosperity. The expert team should be focused on analyzing legislative frameworks and practice in all four



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countries for the purpose of improving them. The countries should also work on the exchange of information, development of the monitoring of labor market as well as improvement of working conditions and protection at work. Migrant workers are one of the most vulnerable social groups in the region. In this dialogue academia as well as social partners from all four countries should be included. Agencies for employment walk a fine line between legal and grey economy when sending workers to other countries. Therefore, economic cooperation should be established within legal frameworks. All four countries should fight together to attain economic prosperity.

After introductory addresses the representatives of parliaments communicated their viewpoints.



Lazar Prodanović, representative of the parliament of Bosnia and Herzegovina highlighted that the election in B&H were just recently held and that the government is yet to be constituted. This topic is of special concern for B&H for the reason that the country is facing immense economic crisis while still awaits EU candidate status. In B&H the number of employed and retired persons is equal. The majority of workers

seek job in Serbia, Montenegro and Croatia. He pledged that by the time the Government is constituted the conclusion of this Session will be put on the agenda of the competent parliamentary committees and the Joint Committee for Human Rights, Children Rights, Youth, Migration, Refugees, Asylum and Ethics. It is necessary to develop similar kind of cooperation that was achieved within the Nordic Council. Legislation in the area of labor is top priority and should be harmonized as soon as possible.

Silvano Hrelja, Chairman of the Committee for Labor, Pension System and Social Partnership of Croatian Parliament pointed out that it is necessary to redefine the areas of cooperation. It should be emphasized that our similarities are language and government systems while differences should be identifies as well. The question here is whether the governments of the four countries will focus on industrialization or conservation of identity through protection of agriculture. Should government put effort in creating green jobs? We should identify problems that we could solve on our own. Establishing free movement of labor force means that the rights of migrant workers should be protected by all means. The four countries should seek other sources of funding and look into EU funds available in this area so as to apply for joint projects. This is where the experiences of Croatia as the EU member state can prove practical. He suggested that the next meeting with the Igman Initiative expert team be summoned in the first quarter of the next year at the Croatian Parliament.



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Zoran Jelić, Chairman of the Committee for Health, Labor and Social Welfare of the Parliament of Montenegro provided some statistical data regarding labor force in Montenegro. Current unemployment rate is 14.9%. Qualification structure of unemployed labor force is insufficient. More than 18% of unemployed persons do not have elementary qualifications. More than 30% of unemployed persons are either undergraduate or have first graduate degree. The majority of unemployed persons is located in the north of the country while unemployment rate in the south of the country is 10%. Above 51% of unemployed persons have been seeking job for the period of over three years. 29% of unemployed are persons over the age of 50. 70% of unemployed persons have been employed before. The demand for labor force in tourism, construction and hospitality industries has exceeded supply by 12% in relation to last year. In aforementioned industries the workers can be supplied from domicile workforce only by 30%. Therefore labor force coming from other countries from the region is very important. 46% of migrant workers come from Serbia, 21% from B&H, 11% from Russia and 5.8% from Macedonia. 120 workers from Montenegro sought employment in neighboring countries. There is a gap between the number of workers coming from other countries of the region and the citizens of Montenegro seeking employment in those countries.

Vesna Rakonjac, the Chairwoman of the Committee for Labor, Social Issues, Social Inclusion and Reduction of Poverty highlighted that the Parliament of Serbia recently adopted the Law on Employment of Foreigners while the Law on Foreigners should be amended by the end of this year. Harmonization of the legislation, especially in this area, is very much needed. At the same, domicile workforce should be protected as much as possible, while ensuring the employment of foreigners from the region as well. Last year 2500 work permits have been issued, which does not reflect the actual state of affairs. It is necessary to identify which qualifications are in demand at the labor market, including seasonal jobs. Serbia each year determines the quota for foreign workers. For example, if a firm has laid off domicile workers previous year it is not in position to employ foreign workers in the following year. In Serbia there is a possibility for foreigners to be self-employed, as well as for foreign students to apply for jobs whether they come from the EU member states or the countries from the region. The Nordic model of cooperation represents a successful model that could be applied to the countries signatories of the Dayton Agreement.

After these addresses the representatives of competent ministries communicated their viewpoints.

Adnan Jasika, representative of the Ministry of Human Rights and Refugees of Bosnia and Herzegovina stated that B&H has signed the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. Nevertheless, due to the fact that the provisions and prescribed procedures of laws on migrants in this area were not harmonized with the Convention, EU standards and Acquis regulations, the Law on Movement and Stay of Aliens and Asylum was adopted on May 14th 2008. In B&H there has not been one case of filed discrimination charges against employer by migrant workers. In relation to other three countries



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B&H does not have Ministry at federal level that is in charge of labor area. Agencies for employment determine quotas for foreign workers. Delegation from B&H fully supports the decision that competent ministries from the four countries should delegate an expert who will along with experts of the Igman initiative and representatives of parliaments work on the implementation of the expert team recommendations.

Nenad Ivanišević, Secretary of State of the Ministry of Labor, Employment, Veteran Care and Social Issues of the Republic of Serbia stated that he is glad to be present at the Session as he deems that this issue is of great importance. A few days ago the Law on Employment of Foreigners was adopted, for which the majority of MPs voted, which indicates consensus in this area. Serbia has issued a certain number of temporary work permits to foreign citizens. Of 1905 work permits 105 were issued for the citizens of B&H, 64 for the citizens of Montenegro, 225 Greece, 65 Italy, 140 China, 51 Slovenia, 44 Great Britain, 88 Turkey, etc. There is a number of Agencies for employment which together with the National Employment Service regulate employment of foreigners on the territory of the Republic of Serbia. The Law on Employment of Foreigners has been harmonized with the directives of the EU. Serbia has signed agreement on temporary employment with B&H and Belorussia. The Agreement on Social Insurance has been signed with 28 countries of which 18 are EU member states. Last year Serbia and France concluded agreement on youth mobility.

Tatjana Dalić, Deputy Minister for Labor and Pension System of the Republic of Croatia stated that Marija Knezevic – Kajari, Head of the Labor Unit, has been delegated as government expert who will along with the Igman Initiative experts work on the implementation of the adopted recommendations. She presented current trends in Croatia in this area. From 2008 there has been decrease within the entire economy sector, which was also apparent in 2009, 2010, 2011 and 2012. In 2013 recovery took off and even though new jobs were created there was a number of people who got laid off. Last year about 280,000 persons got employed permanently. The majority of migrant workers are employed within the tourism, hospitality and commerce industries. Last year, the Government of Croatia passed a regulation according to which it introduced equal restrictions for the workers from the 13 EU member states that limited the access to their labor markets for Croatian workers. The Government determines quota for employment of foreign workers. In 2014 the quota was determined for 2000 new work permits and 256 extended work permits. However in 2014, 500 new work permits have been issued while only 100 extended, which shows that utilization of the quota is insufficient. Migration in Croatia annually come to 4000 persons, i.e. according to Eurostat 3020 persons. 789 persons came from EU to Croatia. The goal was to become one state within which any citizen could travel anywhere to work. The percentage of migration within EU is 2.4%, which should be taken into consideration within this project. Croatia is open for negotiations however restrictions arising from its EU membership should be taken into consideration. The unemployment rate in Croatia is 18.5%.



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Arijana Nikolić, representative of the Ministry of Labor and Social Welfare of Montenegro highlighted that the Igman Initiative expert report is of high importance. However, she noticed a few omissions which she will point out in further communication. She stated that in Montenegro a foreign citizen cannot apply for the job in cases where domicile workers have qualifications to perform it. In 2015

the Government plans to issue 23,400 work permits. The policy is as follows: in cases where domicile workers do not have qualifications that are in demand at labor market foreign workers with qualifications in demand are being hired. The procedure is being done in 3 steps: submission of a request for issuing of a work permit, obtaining a permanent or temporary residence permit and filling with Department of Public Revenues. When the Ministry cross-referenced the numbers of submitted applications within aforementioned steps they noticed a gap. Also, the expert report indicates that there are 6 steps in this procedure, which should be amended. Moreover, the report indicates Montenegro, as a candidate country for the membership in the EU, is obliged to harmonize its labor market legislation with the EU standards. However, harmonization within Chapter 2 is not mandatory until the day of accession. She also stressed that in Montenegro social dialogue between the Government and social partners is highly developed and that no law can be adopted without prior consultations with social partners.

After these addresses the participants discussed the following issues:

- Exchange of information between the governments of the four countries,
- Recognition of foreign qualifications in all four countries,
- Respect of the EU principles within the framework of common labor market,
- Inclusion of academia, unions and associations of employers into the social dialogue,
- Utilization of the EU funds in this area,
- Implementation of measures of entrepreneurial vitality,
- Integration of the areas of economy and education,
- Increasing number of temporary jobs.



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After the discussion the participants unanimously agreed on the following conclusion:

1. The participants support the expert team report and recommendations and will further work on their implementation,
2. Representatives of competent parliamentary committees have agreed to conduct quarterly meetings during which phases of work of the expert group will be monitored, suggestions will be provided for the purpose of improving their recommendations, and assessment of other issues of concern will be carried out,
3. The participants have agreed that the next meeting with the Igman Initiative experts and the representatives of the four parliaments will be organized in the first quarter of next year at Croatian Parliament,
4. Competent ministries from the four countries have agreed to delegate one representative who will, along with the Igman Initiative experts and the representatives of parliament, work on concrete implementation of the adopted recommendations.

The session was organized with financial support from Friedrich Ebert Foundation, and as part of the activities of the project under the same name, supported by Danish Embassy in Belgrade.