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**Annual Review
2012
on Labour Relations and Social Dialogue in South East Europe:
Croatia
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1. Summary

The year 2012 was marked by a low level of economic activity. At the end of the year all the negative trends have continued: GDP dropped by 1.9 per cent in December, there were no investments, insolvency continued, which often results in non-payment of wages to workers and closing of many companies, highest unemployment in the past nine years, decrease in real wages, decrease of consumption for nine months in a

row by as much as 6 per cent, loss of Croatia's credit rating at the "junk" level, 4.4 per cent inflation (the third biggest in the EU), foreign debt of 45.6 billion €, foreign trade deficit of 5.72 billion € and other poor indicators give more and more ground for a question whether we need common social agreement for exiting the crisis. The question was raised not only by the expert public and certain civil society organizations, including some social partners, but was raised also, as a kind of initiative, by the President of the Republic of Croatia.

Industrial relations in Croatia have been significantly changed with the adoption of the new Act on Criteria for Participation in Tripartite Bodies and Representativeness for Collective Bargaining. The social partners agree in the view that 2012 was a step back in the development of the tripartite social dialogue. A certain progress has been achieved in the sectoral dialogue with the establishment of three new bipartite social councils. On the other hand, the employers in the private sector closely monitored the actions of the Croatian Government as the employer in negotiations for the new Basic Collective Agreement for public services, before and after its cancellation, so at the end of the year they started announcing cancellation of some sectoral/branch collective agreements. They have been especially encouraged for this by the amendments of some provisions of the Labour Act through another act – Representativeness Act, i.e. by cancelling the extended application of collective agreements until the signing of a new CA.

A soon accession of Croatia to the European Union (1 July 2013) is expected to have a positive effect on the Croatian economy and social situation and activity.

2. Socio-economic developments

According to the first estimate by the DZS¹, the GDP for the third quarter of 2012 was in real terms 1.9 per cent lower as compared to the same period in 2011, which for the first three quarters of 2012 gives a cumulative GDP drop rate of 1.8 per cent. GDP drop was under the significant influence of the drop in personal consumption, the most important component of the GDP trends due to high share in the structure of the total demand (around 40 per cent). In the first ten months the industrial production was lower by 5.4 per cent as compared to the same period in 2011. Labour productivity in industry was lower by 1.5 per cent as a result of faster production drop as compared to the drop in the number of employed (-4 per cent). According to HNB² data, in the first half year there were only 154.4 million € of the FDI, which has been the lowest amount since 1995, 74 per cent less than in the same period 2011, and as much as 13 times less than in 2008.

According to the DZS data, Croatian goods export in the eleven months of 2012 was 66.8 billion HRK (around 8.87 billion €), 2.8 per cent more than in the same period in 2011, while the import increased by 0.8 per cent, amounting to 113.1 billion HRK (around 15 billion €). In this period foreign trade deficit has been lower by 1.9 per cent as compared to 2011. The export-import ratio in the first eleven months in 2012 amounted to 59.1 per cent. The total export growth has been limited by the big drop in the value of export of ships and chemical industry. The value of import had the most prominent increase due to larger import of energy sources, i.e. gas, electrical energy and oil derivatives. According to preliminary HNB data, Croatia's balance-of-payment current account in the third trimester of 2012 witnessed the surplus of 2.6 billion €, which is 112.5 million €, or 4.5 per cent greater surplus as compared to the third quarter in 2011. This is mostly the consequence of the decrease of deficit on the goods account and the increase of surplus on services account, primarily due to increase in

¹ Central Bureau of Statistics (Cro: *Državni zavod za statistiku*)

² Croatian National Bank (Cro: *Hrvatska narodna banka*)

tourism income. Since the deficit on the balance-of-payment current account continued to decrease, in whole 2012 it could amount to 0.4 per cent of GDP, which is half as much deficit than in 2011. According to HNB and the Ministry of Finance, in September 2012 Croatia's foreign debt amounted to 45.6 billion €.

According to FINA³ data, the debt of legal and physical entities at the end of November amounted to 43.7 billion HRK (around 5.43 billion €), and 70,010 business entities employing 59,860 employees were blocked. The accounts of 246,142 citizens were also blocked, with the total debt of 17.3 billion HRK (around 2.3 billion €). The total amount of uncommitted basis for payment of business entities has been lower by 1.9 per cent and outstanding citizens' debts due has been higher by 6 per cent as compared to October.

Consumer price inflation accelerated in the third quarter of 2012, after jump in the second trimester due to increased VAT rate (from 23 to 25 per cent) and increase in energy prices and, consequently, food prices. Inflation grew from the June 3.8 to the September 5.0 per cent, while in October it fell amounting 4.8 per cent. The average net wage in the period January–September amounted to 5,435 HRK, which, as compared to the same period in 2011, was nominally higher by 0.9 per cent, and really lower by 2.1 per cent. The average gross wage for the same period was 7,848 HRK, which is at the inter-annual level nominally higher by 1.2 per cent and really lower by 1.7 per cent. Minimum gross wage for the period from 1 June 2012 till 31 May 2013 has for the fourth year in a row remained the same and amounts 2,814 HRK⁴.

In November the registered unemployment rate amounted 20.4 per cent (the level last recorded in 2003). According to the DZS data for the period July–September 2012, activity rate was 46.4, employment rate 39.7, unemployment rate 14.5, and unemployment (15-64) 15.0 per cent⁵. The at-risk-of-poverty rate has increased to 21.1 per cent (Eurostat methodology), in case of employed 5.3 per cent and unemployed 42.5 per cent. The deprivation rate is 34 per cent, and Gini-coefficient 0.31.

3. Governmental Policies and legislation

At the January referendum 66 per cent of voters (of 43 per cent turnout) voted in favour of Croatia's accession to the EU. The trade unions had invited their members to definitely vote on the referendum in the largest number possible. In October the EC adopted a *Comprehensive Report on the Readiness of Croatia for the Membership of the EU*, and the last report is due in March 2013.

In 2012 there were some changes in tax policy: VAT was increased from 23 to 25 per cent, also the result of changes in the income tax was that middle and higher wages decreased (Trade unions were against stating that could lead to drop in purchasing power, which has happened), obligatory contribution for health care insurance on wages has been decreased from 15 to 13 per cent (Trade unions were against because they expected lower level and availability of the health care and the spill-over of costs to the budget). One of the amendments to profits tax was that it wouldn't be paid if the profit achieved was integrated in the legal capital.

In 2012 the PU⁶ increased its control and was more successful in the collection of contributions; the Regulation of the Croatian Government⁷ was also adopted prescribing

³ Financial Agency (Cro. *Financijska agencija*)

⁴ Published in the Official gazette *Narodne novine* No. 60/12

⁵ Central Bureau of Statistics, Labour Force Survey

⁶ Tax Administration (Cro. *Porezna uprava*)

⁷ Regulation on the manner of implementation of payment of contributions on wages, receipts alongside wage, i.e. monthly base for the calculation of contributions on the basis of employment relationship (Official gazette No. 49/12)

the obligations of employers and banks during the payment of wages in a way that it is not possible to pay net wage without payment of taxes and contributions (however, not the other way around, and this was a trade union demand to prevent non-payment of wages to workers). Tax debtors have been enabled payment of debt in instalments. Besides, in July the PU published on its web site a list of biggest tax debtors with around 130,000 companies, craftsmen and citizens. The total debt over the past 20 years is more than 51 billion HRK (around 6.77 billion €). In November the Cash Transaction Fiscal Act⁸ was adopted, to be applied gradually, and started at the beginning of 2013 with the introduction of the fiscal cashiers in the activities that provide accommodation and meals.

The Act on Financial Operation and Pre-Bankruptcy Settlement⁹ was adopted prescribing the obligations of more responsible financial operation and timely initiation of pre-bankruptcy settlement with creditors. Trade unions participated in the drafting of the Act and have thus managed to influence it hence the pre-bankruptcy settlement does not affect workers' claims and they are entitled to agreed (and not minimum) wage. The Bankruptcy Act was amended twice. The first amendments enabled collection of a part of workers' claims (up to three minimum wages) chargeable to bankruptcy costs (the same amount is already possible through the Agency for insurance of workers' claims in the event of employer's bankruptcy¹⁰) because their claims often exceed the amount of the bankrupt's estate. The Act also had to be harmonized with the Act on Financial Operation and Pre-Bankruptcy Settlement.

In 2012 only there were 42,000 jobs lost, mostly due to company closure. In May the Act on Employment Promotion¹¹ was adopted, which introduces three measures: wage relieves for employers if they employ long-term unemployed; for unemployed with no work experience in the occupation for which they have been qualified a measure has been foreseen of training for work without employment relationship which was earlier present only in the public sector and has now been extended to the private sector as well (with no costs for employer; HZZ covers contributions and also scholarship for a worker at the level of non-taxable amount, now 1,600 HRK or around 210 €); and for seasonal jobs in agriculture employers have been allowed to legally employ workers in a simpler way by buying daily vouchers/stamps. In the process of drafting the law, trade unions managed to influence that the payment of scholarship is mandatory. Having in mind the growing number of the unemployed, especially among the young, trade unions accepted the measure of the training for work without employment relationship although its longer application may lead to a threat of lowering the labour costs.

4. Industrial relations

Although the coalition in power promised it would not amend the Labour Act¹², it has amended it through the Representativeness Act and in early December a tripartite working group for amendments to the Labour Code started its work (with occasional bipartite negotiations between employers and trade unions). Since July the Croatian industrial relations system has been changed with the Representativeness Act¹³ the adoption of which terminated the validity of the previous Act¹⁴. Some provisions of the Labour Act in force have also been amended by this Act. The Act sets the criteria for determining the representativeness of both trade unions and employers' confederations.

⁸ Cash Transaction Fiscal Act (Official gazette No. 133/12)

⁹ Act on Financial Operation and Pre-Bankruptcy Settlement (Official gazette No. 108/12 and 144/12)

¹⁰ Act on Insuring Workers' Claims in the event of Employer's Bankruptcy (Official gazette No. 86/08)

¹¹ Act on Employment Promotion (Official gazette No. 57/12 and 120/12)

¹² Labour Act (Official gazette No. 149/09, 61/11, 82/12)

¹³ Act on Criteria for Participation in Tripartite Bodies and Representativeness for Collective Bargaining (Official gazette No. 82/12), July 2012

¹⁴ Act on the Manner of Determining the Representation of Associations of Trade Unions of a Higher Level in Tripartite Bodies at the National Level (Official gazette No. 19/99)

tions, as well as for trade unions and employers' associations for collective bargaining. Some of the criteria for a trade union confederation are now higher (the number of members from 15,000 to 50,000, and it has to employ at least five workers), and criteria for an employers' confederation are now lower than the ones applied so far (it has to affiliate at least 3,000 employers or that the affiliations employ at least 100,000 workers). A tripartite working group was drafting the Act, however, the adopted text is actually a product of the Ministry of Labour and Pension System (MRMS), and both trade unions confederations and HUP¹⁵, though for different reasons, were against such law. They were also in agreement against the amendments to the Labour Code through this Act (amendments of the provisions on the extended application of Collective Agreements after their expiry), because this leads to legal uncertainty. Finally, all trade union confederations submitted their respective demands before the Constitutional Court to verify the constitutionality of the Act, and some have filed complaints with the ILO. But when in June the Government started negotiations for the amendments to the Basic Collective Agreement for Public Services (hereinafter: BCA) and the lowering of some rights, it was clear the Act was adopted precisely for this reason.

The first negotiations failed. Proposed amendments had been rejected by four¹⁶ (out of eight) trade unions, on their referendum. As a response, the Government abolished the Decree on wage supplements for their members - educational workers (3 to 9 per cent, depending on years of service), which served to adjust their wages with other public services. In September the Government cancelled the BCA. In October and November those trade unions organized public protest, and a one-day strike. However, the negotiations continued in November, now with 11 trade unions, according to the new Act. BCA was rejected by five and signed by six trade unions, and in line with the new Act, it was sufficient to be signed by only one out of five represented activities! However, since BCA didn't amend the branch collective agreements (hereinafter: CA) in public services because there is no hierarchy among CAs, the Government realized that the material rights are still in force for which it hasn't ensured funds, hence it sent to the Parliament the Act on the Withdrawal of Certain Material Rights of the Employed in Public Services¹⁷. All five trade union confederations were unanimously against this Act since through it the Government suspends not only rights arising from the CA but also suspends the provision from the Labour Act¹⁸ on the application of the most favourable right for worker, just for the employed in public services! The Act was adopted in urgent procedure. The trade union confederations considered this as legal violence and a dangerous precedent which intervenes in the fundamental values of the constitutional order and violates international labour standards, and started their legal battle.

All trade union confederations were also unanimous in September demanding that the Government withdrew its conclusion from August (order to managements and supervisory boards to start negotiations for amendments of CAs in companies in majority state ownership in order to lower the material rights of the employed at the level of CA for civil servants) because this is a direct intervention in the freedom of collective bargaining and wage autonomy (since it is not limited by the type of ownership) and the violation of the ILO Convention. The Government finally withdrew the contested conclusion. Following the example of the Government, the employers in the private sector are announcing cancellations of CAs (especially since the provision has been cancelled on the extended application of legal rules contained in CA until the conclusion of the new one). Already at the end of the year, the HUP-Association of Commerce announced the cancellation of the CA for commerce. Trade unions expect reluctance on the part of employers for signing new CAs, especially sectoral/branch ones, and their wish to

¹⁵ Croatian Employers' Association (Cro. *Hrvatska udruga poslodavaca*)

¹⁶ TUs affiliated to the Association of Croatian Trade Unions/ACTU (Cro *Matica hrvatskih sindikata*)

¹⁷ Act on the Withdrawal of Certain Material Rights of the Employed in Public Services (Official gazette No. 143/12)

¹⁸ Labour Act (Official gazette No. 149/09, 61/11, 82/12), Article 7(3)

regulate workers' rights by company by-laws or company CAs which will have as a consequence a lower coverage of workers by CAs.

The development of the bipartite social dialogue was continued with the establishment of three new social councils: for the Railway Transport Sector, for Tourism and for Construction.

Dissatisfied with the situation of the tripartite SD, and because of the worsening of economic and social situation in the country, four TU confederations, on the occasion of the Labour Day, organized a gathering in Zagreb by showing a *yellow card* to the Government. In November two trade union confederations¹⁹ organized a public protest at the square in front of the Parliament and Government, entitled "A Human Wall for the Defence of Jobs: Jobs and Wages, not Unemployment Office!". It was a targeted activity, which gathered more than 2,000 workers (law allows 1,500) from companies operating with problems. Some of the demands were: production, reindustrialization policy, strategy of development of Croatia, measures for preservation and creation of jobs, etc. In 2012, according to the available data of the Autonomous Service for Social Partnership, there were precisely 100 requests for conciliation of collective labour disputes, one of which was withdrawn. Of the total number of requests, 65 per cent were in so-called legal disputes (non-payment of wages), and 35 per cent in interest disputes. According to the available data, 41 per cent of the conciliations were successfully ended, while 59 per cent failed.

In April the UATUC/SSSH and the CTUA/HUS signed the Agreement on starting the merger process, with the one-year deadline for the finalization of the process. At the end of the year, PPDIV trade union²⁰ returned to the UATUC.

5. Tripartite social dialogue

According to social partners' assessments, the tripartite social dialogue worsened in 2012. The Office for Social Partnership was, after 10 years, abolished and transformed to the Autonomous Service for Social Partnership at the MRMS, without consultations with social partners. In fact this is manifestation of the view of the Government that tripartite social dialogue is "ownership" of MRMS, which means this Government does not consider social dialogue a mechanism of involving social partners in designing public policies done through the GSV²¹, other tripartite bodies, but also the competent ministries. The new coalition Government insisted on the new Agreement on the establishment of GSV²², which was signed at the beginning of February.

With the amendments to certain laws, the Government reduced the number of members of the governing bodies of the HZZ and HZMO²³ from among the ranks of social partners, ensuring thus the majority vote for the Government. New Standing Orders of the Croatian Parliament reduced the number of the social partners' representatives in some of parliamentary committees. Furthermore, with the stop of work of the National Committee for Monitoring the Process of Accession of the Republic of Croatia to the EU, the social partners no longer have information on the process until the entry into the EU. Social partners requested the amendments to Standing Orders, with no response. This is why the trade union confederations haven't appointed their representatives as outside members and haven't participated in the work of parliamentary committees.

¹⁹ Union of Autonomous Trade Unions of Croatia and the Croatian Trade Union Association

²⁰ Trade Union of the Employed in Agriculture, Food, Tobacco and Water Industries of Croatia

²¹ Economic and Social Council (Cro Gospodarsko-socijalno vijeće/GSV)

²² Agreement on the establishment of the Economic and Social Council (Official gazette No. 18/12)

²³ Croatian Institute for Pension Insurance (Cro. *Hrvatski zavod za mirovinsko osiguranje*)

6. Forecasts

The Budget shows, that the further fiscal consolidation in 2013 will be abandoned, which could lead to increase in domestic consumption. A gradual recovery is expected in 2013 due to expected growth of investments, primarily private sector, and of export. According to HNB the annual GDP growth might reach 0.3 per cent (EBRD 0.8, Government 1.8 per cent). Unfavourable trends at the labour market will continue (due to announced dismissal of several thousand workers in public companies and possible absence of recovery of the real sector), and consumer price inflation will slow down (although for some products zero-rate tax is abolished and excise duties increased, in line with the EU rules). Having in mind the accession to EU on 1 July 2013, the strengthening of institutional capacities for the EU funds absorption and the competitiveness of economy are a necessary precondition for the survival of the Croatian companies at the EU single market. Generally, it is expected the EU membership will have a positive impact on the economic recovery.

Annex of data

- **Collective bargaining system**

In 2012 the collective bargaining system in Croatia was partly changed with the above mentioned Representativeness Act. Bargaining for collective agreements is still pending at the national level (cross-sectoral and sectoral), at the local and company level, and depending on the territorial scope of their application, they are recorded either with the MRMS (cross-sectoral and sectoral and CAs for companies that operate in the area of two or more counties – these are mostly the public companies) or with offices of state administration for work in counties (CA for activities of the local level, and CAs of companies that are active only on the territory of that one county). The novelty in the collective bargaining system is that if in an area, or on a level for which it is bargained there are more trade unions, employer/employers' association may negotiate with the bargaining committee established through the written agreement by all the trade unions that operate in that area or on that level. In that case all the trade unions signatories of the agreement are considered representative and it is not necessary to determine their representativeness²⁴. However, if trade unions fail to agree and do not sign the agreement, each trade union or employer/employers' association may before the Committee for determining representativeness initiate the procedure of determining the representativeness of trade unions²⁵. If only one trade union operates, it is considered representative.

Collective agreement can be signed on fixed-term basis (up to five years) or on full-term basis. Minister in charge of labour may extend the sectoral/branch CA to whole activity. Sectoral/branch and company CAs are not mutually exclusive – company CAs can be concluded also in the companies to which branch CAs apply. However, there is a growing trend of concluding more and more company CAs, and a reluctance to conclude sectoral/branch CAs. If a worker's right arising from the employment relationship is regulated differently by employment contract, company by-laws, agreement between the works council and the employer, collective agreement or law, the most favourable one applies to the worker²⁶.

- **System of tripartite social dialogue**

²⁴ *Act on the Criteria for Participation in Tripartite Bodies and Representativeness for Collective Bargaining*, Article 7(2) (Official gazette No. 82/12 and 88/12)

²⁵ *Ibid.*, Article 8(1)

²⁶ *Labour Act*, Article 7(3)

The system of tripartite social dialogue has recently been regulated not only by the Labour Act but also by the Representativeness Act. It stipulates that the associations of trade unions and employers that will be determined as representative will participate in tripartite bodies at the national level and will have the right to: 1) propose to the Croatian Government their representatives in the tripartite delegation of the Government of the Republic of Croatia at the International Labour Conference and nominate their representatives in other international bodies and organizations 2) in line with law or special agreement, appoint their representatives and in other ways participate in the work of the GSV and other bodies where tripartite social dialogue is held at the national level, and 3) appoint their representatives in other bodies for which a special regulation or agreement foresees participation of trade union and employers' respective representatives at the national level.

- **Social security systems**

The right to **health care** is guaranteed to all the citizens of the Republic of Croatia, based on citizenship, and is financed by contributions on workers' wages (13 per cent), and from the State budget and budget of the local administrative units' budget.

Pension insurance covers all employees and a part of the unemployed whose pension insurance (special regulations) is paid from the budget for the period of up to one year. Pension system is mixed – obligatory insurance in the public system (the I. pillar, 15 per cent) and obligatory individual capitalized savings in private funds (II. pillar, 5 per cent), and voluntary in the III. pillar. There is a problem of workers in insolvent companies whose employers are not paying their contributions, which will in particular affect the insured persons under the second pillar – their length of service for retirement will be taken into account, but the pension level will depend solely on the payment. The similar situation is also with a part of workers declared on the minimum wage whose part of the wage is paid in cash. Net replacement rate for a worker with 40 years of service on an average wage is 55 per cent, which means the income of the worker who retires is actually cut in half.

Employment promotion measures and **unemployment benefits** are financed by the contributions on wages of 1.7 per cent and the State budget, and are paid by the Croatian Employment Service. A worker is entitled to unemployment benefit after at least nine months of work in the last 24 months, and depending on the duration of work/years of service receives it from 90 to 450 days (first 90 days 70 per cent, and until 450 days 35 per cent of the wage). Worker with more than 32 years of service is entitled to benefit until a new employment or until entitlement to pension. Unemployment benefit is received by a relatively small number of the unemployed, however due to a large number of new unemployed who lost their job in November and December 2012, the number of those who receive the unemployment benefit was increased from around 21 per cent to 23.8 per cent of the total number of the unemployed. The most affected are young people who worked on fixed-term basis and those registering with the Croatian Employment Service after school hence they have no financial assistance.

- **Education and vocational training**

The results of the Census of population in the Republic of Croatia (April 2011), including the data on the education system, are still not known. However, it is known that in the area of education, Croatia is faced with several challenges: improving the quality of the education programmes, increasing the number of included persons, and the life-long learning as a basis of the competitiveness of the economy. The Croatian education system is in accordance with the majority of the EU countries (Copenhagen and

Bologna process are in application). Nevertheless, obligatory education is still among the shortest in EU, although the legislation changes in 2012 made the last year of the pre-school education obligatory, which in the opinion of the MZOS²⁷ extended the obligatory education in Croatia from eight to nine years (primary school still lasts eight years – from 7th till 15th). However, the share of GDP allocations for education and science in Croatia is decreasing – in 2012 for education around 3.5 per cent (2013 -3.21, 2014 -3.05, 2015 -2.95 per cent), and for science and research 0.75 per cent! Although more and more young people graduate from universities, Croatia is still at the rear in EU when it comes to the share of the highly educated among the employed. On the other hand, at the moment there are around 30,000 highly educated (8.3 per cent) among the unemployed.

The adult education and training is the most neglected and underdeveloped element of the education system in Croatia (in 2012 about 2.3 per cent of the adults were involved in some form of education). Croatia still lacks a consistent framework for the development of the life-long learning system and clearly defined financial framework, including incentives. In order to improve the links between the education system and the labour market needs there are high expectations from the Act on Croatian Qualification Framework, which is in the Parliamentary procedure.

- **Employment rate**

Age (years)	2009	2010	2011	IV – VI 2012
15 +	43.3	41.1	39.5	38.9
15 – 64	56.6	54.0	52.4	51.8

Source: Central Bureau of Statistics, *Labour Force Survey*

- **Unemployment rate**

Age (years)	2009	2010	2011	IV - VI 2012
15 +	9.1	11.8	13.5	14.5
15 – 64	9.3	12.1	13.9	14.9

Source: Central Bureau of Statistics, *Labour Force Survey*

- **Average monthly salaries (kuna/Euro)**

2009	2010	2011	I – IX 2012 ²⁸
7.711/1.024 €	7.679/1.019 €	7.796/1.035 €	7.848/1.041 €

Source: Central Bureau of Statistics, *First releases*

- **Gender pay gap**

Data refer to 2010 since gender related statistics are published with two years' delay. There is not even a more precise labour market statistics segregated by gender, sectors (differences between the public and the private sector), etc. The striking segregation of women at the labour market continues, especially towards lower paid jobs. Among the employed in 2010, there were 26.2 per cent of women and 18.7 per cent of men with college and university degree, and 19.7 per cent of women and 15.4 per cent of men with primary school or less. The average gross wage of women in 2010 was 89.8 of that of men's. The biggest pay gaps are precisely in those activities where women are the majority of the employed: in the finance and insurance activity (70.7 per cent of men's wage), health care and social welfare (74.5 per cent), education (83.0

²⁷ Ministry of Science, Education and Sports (Cro. *Ministarstvo znanosti, obrazovanja i sporta*)

²⁸ Croatian National Bank, middle exchange rate, October 2012 (7.533132)

per cent). In the activities where women are prominent minority, their wages are higher than men's: in construction 114.6, and in mining and extraction 105 per cent. In processing industry, the average gross wage of women was 78.2 per cent of that of men's.

- **Monthly minimum gross wage (kuna/Euro)**

1.7.2009- 31.5.2010	1.6.2010 – 31.5.2011	1.6.2011 – 31.5.2012	1.6.2012 – 31.5.2013
2.814/374 €	2.814/374 €	2.814/374 €	2.814/372 € ²⁹

Source: *Minimum Wage Act* (Official gazette No. 67/08), Publication of the amount for 2012/2013 (Official gazette No. 60/12)

- **Actual weekly working time**

According to the DZS data for the period X–XII 2010 (*Statistical Reports, Results of the Labour Force Survey*) average normal weekly hours of work on the main job for workers are 40.9 hours (men 41.3, women 40.4 hours). Full-time employed work weekly on an average 41.1 hours, and those employed part-time 21.9 hours. Weekly working time is legally limited to 40 hours (plus 8 hours of overtime work a week, 32 hours a month, and 180 a year³⁰). Collective agreements, as a rule, do not stipulate neither shorter nor longer working hours than those determined by law, but for workers of age exceptions may be stipulated from the application of provisions on the duration of work of a night worker, daily and weekly rest, provided the CA ensures this worker a replacement rest³¹ in which the employer is obliged to enable a worker to take this right.

- **Normal/atypical work**

Forms of atypical work	X - XII 2009	X- XII 2010	X- XII 2011
Temporary employees	10.2	11.0	11.0
Part-time employees	8.7	9.9	10.3

Source: Central Bureau of Statistics, *Labour Force Survey*

If, according to data, we exclude temporary and part-time workers, we will get workers who work on the basis of employment contracts on full-term basis, on full time (around 80 per cent of the employed).

²⁹ Croatian National Bank, middle exchange rate, October 2012. (7.533132)

³⁰ *Labour Act* (Official gazette No. 149/09, 61/11, 82/12), Article 45(1)

³¹ *Ibid.*, Article 3(5)

- **Migration**

INTERNATIONAL MIGRATION OF POPULATION

Year	Immigrants	Emigrants	Net migration	Net migration rate
2004	18.383	6.812	11.571	2.6
2005	14.230	6.012	8.218	1.9
2006	14.978	7.692	7.286	1.6
2007	14.622	9.002	5.620	1.3
2008	14.541	7.488	7.053	1.6
2009	8.468	9.940	- 1.472	- 0.3
2010	4.985	9.860	- 4.875	- 1.1
2011 ³²	8.534	12.699	- 4.165	

Source: Central Bureau of Statistics *Statistical information 2012*;

- **HDI**

	2008	2009	2010	2011 ³³
Index	0.766	0.765	0.767	0.796
World-Rank			51	48

Source: UNDP (Human Development Report, 2011; no available data for 2012)

- **Gini-coefficient**

2008	2009	2010	2011	2012
0.30	0.29	0.32	0.31	-

Source: Central Bureau of Statistics, *First releases*

- **Collective agreement coverage**

In the public sector (employed in the public administration and state and local administration, education, higher education, scientific institutions, health care, army, police and public and state companies) which employs about one third of all employed, collective agreement coverage is almost 100 per cent. Having in mind a considerable loss in the number of employed in the activities in which sectoral/branch CA has been extended by labour minister's decision to the whole activity, it is estimated the collective agreement coverage in the private sector has dropped to about 40 per cent (estimate by the author of the report).

³² In order to harmonize international migration statistics with the international standards and EU legislation data for 2011 have been processed according to a new methodology.

³³ New component indicators and new methodology

- **Ongoing important collective bargaining agreements**

According to the data in the MRMS records until 31 December 2012, 45 new collective agreements have been signed: Basic CA for civil servants and employees of the public services and the CA for state civil servants and employees. 42 amendments to the CA have been registered, and on 31 December 2012 there have been 154 CAs in force. There are no data for the county level, however it is estimated that there are between 650 and 700 CAs in force (around 80 per cent of all CAs).

At the moment in Croatia the following branch collective agreements are **in force**: Basic CA for civil servants (Official gazette No. 141/12), CA for the employed in primary education institutions (Official gazette No. 66/11), CA for the employed in the secondary education institutions (Official gazette No. 7/11), CA for science and higher education (Official gazette No. 142/10), CA for the activity of health care and health insurance (126/11), CA for social welfare activity (133/11), CA for state civil servants and employees (Official gazette 89/12), CA for the employed in the institutions of culture whose wages are ensured from the State budget (Official gazette No. 146/11), CA for the activity of health care in private practice (amendments Official gazette No. 127/11), CA for wood and paper industry (Official gazette No. 123/08), CA for the construction (revised text 12/08), CA for commerce (Official gazette No. 41/98 and 79/05), CA for catering (Official gazette No. 69/02, 139/04 and 95/10), and CA for travel agencies (Official gazette No. 94/02, 126/10 and 108/11).

The last five CAs: for wood and paper industry, for construction, for commerce, for catering and for travel agencies, have been extended by labour minister's decision, and they oblige all employers and are applied to all employees in the activity. The minister takes a decision on the extension of the CA on the proposal of a party to the CA, and he extends it (to persons who did not participate in its conclusion and have not joined it afterwards) if the impact assessment shows public interest for its extension and if it is determined that the CA was concluded by trade unions with the largest number of members as well as the employers' association with the largest number of workers, in the area to which the CA is extended.

All public companies have signed collective agreements, for example: CA Official gazette, ACI d.d., Janaf d.d., Odašiljači i veze d.o.o., CA for *Autocesta Rijeka-Zagreb d.d.* (Motorway Rijeka-Zagreb; Official gazette No. 148/11), CA for workers at *Hrvatske šume d.o.o.* (Croatian Forests; Official gazette No. 130/11), CA for *Hrvatske autoceste d.o.o.* (Croatian Motorways; Official gazette No. 30/09), CA for *Hrvatska lutrija d.o.o.* (Croatian lottery; Official gazette No. 80/04 and 118/06), CA for water management (Official gazette No. 88/03 and 10/11), CA for *Croatia osiguranje d.d.* (Insurance company; Official gazette No. 133/06), CA for *Hrvatske ceste d.o.o.* (Croatian roads). Companies linked to the Croatian Railways have several CAs: Passenger transport, Cargo, Infrastructure, Train Traction, and CAs have also been concluded for the Croatian Posts, Croatia Airlines, etc.

In the activities of agriculture, fisheries, food industry, energy, chemical and pharmaceutical industry, information and communication, finance and insurance, as well as in a number of others there are no branches CAs but only company level CAs. At the same time, in the fields which have branch CAs, a number of company CAs have been concluded as well (e.g. in the field of construction industry, beside the extended branch CA there are 38 company CAs in force).

- **Trade union density (rate of organization of trade unions)**

In Croatia official data on the rate of organization of trade unions are not gathered, analyzed or published. The data gathered in 2009 to determine representativeness of trade union confederations are not reliable enough to determine the total rate of organization of trade unions. Namely, the data were not gathered individually, per trade unions but collectively per each confederation, while data on the trade unions which are not affiliated to any confederation or which are active at the level of the employer are not collected at all. It is estimated that the general trade union density rate is around 30 per cent, with the trend of decrease. The 2010 research³⁴ assesses considerable differences in the trade union density rates according to three criteria: a) difference between the public sector in wider terms (around 68 per cent) and private sector (around 17 per cent), b) in the private sector between the old but privatized companies (31 per cent) and newly-established private companies (9 per cent), and c) big companies (around 40 per cent) and small companies (around 3 per cent).

The process of determining representativeness of trade union confederations on the basis of the new Representativeness Act has still not been finalized.

- **Employers' organizations density**

As in the case of trade unions, there are no official data. HUP is still the only voluntary association of employers in Croatia which participates in the bodies of the tripartite social dialogue. The same above mentioned research states that that the level of employers' organization has significant oscillations with regard to activities and the size of company (big employers are more often members of employers' associations than the small ones). The branch associations of HUP do not "follow" the structure of activities or the organization of trade unions but are very often a result of lobbyist influences by certain groups of employers. Lesser fragmentation of employers' associations as compared to the trade unions puts employers in a more favourable position with regard to trade unions but also to the Government. It is estimated that HUP gathers employers who employ around a half of the workers employed in the private sector. The Republic of Croatia does not have a confederation i.e. association of employers which affiliates public companies.

In line with the same law as for trade union confederations, the representativeness of employers' confederations is being determined.

- **Workplace representation**

The *Labour Act* stipulates the work of three types of workers' representatives: 1) trade union, 2) Works' Council/WC (condition: 20 and more employees, except in the state administration bodies) and 3) one workers' representative in the body which supervises work administration (supervisory or governing body and similar). The *Occupational Safety and Health Act*³⁵ determines the election/appointment and work of safety reps (condition 20 and more employed). The election and the work of trade union representatives are determined by trade union documents. Works' council members are elected by all the employed with the active voting right and the initiative is launched by the trade union and/or at least 10 per cent of the employed. Workers' representative in the Supervisory committee is appointed by the WC, and if the latter has not been elected, he/she is elected at direct elections. Safety reps are elected by all workers or are appointed by the trade union if there is only one trade union operating in a company/institution. Members of the WC have three-year mandate (since 1996 six elections have been held). The main function of a WC is informing the workers and supervision of the implementation and respect of the Labour Act, collective agreement and

³⁴ Dr.sc. Dragan Bagić: *Industrial relations in Croatia*, 2010

³⁵ Official gazette No. 86/08 and No. 75/09

other documents adopted for the benefit of workers. WC mostly has an advisory role in relation to employer, while the area of co-determination is very narrow. It is possible to expand the rights of works' councils and safety reps through special agreements between the WC and employer as well as through CA.

There are no official statistical data on WC because there is no legal obligation to submit the minutes on the held elections to any institution in Croatia. There is little research on the work of workers' representatives. A recent research³⁶ estimates that the WCs have been established in around 45 per cent of companies that meet the criteria for WC. The trade union research was carried out only by the UATUC: independently in 1997, and in 2010/2011 and in 2011/2012 within the framework of an international trade union project INFORMIA and INFORMIA 2. – the findings are the following: behind the election list of workers for the WC (at least 10 per cent of the employed) is more often actually the employer, elections for the WC are becoming less frequent and there is a trend among trade unions of return to appointing a shop steward in the function of a WC, trade unions frequently organize trainings at their own cost and not at the employer's cost³⁷, the employer's obligation to inform the WC on quarterly basis on business plans and employment is most often not respected, etc.

- **Trade unions**

- **National trade union confederations**

TU Confederation (Croatian)	TU Confederation (English)	Number of individual members ³⁸	ITUC Affiliation	ETUC Affiliation
Savez samostalnih sindikata Hrvatske	Union of Autonomous Trade Unions of Croatia	103.000	Yes	Yes
Nezavisni hrvatski sindikati	Independent Trade Unions of Croatia	113.598	Yes	Yes
Matica hrvatskih sindikata	Association of Croatian Trade Unions	around 65.000	-	-
Hrvatska udruga sindikata	Croatian Trade Union Association	41.584	-	-
Udruga radničkih sindikata Hrvatske ³⁹	Workers' Trade Union Association of Croatia	23.739	-	-

- **Trade union federations by branches**

Trade unions (Croatian)	TU Federation (English)	No of individual members ⁴⁰	Affiliation to national confederations	International affiliations
SINDIKAT METALACA HRVATSKE - INDUSTRIJSKI SINDIKAT/SMH-IS	Metal Workers' Trade Union of Croatia		UATUC	affiliated to IndustrAll-Global Union/ETU

³⁶ Dr.sc. Dragan Bagić, 2011, at the sample of 530 companies with 20 and more employed in the sectors of industry, services and construction

³⁷ According to the Labour Act and Occupational Safety and Health Act, financing the training of WC members and safety representatives is the employer's obligation.

³⁸ Official data are from March 2009, at the time of the last calculation. Data have been partly amended for the UATUC (in 2010 four trade unions left it) and MHS (in 2011 five trade unions left it).

³⁹ Although URSH is one of the five Croatian trade union confederations, it is not affiliated neither to ITUC nor to ETUC but to a European trade union federation (Source: URSH web page – affiliated to EUROFEDOP/European Federation of Public Service Employees).

⁴⁰ No official data on the number of trade union members

SAMOSTALNI SINDIKAT RADNIKA U DJELATNOSTIMA ENERGETIKE, KEMIJE I NEMETALA HRVATSKE/EKN	Autonomous Trade Union of Workers in Power Industry, Chemistry and Non-Metal Industry of Croatia		UATUC	affiliated to IndustrAll-Global Union/ETU and EPSU/PSI
SINDIKAT GRADITELJSTVA HRVATSKE/SGH	Trade Union of Construction Industry of Croatia		UATUC	affiliated to BWI
SINDIKAT TRGOVINE HRVATSKE/STH	Commercial Trade Union of Croatia		UATUC	affiliated to UNI- Global and UNI-Europe
SINDIKAT TURIZMA I USLUGA HRVATSKE/STUH	Trade Union of Tourism and Services of Croatia		UATUC	affiliated to IndustrAll-Global Union/ETU
SINDIKAT ZAPOSLENIH U POLJOPRIVREDI, PREHRAMBENOJ I DUHANSKOJ INDUSTRIJI I VODOPRIVREDI HRVATSKE/PPDIV	Trade Union of the Employed in Agriculture, Food and Tobacco Industry and Water Resources Management of Croatia		UATUC	affiliated to IndustrAll-Global Union/ETU
SINDIKAT UMIROVLJENIKA HRVATSKE/SUH	Retired Persons' Trade Union of Croatia		UATUC	affiliated to FERPA
SINDIKAT TEKSTILA, OBUĆE, KOŽE, GUME HRVATSKE/TOKG	Trade Union of Textile, Footwear, Leather, Rubber Industry of Croatia		NHS	affiliated to IndustrAll-Global Union/ETU
SINDIKAT DRŽAVNIH I LOKALNIH SLUŽBENIKA I NAMJEŠTENIKA RH/SDLSN	TU of State and Local Government Employees of Croatia		NHS	affiliated to PSI and EPSU
HRVATSKI STRUKOVNI SINDIKAT MEDICINSKIH SESTARA - MEDICINSKIH TEHNIČARA	Croatian Trade Union of Nurses and Medical Technicians		MHS	affiliated to PSI and EPSU
NEZAVISNI SINDIKAT ZAPOSLENIH U SREDNJIM ŠKOLAMA HRVATSKE	Independent Trade Union of Workers in Secondary Education of Croatia		MHS	affiliated to EI
NEZAVISNI SINDIKAT ZNANOSTI I VISOKOG OBRAZOVANJA	Independent Union of Research and Higher Education of Croatia		MHS	affiliated to EI

- **Employers' organizations**

Employer's Confederation (Croatian)	Employer's Confederation (English)	Number of Affiliates (branches)	Businesses-rop Affiliation	IOE Affiliation
Hrvatska udruga poslodavaca/HUP	Croatian Employers' Association	25	Yes	Yes