

A WORKING CLASS REPORT:  
**THE FATE OF EMPLOYEES  
AFTER PRIVATIZATION IN KOSOVO**

Prepared by the Institute for Critique and Emancipation





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# **The Fate of Employees After Privatization in Kosovo**

Institute for Critique and Emancipation

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## **Glossary of Acronyms**

<b>KTA</b>	Kosovar Trust Agency
<b>CBK</b>	Central Bank of Kosovo
<b>ERO</b>	Energy Regulatory Office
<b>UITUK</b>	The Union of Independent Trade Unions of Kosova
<b>KEDS</b>	Kosovo Energy Distribution Services
<b>KEK</b>	Kosovo Energy Corporation
<b>KESCO</b>	Kosovo Company for Supply of Energy
<b>KOSID</b>	Kosovo Civil Society Consortium for Sustainable Development
<b>KOSTT</b>	Transmission, System and Market Operator
<b>LI</b>	Labor Inspectorate
<b>MLSW</b>	Ministry of Labor and Social Wellbeing
<b>NAO</b>	National Audit Office
<b>NATO</b>	The North Atlantic Treaty Organization
<b>PAK</b>	Privatization Agency of Kosovo
<b>UNMIK</b>	United Nations Interim Mission In Kosovo

## **Executive Summary and Methodology**

This report was prepared with the aim of shedding light on the predicament of workers in Kosovo's former socially-owned and public enterprises, which have been privatized by various local and international investors over the past years. The main assertion elaborated in this research report is that the process, which began at a time when the country was making its first steps towards establishing of its institutions after the war, has not resulted in a sustainable increase of employment, nor an improvement in the already difficult conditions of private sector workers.

By closely analyzing two former socially-owned enterprises - Ferronikeli and Sharrcem - and former public enterprise KEDS, this report shows how these three companies saw a systematic decrease in the number of employees, although it cannot be concluded whether or not these companies saw a decrease in production or in the amount of services provided by them. The report also includes accounts by workers and their representatives on how the privatization process affected their working conditions. In point of fact, this was the primary objective of this research.

The report is divided into several chapters. In addition to the chapters' direct consideration of the fate of workers based in these enterprises, it also explicates the context in which the privatization process was carried out. Furthermore, considerable attention has been placed on the trade unions of these three huge companies, and namely on their capacity to represent workers in front of the respective companies' leaderships and before state institutions in general. In conclusion, the report offers a number of the workers' demands to the stakeholders involved in the process, including the management of companies, their representatives, and the Government of Kosovo.

This research paper is based on both primary data collected via interviews and questionnaires, and secondary data gathered through an analysis of existing research papers and official data and documents. The three companies in the focus of this report are numbered among the biggest in Kosovo, and hire a large number of employees. ICE's research team spent a considerable amount of time with workers conducting their daily activities in the companies, in order to become closely acquainted with their working conditions.

*General context:*  
**From an Undisputed Process to Criticism**

In late 2002, when the privatization process officially began, only three years had passed following Kosovo's emergence from a war that had left behind a country ruined both economically and politically. Kosovo was literally being run by an international administration through the United Nations Interim Mission, UNMIK, with the first elections held one year earlier, in 2001. In this context, an extremely important process such as privatization, commenced under circumstances whereby Kosovo was making its first steps in the process of forming its governing institutions.

Before the privatization process, and also before the 1990s when the political situation escalated in the region, Kosovo was an autonomous province in the former Yugoslavia, which had a centralized economic system. Although Kosovo was systematically treated as a second-hand entity in Yugoslavia, there was – however - a considerable number of large enterprises in the country that had exported to European countries for years. Those enterprises include the Trepça mining and industrial conglomerate, the vehicle suspension equipment factory, Ferronikeli, and others. The abrogation of Kosovo's autonomy in the late 1980s, and the war in the late 1990s, badly affected those enterprises in terms of the loss of markets and the degradation of machinery, among other aspects. The consequences of this are evident even today, as their privatization has barely restored the status they had in the past.

On the one hand, due to the decisive role that Western countries had played in the liberation of Kosovo and in the huge support they enjoyed among the people of Kosovo, and due to a lack of experience on the part of the Kosovar political establishment of that time on the other, the privatization process

turned out to be imposed by the international community in a fashion, who practically ran Kosovo through UNMIK.

The start of the privatization process in Kosovo was more of a political decision than an economic one. Considering privatization as yet another step in the process of succession from Serbia, the Kosovo Interim Government approached this process more from a political perspective, rather than through an economic prism (Demi, 2017).<sup>1</sup> The mismanagement of the public enterprises during the 1990s was seen as an additional factor driving the need for their reorganization, and perhaps their privatization as well. However, this was done in a quite aggressive and superficial way (Shahini, 2017).<sup>2</sup>

The debate at that time was focused on the technicalities, namely on the privatization methods and legality, while it seemed to be obvious that the process itself was not disputed by the international community. Public support for the process can be explained by the fact that the process was led by international actors, with Kosovo citizens perceiving it as a Western exercise, especially pro-American, given that the NATO bombardment in 1999 was seen as a US initiative.<sup>3</sup> However, those who supported and continue to support the process note that the former enterprises that used to operate before the war needed urgent investments, something that the state of Kosovo could not afford at that point in time. However, it is worth noting that the overwhelming majority (86 per cent) of examined enterprises were active in 2000, while only around 55-60 per cent were active in 1999. However, they only used 30 per cent of their capacities. Generally speaking, investments in those enterprises were very small compared to their real investment needs. Only around 38 million DEM were invested in those enterprises in the period from shortly after the war through to September 2000, whereas their real needs, as calculated by the management of those enterprises, exceeded the figure of 785 million DEM.<sup>4</sup>

Technically, the privatization process was a responsibility of UNMIK. Based on the Constitutional Framework (the provisional legislation), the

1 Demi, A. (2017, June 27). [E-mail interview].

2 Shahini, B. (2017, June 25). [E-mail interview].

3 Knudsen, R. A. (2010, April 17). Privatization in Kosovo: The international project 1999–2008 (Rep.). *Norwegian Institute of International Affairs*. Retrieved from: <https://www.files.ethz.ch/isn/121346/Knudsen%20report-NU-PI%20Report.pdf>. [last accessed: 30 June 2017]

4 Riinvest. (2001, March 8). Social enterprises and their privatization/transformation (Rep.). *Institute for Devel-*

authority to administer over public, social and state property, and over the status of public and social enterprises was a right reserved for the Special Representative of the Secretary General, SRSG. The Kosovar Trust Agency (KTA) was established on the basis of an UNMIK regulation. The KTA management consisted of a board of directors and a managing director. Of the eight board directors, four were internationals and four were other local representatives. The local directors were also appointed by the SRSG.<sup>5</sup>

Most of the socially-owned enterprises, that were operational at that time, were privatized through a so-called spin-off process. This process involves transferring the assets and liabilities of an enterprise onto a newly established branch of an enterprise, which was commonly referred to as NewCo. There were two types of spin-off: special and regular. The former referred to the selling of socially owned enterprises with conditions, while the latter without them.<sup>6</sup>

Although not widely disputed at the beginning of the process, the privatization process was later criticized by economic experts and also by people directly involved in the process, namely workers and their representatives. Representatives of the Kosovo Government have admitted that a number of the privatized enterprises were never able to become operational. The former Trade and Industry Minister stated that many of Kosovo's important assets have been privatized, and that they often fell into the hands of people who could afford to buy those assets, but who did not have projects or a clear vision regarding how to make those plans or assets operational.<sup>7</sup>

All in all, the process was characterized by many problems, including suspicions over corruption, low privatization prices in the case of certain enterprises, a loss of jobs, and a delay in the allocation of the 20% of shares belonging to the workers. To illustrate this, the power distribution company - KEDS - is reported to

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*opment Research*. Retrieved from: <http://www.esiweb.org/pdf/bridges/kosovo/20/23.pdf>. [last accessed: 14 August 2017]

5 Muharremi, R. (2005, June). The United Nations Mission in Kosovo and the privatization of socially owned property: A critical outline of the present privatization process in Kosovo (Rep.). *Kosovar Institute for Policy Research and Development*. Retrieved from: [http://www.kipred.org/repository/docs/The\\_United\\_Nations\\_Mission\\_in\\_Kosovo\\_and\\_the\\_Privatization\\_of\\_Socially\\_Owned\\_Property\\_500162.pdf](http://www.kipred.org/repository/docs/The_United_Nations_Mission_in_Kosovo_and_the_Privatization_of_Socially_Owned_Property_500162.pdf). [last accessed: 12 September 2017]

6 Appendix One

7 Krasniqi-Veseli, L. (2011, February 5). The failure of privatizing social enterprises. Original title: Dështimi i privatizimit të ndërmarrjeve shoqërore. *Radio Free Europe*. Retrieved from: <https://www.evropaelire.org/a/28279935.html>. [last accessed: 28 June 2017]

have made a profit of 87 million euros since 2014. This profit may be considered as very high given the fact that the Turkish owners had paid around 30 million euros for the entire infrastructure of the previous enterprise. A report by the Pristina *Zëri* daily on the multi-million euro profits of this company, states that KEDS refused to share data on its profits over the past years with the newspaper.<sup>8</sup> Likewise, in its 2015 annual report, the National Audit Office (NAO) shows that there has been a failure on the part of those who bought the former socially-owned enterprises (namely, those who bought them through the spin-off special method), to meet their commitments with regard to investments. The meeting of investment commitments on the part of buyers within the committed period was under 50 per cent. Its total so far after the extension of the timeframe for the meeting of commitments amounts to around 70 per cent.<sup>9</sup>

So far, the Privatization Agency of Kosovo (PAK) has privatized over 1200 formerly socially-owned enterprises and dozens of former public enterprises. Around 700 million euros were earned through the process, which are kept in the Central Bank of Kosovo (CBK).<sup>10</sup>

Almost two decades following the end of the war and 15 years after the start of the privatization process, Kosovo continues to be the poorest country in Europe, with unemployment figures reaching well over 30 per cent. The country continues to go through deep trade deficit cycles. In 2016, the Statistical Agency of Kosovo (SAK) advised that there was an increase in imports and decrease in exports of Kosovar products. The export total in 2016 was 309 million euros, while the import figures reached 2789.4 million. Direct foreign investments in the country have decreased every year since the declaration of independence.

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8 Veliu, E. (2015, August 8). KEDS made 87 million euros in three years. Original title: KEDS-i për tre vjet 87 milionë euro fitim. *Zëri* daily. Retrieved from: <http://zeri.info/ekonomia/156175/keds-i-per-tre-vjet-87-milione-euro-fitim/>. [last accessed: 26 June 2017]

9 Gashi, M. (2015, December). Monitoring of commitments of the buyers of socially owned enterprises privatised through special Spin-Off (Rep.). *Office of the Auditor General*. Retrieved from: <http://www.zka-rks.org/wp-content/uploads/2017/06/MonitorimiNd.rmarrjeveShoq.oreAKP.Eng.645485.pdf>. [last accessed: 14 September 2017]

10 Krasniqi-Veseli, L. (2011, February 5). The failure of privatizing social enterprises. Original title: Dështimi i privatizimit të ndërmarrjeve shoqërore. *Radio Free Europe*. Retrieved from: <https://www.evropaelire.org/a/28279935.html>. [last accessed: 28 June 2017]

Around 17.6 per cent of the population lives in poverty with only 1.82 euros daily for adults; 5.2 per cent of the population lives in extreme poverty with 1.30 euros daily. Besides 26000 families who receive social assistance, there are 17000 others living in grave economic conditions, and who are continually receiving assistance with food items and clothing by Kosovo's Red Cross. In 2014, tens of thousands of Kosovars headed to Western countries in search of a better life. Unemployment remains the main problem among the citizens of Kosovo, while those who do have jobs face difficult conditions. It is acknowledged that privatization did not make a difference in at least two aspects: an increase in the number of workers and a notable improvement in their conditions.



## Workers' Account

In general, it can be said that the three companies analyzed in this report have had at least one wave of staff discharge, opposition and protests by workers, and serious challenges on the part of trade unions to promote workers' rights and protect their interests. The three analyzed companies saw a systematic drop in the number of employees, although no conclusions can be drawn as to whether production or their level of service provision has declined. There is an obvious gender division of labor, as women in these companies have mostly been employed in administration, and not in field operations.

It is also worth noting that, as regards employment commitments in these former enterprises, the institutions had allotted a short timeframe in which to monitor this important aspect. More specifically, the Privatization Agency of Kosovo had reached an agreement with the companies, which provided for those companies to retain the same number of workers only for the first three years after they were sold, and by letting them decide upon worker numbers themselves at the end of this period. Ironically, the wave of staff firings in these companies started immediately after this pledge had been made.

COMPANY	YEAR OF PRIVATIZATION	SELLING PRICE	PLEGGED INVESTMENTS	BUYER
<b>KEDS</b>	2013	26.3 million euros	300 million euros 15 Years	Çalik Holding & Limak
<b>FERRONIKELI</b>	2006	30.5 million euros	20 million euros 3 Years	Alferon
<b>SHARRCEM</b>	2010	30.1 million euros	35 million euros 5 Years	Titan Group

Fig.1

## Ferronikeli

Kosovo's ore plant - a giant named Ferronikeli which is one of the main exporters in Kosovo – is on the list of “success stories” of privatized enterprises published on the website of the Privatization Agency of Kosovo. The ore extracted by this company, which was privatized in late 2005, according to the PAK, is sold all over the world, including in countries such as China and Korea.<sup>11</sup> Kosovo is rich in minerals, and systematic exploration, searching for Ni-Co sites, began in the early 1960s. The exploitation of nickel ore and its processing – including the melting and production of the FE-Ni-Co alloy started in 1984. Two mines operated as part of the Ferronikeli (Cikavica and Gllavica). It also included a research unit and melting furnace. Although it is described as a success story, this company has often been in the public spotlight because of many problems relating to its functioning. In this regard, the most common criticisms this company receives relate to its cheap privatization, suspicions concerning air pollution, a decrease in the number of workers and a deterioration in their working conditions.

The company is located in Drenas/Glogoc, a municipality around 30 kilometers from Prishtina. It was privatized after being sold for around 30 million euros, a price unable to convince critics of the process, who believe that the company could have been sold for a price several times higher. The process was associated with protests by workers, precisely because of the low privatization price. However, an assessment by the PAK around three years after its privatization stated that the investor had made investments worth around 60 million euros, mainly spent on the refurbishment of existing equipment, the purchase of new machinery and spare parts, and so on.<sup>12</sup>

11 PAK. (2010, February). Success Stories. *Privatisation Agency of Kosovo*. Retrieved from <http://www.pak-ks.org/?page=1%2C17>. [last accessed: 5 June 2017]

12 PAK. (2008/2009, August). The annual Report (Rep.). *Privatisation Agency of Kosovo*. Retrieved from: [http://www.pak-ks.org/repository/docs/Raporti\\_Vjetor\\_i\\_AKP-s-alb.ver..pdf](http://www.pak-ks.org/repository/docs/Raporti_Vjetor_i_AKP-s-alb.ver..pdf). [last accessed: 23 March 2017]

In 2009, only three years after privatization, the PAK Board of Directors decided to end their supervision of the company and their further reporting, as they had assessed that the company's management had succeeded in fulfilling their investment and employment commitments.<sup>13</sup> However, the National Audit Office (NAO) in 2015 assessed that the PAK's Board of Directors had decided to cease further reporting on this company four months before the end of their committed reporting period. The Board approved their request for relief from their reporting commitment by referring to a report from their Management stating that the investment commitment had been fulfilled, reaching over 300 per cent of the requirement. However, these investments were not confirmed to have taken place during the given period by the independent auditors. The report states that the independent auditor was not engaged for the full period of reporting but for a period lasting three months shorter than the commitment period. In fact, the report emphasizes that this fact may affect the date of conclusion of the commitment period; namely their commitment was to employ 1000 workers, and this could not be confirmed by that date.<sup>14</sup>

Based on a 2009 annual action report by the PAK, in 1984 when the company was opened for business, it had around 2000 employees and it produced and exported 6800 tons of nickel in the form of Ferronickel bars. In 1990, the company had 1944 employees, while in 1999 when the war broke out, it is believed that there were over 1400 workers.<sup>15</sup> There were 2008 employees on the list of the workers with the right to benefit 20% of the income from the sale of the company.<sup>16</sup> A condition necessary to benefit financially from the sale of the company -- according to UNMIK's regulation 2003/13, article 10.4 - was that a person had to have been registered as an employee of the abovementioned socially-owned enterprise at the time of privatization, or liquidation (whichever happened first), and that they had

13 PAK. (2008/2009, August). The annual Report (Rep.). *Privatisation Agency of Kosovo*. Retrieved from: [http://www.pak-ks.org/repository/docs/Raporti\\_Vjetor\\_i\\_AKP-s-alb.ver..pdf](http://www.pak-ks.org/repository/docs/Raporti_Vjetor_i_AKP-s-alb.ver..pdf). [last accessed: 23 March 2017]

14 Gashi, M. (2015, December). Monitoring of commitments of the buyers of socially owned enterprises privatised through Special Spin-Off (Rep.). *Office of the Auditor General*. Retrieved from: <http://www.zka-rks.org/wp-content/uploads/2017/06/MonitorimiNd.rmarrjeveShoq.oreAKP.Eng.645485.pdf>. [last accessed: 14 September 2017]

15 MED. (2012, January). Mining strategy of the Republic of Kosovo 2012 – 2025. *Ministry of Economic Development*. Retrieved from: [https://www.kuvendikosoves.org/common/docs/Strategjia\\_Minerare\\_e\\_R\\_Kosoves\\_2012\\_-\\_225\\_\\_Ang.pdf](https://www.kuvendikosoves.org/common/docs/Strategjia_Minerare_e_R_Kosoves_2012_-_225__Ang.pdf). [last accessed: 14 September 2017]

16 PAK. (2010, November). Final list of workers who comply with conditions for receiving a part of revenue, pursuant to article 10 of UNMIK regulation 2003/13 (Publication). *Privatisation Agency of Kosovo*. Retrieved from: [http://www.pak-ks.org/repository/docs/nsh\\_ferronikeli.pdf](http://www.pak-ks.org/repository/docs/nsh_ferronikeli.pdf). [last accessed: 14 September 2017]

been on the socially-owned enterprises' payroll for at least three years.<sup>17</sup> This means that when this company was privatized, it had around 2000 employees.

Currently, the Ferronikeli Company has a staff of around 850 workers. Most of the workers were sent home upon reaching the retirement age (Nika, 2017).<sup>18</sup> However, the company produces with almost the same capacity as in 1989, when the number of employees was twice as high. In 1989, this company with a staff of around 2000 produced and exported 6800 tons of Nickel in the form of Ferronickel bars. In 2009, Ferronikeli Company exported 6300 tons and in 2010, 8800 tons of Ferronickel.<sup>19</sup>

In 2012, the company faced a wave of dismissals, forcing 85 employees to lose their jobs. Some of the workers were even dismissed when they were on sick leave recovering from injuries they had sustained at work. One of them, Halim Morina, is said to have fallen into a hot water canal and suffered third-degree burns. Only three months earlier, an employee had lost his life in the same canal. Another worker, Behar Morina, had to go on sick leave because of injuries sustained, but in the meantime his contract was terminated.<sup>20</sup> In March of the same year, four persons were injured in an accident at the factory.<sup>21</sup> Ferronikeli officials said that the law was being respected 100 per cent when it came to the renewal of workers' contracts.

However, according to the Ferronikeli trade union leader, the 85 workers were discharged using redundancy as an excuse, when there is in fact a shortage of workers and hence no need for redundancy. Ferronikeli currently needs more workers mainly in the maintenance, production, and mining sectors (Nika, 2017).<sup>22</sup>

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17 PAK. Inquiries related to 20%?. *Privatisation Agency of Kosovo*. Retrieved from: <http://www.pak-ks.org/?page=2,59>. [last accessed: 5 June 2017]

18 Nika, F. (2017, August 22). [Personal interview].

19 Telegrafi. (2012, September 25). Kosovo goods export falls. Title in original: Bie eksporti i mallrave të Kosovës. *Telegrafi News Portal*. Retrieved from: <https://telegrafi.com/bie-eksporti-i-mallrave-te-kosoves/>. [last accessed: 5 March 2017]

20 Boletini, B. (2012, August 28). Cauldrons of Hell. *PREPORTR*. Retrieved from: <http://preportr.cohu.org/en/investigations/87?y=2017>. [last accessed: 3 October 2017]

21 JNK. (2012, March 05). Explosion at Ferronikel, four injured. Original title: Shpërthim në Ferronikel, katër të lënduar. *News portal Kallxo.com*. Retrieved from: <http://kallxo.com/gjnk/shperthim-ne-ferronikel-kater-te-lendu-ar/> [last accessed: 22 April 2017]

22 Nika, F. (2017, August 22). [Personal interview].

Only four years later, in 2016, the workers faced a new problem. As a result of the decrease in demand and fall of prices in international stock markets, the company decided to stop production for some time. At that time, the company decided to pay employees only 50 per cent of their salaries, but following pressure from the trade unions, the decision was reached to pay them 70 per cent of their salaries. The crisis that hit the company alarmed the Kosovo Government. The Prime Minister Isa Mustafa pledged engagement to help the company in this time of crisis (Nika, 2017).<sup>23</sup>

In fact, a survey carried out by the ICE with the Ferronikeli workers shows that the overwhelming majority of workers were dissatisfied with the working conditions offered by the company. Their main concerns were receiving a low salary compared to the hard work they do, the unsafe and difficult working environment (mainly high levels of dust and gases), and pressure at work.

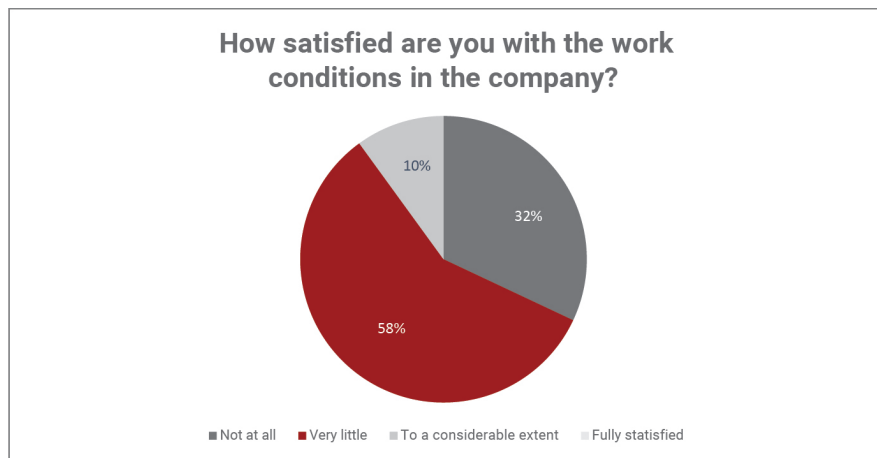


Fig.2

It is worth noting that the workers who worked with the company before privatization say that they have not noticed an improvement in their working conditions since the company was privatized. 50 per cent of 85 respondents said that there has been no improvement, while 27 per cent of the workers believed there had been little improvement in their working conditions.

<sup>23</sup> Nika, F. (2017, August 22). [Personal interview].

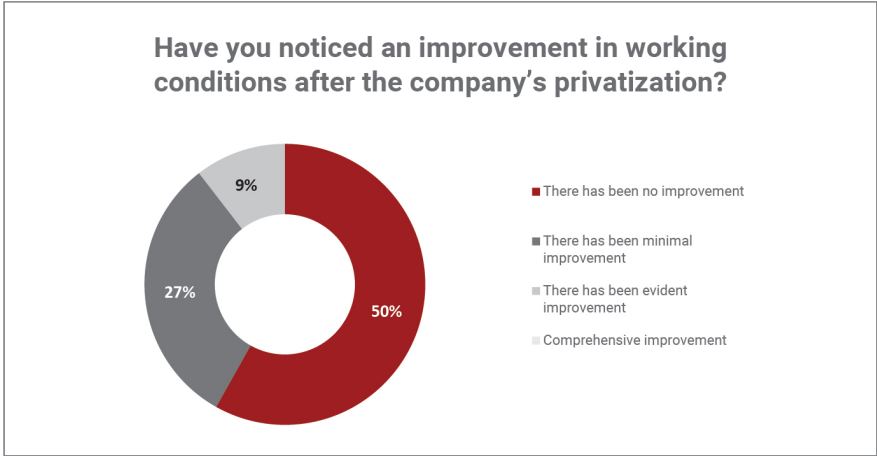


Fig.3

Surveys conducted through questionnaires indicate that all employees have work contracts. However, only 13 per cent of them believe that their employer fully respects the obligations stemming from those contracts.

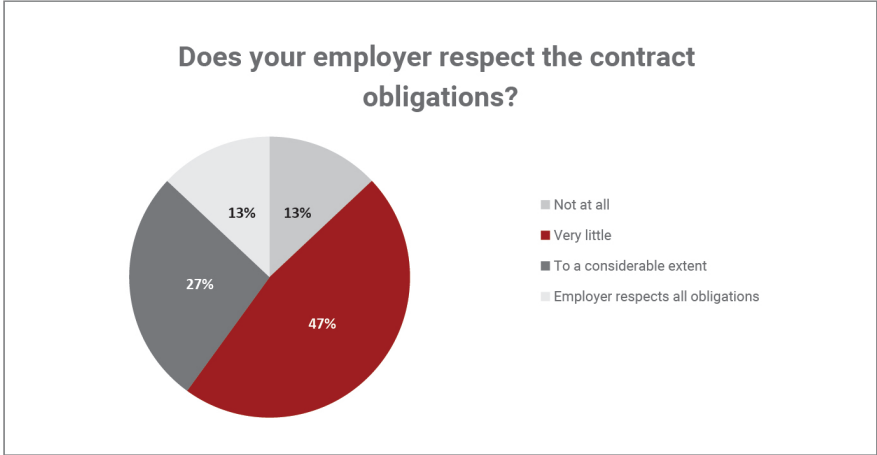


Fig.4

## KEDS

Since the end of the war, the energy sector has been one of the most problematic sectors in Kosovo. Although Kosovo is considered to have sufficient coal reserves, powers cuts have been an everyday experience for citizens and businesses. Kosovo's Power Corporation (KEK), has had broad responsibilities in this sector which include management of coal mines, generation, distribution, transmission, and power supplies. This enterprise has constantly faced financial problems, losses in the distribution network, a failure to collect money for energy consumed, and other problems. Under the justification of seeking to improve the situation, the Kosovo Government decided to privatize the electricity distribution and supply operator. In October 2012, the Economic Development Ministry signed a deal with the Calik-Limak Consortium<sup>24</sup>, which in 2013 started operating under the name of KEDS, replacing the former Kosovo Energy Distribution and Supply Company. Only a few years earlier, the Consortium had also won concession rights for the Pristina International Airport. This important energy sector operator was sold at a price of 26.3 million Euros, with a pledge made by its buyer to invest over 300 million euros over the next 15 years.<sup>25</sup>

So far, the company is reported to have invested tens of millions of euros in network improvements, which according to the Energy Regulatory Office (ERO), reached the figure of 55 million euros over the period of 2013-2015.<sup>26</sup> Nevertheless, the privatization of this operator continues to be a

24 MED. (2012, October 17). KEDS Privatization, an important step for Kosovo's energy future. *Ministry of Economic Development*. Retrieved from: <http://mzhe-ks.net/en/news/keds-privatization-an-important-step-for-kosovo-energy-future-#.Wh9ZGbanGM9>. [last accessed: 23 March 2017]

25 MED. (2012, October 17). KEDS Privatization, an important step for Kosovo's energy future. *Ministry of Economic Development*. Retrieved from: <http://mzhe-ks.net/en/news/keds-privatization-an-important-step-for-kosovo-energy-future-#.Wh9ZGbanGM9>. [last accessed: 23 March 2017]

26 ERO. (2016, December). Monitoring report for Keds and Kesco: Capital investments, operative costs and performance of the licensed for the period 2013-2015. Original title: Raport Monitorues për Keds dhe Kesco: Investimet kapitale-shpenzimet operative dhe përformanca e të licencuarve për periudhën 2013-2015 (Rep.). *Energy Regulatory Office*. Retrieved from: [http://ero-ks.org/2016/Raportet/RAPORT\\_MONITORIMI\\_KEDS\\_dhe\\_KESCO\\_Investimet\\_kapitale\\_shpenzimet\\_operative\\_dhe\\_performanca\\_per\\_periudhen\\_2013\\_2015.pdf](http://ero-ks.org/2016/Raportet/RAPORT_MONITORIMI_KEDS_dhe_KESCO_Investimet_kapitale_shpenzimet_operative_dhe_performanca_per_periudhen_2013_2015.pdf). [last accessed: 23

subject of widespread criticism. Moreover, the company's management faced a number of protest rallies (including protests against privatization, an energy price hike, and the dismissal of workers). Initially, the civil society organizations and experts in the field complained that the network was privatized too cheaply. In this context, the Consortium of the Civil Society for Sustainable Development, KOSID, concluded in a report that not long before the privatization took place (from 2007 to 2012), around 55 million euros<sup>27</sup> were invested in the distribution network, namely twice the value of its privatization price. The Kosovo Government was also criticized for its lack of transparency in facilitating the privatization process, with a number of civil society organizations being denied access to public documents relating to the process. Recently, the Zëri daily published a report which shows that KEDS made a profit of 87 million euros in three years<sup>28</sup>, a figure which could be considered quite high given the privatization price. A Kosovo Assembly member from the largest opposition party (the Self-Determination Movement), Dardan Molliqaj, was quoted as saying, "Sooner or later, someone will have to go to jail for this scandal".<sup>29</sup>

Another aspect that has placed KEDS under the public spotlight was the leadership's relationship with the company's workers. According to an agreement signed with the Kosovo Government, the company was obliged to retain the same number of the workers only in the three first years following privatization. As the deadline for this pledge was nearing, company workers started to feel under pressure because of the possibility of a considerable number of workers being dismissed. This is why representatives of the company's workers started meetings with the company officials and representatives of the Kosovo Government to obtain guarantees that there would be no dismissals.

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March 2017]

27 RFL. (2012, October 17). Civic Society against KEDS selling. Original title: Shoqëria civile kundër shitjes së KEDS-i. *Radio Free Europe*. Retrieved from: <https://www.evropaelire.org/a/24742621.html>. [last accessed: 27 July 2017]

28 Veliu, E. (2015, August 8). KEDS made 87 million euros in three years. Original title: KEDS-i për tre vjet 87 milionë euro fitim. *Zëri daily*. Retrieved from: <http://zeri.info/ekonomia/156175/keds-i-per-tre-vjet-87-milione-euro-fitim/>. [last accessed: 26 June 2017]

29 Molliqaj, D. (2017, August 8). Sooner or later, someone will have to go to jail for this scandal. In original: Për këtë aferë dikush do të shkojë në burg herëdokur. Retrieved from <https://web.facebook.com/dardan.molliqaj.10/posts/259926877841785>. [last accessed: 14 September 2017]



However, in September 2016, KEDS chose to dismiss 93 workers. According to the Trade Union's chairman, Hysni Gashi, the dismissed workers had permanent work contracts and the company's representatives said that they were dismissed due to technical, economic, and organizational reasons. However, the Labor Inspectorate assessed that the company's decision was unlawful, and requested for their reinstatement.<sup>30</sup> A complaint made by the company regarding this case was declared unfounded by the Pristina Basic Court, while the case is currently being dealt with by the Court of Appeals. The decision to dismiss these workers led one of them to attempt suicide, by jumping from the building of the company's headquarters in Pristina.<sup>31</sup> Only one month prior to this wave of mass dismissals, it had been reported that the company had dismissed other people in the districts of Peja and Mitrovica.

Although it is difficult to put an exact figure of the number of workers at KEDS before privatization, including present figures it is estimated that around 500 workers have stopped working for the company over an interval of several years, with some of them leaving after reaching the retirement age, and some others also leaving voluntarily. In August 2016, just one month before 93 workers would be dismissed, the Trade Union's chairman Hysni Gashi stated that around 2300 persons were employed in KEDS, but before the company had been privatized, the figure was 2720.<sup>32</sup> Of around 420 workers who are no longer part of the KEDS staff, according to Gashi, 180 left as they had reached retirement age. The reduction in work staff numbers affected the workload of the remaining employees as they are supposed to meet the demands. Based on some estimations, the extra hours (undertaken by current workers) is equivalent to the total work of 60 workers in a year (Pajaziti, 2017).<sup>33</sup>

KEDS is the only company in the Kosovar market that offers power distribution and supply services to Kosovo citizens. And despite the small number of workers in KEDS, based on the data of the Kosovo Agency of Statis-

30 Exec. Order No. 37-00194/16-A, 3 C.F.R. 5 (2017). Ministry of Welfare and Social Wellbeing. Retrieved from <http://archive.koha.net/?id=27&l=146355>. [last accessed: 1 July 2017]

31 Telegrafi. (2016, November 29). Fired worker tries to jump from the eleventh floor of KEDS. Title in original: Punëtori i larguar nga puna tenton të hidhet nga kati 11 të KEDS. *Telegrafi News Portal*. Retrieved from: <https://telegrafi.com/punetori-larguar-nga-puna-tenton-te-hidhet-nga-kati-11-te-keds/>. [last accessed: 1 April 2017]

32 Halimi, S. (2016, August 1). KEDS left 240 workers on the street. Original title: KEDS la në rrugë 240 punëtorë. *Zëri daily*. Retrieved from: <http://Zëri.info/ekonomia/101420/keds-la-ne-rruge-240-punetore/>. [last accessed: 26 June 2017]

33 Pajaziti, F. (2017, April 22). Personal interview.

tics (KAS), the country has produced, exported, and imported the same amount of energy. The gross GWh production of electricity in the power plants has remained more or less the same - 6248.3 GWh in 2013, 6248.8 GWh in 2016.<sup>34</sup> Energy imports in the first two years after privatization also increased, with the exception of during 2016. Exports in the two first years following privatization saw a decrease while in 2016 they reached the highest figure ever since privatization.

Since 2015, two company workers have lost their lives at work. Despite this, the Trade Union's Deputy Chairman Fehmi Pajaziti has stated that there has been improvement in basic working conditions, including in the provision of protective equipment like helmets, clothing, gloves, and vehicles, which according to him, were missing in the past. The workers also have health insurance, which is not the case for those working in the public sector and even among certain private sector companies (Pajaziti, 2017).<sup>35</sup>

A survey conducted with the company's workers in Peja, Prishtina, Prizren and Mitrovica revealed that, in general, the workers are little satisfied with their working conditions. Of 220 respondents, 41 per cent said they were hardly satisfied with their working conditions, while 29 per cent were not satisfied at all.

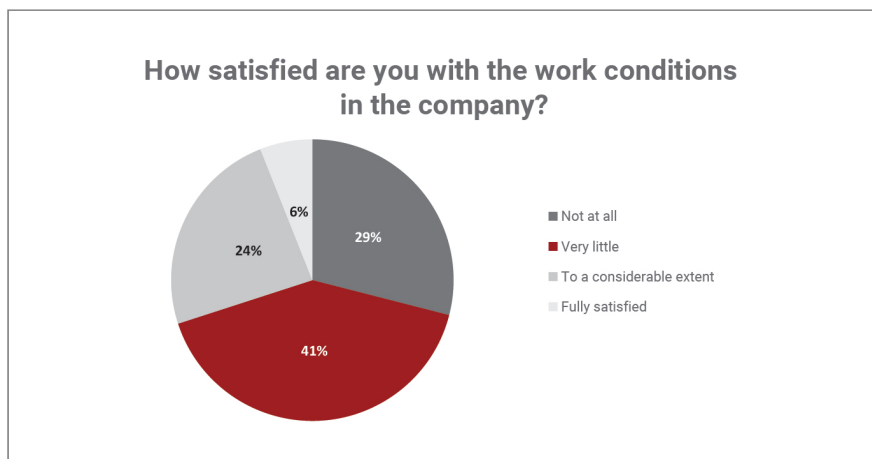


Fig.5

34 KAS. (2017, January). Statistical Yearbook of the Republic of Kosovo (Rep.). *Kosovo Agency of Statistics*. Retrieved from: [http://ask.rks-gov.net/media/3502/vjetari\\_statistikor\\_i\\_republik%C3%ABs\\_-s%C3%AB\\_-kosov%C3%ABs\\_-2017\\_-final.pdf](http://ask.rks-gov.net/media/3502/vjetari_statistikor_i_republik%C3%ABs_-s%C3%AB_-kosov%C3%ABs_-2017_-final.pdf). [last accessed: 23 March 2017]

35 Pajaziti, F. (2017, April 22). Personal interview.

Those who worked with the company before it was privatized stated that they have noticed a minimal improvement in working conditions following privatization. Of 220 respondents, 41 per cent believe that there has been no improvement at all, while 35 per cent consider that there has been a minimal improvement.

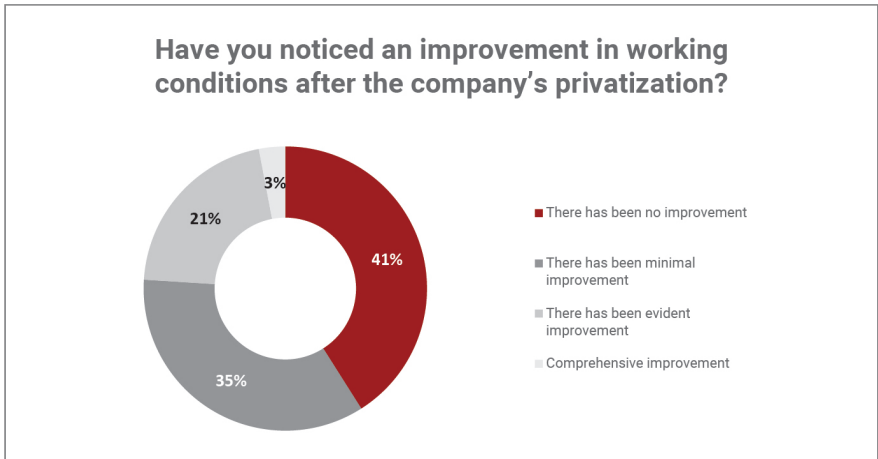


Fig.6

Surveys conducted in the form of questionnaires indicate that all employees have work contracts. 37 per cent of the workers believe that the company respects the contract terms to a considerable extent, while 18 per cent believe that the company respects all the obligations of the contract.

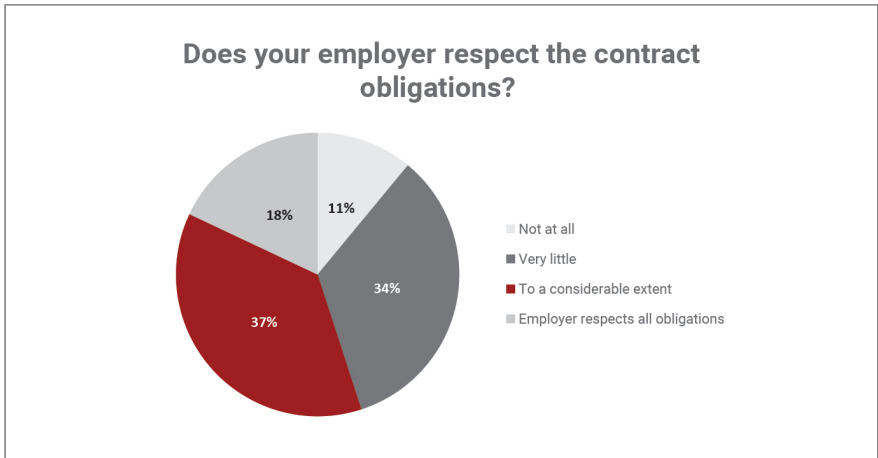


Fig.7

## Sharrcem

The largest cement factory in Kosovo, Sharrcem, was one of the first to “fall” into the hands of private managers after the war. In 2000, a Swiss based Cement Production Company, Holcim, entered into a leasing contract to operate the plant. The company concluded a lease agreement with UNMIK for a 10-year period. In exchange for running the company, the lessee made considerable investments which by 2004 reached the figure of around 20 million euros.<sup>36</sup>

In December 2010, Sharrcem was privatized and sold for a price of 30 million euros to the Greek company Titan. The price triggered an investigation by the State Prosecution as the auditors assessed that the selling price was far lower than the company’s market value, and it was reported that Sharrcem’s profits over the five years before the privatization were around 100 million euros.<sup>37</sup> Despite estimations that the company had received “a good deal” as regards the price, according to a 2015 PAK report, it failed to meet part of its investment commitments. Over six monitoring visits made there, it was noticed that the investment level had decreased and that it was below the amount of planned capital investments that the buyer should have implemented in line with the agreement and commitments. Namely, out of 35 million euros of investments that the new owners had pledged to make within five years, the total investment by the end of 2015 had only reached the figure of around 25 million euros.<sup>38</sup>

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36 PAK. (2008/2009, August). The Working Report (Rep.). *Privatisation Agency of Kosovo*. Retrieved [http://www.pak-ks.org/repository/docs/Raporti\\_Vjetor\\_i\\_AKP-s-alb.ver..pdf](http://www.pak-ks.org/repository/docs/Raporti_Vjetor_i_AKP-s-alb.ver..pdf). [last accessed: 23 March 2017]

37 Ahmeti, L. (2012, January 05). The sale of Sharrcem, under investigation. Title in original: Shitja e Sharr Cem’it nën hetime. *News portal Kallxo.com*. Retrieved from: <http://kallxo.com/gjnk/shitja-e-sharr-cemit-nen-hetime/> [last accessed: 14 April 2017]

38 PAK. (2015, January-December). Annual Report of PAK (Rep.). *Privatisation Agency of Kosovo*. Retrieved <http://pak-ks.org/ftp/Raporti%20Vjetor%202015.pdf>. [last accessed: 23 March 2017]

Yet while production and participation in the market have experienced a continuous increase since 2004, culminating with a record production figure in the last two years (Kuka, 2017),<sup>39</sup> on the other hand there has been a continuous decrease in the number of workers. Thus, 17 years after its commercialization, the number of staff has halved. During the time that it operated as a commercialized company, it had 750 workers (in 2000). A 2009 PAK report, when Sharrcem was still being run as a commercialized company, stated that the lessee's commitment was to retain 750 workers up until 2005. Shortly after this deadline, the number of workers decreased gradually and in the fifth year of commercialization it fell to 650 workers. From 2006 onwards, Sharrcem and the Agency had in place an agreement that provides for paid leave for 137 workers. Their salaries would be paid with 60 per cent sourced from the lease contract and 40 per cent paid by Sharrcem.<sup>40</sup>

When it was privatized in 2010, Sharrcem had 503 workers (Kuka, 2017).<sup>41</sup> Today, there are 285 workers with Sharrcem contracts, and a further 100 working on a sub-contract basis. These were workers of a second company contracted by Sharrcem to complete a certain amount of work. However,, the overwhelming majority of those who no longer work with this company and who came close to reaching retirement age, were permitted to voluntarily leave the company, in exchange receiving the right to 70-100 per cent of their salary until full retirement. This voluntary departure of workers took place in three "waves": at the end of years 2014, 2015 and 2016.<sup>42</sup> The first wave of workforce reduction started at the conclusion of the agreement between PAK and the company stating that during the first three years after privatization the number of workers would be same as when it was privatized.<sup>43</sup> According to the Trade Union, only around 40 new workers were recruited. The Trade Union attributes the reduction in number of workers to technological developments and the company's engagements in increasing security at work. However, it admitted that they need new workers.

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39 Kuka, I. (2017, September 10). Personal interview.

40 PAK. (2008/2009, August). The Working Report (Rep.). *Privatisation Agency of Kosovo*. Retrieved [http://www.pak-ks.org/repository/docs/Raporti\\_Vjetor\\_i\\_AKP-s-alb.ver..pdf](http://www.pak-ks.org/repository/docs/Raporti_Vjetor_i_AKP-s-alb.ver..pdf). [last accessed: 23 March 2017]

41 PAK. (2015, January-December). Annual Report of PAK (Rep.). *Privatisation Agency of Kosovo*. Retrieved <http://pak-ks.org/ftp/Raporti%20Vjetor%202015.pdf>. [last accessed: 23 March 2017]

42 Kuka, I. (2017, September 10). Personal interview.

43 PAK. (2013, January-December). Annual Report of PAK (Rep.). *Privatisation Agency of Kosovo*. Retrieved [http://www.pak-ks.org/repository/docs/Raporti\\_vjetor\\_2013\\_komplet.compressed.pdf](http://www.pak-ks.org/repository/docs/Raporti_vjetor_2013_komplet.compressed.pdf). [last accessed: 23 March 2017]

Indeed, the reduction in worker numbers over these years resulted in two problems surfacing in the company. A number of company jobs are completed by people hired by external companies, i.e. Kosovo private owned companies that are subcontracted by Sharrcem, and engaged when needed. Since they are not considered as Sharrcem staff members, they can be paid less for the same work that is done by their Sharrcem colleagues. This mode of operating can be beneficial for Sharrcem in terms of saving money on workers, but they have pledged that they will soon make it obligatory for the subcontracted workers to be paid and treated the same as the Sharrcem workers. The second concern relates to a payment discrepancy. More specifically, in the absence of staff in certain sectors, the company has opted to send workers from other sections of the company to cover the shortage. In this way, a worker from a certain sector who normally receives 500 euros is sent to work in another section where the workers receive around 400 euros. The fact that two workers may be doing the same job while receiving unequal payment has caused dissatisfaction among them. This is one of the challenges that the Trade Union is facing, and is tackling with the management.

However, it must be mentioned that the relationship between the company's management and its workers during the time it operated as a commercialized company - and after it was privatized - is significantly better when compared with other companies which have been analyzed. Since the private company that managed Sharrcem during the time that it was commercialized did not have to spend in order to purchase it, it could afford to offer workers 20 per cent of its profits, a practice which continued until the company was privatized. However, an interruption to the paying of this bonus after privatization resulted in the workers organizing a protest demanding a return to the previous practice. Although this did not happen, the Titan Company offers bonuses to workers for holidays, which according to the Trade Union consists of several hundred euros for every worker annually.

In fact, the overwhelming majority of workers who took part in the survey say that they are very satisfied with the working conditions offered by the company. 34 per cent state that they were pleased “to a considerable extent” with the working conditions while 17 per cent said that they were fully satisfied with the working conditions.

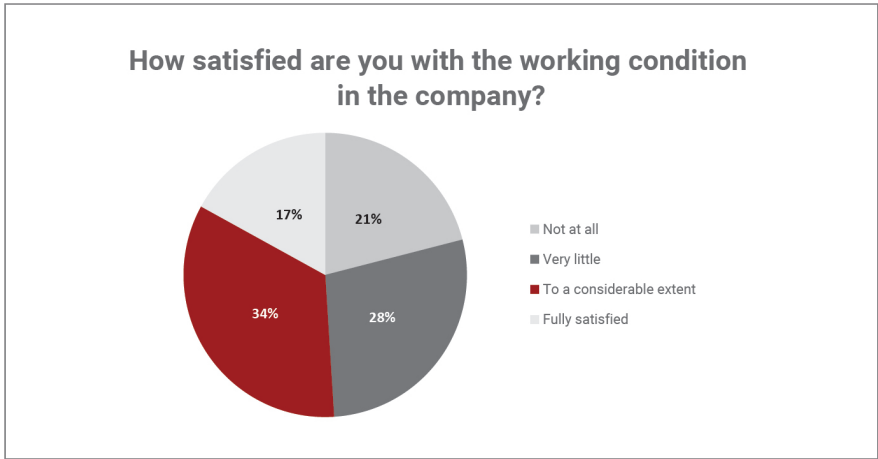


Fig.8

The workers who were employed at the company before privatization say that they have noticed an evident improvement in their working conditions since the company was privatized, with 16 per cent of them believing that there was a comprehensive improvement in this aspect.

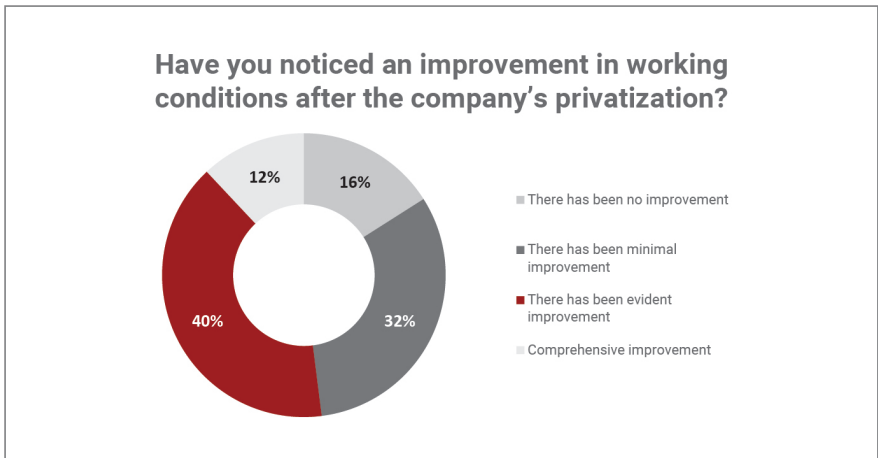


Fig.9

Surveys conducted in the form of questionnaires indicate that all employees have work contracts. 28 per cent of the workers believe that the company respects the contract to a considerable extent, while 69 per cent of them believe that the company respects all the contract obligations.

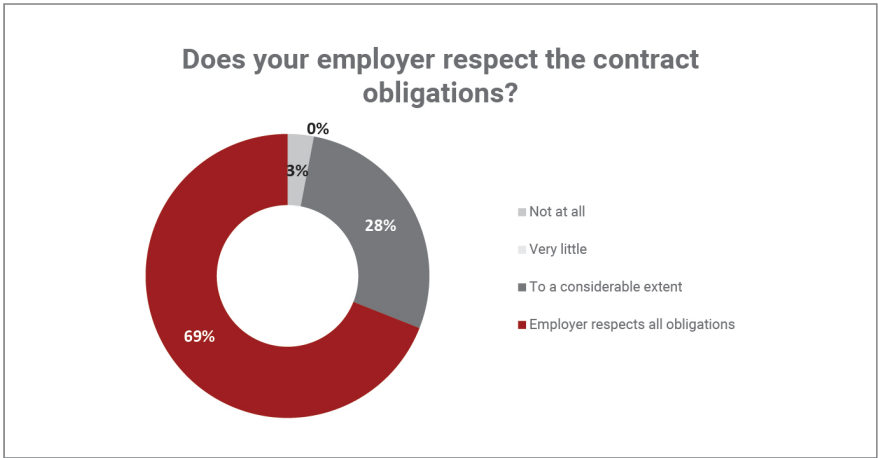


Fig.10



## Trade Union Perspectives on Privatization

The Union of Independent Trade Unions of Kosova (UITUK) is the only national organization of workers in the country, with 19 branches representing workers from different sectors, and several regional offices in the main towns in Kosovo.<sup>44</sup> Established 27 years ago, the UITUK covers public and private sector workers' unions.

The UITUK is the only employee organization represented in the Socio-Economic Council, the tripartite body tasked with initiating and proposing policies relating to labor relations and social dialogue. Now that the privatization process has almost been completed, the presence of trade unions in the private sector is very modest. The overall number of trade union members is in decline, and aside from a small number of privatized companies, very few companies have trade union organizations.<sup>45</sup>

Workers' conditions, especially in the private sector, continue to be difficult. A collective agreement that entered into force in the beginning of 2015, and which provides for employers to pay for workers' food during working hours, health insurance and for increase in wages with years of experience, has only remained words on paper. The Kosovo Government, as the biggest employer in the country, has likewise failed to comprehensively implement the agreement, while businesses have opposed it.<sup>46</sup>

However, even in these circumstances, trade unions have not managed to organize workers, with their activities consisting of only sporadic protests through which they have demanded salary increases, especially in the sec-

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44 UITUK. (2011). UITUK branches. *The Union of Trade Unions of Kosova*. Retrieved from: <http://www.bspk.org/deget.html>. [last accessed: 29 May 2017]

45 Shaiqi. K. (2016, January). Annual review of labour relations and social dialogue (Rep.). *Friedrich Ebert Stiftung*. Retrieved from: <http://library.fes.de/pdf-files/bueros/bratislava/12445.pdf>. [last accessed: 13 June 2017]

46 TCH. (2015, January 7). Kosovo, collective agreements not being implemented. Original title: Kosovë, marrëveshja kolektive nuk gjen zbatim. *Top Channel*. Retrieved from: <http://top-channel.tv/lajme/artikull.php?id=290809&ks10>. [last accessed: 28 April 2017]

tors of education and healthcare. In fact, the UITUK refused to organize rallies on International Labor Day, 1 May.<sup>47</sup> The fact that no protests were held on 1 May motivated a number of students in 2012 to protest in front of the UITUK Headquarters in Pristina, where they wrote in graffiti “Shhh, be quiet! The trade unions are sleeping”.<sup>48</sup>

The trade unions in Kosovo are in a difficult situation, with their leadership experiencing strained relations, accusing one another of their failures in organizing workers. In 2011, the UITUK faced a serious crisis during its fifth election convention, when delegates dismissed the trade union’s president who nevertheless refused to leave the post and who has continued to remain at the head of the trade unions’ confederation to this day.<sup>49</sup>

The organization of workers in trade unions is permitted by law in both the private and public sectors. According to the applicable legislation, employers are obliged to provide the representatives of the trade unions with the conditions necessary to organize, which include freedom of operation in the working environment, the circulation of reports, publications, brochures and so on.<sup>50</sup>

As expected, the process of privatizing the former enterprises seriously tested the strength of workers’ organization in the country. As the process was mainly managed by international representatives in Kosovo, the UITUK played a limited role during the process of restructuring the workers inside the to-be-privatized companies. The decisions were adopted by international political actors in Kosovo in cooperation with experts assigned by the government.

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47 Koha.net. (2014, 30 April). BSPK doesn’t protest on May 1. Original title: BSPK pa protesta për 1 Maj. *News portal Koha.net*. Retrieved from: <http://archive.koha.net/?id=27&l=8333>. [last accessed: 23 May 2017]

48 SKV. (2012, May 1). Shhh, be quiet! The Trade Unions are sleeping. *Students Movement for Equality: Study, Critique, Action*. Retrieved from <https://www.youtube.com/watch?v=bOKiDFPhhS8>. [last accessed: 22 May 2017]

49 Krasniqi-Veseli, L. (2011, June 26). Politicized trade unions. Original title: Sindikatat e punëtorëve, të politizuara. *Radio Free Europe*. Retrieved from: <https://www.evropaelire.org/a/24247033.html>. [last accessed: 14 May 2017]

50 ARK. (2011, September). Law for Organizing Trade Unions in Kosovo. *Assembly of the Republic of Kosovo*. Retrieved from: <https://www.kuvendikosoves.org/common/docs/ligjet/Law%20on%20organizing%20trade%20union.pdf>. [last accessed: 22 May 2017]

In general, the privatization process was met with opposition by the trade unions of the three companies which are the subject of this report. In Ferronikeli, workers organized rallies to protest against the low prices offered for privatization, while in Sharrcem, as a sign of dissatisfaction with the privatization process, the trade union withdrew their membership from the country's biggest trade union organization, UITUK. The president of the Sharrcem union - which now operates independently from the UITUK - said that they had received guarantees from the UITUK representatives that they would not permit the selling of their company. The deputy chairman of the KEDS trade union also voiced dissatisfaction with the performance of the UITUK. He said that the organization has not delivered enough and hopes that the situation will improve after new elections in the organization.

Even though the trade unions have faced serious operational challenges, they have achieved some successes with respect to the realization of workers' demands in a number of instances.

**Ferronikeli:** The current workers' organization in Ferronikeli was established in 2008, two years after privatization. Of the 850 company workers, 670 are affiliated with the trade union organization. Only six months after its establishment, the trade union organized a strike in protest of the low salaries. At that time, a significant salary increase was achieved. The trade union also played an important role in 2016 when the company suspended production as a consequence of low demand on the international stock market. Initially, it was decided that the workers would receive 50 per cent of their salary, but following pressure from the trade unions, the management decided to pay them 70 per cent of their salary until they resumed their work (Nika, 2017).<sup>51</sup> However, the trade union at Ferronikeli continues to be faced with various difficulties. The company continues to ignore its demands, which argue for workers with over three years of experience to be guaranteed permanent work contracts, and they do not receive an extra 0.25 per cent increase of wages with years of experience, which stems from the collective agreement, as the company does not respect this agreement.

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<sup>51</sup> Nika, F. (2017, August 22). Personal interview.

Most of the workers are satisfied with the trade union's performance. When asked to state how satisfied they are with the representation offered by their trade unions, 43 per cent of 85 respondents said they were pleased "to a considerable extent" with its work, while 21 per cent of them were "fully satisfied."

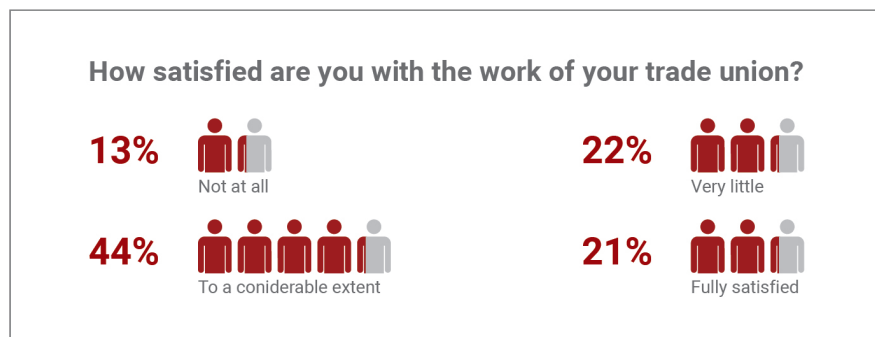


Fig.11

**KEDS:** Of around 2200 workers currently estimated to be part of the company, around 80 per cent of them are members of the company's trade union. Those that have not become members are not informed enough about the role of their representatives. The most common complaints of workers addressed to the Trade Union have to do with the lack of security at work, and lack of staff, which results in extra engagements on the part of those working. The major achievement of the Trade Union after the privatization was an increase of 30 euros in the workers' salaries, which happened at a time when the company was facing protests from outside the company. The average salary of private sector the workers in Kosovo is less than 350 euros.<sup>52</sup> The main issue that this trade union has been dealing with for several years now is the dismissal of around 100 workers in 2016, three years after the privatization. The case continues to be considered by the Court of Appeals. Reinstatement of these workers and the leveling off, and increase in salaries will be some of the priorities of the workers' representatives in the future. The Trade Union does not rule out the possibility of various other actions, which include strikes, boycotts, and protest rallies (Pajaziti, 2017).<sup>53</sup>

52 Krasniqi-Veseli, L. (2017, March 29). MPs get five times higher salaries than the average wage. Original title: Deputetët Paguhen sa Pesë Paga Mesatare. *Radio Free Europe*. Retrieved from: <https://www.evropaelire.org/a/28397369.html>. [last accessed: 3 October 2017]

53 Pajaziti, F. (2017, April 22). Personal interview.

Half of the KEDS workers that were part of the survey had a negative opinion about the Trade Union's performance. Of 220 respondents, 50 per cent said they were "not happy at all" with the work of their trade union, while only 2.73 per cent were fully satisfied.

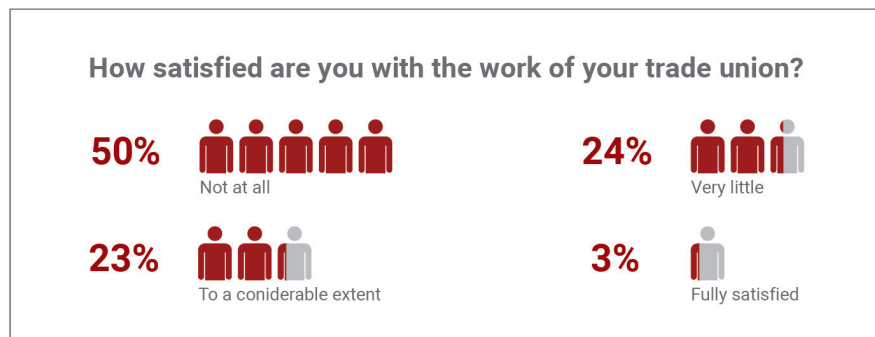


Fig.12

**Sharrcem:** The company's trade union organization was established over 20 years ago. Of 285 company workers, 235 are affiliated with the company's trade union. The main issues that this workers' organization has focused on relate to the implementation of the collective agreement, which Sharrcem - like many other large companies - refuses to sign. The "salary discrepancy," caused by the internal restructuring of the staff and due to the huge cut in jobs, continues to be a major concern. Another problem is linked to its relations with the UITUK. More specifically, the UITUK has sued the Sharrcem trade union for failing to pay a membership fee for the period after they withdrew from UITUK. The UITUK claims that the Sharrcem trade union owes them around 90,000 euros. The trade union is supported financially by the company. More precisely, the company pays 50 per cent of the trade union's expenditures in organizing different activities for the workers such as excursions and sporting tournaments (Kuka, 2017).<sup>54</sup>

<sup>54</sup> Kuka, I. (2017, September 10). Personal interview.

Compared to the other two companies, the Sharrcem workers are by en-  
large satisfied with the performance of their trade union organization. Of  
40 respondents, 41 per cent said they were fully satisfied, while 28 per cent  
of them were pleased to a considerable extent with its commitment.

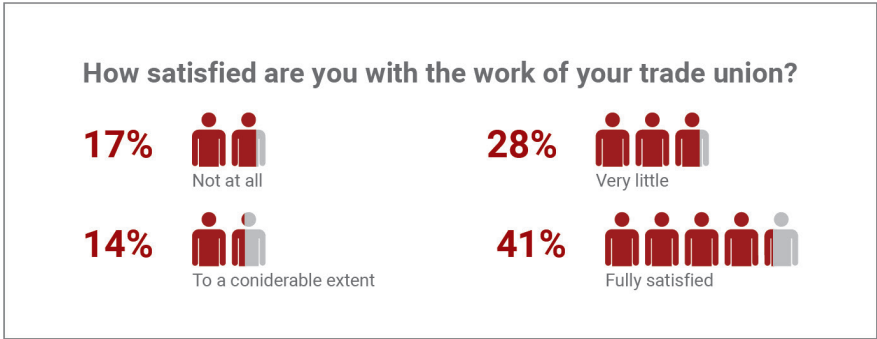


Fig.13

## **The Just Demands of Workers**

Directly addressing the Kosovo Government and Privatization Agency of Kosovo, workers have sought to set strict rules regarding who should buy socially owned and public enterprises, as the current owners have failed to improve their working conditions. Besides making commitments as regards investments and employment, the companies need to offer proof of financial sustainability and detailed business plans, in order to guarantee that potential crises will not directly affect workers' fates. The crisis of 2016 that hit Ferronikeli when workers were threatened with dismissal, is but one of the examples that gave rise to the need to improve this process.

It is also necessary that the timeframe available for monitoring the fulfilling of commitments - especially employment related commitments - be extended. Before the selling of an asset, special commissions should be set up so as to assess its exact value, in order to avoid cheap sales, which is considered to have happened in a number of cases.

As the Labor Inspectorate's absence of visits are noticeable, the Labor Inspectorate needs to increase the number of scrutiny visits to private companies. The small number of labor inspectors remains one of the main concerns of workers and this number must necessarily increase.

There is lack of trust in union organizing. There is also an evident need for more comprehensive cooperation between the trade unions themselves, and between the trade unions and workers. The private sector trade unions need to increase their activities so that the conditions of workers in this sector become the focus of competent institutions. Furthermore, the unions need to undertake campaigns encouraging workers to address violations of their rights with competent institutions.

The owners and new buyers of companies should have to sign a collective agreement, a move that would offer more certainty to the workers. In particular, they have to guarantee health insurance for their workers, since a considerable number are threatened by potential illnesses and injuries at work. In addition, they should have to increase the number of workers since systematic lay-offs after privatization has added to employees' workload and placed pressure on the workers. Last but not least, owners and new buyers must establish protection mechanisms and suitable working conditions in order to take care of the workers' health care, and especially those exposed to dust, chemical substances and radiation



## ***Appendix One: Privatization Methodology***

Most of the socially owned enterprises that were operational have been privatized through a so-called “spin-off” process. This process involves transferring the assets and liabilities of an enterprise onto a newly established branch of an enterprise, which was commonly referred to as a NewCo.

There were two types of spin-off: special and regular. The former provided for the sale of socially owned enterprises with certain conditions, and the latter without them. By 2015, around 26 enterprises had been privatized according to the special spin-off method. Ferronikeli, which has been analyzed in this report, was privatized using this method.

The privatization of the socially owned enterprises through the special spin-off was initiated in 2005 by the Kosovar Trust Agency (KTA), which was part of UNMIK’s Pillar IV, before later being carried out (after 2008) by the Kosovar Privatization Agency. Buyers of the socially owned enterprises using the special spin-off method were obliged to make a commitment called the “Commitment Agreement” whereby the contract defined obligations for capital investments and employment. The winners of the special spin-off were selected according to the following criteria: a) 50 per cent of points based on the offered price; b) 25 per cent of points based on investments; c) 25 per cent of points based on employment.

Before the privatization of the socially owned enterprises, UNMIK had initiated a commercialization process. The process was meant to be less intense than privatization. Sharrcem, which is part of this analysis, is one of the companies that was commercialized for 10 years.

The Department of Trade and Industry of that time offered long-term (up to 10 years) concession contracts for socially owned enterprises, while the winners were awarded rights over the physical facilities and the workforce. 13 enterprises were subjected to the commercialization process, one of them being Sharrcem.

The AKP also sells assets of the socially owned enterprises under liquidation, which is also referred to as the Selling of Assets through Liquidation. In these cases, the NewCo. is not offered for sale (i.e. its assets and liabilities), but only certain assets of the socially owned enterprises are offered.

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## About the ICE and RLS

**The Institute for Critique and Emancipation** is a non-governmental organization established in 2016, based in Pristina, Kosovo. Prior to being registered as a non-profit and non-partisan organization, the majority of the ICE members were involved in the Students' Political Club, an organization dealing with public education in the country. The main focus of the organization is on social policies in general, with a special interest in workers, students and women's rights and their emancipation. Besides conducting policy research in the field of social policy, the goal of the organization is to be active in social dialogue and to push forward, offering policy solutions.

**The Rosa-Luxemburg-Stiftung** is an internationally operating, public funded, non-profit institution for political education affiliated with Germany's DIE LINKE (Left Party). RLS is committed to working within the traditions of the global workers, women, anti-fascist and anti-war movements and advocates the ideas of democratic socialism. Active since 1990, the RLS has dedicated itself to the critical analysis of social and political processes worldwide. In cooperation with partner organizations, RLS implements programs for political education and undertakes scientific research. It supports the development of political, economic and socio-ecological alternatives to neoliberal capitalism. RLS currently runs twenty two regional offices around the globe.



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