

ONUR GÖZÜTOK - TURKEY

LABOUR ECONOMICS AND INDUSTRIAL RELATIONS SPECIALIST

KİPLAS (CHEMICAL PETROLEUM RUBBER and PLASTIC INDUSTRIES EMPLOYERS' ASSOCIATION OF TURKEY

- Established in 1961
- 83 members
- TISK member
- 28.000 direct employment
- 4,5 billion usd export
- Member of 63% multinational company
- Member of 68% unionized
- Sub-sectors: Chemical - Pharmaceuticals –
Petrochemical – Tyre-Rubber – Plastik

MY CURRENT MAIN DUTIES:

- Implementing collective labour agreement processes
- Responsible for data bank and labour cost analysis
- Acceptance and implementing AOTS/HIDA applications.

KİPLAS IN BRIEF - OUR MEMBERS



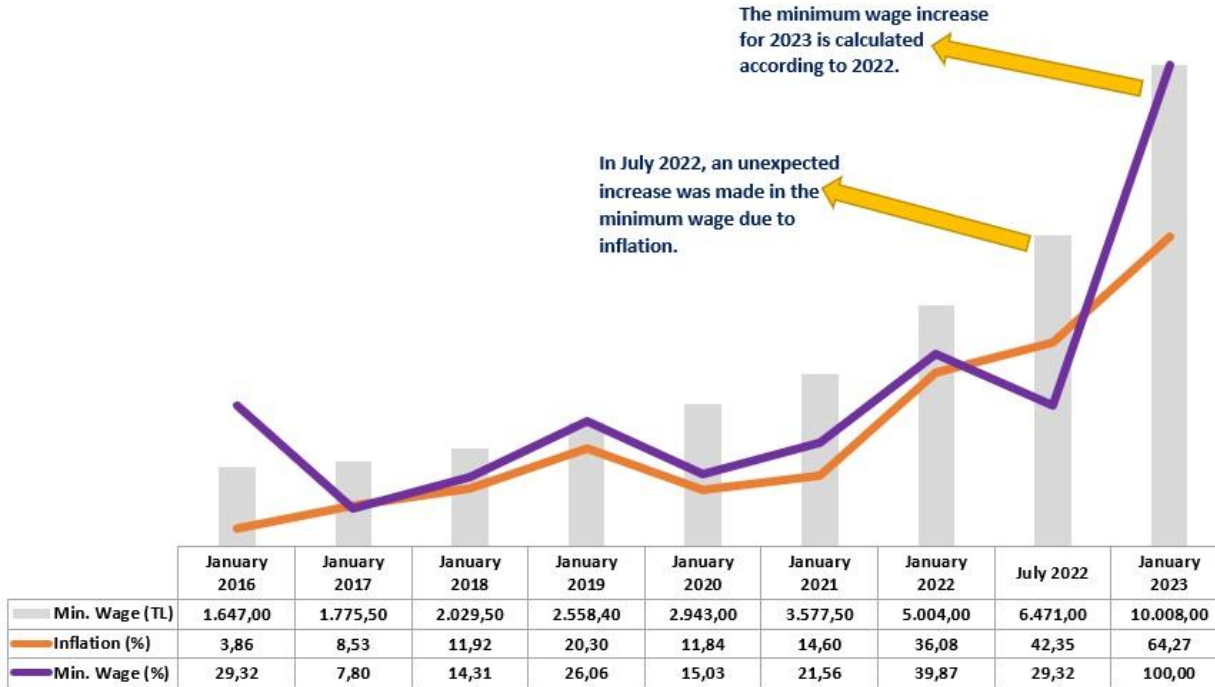
Why has the Minimum Wage become an important issue in Turkey?

The method of determining the minimum wage:



- The minimum wage determination commission consists of 15 people.
- A single minimum wage is determined for each region.
- Decision is taken by majority vote.
- The Commission makes its decision at the end of 4 meetings in December.
- Since 2016, it has been determined as "annual". However, due to rising inflation, it was re-determined in July 2022.
- It has been announced that it will be determined again in July 2023, if necessary.
- In the last 21 years, just 4 decisions were made unanimously, 17 decisions were made by majority vote.

Minimum Wage and Inflation



- In 2016, the minimum wage was set well above the period inflation as an «election promise».
- A very important election will be held in Turkey in 2023.
- Due to the fact that the minimum wage is set above inflation, the «general wage level» has regressed/decreased to the «minimum wage level».

The decrease in the gap between «the general wage level» and «the minimum wage»:

- Generally, wages are raised at or slightly above inflation rate (not the minimum wage increase). For this reason, the difference between the minimum wage and the general wage level is decreasing.
- On the other hand, wages of workers are not always increased as much as inflation. Wage increases in the private sector and especially in non-unionized workplaces remain below inflation. Because workers here have no bargaining power. (The rate of workers covered by collective bargaining agreements in the private sector is 5-6%)

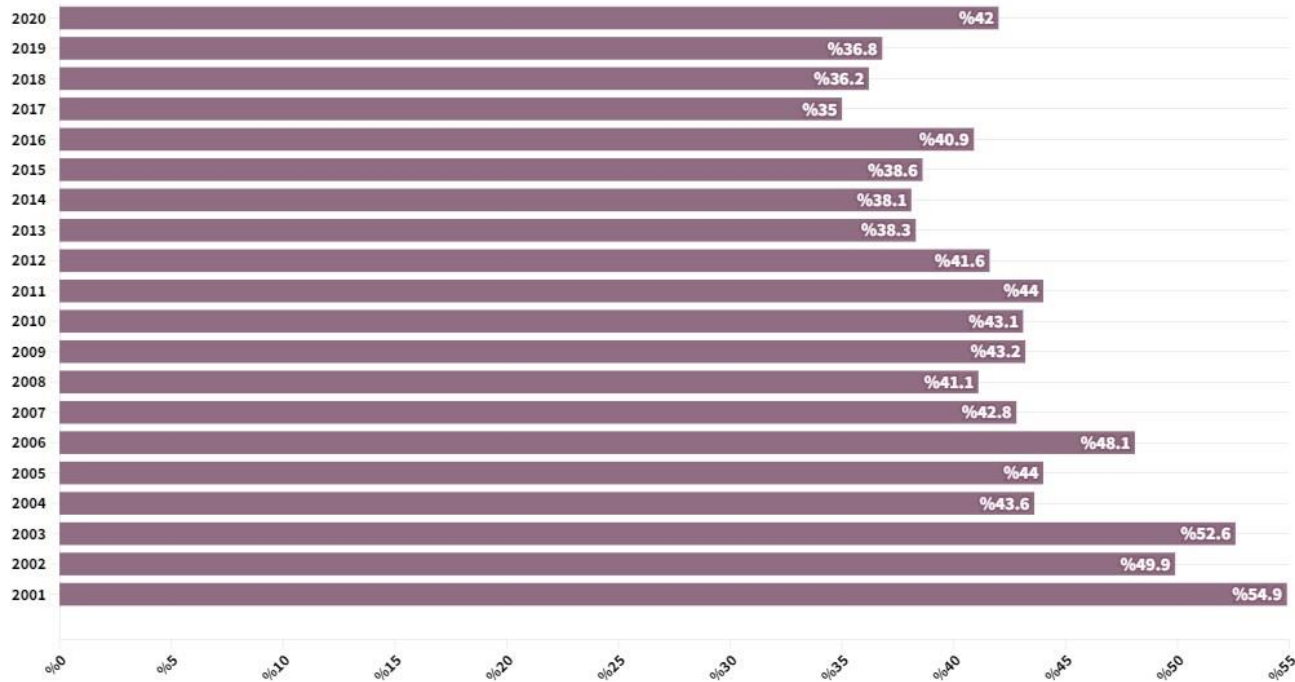
The decrease in the gap between «the general wage level» and «the minimum wage»:

- In fact, workers in temporary and unskilled jobs were receiving minimum wage. However, people working in qualified jobs have started to earn wages close to the minimum wage level. This situation may cause qualified labour force to look for a job in other countries.
- In workplaces with collective agreements, and especially in the chemical industry, wages are well above the minimum wage. But the increase in the minimum wage in July 2022 caused the wage increase in the collective agreements we signed in May and June to be revised in July.

The result of setting the minimum wage above the inflation rate:

- This situation causes disruption in wage systems and causes tension in the industrial relations system. Because a significant increase in the wages of the lowest-paid worker creates a domino effect and causes disruption in wage structures.
- It causes the growth of the informal economy (unregistered employment).
- Also, due to the increase in the number of employees with minimum wage, the minimum wage has become an important issue.

The rate of employees with «minimum wage» in Turkey (Source: SGK*)



***SGK:** Social Security Institution affiliated to the Ministry of Labour

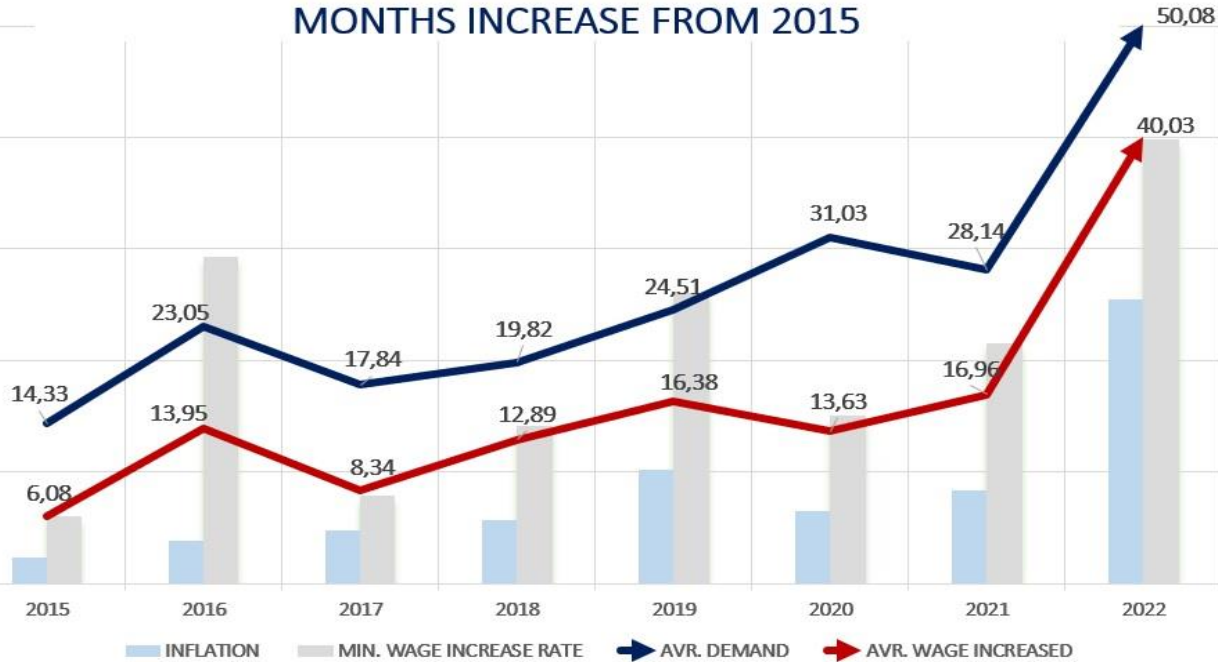
«Around the minimum wage» ratio of employees (%)

- Rate of those working with +/- 10% of the minimum wage in Turkey 57% (Source: Eurofound 2020)
- In Germany %5, France %8, The European Union average is 9%. (Source: Eurofound 2020)
- In Japan %4-5 ? (common info)

Around The Minimum Wage Ratio of Employees (%)	
Netherlands	3
Denmark	3
Belgium	3
Sweden	3
Austria	4
Greece	4
Czech Republic	4
Spain	5
Slovenia	5
Germany	5
Finland	5
Malta	6
Estonia	7
Luxembourg	8
France	8
Latvia	9
European Union Average	9
Croatia	10
Ireland	11
Lithuania	13
Bulgaria	14
Poland	17
Portugal	20
Hungary	20
Romania	21
Turkey	57

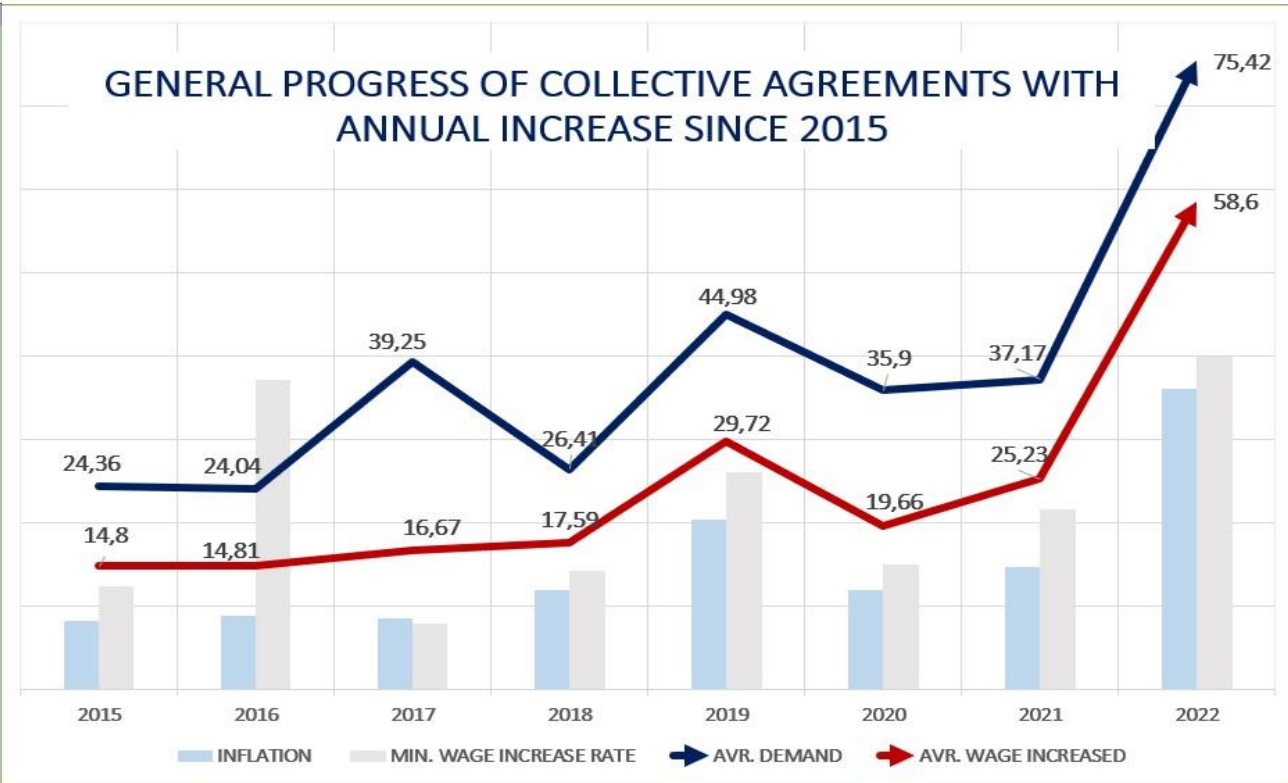
Specific information from the contracts we signed as Kiplas (1):

GENERAL PROGRESS OF COLLECTIVE AGREEMENTS WITH 6 MONTHS INCREASE FROM 2015



- Only the wage increase in the «first 6 months» is included in the calculation. (2. 3. 4. 6-month wage increase are not included.)
- The wage increase rate in the first 6 months was as much as the annual minimum wage increase rate. (Due to the fact that inflation has lost its indicator/data feature)

Specific information from the contracts we signed as Kiplas (2):



- Only the wage increase in the «1. year» is included in the calculation. (2. year wage increase are not included.)
- The rate of increase in wages in the first year was 1,5-2 times the annual inflation. (Due to the fact that inflation has lost its indicator/data feature)



Thank you.



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