

ArcelorMittal, Zenica: the logic of collective action

Abstract

This article explores a recent successful threat of industrial action at the Arcelor-Mittal steel plant at Zenica, Bosnia and Herzegovina. Building in interviews with trade unions leaders, the author locates the campaign against the background of the economic, political and social situation in the country as well as the difficulties these impose on effective trade union organisation which, with certain exceptions, exists at a low level particularly in the private sector. Other aspects also make trade unions unattractive, not least to young people. Consequently, examples of industrial action which are successful are not only are of practical assistance in raising the wages of the workers involved, they also provide powerful examples of the continuing logic of collective action and, thus, a strong motivation to seek out trade union membership. Furthermore, in a country beset by the political problems that Bosnia and Herzegovina has, examples of strike action – of workers simply getting on with their everyday normal lives – also act to reassert what is most important by documenting citizens in their lives as workers not as ethnicities.

Keywords: Bosnia and Herzegovina, Covid-19, trade unions, strikes, steel industry, community organisation

Economy and the work environment in Bosnia and Herzegovina

In neither economic nor social terms has Bosnia and Herzegovina managed to regain the level it reached in the pre-war years (1992 to 1995). Almost 80 per cent of its industrial plants were destroyed in the Bosnian war. While the subsequent economic reconstruction was anyway slow, the global financial crisis of 2007-08 again trod all over the shoots of economic recovery. Furthermore, the economic losses resulting from the Covid-19 pandemic led to real gross domestic product shrinking by 5.5 per cent in 2020. The federal state of Bosnia and Herzegovina has 3.3 million inhabitants, of whom 16.9 per cent are (registered) unemployed according to the ILO definition. Youth unemployment stands at no less than 34 per cent. As in many other countries in the western Balkans, the informal sector of the economy accounts for a large part of economic activities.

A public administration which is co-financed by the international community, particularly the European Union, employs over a quarter of all employed people. The complex administration of the country (entities, cantons, districts and with three prime ministers) affords well over 100 employees with the rank of ‘minister’. The division of the state into the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District, as a special administrative area, offers ample opportunity for

the creation of posts of greater or lesser importance. Such an administrative structure invites clientelism and systemic corruption.

Average income is around 500 euros per month. In industrial companies and in the manufacturing sector, wages and salaries are often significantly lower. Yet, the monthly shopping basket for a family of four is calculated at around 1000 euros. The informal economy and corruption are flourishing: Transparency International's Corruption Perceptions Index records Bosnia and Herzegovina in 110th place out of 180 listed countries.

Against this background, it is only too understandable that young people tend to seek their fortune abroad. In the first half of 2021 alone, according to the Union for Sustainable Return and Integrations (UZOPIBiH), more than 80 000 people turned their backs on their homeland, with the numbers leaving since 2013 totalling half a million.¹ Therefore, there is often a lack of young, qualified and innovative workers around whom economic recovery could be built. The result is a rapidly ageing society: pensioners have to try to survive on an average pension of 200 euros and, in such a context, transfers from relatives abroad play an enormous role. According to a report for KNOMAD (the Global Knowledge Partnership on Migration and Development) and the World Bank, financial transfers by family members from the diaspora were worth \$2bn in 2021, some 9.2 per cent of Bosnia and Herzegovina's gross domestic product (Ratha et al. 2021).

Representing the interests of employees – what are the unions doing?

The trade union landscape reflects the political realities. The division of the country into two entities and the District of Brčko is reflected in the organisation of trade union organisations: SSSBiH is the umbrella confederation for the Federation of Bosnia and Herzegovina; SSRS is the confederation for Republika Srpska; and Sindikat Brčko District represents workers there. A national association is geared only towards cooperation with European and international structures.

All trade union federations affiliate very few members² in the private sector, where collective bargaining agreements are concluded, if at all, only in very few companies. The last generally applicable framework collective agreement on the territory of the Federation of Bosnia and Herzegovina – setting, among other things, the minimum wage and other aspects of worker compensation as well as the framework for employer-employee relations – was signed in February 2016 and expired one year later. A new one has yet to be negotiated. The story is very similar as regards SSRS as well as for the trade union in the District of Brčko, too: signing a general collective agreement applicable across a territory is proving to be a challenging ask and this only increases the pressure on the federations.

Public sector workers are better organised, with members in schools and education institutions at the level of the Federation. There is also a civil servants and judi-

1 <https://sarajevotimes.com/almost-half-a-million-citizens-have-left-bih-in-nine-years/>.

2 Trade unions are organised autonomously at local level and may choose to affiliate to national federations which are in turn affiliates of the confederations.

ciary union. In Republika Srpska, branch unions in education and in the public sector manage to improve collectively agreed services.

However, unions throughout Bosnia and Herzegovina are not a relevant political actor. In addition to the low level of organisation, this is also due to the public image of the organisations themselves: internal quarrels, disputes and allegations of corruption make the trade unions unattractive, especially for young people. They rank ahead of political parties and governments but behind religious communities, the international community, the police, NGOs and the media on young people's scale of trust in public institutions.

We don't want to go to Germany! We want higher wages!

However, in spite of the general picture, trade unions are not weak everywhere in Bosnia and Herzegovina: in autumn 2021, steelworkers in Zenica were able to wage a successful campaign behind their demands.

Iron and steel have been produced in Zenica, north-west of Sarajevo on the Bosna River and the fourth largest city in Bosnia, for 130 years. As early as 1880, under the rule of the Austro-Hungarian occupation, coal mining began in the vicinity of the town. After the Bosnian War, many former state-owned companies were either privatised or, in the case of metallurgical works, were simply left to decay. In August 2004, Mittal Steel took over the majority of the shares and invested in the plant and, as early as 2008, it was able to re-attain its pre-war production capacities. The largest steel company in the world, ArcelorMittal is the largest employer in the city and also in the region. However, the unemployment rate in Zenica is also the highest in Bosnia and Herzegovina.

In November 2021, the steelworkers' union called for a *generalni štrajk*. Trade union members, supported by SSSBiH, the umbrella organisation, demanded a significant wage increase for the 2300 employees. The union was only able to enforce its demand for the last wage increase, in 2018, after strike action and, in the previous seven years, there had been only a meagre wage rise of 6 per cent overall.

For comparison, the average wage in Bosnia and Herzegovina is around 500 euros, but full-time production workers at the smelter in Zenica sometimes only get 370 euros a month. Trade union representatives at ArcelorMittal Zenica called for a significant wage increase of 20 per cent for lower-paid wage groups. An increase in the night shift bonus and the assumption of travel expenditure for journeys to and from the plant (i.e. in excess of three kilometres) were additionally on the list of demands.

The plant has been operating profitably over a long period; while ArcelorMittal itself had never made as much profit as it did in the first few months of 2021. After massive complaints and political pressure concerning plant emissions harmful to the environment, the group invested in modern filter systems and technology for environmental protection. In recent years, in comparison, employees had not been invested in even as far as compensation for inflation.

After several unsuccessful meetings with the management, on the basis of an offer of an average wage increase of three per cent over three years, the union repre-

sentatives broke off the negotiations. When the steelworkers' chief negotiator remarked that German steelworkers earned ten times as much as their Bosnian colleagues, ArcelorMittal Zenica CEO Nikhil Mehta responded:

If you want to earn that much, go to Germany.

The local ArcelorMittal boss himself had thus delivered the campaign slogan for the strike:

We don't want to go to Germany, we want higher wages!

Such a statement from the management was more than enough of a driver for the trade union members at the smelter and they began preparations for an all-out strike. Strike measures in Bosnia and Herzegovina must be carried out in a detailed and meticulous manner. The right to strike is set down in the country's labour law but, as in many other countries, this fundamental right is hedged around with numerous laws and implementing regulations, such that even small legal mistakes can sometimes cost the union dearly.

Traditionally, 15 November is celebrated as the Day of the Metalworkers' Unions in Bosnia and Herzegovina and this was chosen symbolically as the day for the trade unionists at the plant to mount a *generalni štrajk* for their demands: it is the day on which former workers at the plant are annually commemorated. The union leadership had no doubts about the willingness of their members to go on strike:

We always had to fight for wage increases through trade union action, including strikes,

Commented Zuhdija Kapetanović, chair of the metalworkers' union at ArcelorMittal Zenica, stressing that, without the threat of industrial action and the assertion thereby of the collective power of the trade union, management never conceded an inch during collective bargaining.³

In the face of the strike threat, the management was uncompromising and sought to turn the public against the steelworkers. The management claimed in the local media that, in the event of a strike, the city's district heating supply system – which is heavily supported by the plant – could no longer be guaranteed. However, the fate of the inhabitants of Zenica has been directly linked to the site for generations and so the threat of the alleged danger to the heating system turned into the opposite of what management had intended: the feelings of solidarity between the employees at the site and the rest of the residents was unbroken.

Continued union pressure resulted in management making an offer the day before the scheduled *generalni štrajk* on the back of which the union decided to negotiate again. And, this time, with success. A collective agreement was concluded on an average wage increase of 17 per cent, an increase in night shift bonuses, holiday pay, a

3 Interview on 4 November 2021 with Kenan Mujkanović, chair of the Zenica-Doboj Canton of the Bosnian Metalworkers' Union, SMFBiH, and with Zuhdija Kapetanović, chair of the Metalworkers' Union at ArcelorMittal Zenica Smelter.

13-month salary and travel allowances. The agreement remains valid until May 2023. Kapetanović commented with some relief after the negotiations had been concluded:

Our colleagues are happy to be able to work normally again and that we have social peace for the next year and a half.⁴

Conclusion

Following the threat of the strike, the situation remains characterised by good co-operation between management and the union, ensuring that the collective agreement is respected. On 10 May, the April salary was paid out together with holiday pay of around 315 euros. Salaries and allowances have risen by more than 20 per cent as a result of the collective agreement and the average income of ArcelorMittal employees, on the basis of salary plus allowances, is now around KM 1400 to 1500 (KM 1 = 0.51 euro) which is significantly higher than before. Evidently, significantly increasing inflation – prices were rising at an annual rate of 5.5 per cent at the end of 2021, the fastest rate since 1997 – reduces the purchasing power of the workers, but the cause is the import of goods over the prices of which Bosnia has no influence. The union will certainly take this into account during negotiations on the next collective agreement, due to start early next year.⁵

References

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- 4 Quoted in news item on IndustriAll website: <https://news.industriall-europe.eu/Article/676> [last accessed 18 May 2022].
- 5 Information from Kenan Mujkanović, 3 May 2022.

