



National sector report of the dairy sector

Country	Slovak Republic
Trade union	The Trade Union of the Slovak Food Industry (Odborový zväz potravinárov SR) (OZP SR)



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1. Sector data

- Employment trends and number of companies since 2008?

In 2002 a total of 96 000 employees worked in the food industry, in 2010 there were only 60 000 employees and in 2012 48 500 employees. During the past ten years there has been a decrease of more than 5 600 employees in this sector and adjacent professions.

The decline in food production has been enormous, mainly after the accession of the Slovak Republic into the EU. The number of industrial dairies and employees in this sector has also dropped significantly. Subsequently, we also record a continuing decline in the number of dairy cows.

Number of processors in

1995: 115 dairy processors

2005: 58

2009: 24

2012: 19

- What kind of developments are measurable regarding turnover, production value and export?

Manufacturing of dairy products (NACE Group 15.5)						
	2008	2009	2010	2011	2012	2013
Number of employees						
Number of companies		24			19	
Value added / Turnover (1,000 €)						
Production value (1,000 €)				504,66	475,27	
Export turnover (1,000 €)				306,45	296,80	
Thereof export into EU (1,000 €)				306,45	296,80	

2. Information on company structures, cases of internationalization, consolidation and restructuring



- Information on company structures (size, owner structure) and most important companies of the sector

As part of the transition from a planned economy to a market-oriented economy at the beginning of the 90s, the transformation also affected dairy farms, state enterprises of the time were gradually transformed into business companies and as a result of insufficient financial resources there were frequent changes of ownership. The product portfolio was nearly the same and the small Slovak market did not provide everyone with the possibility of remaining on the market.

Since 1989 the dairy industry has been battling significant problems mainly caused by the considerable decline in milk and dairy product consumption per capita in kilograms.

In 1989 consumption was 252,30 kg/ 1 citizen per year

In 2002 166,20 kg

In 2004 153,30 kg

In 2013 157,4 kg

Reasons for the great decline in milk and dairy product consumption are various controversial opinions and myths about the impact of milk on health, and insufficient family income. The support of milk sales requires a large amount of marketing activities and campaigns.

The most important companies in the dairy sector in Slovakia are:

RAJO, a. s., Bratislava, multinational company MEGLE, A
Bel, cheese factory Michalovce, multinational company Bel, FR
Milex NMNV, a. s, multinational company BONGRAIN, FR
MILSY, a. s., Bánovce Nad/ Bebravou , A
SENOBLE, a. s., multinational company, FR
NESTLÉ, s.r.o., multinational company, CH
Senická mliekareň, a. s., Czech company OLMA
Tatranská mliekareň, a. s., KEŽMAROK, SK
and other milk processing companies.

In the Slovak Republic approximately 530 smaller dairy farmers have a prominent position which has decreased by nearly 200 dairy farms during the past 10 years.

- Internationalization and role of foreign companies

From 2000 until 2005 the dairy industry made progress for the dairy sector in terms of concentration into larger companies by strategic alliances, mergers and acquisitions, but also great losses. The entry of foreign investors came relatively late to the Slovak Republic in comparison with other countries. Strategic investors started operations in 12 Slovak dairies that formed 52 % of the total number of large industrial dairies with the purchase of 500 million liters of raw cow`s milk. In 2004 there were numerous and fundamental changes in the dairy industry, mainly in the structure of ownership relations, substantial technological modernization of production, in adapting dairy regulations to European Union regulations and in changing the product portfolio of high quality dairy products.



- Major trends since 2008 (closure of factories, acquisitions, mergers, job loss and others)

The Slovak Republic's accession to the EU also entails negative impacts on the dairy sector, its enterprises and the employees working in it. The entry of foreign investors did not always mean only a positive change in the business activities of dairy farms. An example of business failure is the business practices of the Italian dairy company SOLE, which took over the flagship of the dairy industry, the companies Mliekospol Nové Zámky, dairies in Trnava, Krupina, Hlohovec and in Veľký Krtíš. All dairies were led to collapse and SOLE left Slovakia with debts of 100 million Slovak Crowns towards milk processors (according to the weekly magazine TREND). In the same way Tvrdošín dairy, which was in the hands of the French company Fromageries Bel from 2001 ended its business activities, also Milex Galanta, whose 100 % owner was the Lebanon company AMINE S.A.L. The company MILEX Nové Mesto N/ Váhom, which was in the hands of the company BONGRAIN, also had to end its activities and a large number of regional milk processors were closed down.

- Expectations and fears on the end of the milk quota 2015

In this regard, for example, the European Commission declares that there is no reason for concern that after the abolishment of the milk quota until 1.4.2015 there might be a considerable rise in the volume of milk production. Studies by the EC indicate a 4 % growth in volume but do not mention the effect on individual states, where small countries like the Slovak Republic with low milk production are the most vulnerable. The real threat for the Slovak dairy industry is an increase in milk production, which German, Dutch, French, Belgian and other farmers are already now setting their sights on. There is the realistic threat of a "milk crisis", a drop in the price of milk which will have an impact on employment.

3. Working conditions and systems of employee representation

- Information on wages compared to other industrial sectors

Significantly lower!

Average gross monthly wage of employee for the 3rd quarter of 2013:

In the professions – plumber and pipe fitter	824.- EUR
welder and metal cutter	953.- EUR
electrician and repairman	964.- EUR
miner	1.316.- EUR
manufacturer of milk products	634.- EUR !!!!!

SOURCE: Information system of the Ministry of Labor, Social Affairs and Family of the SR



■ Flexibilisation (agency workers, part-time, service contracts, overtime....)

According to the Labor Code, working hours are 40 hours per week. In Collective Agreements of a higher degree and on company level, we have managed to negotiate working hours of 37,5 hours, although this is frequently not observed.

Employment contracts are composed 50% - for an indefinite period,

30% - for a definite period

20% - employment of temporary workers and students by agencies

There are nearly 1 200 employment and personnel agencies in the Slovak Republic of which approximately 800 do not do business fairly in accordance with applicable legislation.

Employees work a great number of hours overtime which are often administratively adapted in order to avoid violation of the Labor Code.

The serious employer regulates overtime work and, at best pays, for it.

■ Employee representatives and works councils (which forms and rights, in how many companies are works councils known and actually operating?)

We have employee representatives in the form of trade unions in only 40 % of the companies involved in milk production and dairy products, 60 % are small family farms that process milk and do not support the foundation of trade union organizations! Legally, only trade union organizations are authorized to bargain collectively on behalf of all employees. It has the right to information, negotiation and co-decision-making.

A Works Council in the Slovak legal system only has the right to information, it does not have the right to co-decision-making, collective bargaining or to conclude collective agreements. The Trade Union of the Slovak Food Industry does not have any Works Council.

In multinational companies that produce in the Slovak Republic we have representatives in 7 European Works Councils, of which only 1 in the dairy sector. We emphatically demand help and inclusion of a member of EWC for the Slovak Republic for the dairy of the French company Syrářeň a.s., BEL Michalovce, at least 1 – 2 representatives, for the dairy of the French company SENOBLE Zvolen – 1 representative, for the dairy RAJO a.s. Bratislava of the Austrian company MEGLE and for the dairy MILSY, a.s. Bánovce nad Bebravou of the Austrian company LACTOPROD – 1 representative.

We are convinced that the nomination of representatives from the Slovak Republic into individual Works Councils will improve the informativeness of representatives in Slovak companies and lead to the gradual alignment of working and wage conditions for individual companies within a multinational concern.

■ Trends and problems regarding working conditions

Experience shows that it is a new trend to increase the workload of one employee; work which was done by two employees in the past is today, without any change in technology, done by only one employee. The amount of overtime hours is increasing



disproportionately, employees are forced to remain at work without prior notice (BEL Michalovce), with loss of privacy, a disproportionately high pace of work and psychological pressure on employees.

Companies have many employees without schooling that are hired by agencies, which delays stable employees who are responsible for the faultless work of agency employees!

The problem of insufficient legislation for agency employees!

4. Trade unions and collective bargaining

- Trade unions and membership (national and company structures, union density, trend in membership rates)

The Confederation of Trade Unions in the Slovak Republic (KOZ SR) unites 27 trade unions from all sectors of economic life (health workers, education, builders.... and food industry workers). The Trade Union of the Slovak Food Industry (OZP SR) is a member of KOZ SR. The structure is on national level.

Company level is a trade union organization in individual manufacturing companies where members are active in Factory Committees. A Factory Committee is authorized to act on behalf of all employees and conclude collective agreements. All trade union organizations are members of OZP SR. Member numbers are different in individual companies and depend on the activities of the chairman and members of the Factory Committee, member numbers are between 10 – 80 %, on average 30%.

We have been recording a downward trend in trade union membership, originally convinced unionists retire or are most frequently dismissed. Employees receive an order from the employer not to become a member of a union, that it is not recommended.

- Employer organization and relationship to trade unions

Employers are grouped in employers' federations, associations and chambers.

OZP SR cooperates very closely on national level with the Association of Beer and Malts Producers and the Slovak Association of Sugar Producers.

In some sectors of the dairy industry there are two employers' associations: The Slovak Dairy Association – it unites producers of milk and dairy products from companies where our trade unions are active. However, they cancelled the clause in the Articles about negotiation and refuse to negotiate and conclude a Collective Agreement on national level. They negotiate with the trade union organization on company level and relations are cool and reserved.

The Slovak Union of Milk Producers is the second official association of employers and unites small farms and family firms that do not support the foundation of trade union organisations, do not negotiate about working conditions and neither in this segment are our trade union organizations involved. People work there under conditions determined by the farmer.



- Collective bargaining (coverage, level of collective bargaining, duration of collective agreements, content, trends)

Collective bargaining on a national level was overlooked by the employers until it was abolished totally in 2006. Employers excluded the responsibility of collective bargaining about improved working and wage conditions for employees on national level from the Statutes of the employers association. Trade union organisations negotiate collective agreements only on company level which at present appears insufficient. The main topic at negotiations is employees' wages which do not reflect work productivity. Negotiations are problematic, tedious and strongly influenced by the attempts of employers to decrease personnel costs.

A collective agreement of a higher degree for the dairy sector on national level has not been concluded due to the fact that employers/dairy farmers refuse the proposal set by OZP SR to conclude a collective agreement of a higher degree (KZVS), removed the clause from the Article about collective bargaining and refuse to negotiate collectively! They conclude company collective agreements with coverage of employees only in one company and as a rule only for a period of 1 year. Tariff relationships are disturbed, there are attempts not to sign the company collective agreement and not to increase wages, wages for employees in the dairy industry are Euro 580 – 760, information available from trade union organisations for 2011 state that the average gross wage of an employee was EUR 633, which is very low!

There are exceptions and we have employers who sign company collective agreements for 2 years, with wage issues solved in an Appendix each year and the wage increase is between 0,5 % - 3% of the average wage, but this is really exceptional.

- Examples of recent collective bargaining conflicts

The employer does not accept the requests of the unionists, wages are increased very slowly or not at all, he negotiates from a position of power and warns employees about the possibility of loss of employment. Employees work under stress and under the threat and fear of losing their jobs. For this reason employees accede to inadequate working conditions. Employees are intimidated, do not acknowledge their demands and their standard of living stagnates or drops in the long term.

- Problems and challenges

The fact that the company collective agreement is valid for all employees, irrespective of trade union membership, also led to the fact that there was a considerable decline in membership. With such low wages for work, employees lack even the amount paid for trade union membership fees, for example EUR 3,80, so they rather leave the trade union in order to have EUR 3,80 more for their livelihood. After all, trade unions will bargain for a collective agreement whether I'm a member or not!!!

The challenge is the acquisition of more members for trade union organizations who will support collective bargaining and understand the importance of membership in the unions.



5. Initiatives and demands of Trade union

- Main trade union initiatives and campaigns, e.g. industrial policy initiatives or in the field of employment and working conditions

The Trade Union of the Slovak Food Industry is engaged in the campaign to support increased consumption of milk and dairy products, we are a member of expert groups for the improvement of education for young people and to prepare them for the dairy industry – the National Employment Standards Project.

In the area of employment we are aiming to decrease overtime work per one employee and create conditions for the reconciliation of work and family life. We would like to solve the nearly 14 % unemployment rate in the country by reducing working hours without a decrease in employees` wages.

The Trade Union of the Slovak Food Industry is also involved in the employee battle for „free Sundays,, meaning that we are aiming to keep shops closed on Sundays and that each citizen does his shopping during the week or on a Saturday. We would like salesladies to spend their Sundays with their families and not in a shop behind a cash register, we want shops to be closed on Sundays like, for example, in Austria.

- Joint initiatives or projects with employers organisations

Project activities: Training and capacity building for employee representatives, supported by Norwegian Innovation Grants 2012 – 2014

National Qualification Systems 2014 – 2016 in cooperation with the Slovak Food Chamber (an association of food manufacturing employers)

In the dairy industry on company level an “Open Day”, a company day in summer and a company evening in winter is co-organised. The trade union organization makes co-decisions about the use of financial resources from the Social Fund which contributes to meals for employees, contributes to transport to work and pays social assistance in case of an emergency and to socially disadvantaged employees.

- Key trade union demands

To achieve a marked improvement in the social field, to improve the informativeness of employer representatives mainly in the area of work productivity and economic results, to achieve better employee remuneration, low average monthly wages. We mainly demand membership in European Works Councils for the companies MEGLE, BEL, SENOBLE and DANONE.

The Trade Union of the Slovak Food Industry which also represents trade union organisations in the dairy sector aims at removing „paying in“ to reach the minimum wage the employee is entitled to! This means that there are still employers in the food industry who, by law, have to pay in an amount to reach the minimum wage for those employees who receive even less than the minimum wage. In 2014 the minimum wage in Slovakia is EUR 356 gross.



The Trade Union of the Slovak Food Industry aims to have representation in European Works Councils and to nominate members from among unionists to EWC BEL, MEGLE, SENOBLE and LACTOPROD.

The Trade Union of the Slovak Food Industry demands that employees employed in multinational companies are covered by provisions stated in National Collective Agreements which are valid in the country in which the company is registered. We request these collective agreements to be submitted to trade union organizations as help during negotiations and so create scope for the employee to improve his position in a company for which he creates values and profits through his work.

Our goal is to submit a proposal for the wording of the National Collective Agreement for the dairy sector for 2015 – 2018, negotiate a proposal with the Slovak Dairy Association and the Association of Dairy Farmers (employers' association). We would like to make use of available legal forms and sign this KZVS, hereby contributing to the improvement of the working and wage conditions of employees. It is our aim to end the constant decrease of employees' standards of living and want to be equals with employees of these companies in their home countries.

In Bratislava, 3.9.2014

Processed by: Ing. Magdaléna Mellenová, Chairman of the Trade Union of the Slovak Food Industry