

# Collective Bargaining Among Transport Workers in Georgia

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## Collective Bargaining in the Informal Economy

“Collective Bargaining Among Transport Workers in Georgia” is one in a set of five case studies examining collective bargaining by informal workers. This research was conceived by Women in the Informal Economy: Globalizing and Organizing and supported by the Solidarity Centre. Each of the case studies covers a different category of informal workers in a different country. Please see a list of case study titles and their authors below.

- “Negotiating the Recycling Bonus Law: Waste Pickers and Collective Bargaining in Minas Gerais, Brazil.” by Vera Alice Cordosa Silva
- “Collective Bargaining and Domestic Workers in Uruguay.” by Mary R. Goldsmith
- “Collective Bargaining by Workers of the Indian Unorganized Sector: Struggle, Process, Achievements and Learnings.” by the Indian Academy For Self Employed Women
- “Collective Bargaining among Transport Workers in Georgia.” by Elza Jgerenaia
- “Collective Bargaining Negotiations Between Street Vendors and City Government in Monrovia, Liberia.” by Milton A. Weeks Laura

To access these case studies, as well as, the summary of these case studies titled, “Informal Workers and Collective Bargaining: Five Case Studies” by Debbie Budlender, please visit [www.wiego.org](http://www.wiego.org).

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# Introduction

## Background and Focus of the Study

The collapse of the Soviet Union in mid-1991 profoundly changed the world's politics as well as economic and social dynamics. Of all the former Soviet republics, Georgia suffered most severely from the collapse of the Soviet Union. Several political revolutions and a tough geo-political situation prolonged the economic crisis, and by 2003 the country had sunk to its lowest level – political, economic and social – in modern times. After years of stagnation and political cataclysms, Georgia tried to turn itself around by launching a radical economic and political reform programme starting in 2004. After the “Rose Revolution” of 2003, the Georgian government made an unequivocal choice to liberalize the economy with fundamental changes made to existing social policies.

These developments inevitably affected workers in Georgia. The new ultra-liberal labour code adopted in 2006 greatly contributed to informalization of labour relations. Among the many shortcomings that put Georgian labour legislation into obvious conflict with ILO fundamental standards, the rights of an employer to conclude unlimited verbal contracts with the workers, a discriminatory hiring-firing system and a diminished role of collective bargaining further promoted precariousness of employment. However, currently, the country is part of an EU Eastern Partnership Agreement, and the new government has pledged to build democracy and development.

This research paper gives an overview of the situation regarding collective bargaining in the road transport sector in Georgia. The main actor on the side of the workers is an affiliate of the Georgia Trade Union Confederation, the Trade Union of Georgian Automobile Transport and Highways' Workers. In addition to covering formal sector workers, the union bargains for and organizes workers who are self-employed (having the status of individual entrepreneur) as well as those who have informal jobs within formal enterprises. The main counterpart in social dialogue on the employer and the government side are the private companies that operate and manage the municipal transport in large cities and the municipal governments that have the power to influence the working conditions of transport workers.

The research focuses on three recent cases of collective bargaining in the public transport sector of the three largest municipalities of the country. The Tbilisi case is the main focus while the Rustavi and Batumi cases are of a supplementary character to illustrate how labour activism in one city may ignite similar actions in other places. All three case studies present a description of collective negotiations between the minibuses drivers (who account for a major part of public transport in all three cities), the route operators (now mostly formal enterprises that encompass both self-employment and informal employment types of labour relations) and the municipal governments. The labour and economic relationships in this triangle have been and largely remain of an informal nature.

The three cases have similarities but differ in terms of the policies adopted and implemented by the city governments. While the Tbilisi and Rustavi cases are clearly about privatization and re-privatization of the minibus sector of public transport, the Batumi case is primarily about the attempt of the municipal government to nationalize (or municipalize) the municipal transport sector by replacing the minibuses with buses of normal size, thereby cutting jobs. Although currently the privately-owned minibus sector continues to co-exist alongside municipality-run public transport in all three cities, a swing towards one or another direction can be expected at any time as federal and local governments have as yet no clear policy in this regard.

## Study Objective and Methodology

The Georgian case study forms part of a multi-national study of collective bargaining experiences in different countries in respect of various groupings of informal workers. In the case of Georgia, the focus is on transport workers. In particular, the study focuses on the experiences in the three cities of Tbilisi, Batumi and Rustavi. It describes the history and process of collective bargaining and the results achieved to date.

Both desk-based and fieldwork methods were used for the study. In terms of desk-based methods, the relevant legislative regulations were identified. In addition, materials from various public and non-governmental organizations and various internet sources were analysed.

For the fieldwork component, a list of relevant individuals was developed. Interviews with these individuals provided a further source of information.

The work was planned and implemented in four stages, namely preparatory work, field work, processing of results, and analysis and report writing.

Elza Jgerenaia, the Georgia Trade Union Confederation's (GTUC) Economist, supervised preparation of the methodology and general organization of the study and was also responsible for processing the information and report writing.

Support was provided by the leaders of the GTUC and the Trade Union of Georgian Automobile Transport and Highways' Workers as well as by their staff members. The representatives of the state transport administration, respective municipalities, and political parties also made important contributions.

The list of persons interviewed, their positions, and organizations/institutions is included as an appendix to this paper.

# General Information about Georgia's Population, Economy, and Politics

Georgia covers an area of 97,000 km<sup>2</sup> (a little smaller than Belgium and Netherlands taken together). To the west, the country is bounded by the Black Sea and to the north and south by the Larger and Lesser Caucasus Mountain Range. To the south, Georgia is also bounded by east Turkey, to the southeast by Armenia, and to the east by Azerbaijan.

Georgia was previously part of the Soviet Union. The Union collapsed in 1991 after an attempted putsch by orthodox Communists who attempted to restore the pre-perestroika period. Subsequent economic transition has been difficult everywhere in the former Soviet Republics as the transformation of the command economy into a market economy proved to be more difficult than expected. In the case of Russia, GDP fell by almost 50 per cent in the first seven years of transition while inflation sky-rocketed to a four-digit figure in 1992. The industrial recession was more severe than during the Nazi invasion. Similar problems were experienced in Ukraine, Moldova, and the Caucasian Republics, including Georgia.

Shortly after regaining its independence, which marked an end to 70 years of a one-party political system, Georgia saw a surge of political activism in the country. Subsequently, over 150 political parties formally registered with none of them seriously committed to advocating for workers' rights. Despite the fact that all six parliaments (before the last parliamentary elections of October 2012) formally were multi-party, Georgia has never experienced genuine separation of powers. The country has always been run in an autocratic way by a strong President who simultaneously runs the ruling party, enjoying an absolute/constitutional majority in the parliament and decisively influencing the judiciary.

The cases described in the present study refer to the period of unlimited and thorough domination of the United National Movement (UNM) over the federal government, parliament, and judiciary. Furthermore, the UNM has been in charge of all (without exception) local governments and has controlled all the governors of the regions.

The situation has significantly changed after the last parliamentary elections, which brought in an opposition coalition, the "Georgian Dream", consisting of five parties (none of them having been represented in the previous parliament) to the government. Although this has marked a new beginning for Georgia's democracy, the political situation became even more complicated as the current President, who announced that he had moved to the opposition, still has one more year in office and is able to effectively leverage the country's political life right up to dissolution of parliament. He also holds control over most of the judiciary (especially the Supreme Court). Municipal governments in Tbilisi, Batumi, Rustavi, and in other cities also remain under UNM control.

Due to an extremely confrontational attitude towards each other, the two political forces so far have been unsuccessful in translating the factual and legislative diarchy into an effective cohabitation. The situation is further aggravated by the fact that in the last elections, the Christian-Democrats, the most popular opposition party among the minority faction in the previous parliament, did not achieve the five per cent threshold to qualify for the country's highest legislative authority. Nevertheless, it enjoys representation in most of the local governments, including in all three cities discussed in this paper.

Key population and demographic indicators for Georgia are as follows:

- Population: 4,300,000

- Cities: The capital city is Tbilisi (1.2 million residents) with other main cities being Kutaisi (235,000), Rustavi (159,000) and Batumi (136,000).
- Urbanization rate: between 55 and 60 per cent.

According to the national statistics bureau, Georgia's gross domestic product (GDP) in the second quarter of 2012 was GEL 6,384.1m while GDP per capita was GEL 1,419.4. The real annual GDP growth rate was 8.2 per cent. The table below shows the GDP growth rate and GDP per capita in US dollars for the years 2007-2012.

**Table 1: GDP 2007-2011**

<b>Year</b>	<b>Growth Rate</b>	<b>GDP per capita (USD)</b>
2007	12.3	2,314.6
2008	2.3	2,921.1
2009	3.8	2,455.2
2010	6.3	2,623.0
2011	7.0	3,215.4

The sectoral breakdown in terms of contribution to GDP shows the following picture and illustrates the relative importance of the transport sector, which is the focus of this paper:

- Industry - 16.6 per cent
- Trade - 16.6 per cent
- Public administration - 11.7 per cent
- Transport and communication - 11.5 per cent
- Agriculture - 8.6 per cent
- Health care and social assistance - 5.9 per cent

Overall, the Georgian economy developed positively following the 2003 Rose Revolution. However, the best reflection of the economic situation in the country is provided not by various business ratings but by statistical information that confirms that the economic situation of Georgian citizens is difficult. Even according to official data, 20 per cent of the Georgian population lives below the poverty line, and 60 per cent lives below the average consumption level.

The challenges for the poor are increased by the fact that Georgia is a country with a small and open economy and is largely dependent on imports. For example, in 2010 and 2011, the value of imports of foodstuff was five times higher than the value of exports. Further, the Georgian market is entirely dependent on imported fuel. As a result, an increase of prices on the global market has an immediate impact on Georgia's market. Foodstuffs and fuel are especially sensitive for the Georgian economy, since all consumers, including those below the poverty line, need foodstuff and the expenses incurred on them represent a significant proportion of consumer expenditure. In 2007-09, for example, food accounted for 43 per cent of consumer spending and in 2010-11, for 38.8 per cent. Increases in fuel prices affect virtually all sectors of the economy and also directly or indirectly affect the standard of living of the population. The fuel price is of particular importance to the transport industry.



# Labour Market and Union Profile

The GTUC is an umbrella for 19 sector unions and three regional trade union federations as follows:

## Regional Federations

1. Adjara Trade Union Federation
2. Abkhazia Trade Union Federation
3. Tskhinvali (South Ossetia) Regional Trade Union Centre

## Trade Unions

1. Aviation Workers' Trade Union
2. Architecture, Construction and Building Material Industry Workers' Trade Union
3. Georgian Energy Workers' Trade Union
4. Self-employed Workers' Trade Union
5. Communication Workers' Trade Union of Georgia
6. Metallurgy, Mining and Chemical Workers' Trade Union
7. Metro Workers' Trade Union
8. Trade Union of Service Sector, Local and Communal Services Workers of Georgia
9. Oil, Gas and Coal Distribution Workers' Trade Union
10. Education and Science Workers' Free Trade Union
11. Trade Union of Railway Workers
12. Trade Union of Georgian Automobile Transport and Highways' Workers
13. Trade Union of Naval Transport and Fish Industry Workers Confederation
14. Public Servant of Trade Union of Georgia
15. Agriculture Workers' Trade Union
16. Sport Workers' Trade Union
17. Footballers' Trade Union
18. Health, Pharmaceutical and Social Care Workers' Independent Trade Union
19. Artists' Trade Union

At the end of 2012, the total number of members affiliated to the GTUC was 176,547, of whom women accounted for 109,852 (62.2 per cent), and those under 35 years made for 26,752 (15.1 per cent). The issue of participation of women in the decision making process, especially in the ordinary board of the Georgian Trade Union Confederation, is addressed in the regulations in the sixth item of Article 13, which provides for the right of women to have three members in a deliberative vote. In the membership of the representative organ of the board of Confederation, of 26 members, six are woman – nearly a quarter of the total number. Of the two deputy heads of the GTUC, one is a woman.

The table below shows women’s membership numbers for the different branch organizations of the Federation:

**Table 2: Total and Women’s Membership of GTUC Affiliates and Branches**

Name of branch organization	Union members	Women			
		Women	% of total	<35 years	% of total
Adjarian Trade Union Confederation	8,145	4,718	57.9%	2,034	43.1%
Abkhazian Trade Union Confederation	394	162	41.1%	36	22.2%
Aviation Workers’ Trade Union	448	218	48.6%	178	81.6%
Architecture, Construction & Building Material Industry Workers’ Trade Union	1,557	236	15.1%	71	30%
Georgian Energy Workers’ Trade Union	3,509	621	17.6%	266	42.8%
Self-employed Workers’ Trade Union	389	195	50.1%	46	23.5%
Communication Workers’ Trade Union of Georgia	2,084	1,061	50.9%	528	49.7%
Metallurgy, Mining and Chemical Workers’ Trade Union	4,511	1,144	25.3%	363	31.7%
Metro Workers’ Trade Union	1,662	485	29.1%	45	9.2%
Trade Union of Service Sector, Local and Communal Services Workers of Georgia	5,170	3,953	76.4%	1,086	27.4%
Oil, Gas and Coal distribution Workers’ Trade Union	2,243	286	12.7%	90	31.4%
Education and Science Workers’ Free Trade Union	99,731	79,175	79.3%	e16,852	e21.2%
Trade Union of Railway Workers					
Trade Union of Georgian Automobile Transport and Highways’ Workers	7,145	800	11%	500	62.5%
Trade Union of Naval Transport and of Fish Industry Workers Confederation	3,791	589	15.5%	404	68.5%
Public Servants Trade Union of Georgia	4,569	1,786	39%	839	46.9%
Agriculture Workers’ Trade Union	5,200	2,200	42.3%	1,090	49.5%
Sport Workers’ Trade Union	1,425	361	25.3%		
Footballers’ Trade Union	113	20	17.6%	2	10%
Tskhinvali Regional Trade Union Centre	267	198	74.1%	81	40.9%
Health, Pharmaceutical and Social Care Workers' Independent Trade Union	11,284	9,078	80.4%	2,204	24.2%
Artists’ Trade Union	7,077	3,833	54.1%	696	18.1%

According to statistical data for 2011, the economically active population (workforce) numbered 1,959.3 thousand. Of these, women accounted for about 915.6 thousand, 46.7 per cent of the total workforce. Of the workforce, employed people amount to 795.3 thousand, of whom hired employed (employees) amount to 297.9 thousand, or 47.1 per cent of the total amount. Self-employed women are about 493.2 thousand, 62 per cent of total employed women, while hired employed women account for 37.5 per cent.

Unfortunately, women are more often than men employed in positions with low wages and low revenue. The level of women's average wage is thus substantially lower than men's as seen in the table below.

**Table 3: Male and Female Salaries and Wages by Sector**

Economic sector	2011 Average wage: 636.0 Lari			II quarter 2012 Average wage: 723.9 Lari	
	Women	Men	Differences	Women	Men
<b>Average wage</b>	460.2	771.1	310.9	518.1	890.0
Agriculture	336.3	407.9	71.6	424.4	750.8
Industrial of mountainous extract	551.9	876.2	324.3	616.4	899.2
Manufacturing industry	392.7	629.0	236.3	470.4	736.0
Electricity, gas and water production and distribution	846.5	884.1	37.6	875.9	897.9
Building, construction	513.7	753.7	240.0	683.7	1,043.2
Trade, domestic sector	402.0	662.8	260.8	454.8	814.8
Hotels and restaurants	292.2	437.2	135.0	380.4	533.7
<b>Transport and communication</b>	<b>686.2</b>	<b>933.2</b>	<b>247.0</b>	<b>714.4</b>	<b>1,055.0</b>
Financial activity	1,120.1	1,762.4	642.3	1,228.8	1,714.8
Public administration	1,030.6	903.2	127.4	992.9	1,036.9
Education	299.2	389.8	90.6	329.9	430.7
Health care and social security	444.3	765.5	321.2	502.9	899.9
Community and social services	423.9	599.7	175.8	499.6	777.5

Unemployment in Georgia is at a record high when compared to other CIS countries: 15.1-13.1 per cent for females and 16.7 per cent for males ([www.geostat.ge](http://www.geostat.ge)). Traditionally, the unemployment rate for women is lower than that for men. The main reason for this is that many women who are not employed are classified as housewives. In 2011, the urban unemployment rate was 26.5 per cent while the rural rate was 6.5 per cent. These rates were lower than in the period 2008-2010 but higher than the rates in the period 2005 to 2007.

The majority of Georgia's population is economically and socially vulnerable. Polarization of income has transformed one of the once wealthiest republics of the Soviet Union into one of the most volatile states. As noted above, according to official data, more than 50 per cent of the population is on the verge of poverty.

According to the World Bank, the Gini Index, which measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution, in Georgia was reported as 40.8 in 2011. According to the rating, among the 143 countries in the world, Georgia holds the 111th place, lower than many countries in Africa and South America.

In Georgia, among those who are listed as employed, the majority are self-employed. This category is largely concentrated in agriculture, where productivity levels are low. The majority of jobs in the private sector and especially those in services are of a precarious nature, unstable, short-term, and often informal. This is especially the case in relation to street trade, hotel, casino chains, transport and construction in the capital city Tbilisi and major regional principal cities. There are sharp differences in the standard of living between the regions, cities and rural areas, while mountainous regions rely on self-subsistence. According to official census data, 15-20 per cent (out of 4.5 million) of the population lives abroad.

The informal sector accounts for more than 60 per cent of employment in Georgia according to independent experts. Informality is widespread not only in agriculture, but also in transport, services, and construction. Transport has been particularly vulnerable to self-employment, tax evasion, and informality of labour relations over the last two decades.

The GTUC is the only trade union federation in the country. As noted above, the GTUC affiliate, the Trade Union of Georgian Automobile Transport and Highways' Workers, covers the transport sector. In addition to covering formal sector workers, the union bargains for and organizes workers who are self-employed as well as those who have informal jobs within formal enterprises. The transport union has 7,148 members, approximately 10 per cent of whom are women employed in the informal sector.

# Labour Legislation and Regulations

The documents that provide the legal basis for labour relations in Georgia include the Constitution of Georgia, ratified ILO conventions, the Labour Code, the Law on Trade Unions, and the Law on Gatherings and Manifestations.

Article 30(4) of the Constitution safeguards labour rights and provides for fair remuneration, safe and healthy conditions of work, and appropriate employment conditions of minors and women.

Georgia has ratified the 1948 Convention on Freedom of Association and the Right to Organize (no. 87, ratified in 1999)<sup>1</sup> and the 1949 Convention on the Right to Organize and Collective Bargaining (no. 98, ratified in 1993)<sup>2</sup> alongside other labour conventions. The International Labour Organization's Committee of Independent Experts has several times provided recommendations to the Government of Georgia<sup>3</sup> in respect of modifications to the Labour Code and other legislation in order to bring them in line with Conventions 87 and 98.

In addition, in 2005, Georgia ratified and partially adopted the European Social Charter,<sup>4</sup> a Council of Europe treaty that guarantees social and economic human rights.

However, the Law on Trade Unions<sup>5</sup> that was passed in 1997 has not been substantially modified subsequently while the Law on Collective Bargaining Agreements and the Law on the Rule of Regulating Collective Labour Disputes that were passed together with the Law on Trade Unions were abolished in 2006, leaving gaps in legislation. The Law of Trade Unions declares the freedom to form and join trade unions. Trade unions are allowed in public as well as private institutions with the exception of certain categories relating to law enforcement bodies. Article 12(2) states that an employer is obliged to bargain with trade unions with the purpose of reaching collective bargaining agreements. Article 11(2) states that an employer is obliged to provide information to trade unions at least two months in advance about expected downsizing of staff and/or expected worsening of employment conditions.

A trade union can be founded as an independent legal entity on the initiative of at least 50 individuals (Article 2(9)). Trade unions can form primary organizations at enterprises that are guided by the by-laws of the trade union. Where there are at least 15 members, the primary organization may elect a trade union leader who will serve a representational function. Where the number of members is less than 50, trade unions can exist only as a sub-unit of a larger association. In such cases, it may not be a legal entity and cannot independently conclude collective bargaining agreements. Only the higher-level organization can sign such agreements.

Article 13, paragraph 3 of the Law on Trade Unions stipulates that an individual person working for a specific company/organization and having a labour contract with an employer as well as an individual entrepreneur can form and/or join a trade union of their choice. Although the Labour Code mentions only the organization of the employees who work under "labour contracts" as counterparts for collective bargaining, in practice there has

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<sup>1</sup>Parliament of Georgia. "Freedom of Association and Right to Organize" (Convention 87). 1999. Available at [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---).

<sup>2</sup>International Labour Office. 4 Oct 2009. "Ratification and Promotion of Fundamental ILO Conventions." Available at [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_gb\\_297\\_lils\\_6\\_en.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_gb_297_lils_6_en.pdf). (Accessed 2 October 2013).

<sup>3</sup>International Labour Office. "NORMLEX - Information System on International Labour Standards." Available at <http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:1:0::NO:::> (Accessed 2 October 2013).

2008 and 2010 ILO Committee of Experts provided recommendations to the government on the necessity to enter modifications since Georgian legislation does not correspond to key principles of these conventions.

<sup>4</sup>Parliament of Georgia. "European Charter." Decree # 1876. 1 July 2005.

<sup>5</sup>Parliament of Georgia. "Trade Unions Law". 1997.

been no refusal to date by the employer to bargain with others based on this phrasing. The most widespread reasons on the side of the employer for avoiding collective bargaining are general unwillingness to recognize a union citing the Labour Code's ambiguous provisions in terms of the employer's obligation to enter into bargaining with the union as well as questioning how representative the union is.

The Labour Code was adopted in May 2006. This Code has been criticized for significantly limiting the rights of employees and trade unions and because it was adopted without due consultations with the trade unions. Further, the Code is contrary to the ratified conventions. Despite the demands put forward by the GTUC, the ILO, the European Union (EU) and others, the Code's provisions have not been modified. Further, amendments to the Constitution in December 2010 changed the status of the Labour Code from a regular law to an organic law. This means that votes of more than half of all members of parliament (MP) will be needed to amend the Code. The Code is especially important for this study as it covers employees working in the informal sector, giving them the same protection, rights, and freedoms as the workers who have a formalized labour relationship with their employers. Unfortunately, neither the Labour Code nor any other piece of legislation provides definitions for the formal and informal sector or employment. Even the Law on Employment, which was abolished in 2005, was silent about informality of labour relations and the informal sector as such. It distinguished only between the employed worker and the self-employed person. The latter was defined as a person working in his/her own enterprise or household for the purposes of receiving profit or family income (in the form of money or in kind/non-cash).

Therefore, the current labour code applies to all types of employees working for private employers no matter in which sector. A self-employed worker who has the status of an individual entrepreneur (the most common practice) may also enjoy freedom of association and the right to bargain collectively as already mentioned above. Anticipating the discussion below, it should be stressed that this very provision in the Law on Trade Unions gave the Trade Union of Georgian Automobile Transport and Highways' Workers a free hand to organize minibus drivers who formally are mostly individual entrepreneurs.

Articles 37(d) and 38(3) are the main weak points of the current Labour Code in that they enable an employer to terminate a labour contract without giving a warning or/and explanation.

The Code allows for the conclusion of collective agreements but is not sufficiently specific about regulation of such agreements. The Code defines a collective bargaining agreement as an agreement between an employer and any group of employees that comprises more than two members. An employer is not obliged to bargain collectively even when this is demanded by a trade union. The role of trade unions in collective bargaining is not defined and the bargaining may be done by any worker representative. This is contrary to Article 4 of ILO Convention 98.<sup>6</sup>

Article 25(3) of the Georgia Law on Trade Unions provides for deduction of trade union subscriptions by the employer and transfer of this money to the trade union account in line with a collective agreement. If the collective agreement is terminated unilaterally by the employer, this obligation falls away. Employers can, by blocking the collection of membership contributions, financially weaken the trade unions.

Article 49 of the Labour Code recognizes the right of workers to strike, but Article 51 imposes a number of limitations. For example, an employee may not strike in a case where the employer downsizes staff provided the employee had been warned in advance about possible dismissal. A strike must be preceded by a warning as a result of which for 14 days the parties should attempt to reach agreement through negotiations. The Law does not explicitly determine the procedures for these negotiations. If, as a result of exchange of written notices, agreement is not reached, one party is authorized to apply to court or for arbitration. This then restricts the right to strike. Further, the duration of a strike is limited to 90 days and strikes are not allowed where they can cause harm to the public.

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<sup>6</sup>International Labour Organization. Convention 98, Article 4.

In addition to purely legal aspects, practical deregulation of management by the state has also resulted in the failure to protect labour rights. The abolition of labour inspection has created a gap in terms of controlling employment conditions. There is no registration of unemployment and no unemployment benefits system. No specialized courts or mediation institutions are in place for the consideration of labour disputes.

The Code is also contrary to EU standards and the European Social Charter,<sup>7</sup> of which Georgia has ratified Articles 2, 4, 5, 6, 26 and 29. Article 2(1) is breached because an employed individual may agree to an agreement that will not limit the maximum working hours. Article 4(2) is breached because employer and employee may agree on unlimited overtime. Further, the Labour Code does not ensure additional payment or compensatory leave for overtime. Article 4(4) is contrary to the Charter because preliminary warning to an employee in case of his/her dismissal is not prescribed. Article 5 is breached because an excessive number of members is required for founding a trade union. Further, employment contracts can specify that the person may not join a trade union. Article 6(2) is breached because an employer may unilaterally ignore a collective bargaining agreement and because concluding of collective agreements is not encouraged.

In addition to legislation directly related to employment relations, the success of social dialogue depends on the quality of the protection of overall civil rights and freedoms in the country. This has been deteriorating over time through an increase in legal and practical restrictions of political and civil rights.

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<sup>7</sup>Parliament of Georgia. "European Social Charter." Articles 2, 4, 5 and 6

# Social Dialogue at an International Level

The ILO has been cooperating with the government, the GTUC and employers over years in order to bring labour legislation in line with international standards. In addition to the ratified conventions, the European Neighbourhood Policy Action Plan envisages “continuous efforts to ensure that standards stipulated in the European Social Charter are realized, protection of trade unions rights and compliance with universal labour standards in accordance with the ILO conventions ratified by Georgia”.<sup>8</sup> Further, inclusion of Georgia in the Generalized System of [Trade] Preferences with the European Union (GSP+) requires that the country should be fully compliant with the key principles of ILO labour standards.

These international obligations, along with the ratified conventions, create the framework in which the EU, ILO, US Department of State and other international organizations should be treated as the main proponents of social dialogue in Georgia.

Yet, the 2010 Report on the Implementation of the European Neighbourhood Policy<sup>9</sup> confirms ongoing gaps in the Labour Code despite minor agreed – but not yet implemented – amendments to the Code in respect of social dialogue at the same time as pressure on trade unions has increased. Similarly, the US Department of State Annual report about the situation with human rights is explicitly critical of the lack of protection of labour rights in Georgia and labour legislation.<sup>10</sup> The resolution adopted by the European Parliament on conclusion of a free trade agreement notes that the Government of Georgia should ensure that Georgia’s labour legislation is brought in line with Conventions 87 and 98 and efforts to support the development of non-discriminatory social dialogue should be strengthened.<sup>11</sup>

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<sup>8</sup>Gurkan ATEŞ. 10 February 2011. "European Neighbourhood Policy: The Case of Georgia." Available at [http://gurkanates.com/index.php?option=com\\_content&view=article&id=8&Itemid=18](http://gurkanates.com/index.php?option=com_content&view=article&id=8&Itemid=18). (Accessed 2 October 2013).

<sup>9</sup>European Union. "European External Action Service." Available at [http://eeas.europa.eu/enp/index\\_en.htm](http://eeas.europa.eu/enp/index_en.htm). (Accessed 2 October 2013).

<sup>10</sup>Tsagareishvili, Nino. "US State Department Report: Drugs Transit through Georgia to Western Europe." Human Rights House Tbilisi, 10 Mar. 2011. Available at <http://www.humanrightshouse.org/Articles/16050.html>. (Accessed 2 October 2013).

<sup>11</sup>Lisek, Krzysztof. 2011. "European Parliament’s recommendations to the Council." Committee on Foreign Affairs. Available at [http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2011-0374&language=EN\\_](http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2011-0374&language=EN_) (Accessed 2 October 2013).



# Laws and Regulations in the Transport Sector

The Ministry of Economy and Sustainable Development of Georgia develops and implements state policy relating to transport. There are also several legal provisions that regulate transport in the country. These include the Law on the Management and Regulation of Transport, which sets out the legal and organizational basis for the management and regulation of transport throughout Georgia.

The various technical regulations are listed in the June 9, 2011 N 1-1/883 Order of the Minister of Economy and Sustainable Development while the development and approval of subsequent orders is the responsibility of legal entities falling under the Ministry. In terms of land transport, the development of technical regulations is the responsibility of the Terrestrial (Land) Transport Agency.

Local government is also responsible for regulating passenger transport in the territory of the respective municipality: the Organic Law on Local Self-Government permits charging the service provider associated fees in relation to regular transport of passengers. All local governments across the country are governed on the basis of this law except for in Tbilisi where the Mayor is elected directly by residents of the city. The Mayors in other cities are elected by the City Councils. Tbilisi's local government is run on the basis of a separate law, the "Law on Capital City," which determines the amount of the service fee paid by providers to the municipality and the payment process done on the basis of tender announcements and related procedures.

Reforms in recent years have aimed to formalize the transport sector. The reforms include stricter tax administration, renovation of parking spaces for buses (including minibuses), and regulation of the contractual system. However, despite these reforms, the situation has not changed substantially, especially in Batumi and Rustavi where management of minibuses has not been brought under the municipality and transport remains privately owned and managed.

# City-based Case Studies of Collective Bargaining in the Transport Sector

## Background

For 20 years, minibuses have been the main form of transport within the three cities of Tbilisi, Batumi, and Rustavi. The economic collapse that began in the early 1990s, ethnic conflicts promoted by Russia, and armed civilian standoffs (including civil war in the capital city) resulted in a deep and all-encompassing crisis of public administration all over the country. Public services became ineffective with many public officers deeply involved in corruption. This caused an absolute collapse of municipal services, including municipal transport. The gap in respect of transport services was filled by a self-employed sector that developed in an unorganized manner. Due to the weak buying power of the population and the lack of demand for quality services, it was mostly second-hand minibuses from Turkey and Germany that became the key means of transportation. In addition, dilapidated Soviet-produced minibuses from the 1980s were still in use.

In this situation, city transport traffic routes were established spontaneously and in an unorganized way. Initially, private individuals transported passengers in minibuses they owned, either driving themselves or using hired drivers. In the late 1990s, when there was relative stability in the country, federal and municipal governments managed to introduce some order in passenger transport through the measures described above. However, due to widespread corruption and oligarchic capitalism, transport operated largely as part of the shadow economy (for example, without payment of tax). Up until at least 2010, labour relations were based on informal self-employment. The so-called minibus passenger transport system that developed posed effective competition to municipal transport services such as the Metro and large buses. The buses are all owned and run by the municipality while trolley buses and trams had by this time already been abolished by the Tbilisi government.

Against this backdrop, the change of the government in 2003 (following the so-called Rose Revolution) and the successful government policy of fighting against corruption and instituting order gradually reached municipal transport. Given the increase in local budgets with moves to self-government, cities started to introduce new regulation mechanisms, spending more on improving city infrastructure and renewal of the transport fleet (buses of various seating capacity). In Tbilisi and other large cities, these became major reforms.

However local (and federal) government attempts to bring more transparency and accountability to the cities' transport systems confronted a "vicious scheme" that had been taking root for almost two decades. This approach was found in almost every large city of Georgia, including in Kutaisi, Rustavi and Batumi.

The scheme can be described as follows:

1. The transport system within the cities is divided into several minibus routes.
2. After having won formal tenders announced by the municipal government(s), separate legal entities (route operators) manage one or more routes for a specified period of time – usually 1-2 years.
3. In Tbilisi, the route operators claim that in the 1990s, they unofficially paid for the permanent right to manage the routes, making them *de facto* owners of the respective routes. For this reason, and also to differentiate the various actors, it is better to refer to them as "route owners".

4. The real “route operators” are the individuals (physical persons) who *de facto* manage minibus traffic under unofficial lease agreements with the route owners.
5. The route operators select minibuses and their owners to work on the various routes. They also informally collect monthly fees from the minibus owners and pay over part of the money to the route owners.
6. In many instances the minibus owners are also drivers while in other cases, they employ drivers to drive their vehicles.
7. In many instances, the route operators use their own minibuses on the routes managed by them.
8. The only (but still fake in that they are not followed in practice) formal relations in this scheme are those between route owners and minibus owners (and owner-drivers).
9. No services (such as safety inspection, car repairing, spare parts, etc.) are provided to the minibus drivers by the other actors. Moreover, at some point in recent years drivers were asked to do their own bookkeeping, which usually meant that they needed to contract and pay an accountant. This measure partly formalized the business and labour relationships in this sector but increased the financial and administrative burden of drivers.

All the personnel, apart from a few employees in the route operation offices, are men.

It is clear that the driver is the most vulnerable in this system, “feeding” all others above him – the minibus owner, route operator and route owner. This is an upside-down pyramid-like scheme with the driver at the base exploited through semi-legal methods. At times, drivers publicly expressed discontent with their labour conditions, but their protests would have no result. Because of the informal nature of the relationship and despite strong attempts, it was difficult to unionize the drivers. The main problem was the lack of a concrete employer who could serve as a common target for collective actions. Local authorities did not have a direct relationship with drivers although indirectly they influenced the employment conditions of the drivers.

Reforms implemented in Tbilisi eliminated route operators and minibus owners from the system and substituted companies that have won a tender obliging them to bring in new minibuses, select and employ the drivers, provide insurance (car accident, healthcare), operate and/or manage the routes, and provide safety inspections for a period of 20 years. The only legacy from the previous approach is that all drivers are formally registered as individual entrepreneurs and are responsible for taking care of the vehicle themselves in terms of repairs, spare parts and other running expenses. Thus, despite all the changes in the direction of greater formalization, the drivers remain self-employed to some extent. Many registered as sole proprietors and started paying taxes according to this status.

Removal of the other two groups of actors – route owners and route operators – caused a lot of tension and many protests against the municipal government. Furthermore, Tbilisi city council was accused of encouraging monopolization of city transport as there were rumours that suggested that all four tender-winning companies had the same owners registered in an off-shore area. Batumi and Rustavi have not yet brought about similar changes, but there are plans for this to happen in the near future.

The reforms occurred against a background of developing social dialogue in the sector. The first memorandum of cooperation was concluded on July 27, 2009 between the Unified Transport Administration of the Ministry of Regional Development and Infrastructure, the MTMWETU and the League of Passenger Transport Operators. The League of Passenger Transport Operators represents the route owner companies and is seen as being close to the authorities.

In terms of this memorandum, the social partners deemed it advisable to develop relationships to resolve the problems in the area of passenger motor transport. The focus of cooperation was safe, timely and quality transport of passengers in order to meet the demands of consumers. The three bodies formed a permanent Council, which serves as a platform for exchanging opinions and information on ways of addressing the problems and challenges. Further, under the memorandum, agreement was reached about the refinement of the technical regulations governing motor vehicle passenger carriage and the creation of effective mechanisms for practical implementation of the provisions of laws and regulations.

A significant aspect of the agreement was the creation of a permanent joint consultative board. The main task of this board was the development of recommendations to identify and resolve problematic issues in the sector. The heads of the Agency and the League along with the President of the MTMWETU constitute the board. The board meets twice a year unless there is need for an urgent meeting. It can come up with recommendations regarding important issues such as labour disputes.

The memorandum paid special attention to regulations safeguarding the employment and health of employees (primarily drivers), skills development, professional training and in-service development, minimum conditions for work and rest hours, establishment of legal, stable, socially-oriented relationships between employees and employers, ensuring social dialogue, conclusion and enforcement of collective agreements and smooth functioning of auto stations.

## Tbilisi

By 2010, between 18,000 and 20,000 people were employed in Tbilisi in the transport sector, approximately 5,000 of whom were employed in the minibus sub-sector.

### The Process

In September 2010, the Tbilisi municipality issued a tender aimed at the reform of transport. Information about the tender triggered the initiation of collective bargaining and the formation of a trade union of minibus drivers under the umbrella of the Motor Transport and Motorway Employees Trade Union (MTMWETU). This was possible because the MTMWETU's constitution and structure are flexible enough to allow for membership of any employee irrespective of the degree of the formality of his/her labour relations with the employer. Furthermore, the policy of the GTUC (to which MTMBWETU is affiliated) is to encourage its member sectoral unions to make it easy for informal workers, including those who are self-employed, to join the unions and enjoy representation and protection equal to those having formal labour relations with their respective employers.

Fearful of losing their jobs, the drivers – who had for a long time avoided unionization – quickly approached the MTMWETU for help. The MTMWETU immediately responded and launched a campaign against the municipal government demanding greater transparency and respect for the drivers' job security. The union activists from the municipal bus company played a key role in organizing the minibus drivers. Finally, within a period of one week, the Primary Union of Tbilisi Minibus Drivers' was set up and the MTMWETU was given the mandate to represent the drivers in the negotiations with the municipal government.

In order to focus public attention on the problems of the drivers, the MTMWETU decided to act in alliance with the Christian-Democratic faction of the Tbilisi City Council, namely with the vice-speaker of the Council who represents the above-mentioned party. Meetings held in the Council, joint press-conferences and participation in TV talk-shows strengthened the alliance and forced the municipal government to include the MTMWETU representatives in the Tender Commission.

This moment marked the final split between the interests of the drivers on the one hand and the route owners and route operators on the other. The latter, recognizing the possible loss of their places (and privileges) in the existing scheme, tried to use the drivers to avert or at least postpone the reform. They tried to instigate the drivers to go on strike and paralyze transport in the city. The drivers, who had been exploited by the “vicious scheme” for many years, were smart enough to identify the real intentions of their former “employers” and did not strike. Their memories were still fresh enough to remember the attempt of the “employers” to prevent them forming a union. Backed by some radical political forces, the route owners and route operators tried to rally against the government, but without the participation of drivers, their protest was not successful.

Besides the motives noted above, the drivers – led by the union – understood that the reform could bring more decent work and greater employment security. They needed to fight to save their jobs and wages and to try to improve working conditions. It was clear that they could achieve this only by acting together as a union.

Most political parties focused mainly on preventing monopolization of the sector. This approach was the result of rumours that all the companies participating in the tender enjoyed support from both the federal and municipal government. The tender was about long-term outsourcing of municipal minibuses transport, which required that participant companies invest heavily and completely change the fleet of vehicles within one year (bringing in 1,250 new minibuses in 2011), urgently address safety conditions and so on. In this process, route owners and route operators (who are small entrepreneurs and thus unable to engage in major investment) claimed that they had been deliberately sidelined.

The trade union shared the concern over the possible monopolization of the sector, but retention of 100 per cent of jobs for those already working as drivers was its main objective. In order to influence the city authorities (who enjoyed strong backing from the federal government) to have the relevant clause on job retention included among the conditions of the tender, the MTMWETU requested the GTUC intervene. The GTUC support, coupled with assistance from the Christian-Democratic party, played an important role. Nevertheless, the MTMWETU had to organize a protest rally in front of the Mayor’s office in Tbilisi to secure the drivers’ rights and interests. After the rally, the municipal government invited MTMWETU’s leader and the ad hoc committee of the drivers to negotiations. After a series of negotiations all the demands of the drivers were accommodated, including retention of jobs, medical insurance, working hours, paid annual leave, and safety conditions. It was also agreed that no matter which companies won the tender, they would conclude a collective agreement with the MTMWETU as the workers’ representative organization.

Seven companies expressed an interest in the tender, and four were announced as winners. The four winners were widely seen as belonging to a big business grouping (operating in telecommunication, construction) close to the then ruling party. Tbil Line, Ltd won two lots, while Tbil Care, Ltd, Capital Group, Ltd, and Public Car, Ltd each won one lot.

Despite relatively successful negotiations with the four companies, at a certain stage drivers had to threaten to strike. This was necessary because of disagreements over the responsibility of companies for routine maintenance and repair of minibuses and over wages. Fortunately, through intensive mediation that involved the GTUC and some senior government representatives, consensus was reached and industrial action averted.

The cooperation of the trade union with the Christian-Democratic Party proved to be successful as demonstrated by creation of a united front for safeguarding the jobs of drivers. Drivers were also offered assistance by various non-governmental organizations (NGOs), mainly in respect of legal advice. Nevertheless, the trade union was the most important form and means for collective advocacy for and representation of workers’ rights and interests even though the drivers’ employment was mainly informal and in some cases not fully in line with the law.

Previously, drivers could not be united due to the lack of a common employer and because the municipal government avoided taking responsibility for drivers’ working conditions. The reform was largely successful in addressing these gaps and the investors, in the form of the winning companies, became the genuine and

responsible employers while the municipal government was shown to be the body directly responsible for the process and monitoring transport traffic with the capacity to intervene on either side to promote compliance with policies and labour standards.

Ultimately, the trade union concluded the memoranda of cooperation with the four companies that later resulted in the signing of collective agreements. With its flexible structure and constitution allowing drivers with any type of employment to affiliate, subsequently MTMWETU succeeded in recruiting approximately 500 members (out of a total of 1,000 drivers) who currently pay union dues and actively participate in union activities. The majority of the drivers are registered as individual entrepreneurs and have commercial contracts (rather than employment contracts) with the employer.

## **Memoranda and Collective Agreements**

On April 8, 2011, the four winning transport operator companies concluded a cooperation memorandum with the Trade Union of Transport and Motorway Workers. The main objective of the memorandum is the retention of drivers of minibuses. In addition to the need to remain employed, the drivers need trade union assistance in another important issue – the threat that all drivers will be required to pay the same fee, GEL 20 a day, while daily income from lines differs significantly. Because of this variation, the drivers' demand is for differentiated fees, and this demand was included in the agreement.

On December 24, 2010, a further agreement was signed between the Tbilisi Transport Company, Ltd and the MTMWETU. Key items of the agreement were as follows:

- safeguarding the employment and health of employees;
- skills development, professional and in-service training;
- creating norms in respect of work and rest hours;
- establishing just, law-based relations between employees and employers; and
- ensuring social dialogue and conclusion and implementation of collective agreements.

The memorandum of agreement was signed by Mr. Lavrenti Alania, President of the MTMWETU, and Mr. Levan Koplatadze, Director General of the Tbilisi Transport Company, Ltd. The official signing ceremony was held at the central office of the Tbilisi Transport Company where the parties agreed to discuss the issue of re-employment of 300 drivers laid-off as a result of previous waves of reorganization.

On February 1, 2011, a cooperation agreement was signed between MTMWETU and Capital Group, Ltd. The agreement obliged the company to give priority to those working at the time of the announcement of tender when employing drivers as well as to consider professional development of drivers and driving experience. Under the same agreement, the employer was obliged to move away from verbal employment contracts and conclude written contracts with employees that clearly reflected the work schedule of drivers and their rights and obligations. The parties also agreed to design activities to refine the social partnership system and to conclude a collective agreement between Capital Group and MTMWETU.

On the same day, a mutual agreement memorandum was concluded between Tbil Car, Ltd and the MTMWETU and a joint collective agreement was concluded between Tbil Line, Ltd and Public Car, Ltd and the MTMWETU.

On January 9, 2012, a collective agreement was signed between Sakavtotransporti Branch, Ltd and the MTMWETU. Under this contract, the employer agreed to enter into a labour contract with each driver and agreed that these contracts would disallow forced labour or discrimination. The anti-discrimination provision was important because discrimination based on union affiliation as well as on political preferences is widespread in

Georgia. The agreement also stated that labour contracts with employees would not be terminated without approval of the transport trade union. The parties further agreed that members of the trade union employed at the company would pay a monthly membership fee equal to one per cent of the salary.

## Batumi

In early spring 2012, the Batumi municipal government decided to follow the example of the Tbilisi municipality and reform its city transport service. This was not a copy-paste exercise as Batumi is the capital of the Ajara Autonomous Republic and enjoys some independence in deciding on policies and institution-building. The Batumi government came up with a plan to reduce significantly the number of minibuses in the city and substitute them with large buses. The reform also aimed to reorganize existing minibus routes to adapt them to the new circumstances. It aimed, further, to oblige the route owners to renew the vehicle fleet by either bringing in totally new minibuses or repairing the existing ones. The city government made it clear right from the beginning that it would not take care of the drivers who would lose their jobs.

As in Tbilisi, the MTMWETU became actively involved in the process through its branch affiliated in Ajara, which is part of the Ajara Trade Union Federation (ATUF). As a regional structure of the GTUC, the ATUF leadership as well as the MTMWETU's branch union were given extensive information about the experience of Tbilisi case and also given advice on relevant action.

There have been several unsuccessful attempts in the previous two years to get Batumi informal transport workers to join the union. This time, with the minibus drivers facing an imminent threat to their jobs and income, it was much easier for the MTMWETU to organize them. The unwillingness of the municipal authorities to engage in dialogue with the drivers increased the MTMWETU and ATUF's role in mobilizing drivers to form a united front and focusing public attention on the issue. Within a few days, an absolute majority of the drivers (almost 300) signed union cards and developed a list of demands. In parallel, a process of voting for engaging in industrial action was launched. The strike took place on April 5, 2012 and substantially paralyzed the movement of transport in Batumi. Only the municipal buses did not join the strike. The following demands were presented to the Mayor of Batumi:

1. The municipal government's decree regarding the time-frame for repairing or bringing in new vehicles should be extended and defined reasonably. Thus, evaluation of the vehicles' compliance with the new safety conditions should be postponed by three months.
2. Route operators, owners, and drivers should retain their jobs for at least three years. This would allow them to pay bank loans related to business operations and avoid bankruptcy.
3. The minimum number of points identified as a passing grade to prove fitness of the vehicle should be reduced from 23 to 15.
4. Lottery should not be used as a method for reorganizing and reallocating routes and minibuses should remain operating under the existing schemes unless there was mutual agreement between the parties.
5. Routes #20, 31, and 8, which were abolished unilaterally by the municipal government, should be restored.
6. The number of vehicles per line should remain the same.

Many of the above demands relate to vehicles and may seem to be in the interests of the route operators/owners as much as those of the drivers. This is so because in the case of Batumi, the interests of the drivers and route operators/owners were closely interconnected. If the latter lost, the drivers also would be under the threat of unemployment. Further, Batumi is a small city with fewer minibuses operating. Almost all the drivers own their

vehicles and are similar to route operators in the other cities. Therefore, an absolute majority of the drivers are self-employed (individual entrepreneurs) and take care of the vehicles themselves.

The strike came to an end within five hours as the initial anger and stubbornness expressed in a TV interview by Mr. Jemal Ananidze, the deputy-Mayor of Batumi and head of the government commission for implementation of the reform, changed after the strong public statements of the Tbilisi minibuss drivers about a possible sympathy strike. The sensitivity of the Batumi municipal government towards what might happen in Tbilisi reflected the fact that both these cities (as well as all other municipalities across the country) were under the control of the United National Movement (UNM), the ruling party at federal level. So, the decision to soften the stance vis-à-vis the drivers' union was made in the UNM's head office in Tbilisi by the federal government.

This was an extremely important moment. Solidarity forced the Batumi government to retreat and to not only satisfy the demands of the drivers, but also to invite two representatives of the drivers' union to participate in the work of the Commission as observers with the right to speak and express opinions. Over the next four weeks, agreement was reached on several issues as follows:

- The limitation on the height of vehicles (there are different types of minibuses that differ in terms of height, length, passenger capacity, colour, etc.) was abolished, and rules in respect of appraisal and grading of vehicles were modified.
- January 1, 2014 was established as the date defining the period for holding a tender to privatize the whole municipal transport of Batumi.
- The minimum number of points for a vehicle to qualify was lowered from 23 to 18, and existing vehicles were prioritized for assessment. Only if current vehicles were disqualified would vacancies be publicly reported and available for outsiders.
- The routes #20, 31, and 8 would be restored.
- Assessment of the vehicles would be postponed for 1.5 months to give route owners enough time to repair them.
- Every vehicle would be able to undergo preliminary inspection at the municipality garage and receive relevant prescriptions and timeframe for fixing deficiencies.

With these amended rules, all 670 vehicles qualified and met the new conditions set out by the Commission.

Despite the fruitful cooperation, the relationship between the municipal government and the union remained tense. The parties could not agree on a number of important issues, including defining the types of new vehicles and use of a lottery to redistribute the drivers on different lines. It was obvious that for a small town like Batumi, the reform was poorly prepared and planned and was subsequently unpopular. Therefore, in mid-June 2012, the Batumi City Council voted for postponement of the rest of the reform without identifying a new date. It is clear that this decision again came from the UNM's head office because as of May, the parliamentary election campaign had entered its decisive phase with opinion polls suggesting that the opposition was gaining the lead over the ruling party. By postponing the reform, the ruling party tried to avoid further loss of its popularity. Nevertheless, without the MTMWETU-ATUF-GTUC, concerted action and strong union solidarity, the lives of 670 drivers and their families would have been very negatively affected.



## Rustavi

In February 2012, the Rustavi municipality announced a tender to re-check the fitness of the minibuses for the carriage of passengers. The process was much better prepared and organized than it was in Batumi. The MTMWETU's main concerns were the lack of transparency and doubts that the assessment would be done objectively. To ensure sufficient publicity and exclude subjectivity in the local government's approach, the MTMWETU put forward demands that its representatives be included in the work of the government's commission.

Unlike in Batumi, the MTMWETU had established a local union branch back in 2010. This made it easier to convince the local authorities of the usefulness of cooperation with the union. The government accepted the demand, and two union representatives (both drivers) became members of the commission. The same commission was also responsible for evaluation of the vehicles. In response to a demand of the MTMWETU, the local government also invited a professor from the Automobile Transport Department of the Tbilisi State Technical University to observe the process. As a result, the tender went smoothly. All existing route operating companies had their fitness to the new conditions confirmed and qualified successfully. All 800 drivers retained their jobs.

Collective agreements with all operator companies were the added values of the process. Even those who had been refusing to negotiate and engage in dialogue with the drivers now decided to adopt a more constructive approach. This change resulted from the union's effective work, demonstration of its capacity to mobilize if necessary, and its professionalism in dealing with complex issues.

A collective agreement covering the period February 25, 2012 to February 25, 2017 was signed between Sovrak, Ltd and the MTMWETU. This agreement was based on the Laws of Georgia on Trade Unions, the Labour Code, and ILO Conventions 87 and 98. In terms of this agreement, Sovrak, Ltd undertook to submit to the trade union one calendar month in advance a letter on any reorganization planned by the company. The company also undertook to provide full information about the protection of labour, safety and other issues. Further, a paragraph on membership fees prescribed how deductions would be made and money transferred on a monthly basis to the Trade Union account. The parties also agreed that they would not allow any form of forced labour and discrimination against the employees (mainly drivers) working on minibuses.

In February 2012, a collective bargaining agreement was signed between Rustavi Municipal Motor Transport Enterprise, Ltd and the MTMWETU covering the period February 25, 2012 to February 25, 2017. Another agreement, covering the same period, was signed between Transit 2009, Ltd and the Trade Union of Motor Transport and Motorway Workers of Georgia.

Currently 600 drivers out of 800 in Rustavi are members of the union.

The example of all three cities demonstrates that in Georgia, informal transport sector workers are offered adequate facilities and services by the union that provide them with effective representation and protection. The unions have been actively involved in all the processes from the beginning to the end and provided information to every driver about the tender criteria and the challenges and problems they would face. The unions demonstrated sufficient maturity, knowledge and flexibility to understand, share, and respond to the needs of the informal transport workers.

# Conclusions and Recommendations

Based on the situations describe above, Tbilisi and Rustavi are clearly successful examples of collective bargaining while Batumi was the unsuccessful case. The challenges experienced in Batumi provide a clear indication of the then government's anti-union tactics. There has been political change since at federal level, but the next municipal elections will take place only in May 2014. While there are some changes taking place in some municipalities with city council members leaving the UNM and thus helping the Georgian Dream coalition to take over the local governments, in Tbilisi, Batumi and Rustavi, the UNM remains strongly in control. Effective cooperation will thus need to be established with the new leadership of the city in order to resolve the problems.

The study has highlighted the importance of collective contracts for the improvement of labour rights and standards of employees in Georgia. Collective bargaining in Tbilisi and Rustavi had a positive outcome in accordance with the Labour Code of Georgia, the Law of Georgia on Trade Unions, ILO Conventions 87 and 98, and European Social Charter provisions. This occurred despite the fact that the minibus transport sector was largely informal and many drivers were self-employed.

The lessons learned from the cases described above will assist transport workers in municipalities that have not yet opted for reforms. By replicating the successful steps and activities of the unions in Tbilisi and Rustavi, the drivers in other towns can effectively oppose ill-designed reforms and claim their rights. The paper shows that the union movement in Georgia is mature and knowledgeable enough to provide proper representation and effective protection to informal workers. Based on the example of the MTMWETU, it is safe to say that there is potential for other unions to grow and unite informal workers from other sectors under the union umbrella. Solidarity and mobilization of workers in the informal sector can be as effective as with formal sector workers. Targeted and well-planned actions are possible only when workers are organized. Scepticism over whether unions can effectively organize informal workers seems exaggerated as the cases above clearly demonstrate that success depends only on the union's ability to be proactive and willing to disregard scepticism.

# Appendix: Persons Interviewed

Akhvlediani, Giorgi. Political leader and Member of Parliament for the Christian-Democrat party.

Alania, Lavrenti. President of Trade Union of Georgian Automobile Transport and Highways' Workers.

Ananidze, Djemal. Deputy Mayor of Batumi City Hall.

Aleksandria, Gocha. Vice President of Georgian Trade Union Confederation (GTUC).

Japaridze, Davit. Deputy Mayor of self-governing City of Rustavi.

Jaxadze, Akaki. Head of the Department of Transport Service in Tbilisi Municipality.

Jebashvili, Gigla. Head of "Tbilisi Minibus Ltd."

Nikuradze, Kakha. Head of Transport Agency, Ministry of Economy and Sustainable Development of Georgia.

Petriashvili, Irakli. President of Georgian Trade Union Confederation (GTUC).

Saluqvadze, Ketevan. Head of Transport Policy Department, Ministry of Economy and Sustainable Development Department of Georgia.

Samushia, Jaba. Vice-Chairman of Tbilisi City Assembly.



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About WIEGO: Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce. For more information visit: [www.wiego.org](http://www.wiego.org).

