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**2014**  
**Annual Review of**  
**Labour Relations and Social Dialogue in South East Europe:**  
**Croatia**  
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## **1. Executive Summary**

2014 being the sixth consecutive year of recession, the first year of Croatia's membership in the European Union was marked by the entry into the Excessive Deficit Procedure and Government's attempts to consolidate public finances, which however

have not prevented further deterioration of both the budget deficit and public debt to GDP ratio. Despite the negative GDP growth, modest increase in industrial production and export, especially to the EU, was recorded.

In June, new Labour Act was finally adopted, bringing further flexibilisation of the working time, dismissal procedures and temporary agency work. Beside the Labour Act itself, the Government also faced significant public opposition for the planned concession of motorways and outsourcing of non-core services in the public sector, with public initiatives for referendums on both issues collecting more than half million signatures each.

Industrial relations in public sector were again marked by Government's attempt to cut down budget expenditure for wages, focusing on elimination of provisions on different additions on wages in public sector collective agreements. In private sector, strikes due to non-payment of wages continued to occur. Tripartite social dialogue deteriorated, as the Economic and Social Council (GSV) was not operating for most of the year, resuming its work only in October.

## 2. Socio-economic developments

According to first estimates by the Croatian Bureau of Statistics (DZS), GDP decreased in real terms by 0.4% in 2014, compared to 2013, making it 6<sup>th</sup> consecutive year with negative GDP growth. The largest positive contribution to the GDP came from increase in export of services and increased output of manufacturing industry, while the largest negative contribution came from decrease in household expenditure and contraction of construction industry. In December, industrial production was 5.3% higher than in December 2013. Labour productivity in industry increased by 3.0% in the same period.

According to the preliminary data of the Croatian National Bank (HNB), there was 2.64 billion EUR of foreign direct investments in the first 9 months of 2014, compared to 740 million EUR in the whole of 2013. According to first estimates of the DZS, total export of goods in 2014 was 78.7 billion HRK (10.3 billion EUR), 8.4% more than in 2013, while the import was 129.7 billion HRK (16.9 billion EUR), an increase of 3.7%. The coverage of imports by exports was 60.7%, compared to 58.1% in 2013. In first 9 months of 2014, the current account balance of payments recorded a surplus of 1.2 billion EUR, which is 31.5% less than in the same period last year. At the end of November gross external debt amounted to 46.5 billion EUR (HNB data). According to the preliminary data of the Ministry of Finance, the state budget deficit in 2014 amounted to 12.8 billion HRK (1.67 billion EUR), or around 3.9% of BDP, while public debt reached 262 billion HRK (34.1 billion EUR), or 80.6% of the BDP at the end of November 2014<sup>1</sup>.

Although no big privatisations were carried out in 2014, the Government did not give up on its ambitious privatisation agenda. The Strategy for Management and Disposal of Assets owned by the Republic of Croatia 2013-2017 envisages restructuring or partial or complete privatisation of 27 companies designated as of strategic importance, including among others international airports, Croatian Post and Croatian Postal Bank. Tender for non-obligatory offers for concession on motorways resulted with three international consortiums submitting their offers in December. In December 2014, there were 47,840 companies with blocked accounts (-22.9% less than a year before), employing 31,732 workers, with total unpaid obligations of 29.6 billion HRK (3.86 billion

<sup>1</sup> Data on public debt is not comparable to the one from 2013 Review, due to the change in methodology (introduction of ESA 2010 standard). The difference is mostly due to the inclusion of the debt of public companies in the public debt. According to ESA 2010, public debt at the end of 2013 amounted to 250 billion HRK (32.6 billion EUR).

EUR, -11.5%). The number of blocked citizens increased to 322,498 (+7.6%), with unpaid obligations of 31.06 billion HRK (4.05 billion EUR, +30.4%)

In December 2014, inflation amounted to -0.5% at the annual level, mostly as a result of the decrease in prices of food, clothing and transport. The average net wage for the period January to December 2014 was 5,533 HRK (721 EUR), which is a nominal increase of 0.3% and the real one of 0.5%, comparing to the same period in 2013. The average gross wage for the same period was 7,953 HRK (1,036 EUR), which is nominally +0.2%, and in real terms +0.4%. The gross minimum wage for 2014 was set at 3,018 HRK (393 EUR), 1.1% more than in second half of 2013. In December, the registered unemployment rate stood at 19.6% (21.6% in December 2013). According to the labour force survey, the unemployment rate in third quarter of 2014 was 15.7%, the activity rate was 53.7% and the employment rate was 45.2%. According to DZS, at-risk-of-poverty rate in 2013 was 19.5% (20.5% in 2012). At-risk-of-poverty or social exclusion rate was 29.9% in 2013 (32.3% in 2012), while the Gini coefficient remained at 0.31.

### 3. State policies

In 2014, Croatia for the first time participated in the European Semester, the annual cycle of economic and fiscal policy coordination at the EU level. However, the focus remained on the Excessive Deficit Procedure, which Croatia has officially entered in January. The deadline for bringing the deficit below 3% of GDP was set for 2016, while the measures recommended by the European Council included rationalising wages and social security, further improving tax compliance and enhancing long term budget planning. In September, the Industrial Strategy 2014-2020, the first document of its kind, was finally adopted. Outsourcing of non-core public sector services (most notably cleaning, catering and laundry in education and health systems) was planned for 2014, but the Government eventually withdrew the proposal due to wide public opposition.

The Government started to negotiate with the banks, telecom operators and utility companies in order to find a way to write off debts up to certain amount for the long-term unemployed, recipients of social benefits and pensioners with low retirements. Estimates say around 60,000 citizens could be eligible for the write-off, which is announced to be put in practice from January 2015. Starting from 1 January 2015, the Croatian Institute for Health Insurance (HZZO) will be separated from the State Treasury. 2015 will also bring changes of the income tax brackets, which will result with more than a million workers receiving higher wages, but those earning above the average, will profit much more than those with lower wages.

The new Labour Act<sup>2</sup> was finally adopted in July, introducing, among other, further flexibilisation of the working time and simplification of procedures for individual and collective dismissals. Temporary agency work has also been flexibilised, with the limit for assigning the agency worker to the client being raised from 1 to 3 years. The agency workers can also receive lower pay and less favourable conditions of work compared to the workers regularly employed by the client, in case they are agreed by a collective agreement of the agency. New laws on representativeness<sup>3</sup> and occupational health and safety<sup>4</sup> have also been adopted. In January, the State Inspectorate was abolished, inspectors being divided between 5 ministries. The Labour Inspectorate was established under auspices of the Ministry of Labour and Pension System (MRMS).

<sup>2</sup> Official Gazette No 93/14

<sup>3</sup> Act on Representativeness of Employers Associations and Trade Unions, Official Gazette No 93/14

<sup>4</sup> Health and Safety at Work Act, Official Gazette No 71/14

Youth Guarantee Implementation Plan was adopted in April, focusing on already existing active labour market policy (ALMP) measures for youth, on which the biggest share of the EU funding is to be spend. Overall, the Government is focusing on switching the ALMP funding to the EU funds, which has enabled increase in the AMPL budget to 118 million EUR, 38% more than in 2013. The Act on Job Retention Subsidies was adopted in July<sup>5</sup>, regulating subsidies for wages in companies applying shortened working time due to temporary difficulties.

During first half of the year, trade unions organised multiple demonstrations against the new Labour Act, including the two-hour solidarity strike in February (according to trade union sources, more than 270,000 workers participated in the strike), symbolic demonstration on the International Labour Day, and demonstrations in front of the Government and Parliament on the days when the Labour Act was on their agenda. In June, 17 public sector unions collected more than 612,000 signatures demanding a referendum on the announced outsourcing in the public sector. Wider initiative, bringing together 7 NGOs and all 5 trade union confederations, collected more than 530,000 signatures in October, demanding a referendum on the concession of motorways.

#### 4. Industrial relations

Collective bargaining in the public sector was again, like in 2012 and 2013, marked by the Government's attempt to cut down budget expenditure for wages, and by a combination of disputes and agreements. Similarly as in 2012, the Government has again used legislation in order to intervene into the rights set by collective agreements (CA), drafting the Act on Withholding the Right on Increased Wage on the Basis of Years of Service, which the Parliament adopted in March<sup>6</sup>. The Act suspended the right of public servants for 4 to 10% wage increase based on years of service, contained in the public sector branch CAs, for the period April to December 2014. In July, the Constitutional Court has initiated a procedure of determining its conformity with the Constitution, after receiving 521 proposals to do so, including from 5 public sector unions and 2 trade union confederations.

Although the Constitutional Court in December 2013 annulled the Government's decision on invoking the working obligation for doctors, which ended 58-days long strike, the Croatian Doctor's Trade Union (HLS) put the strike on hold in January. Although the new collective agreement for the health sector was concluded in December 2013 (signed by two representative trade unions, but not the third one, HLS), the Ministry of Health initiated new round of collective bargaining in April, aiming to eliminate the provisions on 4-10% wage increase, which would otherwise return to force in 2015. However, the trade unions did not concede. Second round of negotiations, which started in September, failed to bring agreement as well.

New CA for primary education institutions was concluded in April. Most of the rights from the previous CA were kept, but the employees in primary schools had to give up the mentioned 4-10% wage increase based on the year of service. New CA for secondary education institutions was signed in May, with the same effect. Both CAs were previously accepted by the trade union members on referendum. Negotiations failed only with the trade unions from tertiary education and science, which were not ready to give up 4-10% increase, and even organised one-day strike in May because of this issue.

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<sup>5</sup> Official Gazette No 93/14

<sup>6</sup> Official Gazette No 41/14

New CAs for the social welfare services (signed in April) and for cultural institutions financed from the State budget (signed in May) also excluded previously existing provisions on wage increase based on years of service. However, negotiations and disputes over wages in the public sector might not be over, since the Economic and Fiscal Policy Guidelines for 2015-2017, adopted by the Government in November, explicitly stated that if by May 2015 no positive results of fiscal consolidation were to be visible, the Ministry of Finance would propose to decrease the baseline for calculating wages in public sector.

New CAs, lowering the level of material rights and especially cancelling different additions to wages, were signed in a number of public companies as well. Annex to the CA for Croatian Railways – Infrastructure, signed in February, suspended the holiday and Christmas bonus for 2014, but also lowered number of vacation days, daily allowance and local transport remuneration. CA for Croatian Railways – Cargo, signed the same month, determined a procedure for planned collective dismissals, and defined 25% cut in total expenditure for wages, to be gradually implemented during 3 months. However, in April the company went on 3-day strike, as the railway unions claimed that the list of 804 workers which were to be dismissed was compiled in illegal way. The Labour Inspectorate has subsequently confirmed that the trade union claims were justified. In February, new CA for Croatian Forests was concluded, also lowering the level of material rights. In June, the 3-year CA for Croatian Lottery, signed in 2013, was cancelled, after the trade unions rejected the proposal for lowering material rights, claiming reductions were not justified by the business results of the company, which were positive. In November, new CA was signed in the national electricity company (HEP Group, consisting of 15 companies), making workers in HEP almost the only ones in the public sector which will receive holiday and Christmas bonus in 2014, which the management justified by the fact that the company, unlike most of the other state-owned ones, was operating on the open market.

After the CA for Humanitarian Demining, signed in 2013, expired at the end of the year, the new temporary CA, for the period of 3 months, was signed on 1 April, the exact day when the extended application of legal rules contained in the previous CA expired. The new CA, supposed to be negotiated during 3-months transitional period, was not concluded by the end of the year. In October, negotiations have started for the new CA for Construction Industry.

New company level CAs have been signed in a number of large companies in private or mixed ownership, such as the national oil company INA, Croatian Telecom (T-HT), Holcim, Končar – Power Transformers and Coca-Cola HBC Hrvatska. Similarly like in previous years, there was a number of strikes due to non-payment of wages, especially in construction, metal and textile industry. Most media attention was given to the strike in textile company Arena, due to 9 months of non-payment of wages, which was a "trigger" for 2-hour general solidarity strike in February (see under State Policies).

In November, SSSH held its Seventh Congress, which was preceded by the congresses of most of its affiliated unions earlier throughout the year. Two branch unions joined SSSH, Trade Union of Medical Transportation of Croatia in July, and Dockers' Union of Croatia (SLRH) in October. Merger of HURS and URSH, announced in 2013, did not materialise. Trend of widening cooperation between the trade unions and non-governmental organisations continued, most notably through the initiative for the referendum on concession of motorways.

In July, Croatian Employers' Association (HUP) has established new branch Association of Printing and Publishing Industry. In September, HUP has appointed the first female President in its history, Ms Gordana Deranja from Tehnomont Pula.

## 5. Tripartite social dialogue

The Economic and Social Council (GSV) did not function for most of the year, as the trade unions withdrew from its work in November 2013, dissatisfied with the way Government was conducting tripartite negotiations over the new Labour Act. Trade unions' boycott of the GSV did not put tripartite social dialogue completely on hold, as the trade unions continued to participate in some of the working groups and give opinions on some of the drafted laws and strategic documents, but it did substantially reduce its scope.

In February, the Parliament passed the new Labour Act in first reading, but simultaneously called the Government to continue talks with the social partners and try to reach consensus before sending the law to the second reading. In March, trade unions accepted to return to negotiations, which lasted until June and failed to result with a consensus. Trade unions eventually returned to GSV in October, but no significant changes occurred in its work comparing to the previous periods of its functioning. Social partners were not included at all in the European Semester process (i.e. preparation of the National Reform Programme), nor in the working group which drafted the Industrial Strategy (although representatives of few private companies participated).

One-year project "Strengthening the tripartite social dialogue in Croatia implemented jointly by the Ministry of Labour and Pension System, SSSH and HUP and funded by Norway Grants, started in September. The project activities will include identification of the problems in tripartite social dialogue, discussions and recommendations on its improvement, as well as organizing trainings and preparing publications aimed to strengthen capacities of all sides for the social dialogue, but it is questionable if such activities by itself can enhance the quality and effectivity of tripartite social dialogue.

## 6. Forecasts

According to the European Commission's 2015 Winter Forecast, Croatia is expected to finally come out of recession in 2015, with a projected GDP growth of 0.2%, while the unemployment will fell slightly to 16.8%. Fiscal consolidation, i.e. bringing budget deficit in line with Maastricht criteria of below 3%, will remain the main challenge for the Government, especially since the EC forecast is projecting increase in both the budget deficit (4.1% of GDP, compared to 3.9% in 2014) and public debt (84.9% of GDP, compared to 81.7% in 2014) for 2015. As the same time, with parliamentary elections due in late 2015, Government will face conflicting pressures to both stabilise the public finances and boost private and public expenditure in order to bring macroeconomic indicators into positive territory. Concession of the motorways, expected to result with more than 2.5 billion EUR revenue in mid-2015 is probably seen by the Government as a solution to both problems, but the future of the project depends on the outcome of the referendum initiative.

The Government has already announced that no important structural reforms are planned for its last year in office. No changes of the trends in industrial relations and tripartite social dialogue are to be expected in 2015 as well.

## **Annex of data**

### **• Collective bargaining system**

The collective bargaining system in Croatia is regulated by the Labour Act and the 2014 Act on Representativeness of Employers' Associations and Trade Unions. Collective bargaining takes place at national (cross-sectoral and sectoral), local and company level, and depending on the territorial scope of their application, collective agreements (CA) are registered either with the Ministry of Labour and Pension System (cross-sectoral, sectoral and CAs for companies that operate in the area of two or more counties), or with county level state administration offices (CAs applicable on the level of one county only).

If there is only one trade union operating on the level<sup>7</sup> on which the bargaining should occur, it is automatically considered representative. If there is more than one trade union, an employer/employers' association may negotiate with the bargaining committee established through the written agreement of all trade unions. In that case all trade unions signatories of the agreement are considered representative and it is not necessary to determine their representativeness. However, if trade unions fail to agree, each trade union may, before the Committee for Determining Representativeness, initiate the procedure of determining the representativeness of trade unions<sup>8</sup>. In order to be recognised as representative through this procedure, a trade union needs to have at least 20 percent of all trade union members on the level for which the bargaining takes place. The CA becomes valid if it is signed by trade union(s) which have more than 50 percent of members of all representative trade unions on the level on which bargaining occurs.

Collective agreements can be signed on a fixed-term basis (up to five years) or on full-term basis. On the proposal of all the signatories, the Minister in charge of labour may extend the sectoral/branch CA to include a greater part of that industry, if such decision is in the public interest. Sectoral/branch and company CAs are not mutually exclusive – company CAs can also be concluded 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 rights are regulated differently by labour contract, company by-laws, agreement between the works council and the employer, collective agreement or law, the most favourable one to the worker applies<sup>9</sup>.

### **• System of tripartite social dialogue**

The legal framework for the tripartite social dialogue is set by a) the Labour Act, which provides the legal basis for establishment of the Economic and Social Council (GSV) and defines its scope of work, and b) the Representativeness Act, which sets the criteria for participation in tripartite bodies<sup>10</sup>. In order to be representative on the national level, a trade union association needs to have at least 50,000 members, at least five branch trade unions, local offices in at least four counties and at least five workers employed on the basis of open-ended full time labour contracts. Employers' associations need to affiliate at least 3,000 employers, or employers employing at least

<sup>7</sup> Trade union representativeness can be determined on the level of individual employer, or on the level of the employers' association (Representativeness Act, Article 12(1)).

<sup>8</sup> Representativeness Act, Article 7(4)

<sup>9</sup> Labour Act, Article 9(3)

<sup>10</sup> Beside the Economic and Social Council, this includes all other bodies where tripartite social dialogue takes place or participation of social partners' representatives is foreseen, tripartite delegation of the Government of Republic of Croatia at the International Labour Conference and social partners' representatives in other international and European bodies and organisations.

100,000 workers, and fulfil the same requirements regarding branch associations, local offices and staff as trade unions. As a rule, representativeness is determined for the period of five years.

Composition, competences, scope and organisation of work of the Economic and Social Council are defined by the Agreement on the Establishment of the Economic and Social Council and its Rules of Procedure. The current agreement was concluded in July 2013 between the Government, the Croatian Employers' Federation (HUP) and four representative trade union confederations. In its work the GSV is assisted by its five thematic expert committees. Logistical support is provided by the Ministry of Labour's Service for Social Partnership, which also serves as the focal point for communication between other ministries and social partners. Based on the Government's legislative programme and interest for specific laws and strategic documents expressed by the social partners, each year the annual work programme of GSV and its working bodies is compiled. However, the purpose of this document is limited, as the Government is often changing its legislative plans during the year, and occasionally laws are sent to Parliament bypassing the GSV (although they were included in its work programme).

On the local level, tripartite social dialogue is conducted through county level Economic and Social Councils. There is no available systematic information on their work, but there are considerable differences in the level of activity and effectiveness among them.

- **Social security systems**

**Health insurance** is obligatory for all residents of the Republic of Croatia, including foreigners with permanent residence and citizens of other EU member states with temporary residence in Croatia. Health care is financed by contributions on workers' wages (13 percent), the State budget and the budget of the local administrative units. For certain categories of citizens and permanent residents, including the unemployed, pensioners, pupils and students, health care contribution is financed from the State 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. The pension system is mixed – obligatory insurance in the public pay-as-you-go system (the 1<sup>st</sup> pillar, 15 percent), obligatory individual capitalized savings in private funds (2<sup>nd</sup> pillar, 5 percent), and voluntary in the 3<sup>rd</sup> pillar. Self-employed, including craftsmen, independent artists and persons working in agriculture are also covered by pension insurance. There is a problem of workers in insolvent companies whose employers are not paying their contributions, which will in particular affect pensions from the 2<sup>nd</sup> pillar, which depend solely on actual payments. A similar situation also exists with those workers declared on the minimum wage whose part of the wage is paid in cash. In November 2014, the average pension acquired on the basis of the Law on Pension Insurance was 2,231 HRK<sup>11</sup> (290 EUR), which is 40.1 percent of the average wage, but the majority of pensioners receive pensions lower than average.

Employment promotion measures and **unemployment benefits** are financed by the contributions on wages at 1.7% and the State budget, and are paid by the Croatian Employment Service (HZZ). 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 can receive it from 90 to 450 days (the first 90 days at 70

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<sup>11</sup> Croatian Pension Insurance Institute data

percent, and until 450 days 35 percent of the wage, but not more than 70/35 percent of the average wage). A worker with more than 32 years of service and less than 5 years to retirement is entitled to benefit until a new employment or until entitlement to pension. Since 1 January 2014, the same rights also apply to the self-employed. Unemployment benefit is received by a relatively small number of the unemployed (18 percent in November 2014<sup>12</sup>), due to the high percentage of long-term unemployed and unemployed young persons without work experience.

- **Education and vocational training**

According to the results of the 2011 Census, 16.4 percent of the Croatian population older than 15 has completed tertiary education, 52.6 percent secondary education and 30.8 percent only elementary education. Improving the overall quality of education programmes, harmonising the education system with labour market needs and increasing the share of population participating in life-long learning remain the main challenges in the field of education. The Croatian education system operates in accordance with the EU standards (Copenhagen and Bologna processes are in application). Nevertheless, obligatory education is still among the shortest in the EU, although the legislation changes in 2012 made the last year of the pre-school education obligatory, which in the opinion of the MZOS<sup>13</sup> extended obligatory education in Croatia from eight to nine years (primary school still lasts eight years). However, the share of GDP allocated for education and science in Croatia is decreasing – from the peak of 4.33 percent for education in 2009, it has fallen to 3.3 percent in 2012, remaining at approximately the same level until 2014. However, budget projections for period 2015-2017 envisage further cuts in the budget allocation for the Ministry of Science, Education and Sport. Spending on scientific research and innovations is among the lowest in the EU (constantly below 1 percent of GDP). 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, in November 2013 there were 22,673 highly educated (7.3%) people among the unemployed<sup>14</sup>.

The adult education and training is the most neglected and underdeveloped element of the education system (in 2012 about 2.4% 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. The new Strategy for Education, Science and Technology was adopted in October 2014.

- **Employment rate**

Age (years)	2011	2012	2013	VII – IX 2014 <sup>15</sup>
15 +	39.5	38.1	36.4	45.2
15 – 64	52.4	50.7	49.2	56.9

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

<sup>12</sup> Croatian Employment Service data

<sup>13</sup> Ministry of Science, Education and Sports (Cro. *Ministarstvo znanosti, obrazovanja i sporta*)

<sup>14</sup> Croatian Employment Service monthly bulletin, November 2014

<sup>15</sup> Data for 2014 is not comparable with previous years, as starting from 2014 LFS sample frame is based on the 2011 Census, which showed that projections of total working-age population used in previous years were overestimated. LFS data on annual averages for previous years harmonised with 2011 Census has not yet been published.

- **Unemployment rate**

Age (years)	2011	2012	2013	VII - IX 2014 <sup>16</sup>
15 +	13.5	15.8	17.1	15.7
15 – 64	13.9	16.3	17.5	15.8

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

- **Average monthly salaries (HRK/EUR)**

2011	2012	2013	2014
7,796/1,035 €	7,875/1,048 €	7,939/1,049 €	7,953/1,036 €

Source: Central Bureau of Statistics

- **Gender pay gap**

Data here refers to 2012 since gender related statistics are published with two years' delay.<sup>17</sup> There is not even more precise labour market statistics segregated by gender, or sectors (differences between the public and the private sector), etc. The striking segregation of women in the labour market continues, especially towards lower paid jobs. Among the employed in 2012, there were 27.4% of women and 20.0% of men with a college or university degree, and 16.8% of women and 13.2% of men with primary school education or less. The average gross wage of women in 2012 was 90.2% of that of men. The biggest pay gaps are precisely in those activities where women are the majority of those employed: in the finance and insurance activity (75.2% of men's wage), health care and social welfare (74.1%), wholesale and retail trade (80.6%) education (82.0%). In the activities where women are prominent minority, their wages are higher than men's: in construction 116.4% and in mining and extraction 106.9%. In the processing industry, the average gross wage of women was 79.9% of that of men.

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

1.6.2011 – 31.5.2012	1.6.2012 – 31.5.2013	1.6.2013 – 31.12.2013	1.1.2014 – 31.12.2014
2,814/374 €	2,814/372 €	2,985/391 €	3,014/393 €

Source: *Minimum Wage Act* (Official Gazette No. 67/08, 39/13), Publication of the amount for 2012-2014 (Official Gazette No. 60/12, 51/13, 153/13)

- **Actual weekly working time**

According to the DZS data for the period VII- IX 2014 (*Statistical Reports, Results of the Labour Force Survey*) the average normal weekly hours of work on the main job for workers are 39.5 hours (men 40.4, women 38.4 hours). Weekly working time is legally limited to 40 hours (plus 10 hours of overtime work a week, and 180 a year, or 250 a year if so agreed by a collective agreement<sup>18</sup>). Collective agreements, as a rule, do not stipulate neither shorter working hours than those determined by law, but workers of age may be exempted from the application of provisions on the duration of work of a night worker and daily and weekly rest (provided the CA ensures this worker a replacement rest<sup>19</sup>; a right the employer is obliged to ensure).

<sup>16</sup> Data for 2014 is not comparable with previous years (see the previous note).

<sup>17</sup> Croatian Bureau of Statistics, *Women and Men in Croatia 2014*

<sup>18</sup> Labour Act (Official Gazette No. 93/14), Article 65

<sup>19</sup> Ibid., Article 89(1)

- **Normal/atypical work**

Forms of atypical work	X- XII 2011	X- XII 2012	X- XII 2013
Temporary employees	11.0	10.7	13.6
Part-time employees	10.3	8.0	6.8

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

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

- **Migration**

#### INTERNATIONAL MIGRATION OF POPULATION

Year	Immigrants	Emigrants	Net migration	Net migration rate
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 <sup>20</sup>	8,534	12,699	- 4,165	-1.0
2012	8,959	12,877	-3,918	-0.9

Source: Central Bureau of Statistics *Statistical information 2014*

- **HDI**

	2010	2011	2012 <sup>21</sup>	2013
<b>Index</b>	0.794	0.796	0.805	0.812
<b>World-Rank</b>	51	46	47	47

Source: UNDP (Human Development Report, 2014)

- **Gini-coefficient**

2008	2010	2011	2012	2013
0.30	0.32	0.31	0.31	0.31

Source: Central Bureau of Statistics, *First releases*

- **Collective agreement coverage**

In the public administration and public services (education, health care, etc.) collective agreement coverage is 100 percent, due to the Basic Collective Agreement for Civil Servants and Employees in Public Services. As most of the state owned companies also have a collective agreement, coverage in the wider public sector is estimated to more than 70 percent. In the private sector, until recently estimations of coverage were at around 40 percent<sup>22</sup>. However, taking into account considerable loss of jobs in recent years in sectors covered by sectoral/branch CAs with extended application (such as construction industry), and cancellation of the CA for the Commerce sector in 2013, the coverage in private sector has now dropped below that level (estimate by the author of the report).

<sup>20</sup> In order to harmonize international migration statistics with the international standards and EU legislation data for 2011 and 2012 have been processed according to a new methodology.

<sup>21</sup> New component indicators and new methodology

<sup>22</sup> Minimum Wage Systems and Changing Industrial Relations – National Report Croatia, Danijel Nestić and Ivana Rašić Bakarić, 2010

- **Ongoing important collective bargaining agreements**

There is no official data available, but according to recent analysis<sup>23</sup>, there is around 570 collective agreements currently in force in Croatia (around 76 percent of them applicable to the area of one county only).

**At the moment** in Croatia the following branch collective agreements are **in force**: Basic CA for Civil Servants and Employees in Public Services (Official Gazette No. 141/12 and 150/13), CA for State Civil Servants and Employees (Official Gazette No. 104/13 and 150/13), CA for the Activity of Health Care and Health Insurance (Official Gazette No. 143/13), CA for Employees in Primary Education Institutions (Official Gazette No. 63/14), CA for Employees in Secondary Education Institutions (Official Gazette No. 72/14), CA for Social Welfare Services (Official Gazette No. 42/14), , CA for Employees in Cultural Institutions Financed from the State budget (Official Gazette No. 70/14), CA for the Wood and Paper Industry (Official Gazette No. 123/08, 55/09 and 96/13), CA for the Construction Industry (consolidated text Official Gazette No.142/13.), CA for Catering (Official Gazette No. 69/02, 139/04 and 95/10), CA for Travel Agencies (Official Gazette No. 94/02, 126/10 and 108/11).

The last four CAs: for the Wood and Paper Industry, for Construction, for Catering and for Travel Agencies, have been extended by labour minister's decision; they oblige all employers and are applied to all workers in the activity. The minister takes a decision on the extension of the CA on the proposal of a all parties to the CA, and can extend its application (to persons who did not participate in its conclusion and have not joined it afterwards) if extension is in the public interest 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. Impact assessment is carried out by the Economic and Social Council. According to the Article 232(6) of the 2014 Labour Act, all existing decisions on extension of CAs will expire six months after the Act entered into force (i.e. on 23 January 2015).

Most of the public companies have signed collective agreements, for example: ACI d.d., Janaf d.d., Odašiljači i veze d.o.o. (Official Gazette No. 13/13), CA for Hrvatske autoceste d.o.o. (Croatian Motorways; Official Gazette No. 60/14), CA Hrvatske autoceste održavanje i naplata cestarine d.o.o. (Croatian Motorways Maintenance and Tolling, Official Gazette 85/14), CA for *Hrvatska lutrija d.o.o.* (Croatian Lottery; Official Gazette No. 133/14), CA for Water Management (Official Gazette No. 88/03, 118/06, 89/09 10/11 and 6/14), CA for HEP group (national electricity company, Official Gazette No. 132/14). Companies linked to the Croatian Railways have several CAs: Passenger transport, Cargo, Infrastructure, Train Traction, and CAs have also been put in place for the Croatian Post, Croatia Airlines, etc.

In the activities of the agriculture, fisheries, food industry, energy, chemical and pharmaceutical industries, in information and communication, finance and insurance, as well as in a number of others there are no branch CAs; only company level CAs. At the same time, in the fields which have branch CAs, a number of company CAs have also been concluded (e.g. in the field of the construction industry, beside the extended branch CA there are more than 30 company CAs in force).

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<sup>23</sup> Characteristics of the system of collective bargaining in Croatia – What do we know, and what do we need to find out, Dragan Bagić, 2014 (in Croatian only, available at [www.sssh.hr](http://www.sssh.hr))

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

In Croatia official data on the rate of organization of trade unions is not being collected nor published. The data gathered at the end of 2012 to determine representativeness of trade union confederations is not reliable enough to determine the total rate of organization of trade unions. Specifically, the data was not gathered individually, per trade union 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 was not collected at all. It is estimated that the general trade union density rate is slightly below 30%, with decreasing trend. The 2010 research<sup>24</sup> assesses considerable differences in trade union density rates according to three criteria: a) difference between the public sector in wider terms (around 68%) and private sector (around 17%), b) in the private sector between the old but privatized companies (31%) and newly-established private companies (9%), and c) big companies (around 40%) and small companies (around 3%).

According to the data gathered at the end of 2012, total membership of the four representative confederations was 331,939. However, this data is not comparable to that from the last count of members in 2009, as there were five representative confederations at the time (with 423,964 members). It is difficult to even estimate the number of members of trade unions not affiliated to any confederation.

- **Employers' organizations density**

As in the case of the trade unions, there is 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 the level of employers' organization has significant oscillations with regard to activities and the size of company (large 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 in place as 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 not only the trade unions but also the Government. It is estimated that HUP gathers employers who employ around a half of the workers employed in the private sector. Croatia does not have a confederation i.e. association of employers which affiliates public companies.

- **Workplace representation**

The *Labour Act* stipulates the work of three types of workers' representatives: 1) trade unions, 2) Works' Council/WC (condition: 20 or more workers, 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*<sup>25</sup> determine the election and the work of safety representatives. The election and the work of trade union representatives are determined by trade union documents. Works' council members are elected by all those employed with active voting rights and the initiative is launched by the trade union and/or at least 20% of the employed. In case no WC has been established, shop steward takes over its rights and obligations. The 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. Members of the WC have a four-year mandate (in period 1996-2014 mandate was three years). The main function of a WC is to inform

<sup>24</sup> Dr.sc. Dragan Bagić: *Industrial relations in Croatia*, 2010

<sup>25</sup> Official Gazette No. 71/14 and 118/14

the workers and supervise the implementation and respect of the Labour Act, the collective agreement and other documents adopted for the benefit of workers. WCs mostly have an advisory role in relation to the 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 the CA.

There is no official statistical data on WCs because there is no legal obligation to submit the minutes on the elections to any institution in Croatia<sup>26</sup>. There is little research on the work of workers' representatives. A recent research<sup>27</sup> estimates that the WCs have been established in around 45% of companies that meet the criteria for WCs. The trade union's research was carried out only by the SSSH: independently in 1997, in 2010/2011 and in 2011/2012 within the framework of the international trade union project INFORMIA and INFORMIA 2. The findings are as follows: behind the election list of workers for the WC (at least 10 per cent of the employed) is more often than not the employer, elections for the WC are becoming less frequent and there is a trend among trade unions of returning to appoint a shop-steward in the function of a WC, trade unions frequently organize trainings at their own cost and not at the employer's cost<sup>28</sup>, the employer's obligation to inform the WC on a quarterly basis on business plans and employment is most often not respected, etc.

Since July the 1st 2013, the European Works Council Directive (implemented through the Act on European Works Councils<sup>29</sup>) has come into force in Croatia, but there is no available data on EWC members from Croatia.

- **Trade unions**

- **National trade union confederations**

<b>TU Confederation (Croatian)</b>	<b>TU Confederation (English)</b>	<b>Number of individual members<sup>30</sup></b>	<b>ITUC Affiliation</b>	<b>ETUC Affiliation</b>
Savez samostalnih sindikata Hrvatske (SSSH)	Union of Autonomous Trade Unions of Croatia	123,465	<b>Yes</b>	<b>Yes</b>
Nezavisni hrvatski sindikati (NHS)	Independent Trade Unions of Croatia	116,837	<b>Yes</b>	<b>Yes</b>
Matica hrvatskih sindikata (MHS)	Association of Croatian Trade Unions	61,411	-	-
Hrvatska udruga radničkih sindikata (HURS)	Croatian Workers Trade Union Association	54,009 <sup>31</sup>	-	-
Udruga radničkih sindikata Hrvatske <sup>32</sup> (URSH)	Workers' Trade Union Association of Croatia	N/A <sup>33</sup>	-	-

<sup>26</sup> 2014 Labour Act has foreseen introduction of such obligation, but the by-law through which this should be implemented was not adopted by the time of writing.

<sup>27</sup> Dr.sc. Dragan Bagić, 2011, at the sample of 530 companies with 20 and more employed in the sectors of industry, services and construction

<sup>28</sup> 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.

<sup>29</sup> Official Gazette No. 93/14

<sup>30</sup> Official data are from March 2013, at the time of the last determination of representativeness. Data have been partly amended for the SSSH (three trade unions, with 23,783 members joined SSSH after counting was finished)

<sup>31</sup> For the purpose of determining representativeness, HURS "borrowed" two unions from URSH (see section on Tripartite social dialogue).

<sup>32</sup> 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).

<sup>33</sup> As URSH did not participate in counting of members for purpose of determining representativeness, there is no data available.

○ **Trade union federations by branches**

<b>Trade unions (Croatian)</b>	<b>TU Federation (English)</b>	<b>No of individual members<sup>34</sup></b>	<b>Affiliation to national confederations</b>	<b>International affiliations</b>
Sindikat metalaca Hrvatske - Industrijski sindikat (SMH-IS)	Metal Workers' Trade Union of Croatia – Industrial Union		UATUC	IndustrAll-Global Union/ETU
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	IndustrAll-Global Union/ETU and EPSU/PSI
Sindikat graditeljstva Hrvatske (SGH)	Trade Union of Construction Industry of Croatia		UATUC	BWI/EFBWW
Sindikat trgovine Hrvatske (STH)	Commercial Trade Union of Croatia		UATUC	UNI- Global and UNI-Europe
Sindikat turizma i usluga Hrvatske (STUH)	Trade Union of Tourism and Services of Croatia		UATUC	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	IndustrAll-Global Union/ETU
Sindikat umirovljenika Hrvatske (SUH)	Retired Persons' Trade Union of Croatia		UATUC	FERPA
Sindikat tekstila, obuće, kože, gume Hrvatske (TOKG)	Trade Union of Textile, Footwear, Leather, Rubber Industry of Croatia		NHS	IndustrAll-Global Union/ETU
Sindikat državnih i lokalnih službenika i namještenika RH (SDLSN)	TU of State and Local Government Employees of Croatia		NHS	PSI and EPSU
Hrvatski strukovni sindikat medicinskih sestara - medicinskih tehničara	Croatian Trade Union of Nurses and Medical Technicians		MHS	PSI and EPSU
Nezavisni sindikat zaposlenih u srednjim školama Hrvatske	Independent Trade Union of Workers in Secondary Education of Croatia		MHS	ETUCE/EI
Nezavisni sindikat znanosti i visokog obrazovanja	Independent Union of Research and Higher Education of Croatia		MHS	ETUCE/EI
Sindikat hrvatskih učitelja (SHU)	Croatian Teachers' Union		MHS	ETUCE/EI

• **Employers' organizations**

<b>Employer's Confederation (Croatian)</b>	<b>Employer's Confederation (English)</b>	<b>Number of Affiliates (branches)</b>	<b>BusinessEurope Affiliation</b>	<b>IOE Affiliation</b>
Hrvatska udruga poslodavaca (HUP)	Croatian Employers' Association	30	Yes	Yes

<sup>34</sup> No official data on the number of trade union members