

2015

Annual Review of Labour Relations and Social Dialogue Estonia, Latvia, Lithuania

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- In 2015, the last of the three Baltic States, Lithuania, joined the Eurozone following Estonia and Latvia which had already entered in previous years (2011 and 2014 respectively). Latvia was also holding the Presidency of the EU Council for the first half of 2015.
- At the macro level, all three Baltic States demonstrated economic growth in 2015 with annual GDP growth, full-year forecasts, as follows: 1.9 per cent for Estonia, 2.4 per cent for Latvia and 1.7 per cent for Estonia. Inflation was very low and even negative in 2015, hovering around zero per cent in Estonia, 0.2 per cent in Latvia and being negative, -0.8 per cent in Lithuania.
- A new Labour Code was introduced in Lithuania which may imply far reaching changes for employees and trade unions. Yet, trade unions still remain rather weak in the Baltic States despite being involved in social dialogue and international cooperation, including access to competitive EU and other (e.g. Norwegian funds) funding for various projects. The main obstacles to greater involvement are lack of financial means and the rather low profile of trade unions in post-socialist countries.
- Estonia's economy is forecast to grow by 2.6 per cent in both 2016 and 2017, while in Latvia the projection is 3 per cent in 2016 and 3.3 per cent in 2017, and Lithuania's growth is forecast at 2.9 per cent in 2016 and 3.4 per cent in 2017.

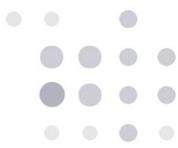


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1. SOCIO-ECONOMIC DEVELOPMENTS

Estonia

Estonia's real GDP growth is forecast to grow by 1.9 per cent in 2015, with private consumption contributing the most, supported by strong wage increases, income tax cuts and low consumer price inflation. In 2015 the fiscal surplus is expected to slip to 0.2 per cent of GDP, as expenditure growth is set to exceed revenue growth due to increased social spending and investment. Also, income tax rates were cut by 1 percentage point in 2015. Annual inflation turned negative in mid-2014 and was forecast to only stay slightly above zero in 2015, reflecting the steep declines in international energy prices, in particular crude oil, which outweighs the impact of the euro's depreciation (European Commission Directorate-General for Economic and Financial Affairs, 2015: 78-79).

According to a Eurostat Survey, the early severe material deprivation rate fell significantly in Estonia (-1.4 percentage points) in 2014. Households with two adults and one dependent child were least affected by severe material deprivation. There was decrease in the proportion of people who had 'difficulty' or 'great difficulty' in making ends meet in Estonia (-3.7 percentage points) and an increase in the proportion of people who could make ends meet 'easily' or 'very easily' (+1.7 percentage points) (Eurostat, May 2015).

Estonia's privatization program is now completed. Only a small number of enterprises remain wholly state-owned. Examples include the country's main port, the national air carrier, power plants, the postal system and the national lottery (U.S. Department of State, May 2015a: 4).

The top five sources of inward Foreign Direct Investment (FDI) to Estonia are Sweden (27 per cent), Finland (22 per cent), Netherlands (11 per cent), Russia (5 per cent), and Norway (5 per cent) (U.S. Department of State, May 2015a: 17).

Latvia

Latvia's real GDP growth is forecast to be 2.4 per cent in 2015. The general government deficit is estimated at 1.5 per cent of GDP in 2015. A slight worsening in the deficit ratio since the spring forecast (by 0.1 per cent of

GDP) is related to higher-than-planned demand for social benefits. Due to similar reasons as in Estonia, inflation was low at 0.2 per cent in 2015 (European Commission Directorate-General for Economic and Financial Affairs, 2015: 94-95).

In 2014 the early severe material deprivation rate fell significantly in Latvia (-4.8 percentage points). Households with two adults and one dependent child were least affected by severe material deprivation. There was a decrease in the proportion of people who had 'difficulty' or 'great difficulty' in making ends meet in Latvia (-5.4 percentage points) (Eurostat, May 2015).

Privatization of small and medium-sized state enterprises is considered to be largely completed. Latvian law designates six State Joint Stock Companies that cannot be privatized: Latvenergo (Energy and Mining), Latvijas Pasts (Postal Services), International Airport Riga, Latvijas Dzelzceļš (Automotive and Ground Transportation), Latvijas Gaisa Satiksme (Aerospace and Defense), and Latvijas Valsts Meži (Forestry). Other large companies in which the Latvian government holds a controlling interest include airBaltic (Travel), Lattelecom (Information and Communication), and Latvian Mobile Telephone (LMT) (Information and Communication) (U.S. Department of State, May 2015b: 5). In 2015 the European Bank for Reconstruction and Development (EBRD) welcomed the closing of the agreement to privatize Latvia's Citadele Bank. As of April 20, Citadele is majority-owned by a group of international investors led by the U.S. investment firm Ripplewood Holdings and Tim Collins, founder and CEO of Ripplewood. The EBRD, which became a shareholder in the predecessor to Citadele in 2009, has agreed to retain a 25 percent stake alongside the Ripplewood-led investors. The remaining 75 percent had formerly been owned by the Republic of Latvia (The Baltic Times, 21.04.2015.).

According to news reports, the Latvian Government may be considering merging Lattelecom and LMT in order to prepare for a sale of the state's shares in the two companies. Currently the Latvian Privatisation Agency owns 51 per cent of Lattelecom and 5 per cent of LMT. Lattelecom in turn owns 23 per cent of LMT (OECD, 2015a: 54). On 3



November 2015 Latvia's cabinet approved the sale of a 20 per cent stake in airBaltic to a private investor, Montag-Girmes, for €52 million and agreed to invest a further €80 million in the airline directly. Montag-Girmes, active in aircraft leasing, property development and rentals, was initially seeking a 25.1 per cent blocking minority stake in return for an investment not exceeding €60 million but the stake was slimmed to 20 per cent during the negotiations. airBaltic said the investor agreement will be signed in January 2016. Following the deal, Montag-Girmes will own 20 per cent of airBaltic and the Latvian state will hold 79.99 per cent (Moore's, 22.12.2015.).

The Latvian government recognizes that Latvia, as a small country, must attract foreign investment in order to foster economic growth, and thus has pursued liberal economic policies as well as developed infrastructure to position itself as a transportation hub. According to the World Bank's Doing Business Report 2015, Latvia is ranked 25 out of 189 countries in terms of ease of doing business (U.S. Department of State, May 2015b: 3). The top five sources of inward FDI to Latvia are Sweden (21 per cent), Netherlands (9 per cent), Cyprus (7 per cent), Estonia (5 per cent), and Norway (5 per cent). It should be noted that foreign investment registered as coming from Cyprus is widely believed to be coming from Russia (U.S. Department of State, May 2015b: 19).

Lithuania

While domestic demand growth was stronger than in 2014, overall growth in 2015 was hit by a significant drop in exports to Russia due to the EU sanctions. As a result, growth for 2015 is forecast at 1.7 per cent. In 2015, the general government deficit is forecast to increase to 1.1 per cent of GDP from 0.7 per cent a year before. Higher social spending and an increase in defence expenditure were not covered by new revenue measures. General government debt is set to increase from 40.7 per cent of GDP in 2014 to 42.9 per cent in 2015, due to the pre-financing of bond redemptions and higher-than-usual pre-financing of EU-funded expenditures. Falling energy prices and declining food prices are expected to push average annual HICP

inflation at -0.8 per cent in 2015. Strong job creation is expected to bring the unemployment rate down to 9.4 per cent in 2015 (European Commission Directorate-General for Economic and Financial Affairs, 2015: 96-97).

In 2014 the early severe material deprivation rate fell significantly in Lithuania (-1.6 percentage points). Households with two adults and one dependent child were least affected by severe material deprivation. There was a decrease in the proportion of people who had 'difficulty' or 'great difficulty' in making ends meet in Lithuania (-3.5 percentage points) and an increase in the proportion of people who could make ends meet 'easily' or 'very easily' (+1.5 percentage points) (Eurostat, May 2015).

As of September 2015, there are two state-owned enterprises (SOEs) in the process of being privatised: Klaipėda Ship Repair (Klaipėdos laivų remontas) and Klaipėda Airport (Klaipėdos aerouostas). Six SOEs are slated for privatisation, meaning that they are on the Government-approved list of entities to be privatised but the privatisation process has not yet commenced (OECD, 2015b: 53).

The top five sources of inward FDI to Lithuania are Sweden (24 per cent), Poland (10 per cent), Germany (10 per cent), Netherlands (9 per cent), and Norway (6 per cent) (U.S. Department of State, May 2015c: 19).

In 2015 Lithuania and the European Investment Bank (EIB) continued their strong partnership by establishing the € 150 million "Jessica II" fund and signing an agreement on a € 1.3 billion loan facility. The "Jessica II" fund will continue support for energy efficiency investments in Lithuania to cut energy bills in hundreds of Lithuanian multi-apartment buildings. The agreement was signed by Pim van Ballekom, EIB Vice-President, Rimantas Šadžius, Minister of Finance and Kęstutis Trečiokas, Minister of Environment. The € 300 million loan for Lithuania will support investment in the areas of communications, energy, sustainable transport infrastructure and rural development. It is the first tranche of a larger facility, totalling up to € 1.3 billion (European Investment Bank, 07.05.2015.).

Real GDP growth in %



Country, year	2012	2013	2014	2015*	2016*	2017*
EE	5.2	1.6	2.9	1.9	2.6	2.6
LV	4.0	3.0	2.8	2.4	3.0	3.3
LT	3.8	3.5	3.0	1.7	2.9	3.4

Source: EU economy forecast, Winter 2015

*Forecast

GDP volume indices per capita in PPS

Country, year	GDP				Price level indices for actual individual consumption			
	2011	2012	2013	2014	2011	2012	2013	2014
EE	69	74	75	76	70	68	71	71
LV	56	60	62	64	67	66	66	66
LT	65	70	73	75	59	59	58	58

Source: Eurostat Database

Foreign direct investment, net inflows (% of GDP)

Country, year	2012	2013	2014
EE	7.7	3.5	5.9
LV	3.8	3.3	2.8
LT	1.3	1.5	0.7

Source: World Bank (2015)

Current account balance (% of GDP, annual percentage change)

Country, year	2012	2013	2014	2015*	2016*	2017*
EE	-2.3	0.4	1.3	1.6	1.2	-0.1
LV	-3.5	-2.1	-2.0	-1.8	-1.9	-2.2
LT	-0.9	1.4	3.9	-0.8	0.2	-0.3

Source: EU economy forecast, Winter 2015

*Forecast

Trade balance (goods) (% of GDP, annual percentage change)

Country, year	2012	2013	2014	2015*	2016*	2017*
EE	-6.6	-4.7	-5.0	-4.5	-4.7	-5.0
LV	-12.1	-11.2	-9.6	-9.4	-9.2	-9.4
LT	-3.3	-2.6	-2.6	-4.2	-4.3	-5.6

Source: EU economy forecast, Winter 2015

*Forecast

Structural budget balance (% of GDP, annual percentage change)

Country, year	2012	2013	2014	2015*	2016*	2017*
EE	-0.1	-0.4	0.3	0.3	0.2	-0.2
LV	0.0	-0.9	-1.8	-2.1	-1.9	-1.8
LT	-2.6	-2.3	-1.4	-1.2	-1.4	-0.9

Source: EU economy forecast, Winter 2015

*Forecast



Annual average inflation rates, %

Country, year	2011	2012	2013	2014
EE	5.1	4.2	3.2	0.5
LV	4.2	2.3	0.0	0.7
LT	4.1	3.2	1.2	0.2

Sources: Eurostat Database, Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania

2. STATE POLICIES

Estonia

As the obligation for entrepreneurs to register their workforce was tightened in mid-2014, employment growth is expected to reach 1.1 per cent in 2015 (up from 0.8 per cent in 2014) (European Commission Directorate-General for Economic and Financial Affairs, 2015: 78).

The economic policy priorities set in the State Budget Strategy 2015-2018 for 2015 are: (1) reducing the tax burden on labour (reducing the implicit tax rate on labour to 33.2 percent), and (2) sustainable public finance (General Government's budgetary position being a 0.2 per cent structural surplus) (Estonia.eu, 29.09.2015.).

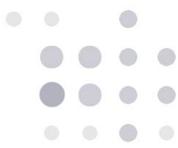
The Estonian government approved the bill of amendments to the social tax law, the income tax law and other laws, which confirm a variety of changes. The bill establishes a social tax rate of 32.5 per cent in 2017 and 32 per cent in 2018 instead of the current 33 per cent. As the result of tax changes, the corporate tax burden falls in 2017 by € 40.5 million, and from 2018, by € 86 million. The law's amendment has no effect on the pension system and the health insurance fund revenues due to a compensation mechanism that covers lower tax receipts with other state budget revenue. With the amendments to the income tax law, tax-free income is increased gradually over the next four years to € 205 per month in 2019 (€ 170 in 2016) and the tax-free part of pensions is increased to ensure that the average pension is free of income tax. The bill regulates the rules for the taxation of rental income, enabling private individuals to deduct 20 per cent of rental revenue without providing documentation when declaring income. The total amount of deductions from personal taxable income is reduced from € 1,920 to € 1,200 a year. That includes, for example, mortgage interest, training expenses, charitable donations, etc.

Alcohol, tobacco, fuel and electricity excise changes are part of the government's plan to restrict consumption of alcohol and tobacco and to shift the tax burden from labour to consumption. It will also harmonize energy taxation on the basis of their function and energy content. The bill raises the alcohol excise tax by 15 per cent from February 1, 2016. The tobacco excise tax will be raised, in addition to the earlier established 5 per cent, by 3 per cent more in 2016-2018 while the increase in 2016 enters into force on 1 June 2016, or half a year later than initially planned. Also, alcohol and tobacco excise taxes will increase in 2019 and 2020 by 10 per cent, except the excise tax on wine and on fermented beverages, which rises 20 per cent. The petrol excise tax will be increased by 10 per cent in the next three years. From January 1, 2016, the excise tax on diesel fuel is increased by 14 per cent and in 2017-2018 by 10 per cent (The Baltic Course, 21.05.2015.).

Latvia

As of May 1, 2014 changes in the Law on Land Privatization in Rural Areas allow EU citizens to purchase Latvia's agricultural land and forests. Other restrictions apply (to both Latvian citizens and foreigners) regarding the acquisition of land in Latvia's border areas, the Baltic Sea and Gulf of Riga dune areas, and other protected areas (U.S. Department of State, May 2015b: 5).

The Parliament passed amendments to the Labour Code effective as of 1 January 2015. The amendments set a more favourable regulatory framework for employers. For example, the maximal period of fixed-term contracts is extended from three to five years. However, the minimal break between two fixed-term contracts is 60 days instead of the former 30 days. Employment with a shorter break will be considered a single fixed-term contract. Dismissal notification will be



regulated in more detail, and notice by certified email will be possible. If an employee resigns, the employer will be able to reclaim certain training costs up to 70 per cent if the purpose of the training was not decisive for the employee's work performance. However, an employer can ask an employee to pay back those training costs only if an employee was employed on a fixed-term (maximum two-year) contract. The 70 per cent threshold decreases proportionally to the period worked after entering into the training agreement. Additionally, employers will not be allowed to dismiss or employ women for overtime if they are breastfeeding a child, usually up to two years of age. New provisions have also been passed in favour of employees. Those with less than three children up to 14 years of age will be entitled to an additional paid vacation day. Currently only parents of three or more children up to 16 years of age or a disabled child are entitled to additional paid vacation of three days. An employee who is the parent of a sick child is entitled to a justified paid short-term absence to visit a doctor if the visit is impossible after working hours. From 2015 all employment contracts must be in Latvian. If a foreign employee does not command Latvian, their own (foreign) language may be used in addition (bnt attorneys-at-law, 10.11.2014.).

On 7 April 2015, the Cabinet of Ministers of Latvia amended Regulation No. 164 "On work in which the employment of youths is prohibited and on exceptions when employment in such work is permitted in connection with professional training" in order to implement the EU health and safety Directive 2014/27/EU. Regulation No. 164 now contains detailed provisions on restrictions on the employment of youths when work with certain types of substances is involved (European Labour Law Network, 21.05.2015.).

On 23 April 2015, the Parliament of the Republic of Latvia passed several amendments to the Micro-Enterprise Tax Law. One of the amendments will enter into legal force on 1 January 2016 and the other on 1 January 2017. The amendments to the Law on State Social Insurance, will directly affect the provisions of the Micro-Enterprise Tax Law regarding social insurance of employees. The tax rate will be differentiated and will depend on the period of economic activity and the

amount of turnover. Restrictions will be imposed on the granting of the status of micro-enterprises. According to the amendments, employees of a micro-enterprise should be socially insured in addition to what is specified by the Micro-Enterprise Tax Law, so that within three years the amount of contributions of mandatory state social insurance for these enterprises will be equal with the amount of mandatory social contributions of the employer and the employee, charged with the minimum monthly wage that is currently € 122. Accordingly, the tax burden on employees of micro-enterprises will increase: in 2017 it will be 22.6 per cent and in 2018 about 28.5 per cent. If the amendments to the Law on State Social Insurance come into legal force as expected, the following rules will be applied to an enterprises operating in the allowed sectors: (1) a tax rate of 5 per cent will be applied to the entire turnover of up to € 100 000 during the first three years of economic activity; (2) a tax rate of 5 per cent will be applied to turnover of up to € 7,000 and a tax rate of 8 per cent will be applied to turnover from € 7,000.01 up to € 100,000, starting from the fourth year of economic activity (Stromberga, 06.10.2015).

Lithuania

In 2015 the Ministry of Interior started drafting a new foreign investment procedure in cooperation with the Ministry of Economy and the Ministry of Foreign Affairs, as well as with the public organisation Invest Lithuania. According to the new procedure, foreign companies recognised by the Ministry of Economy as strategic investors will receive help from immigration specialists designated for that purpose. Its aim is that foreign investment procedures will be less bureaucratic and faster than before (Invest Lithuania, 21.07.2015.).

In October 2015 the Parliament approved amendments to the Labour Code and accompanying legislation regulating the so-called "new social model". The "new social model" includes seven main and 27 accompanying laws related to increased employment, improvement of regulation of labour relations and sustainability of social insurance. The new provisions would simplify conclusion of employment contracts, their amendment or termination. More types of



employment contracts would be created. It has been proposed to introduce contracts for temporary employment, project employment, job sharing, apprenticeship, working for several employers, etc. The legislation proposes to shorten notice periods and reduce severance pay when a worker is laid off on the employer's initiative. It is hoped this will make the Lithuanian economy more competitive, attract foreign investors and encourage employers to create new jobs. The notice period would be reduced to a month if a person was employed for more than one year. Meanwhile, the notice period would be two weeks if labour relations existed for less than a year. Severance pay would be reduced to the amount of two months of average salary if labour relations had existed for over a year. If they were for less than a year, the severance pay would amount to half of an average monthly salary (The Baltic Course, 15.10.2015.).

The draft of the Labour Code enhances so-called flexicurity in employment relations and establishes more flexible work arrangements and facilities for the amendment of an employment contract and dismissal, and balances arrangements for working time. Nevertheless, the new draft of the Labour Code involves rigorous provisions, e.g. the obligation of the company with fewer than 50 employees to publish on its website the data of imposed administrative punishments and penalties to employers for a breach of labour law, to publish impersonal data on the average wage of workers, and certain legislation of the company. In addition, the new draft of the Labour Code regulates the involvement of employees in company bodies in decision-making. Currently this is out of the realm of the Labour Code (Klimasauskiene, 10.04.2015.).

Amendments to the Labour Code were adopted to improve the efficiency of some provisions aimed to fight illegal work. An employer who employs workers without a contract is subject to administrative responsibility and may be fined up to € 2,896. This rule applies also to an employer who illegally employs third-country nationals in the territory of Lithuania (which is the formal transposition of Directive 2009/52/EC) or an employer who violates the procedure of employment for third-country nationals. In addition to this sanction, since 1 January 2015

the Labour Code entitles illegally-engaged employees to claim remuneration (at least minimum wage) for the period of illegal work. There is a legal presumption that the person was working illegally for a period of three months unless the employer proves that the period of illegal work was shorter (European Labour Network, 22.01.2015.).

3. INDUSTRIAL RELATIONS

Estonia conducted a Work Life Survey, commissioned by the Ministry of Social Affairs, in 2015. According to this survey, 28 per cent of employees in Estonia were very satisfied and 57 per cent were rather satisfied with their current jobs. Satisfaction was the highest among managers, professionals, technicians and clerical support workers and 70 per cent said they can express their opinions and make themselves heard to employers, and this was very or rather important for employees. However, only 6 per cent of enterprises have a trade union and 7 per cent of employees belong to one. But Estonia has a procedure in place for there to be an appointed working environment representative in more than half (54 per cent) of enterprises, in almost all (99 per cent) enterprises with 250 and more employees, and in a third of enterprises with 5-9 employees. A working environment council operates in 60 per cent of enterprises with 50-249 employees and in 90 per cent of enterprises with 250 and more employees. There is a trustee in approximately 18 per cent of enterprises, which is 5 percentage points more than in 2009. (Statistics Estonia 2015)

On the 1 January 2015 Latvia for the first time took over the rotating Presidency of the EU Council. The Free Trade Union Confederation of Latvia (LBAS) was a national social partner and was actively involved in the Presidency agenda. During the Presidency LBAS hoped to facilitate a better understanding of several key issues as well as generate a future action plan. The key issues that LBAS was mobilising around were: (1) creating quality jobs in partnership with trade unions, (2) promoting youth employment and encouraging youth trade union membership, (3) encouraging labour force mobility, and (4) increasing trade union influence and capacity across the EU. LBAS hoped to find innovative solutions to



these issues during the Presidency in the international conference “Trade Union Role in Promotion of Sustainable Growth and Quality Job Creation” organised by LBAS in Riga on 26-27 February 2015. Also high up on the conference agenda was the need to tackle youth unemployment across the EU, how trade unions can facilitate youth employment, and the impact of the European social partners’ agreement on the Framework of Actions on Youth Employment. Other topics of discussion included international and national trade union partnership projects to protect migrant workers’ rights and promote integration. Experts from Latvia addressed the challenges of the free movement of workers and labour force migration in the Latvian and European context. An assessment of trade union influence in the EU and its regions were also put forward. On 31 March the Latvian social partners – LBAS and LDDK – organised an international social partners’ forum “The Role of Social Dialogue in Ensuring Economic Growth and Qualitative Work Places” (Arighostiles, 27.03.2015.).

From 26 January-1 February the Latvian Trade Union LABA organized a bus rally from Riga to Brussels in which 30 activists made a protest in “slave” costumes near the European Parliament against the exploitation of workers from new EU countries. They issued a statement for EP President Martin Schulz: “We, members of LABA, the biggest independent Trade Union of the Republic of Latvia came here in Brussels while our State is the President of the Council of European Union. As a result of drastic budget cuts by the Latvian Government, led by right-wing Prime Minister Valdis Dombrovskis, more than 200,000 people left their Homeland in search of jobs. In 2013 middle Latvian employees have € 516 “on their hands” per month after taxes. It’s impossible to live a normal life in these conditions, that’s why tens of thousands workers go to Western Europe”. In its protest LABA demanded an increase in the wages of employees to € 1000 per month after taxes (WFTU, 02.02.2015.).

The Council of Latvia's Trade Union of Health and Social Care Workers decided on 20 October to hold a protest at the Saeima building and launch preparations for a strike. The main reason for the protest was the further reductions in the health budget planned by the

government. According to the trade union, the government has set the healthcare budget at 3 per cent of gross domestic product in 2016, or less than 3.1 per cent this year. This is contrary to the World Health Organization and European Commission’s recommendations to improve access to healthcare and quality of healthcare in Latvia. The trade union had three demands: (1) higher healthcare quotas, (2) reducing patients’ co-payments, and (3) increasing average wages for those employed in healthcare. It was argued that quotas for healthcare services should be set according to patients’ needs, while patients’ co-payments should be reduced to a “symbolic” level (The Baltic Course, 21.10.2015.).

On 10 September Lithuania's trade unions organised the largest rally – a protest action “No to Slavery at Work” – since the 2008 financial crisis. The event took place outside the Lithuanian Parliament in Vilnius. Approximately 2,000 people protested against the planned Labour Code reforms, the so-called “new social model”. At the same time, rallies were held outside Lithuania's embassies in Latvia and Estonia. Representatives of foreign countries took part as well. The organisers of the rally said at a press conference that people from all over Lithuania would take part in it as well. The Chairman of the Lithuanian Trade Union Confederation (LPSK), Artūras Černiauskas, said that other countries decided to show support once they heard how liberal the new proposed Lithuanian Labour Code was – they fear that such a long working week could be introduced elsewhere in Europe. People protested against the three-day dismissal notice, reduction of wages and severance payment as well as notice periods, introduction of a 60-hour working week in specific cases, introduction of fixed-term employment contracts for permanent work, and raising the retirement age. According to ETUC, increasing the maximum working time to 60 hours per week under a single employment contract could dramatically deteriorate working conditions (Elta EN, 08.09.2015.; Lithuanian Trade Union Confederation, 04.09.2015.ETUC 2015).

On 1 December representatives of the Government and teachers’ trade unions convened for a conciliation meeting but failed to reach an agreement that would satisfy



teachers' demands. As a result, a strike took place on 10 December. A third of Lithuania's teachers expected to strike for 2 hours. The Political Council of the ruling coalition decided to additionally allocate € 10 million in next year's budget to partially meet teachers' demands. However, according to Education and Science Minister Audronė Pitrėnienė at least € 100 million would be needed to fully satisfy the teachers' demands (Elta EN, 02.12.2015.).

4. TRIPARTITE SOCIAL DIALOGUE

Uncertainty was high whether the Lithuanian Parliament would be able to adopt the new Labour Code in December 2015. The agreements that were reached between the Government and social partners in the Tripartite Council did not seem to be respected by the members of the Parliamentary Committee, as initially assured by the ruling coalition parties. The Parliamentary Committee of Social Affairs and Labour was overwhelmed after receiving hundreds of proposals from the few members of Parliament who were demanding a thorough investigation and a vote on the issues (European Labour Network, 17.12.2015.).

The amendments passed by the Latvian Parliament to the Labour Code did not please employers with a long-awaited decrease of the overtime surcharge from 100 per cent to 50 per cent from the hourly rate. The current Latvian surcharge is the highest in the EU. The plan was either to decrease it to 50 per cent or replace the surcharge with paid time off in lieu on another day. Industries, the trade unions and the government will continue negotiations on overtime, as well as on other significant provisions, such as limiting the cases when dismissal requires the consent of a trade union (Attorneys-at-law, 10.11.2014.).

5. FORECASTS

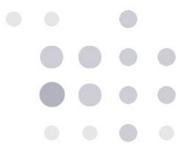
Estonia

Estonia's economy is forecast to grow by 2.6 per cent in both 2016 and 2017, as external demand and investment slowly pick up. Unemployment, however, is set to surge from late-2016, as new measures entice work-disability pensioners back to the labour market. The consumption-driven nature of GDP growth is expected to bolster the fiscal

surplus. Real GDP growth is expected to rise to 2.6 per cent in 2016, supported by positive base effects in the first half of 2015 and to remain at that level in 2017 as the global outlook improves only slowly. Taking into account the already legislated tax changes (essentially shifting taxes from labour to consumption) public finances are expected to remain in slight surplus in 2016 and in 2017. In structural terms, the fiscal position is expected to remain in a small surplus in 2015 and 2016, but to turn into a small deficit in 2017 due to the widening of a positive output gap. Estonia's very low public debt is expected to fall further from 10.4 per cent of GDP in 2014 to about 9 per cent of GDP in 2017. Inflation is expected to be pushed up to 1.8 per cent in 2016 and 2.9 per cent in 2017 as commodity prices begin a timid ascent, excise taxes and administrative prices are increased, and continued strong wage growth add to inflationary pressures. Emigration, though abating, and low birth rates are reducing Estonia's working-age population. Overall, this trend is expected to decrease the unemployment rate to around 6.5 per cent in 2016, down from 7.4 per cent in 2014. Wage growth is expected to remain below 6 per cent over the forecast period, as public sector wage policy foresees wage moderation at the central government. As the work capacity reform expected for mid-2016 is expected to induce significant numbers of pensioners to re-enter the labour market, the unemployment rate is predicted to rise again in 2017. Participation in the labour force is already high, at close to 70 per cent, and could even exceed this level in 2017 (European Commission Directorate-General for Economic and Financial Affairs, 2015: 78-79).

Latvia

The outlook of Latvia's economy for 2016 and 2017 is still clouded by the volatile external environment. Growth is nevertheless projected to increase from 2.4 per cent in 2015 to 3 per cent in 2016 and 3.3 per cent in 2017 as domestic demand improves and the impact of lower demand from Russia declines. Latvia's fiscal deficit is projected at 1.2 per cent of GDP in 2016. The government deficit is projected at 1.1 per cent of GDP in 2017 on a no-policy change basis. The structural deficit is set to decline from about 2 per cent of GDP in 2015 to about 1.75 per cent in 2017, while the positive output gap is estimated to remain

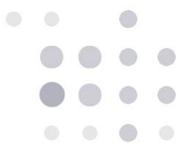


broadly unchanged. The public debt-to-GDP ratio is projected to briefly increase to 41 per cent at the end of 2016 due to a planned accumulation of financial resources ahead of a large bond repayment early in 2017. The expected dynamism of wage growth and the flattening of the energy indices should gradually push inflation up to 1.4 per cent in 2016 and 2.1 per cent in 2017. Core inflation is projected to increase slightly faster to 1.7 per cent in 2016 and 2.3 per cent in 2017. Unemployment is projected to decrease from 10.8 per cent in 2014 to 8.8 per cent in 2017. However, this masks growing labour supply constraints linked to a dwindling working-age population. This is related to a combination of emigration and Latvia's ageing population. Consequently, wages are projected to continue rising at a fast rate amid very weak employment growth and a moderate drop in the labour force (European Commission Directorate-General for Economic and Financial Affairs, 2015: 94-95).

Lithuania

Real GDP growth is forecast to accelerate to 2.9 per cent in 2016 and to 3.4 per cent in 2017. Rising nominal wages are expected to support strong growth in private consumption, which is set to remain the main growth driver. For 2016, the general government deficit is set to increase to 1.3 per cent of GDP. Strong domestic demand, buoyant wage growth and

a couple of small tax increases should support revenue growth. This is expected to be insufficient to offset an increase in non-taxable incomes, pensions and some public wages. Assuming no policy changes, the general government deficit is forecast to fall to 0.4 per cent of GDP in 2017, mainly on the back of robust economic growth and the limited expected increase in expenditure. Lithuania's structural deficit is expected to decrease to about 1.25 per cent of GDP in 2015 and to increase to about 1.5 per cent of GDP in 2016 due to the additional expenditure measures, before decreasing to about 0.75 per cent of GDP in 2017. In 2016, total national debt is forecast to fall to 40.8 per cent of GDP, while in 2017 it is expected to increase again to 42.5 per cent due to the end of year pre-financing of forthcoming bond redemptions. Rising wages will put upward pressure on consumer prices; however, with energy prices expected to decline further, inflation is predicted to remain subdued in 2016, before accelerating in 2017. While employment growth is seen slowing in 2016 and 2017, unemployment should continue to decline as negative demographic developments combined with net emigration are set to shrink the labour force (European Commission Directorate-General for Economic and Financial Affairs, 2015: 96-97).



ANNEX OF DATA

• Collective Bargaining System

Both union density and bargaining coverage are lower in the Baltic States than in the other EU countries. In all Baltic countries single employer bargaining at the level of the company is predominant.

Estonia

In beginning of 2011 there were 195 agreements in the database of the Estonian Social Ministry, which were stated to be current, and 29 agreements had been signed in 2010 (Fulton 2011). In March 2014 the Financial Sector Trade Union of Latvia and the Association of Estonian Financial Sector Employees signed a memorandum of cooperation. The goal of this memorandum was to develop cooperation and information exchange between the employees of the financial sector in Latvia and Estonia in order to create stable, secure employment (The Baltic Course, 03.04.2014).

Latvia

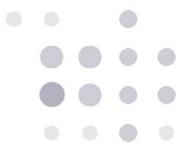
The most important level is company-level bargaining. Sector-level bargaining occurs in some sectors (railways and metalworking). Regional agreements are concluded with local governments and other regional organisations in other sectors, for example, in education a trade union has concluded 380 general agreements. At the start of 2008 there were 1,921 company and enterprise level agreements, compared with only 23 industry level agreements, according to the Latvia's Trade Union Confederation. Collective bargaining is more important in the public sector and large state-owned companies than in the private sector.

Lithuania

In 2009 expert estimates indicate that perhaps 15 per cent of all employees were covered by collective agreements in Lithuania, according to Eurofound EIRO research. However, in reality it might be much less as figures from inspections in 2010 by the State Labour Inspectorate show. Only 248 companies and organisations had signed a collective agreement out of 12,411 inspected – which is only 2.0 per cent. Figures for 2009 were similar – with 15,935 inspections and 290 collective agreements (1.8 per cent). (Fulton 2011).

The rules for interpreting collective agreements were not laid down in the Labour Code of the Republic of Lithuania until 1 July 2014 (Blaziene and Zabaraskaite, 2014). The suspension of strikes, for example, was previously governed by the general provisions of the Code of Civil Procedure, which gave no legal grounds for stopping strikes and employees' right to collective bargaining was therefore restricted. Thanks to new amendments to the Labour Code strike suspension is now regulated by defining in more detail those occupations that are of vital importance to the public, justifying suspension of industrial action by the courts in the public interest. A new article (101) stipulates that collective labour contracts and agreements shall be interpreted in accordance with the principles of the Labour Code and, where there is uncertainty about the provisions governing employment relations, those that are more favourable to employees shall apply.

In 2014 changes to dispute resolution were also introduced in Lithuania. The Third-Party Court has been abolished as a body for resolution of labour disputes. The functions of the Government in collective dispute resolution have been transferred to the Labour Arbitration system where final decisions will be made by impartial arbitrators. This will also ensure that when collective disputes arise among public sector employees, the government – which is indirectly their employer – will not be involved in the objective resolution of such disputes (Blaziene and Zabaraskaite, 2014). Before the amendments came into force, the Labour Code absolutely prohibited strike action while there was a collective agreement in force. This prohibition has been lifted and circumstances in which strikes are prohibited are clearly specified. First, employees of emergency medical services and other employees whose rights to strike are restricted on the grounds of public safety or interest are prohibited from calling a strike. Requirements or demands put forward by such employees shall be settled by the Labour Arbitration system. Secondly, when a valid collective agreement is in force no strike can be called over the requirements or working conditions regulated by the agreement if its provisions have been complied with. The restriction on strikes does not apply if bargaining permitted by the collective agreement ends in disagreement



between the parties. The areas of vital importance for the public in which employees' right to strike include railways and urban public transport, civil aviation enterprises, medical institutions, water, electricity, energy, heat and gas supply, sewage, waste collection and elevator companies. A court may postpone a proposed strike in any of these areas for 30 days, or suspend an ongoing strike for the same period if there is a direct threat that the provision of minimum services necessary for vital public needs is threatened. Lithuanian trade unions were the leading initiators of the amendments to the Labour Code and they are satisfied with them (The Baltic Course, 03.04.2014).

- **System of tripartite social dialogue**

The administrative structure of the Tripartite Council of Lithuania was modified: the independent legal person (Office of the Tripartite Council) was abolished in November 2014 and the Ministry of Social Security and Labour took over the organisational aspects of the functioning of the Tripartite Council of the Republic of Lithuania. Corresponding amendments to the Labour Code were

- **Social security systems**

Average monthly old-age pension (€)

Country; year	2012	2013	2014	2015 3Q
EE	312.90	327.40	345.10	370.90
LV	256.53	259.20	266.26	273.00
LT	236.21	238.13	240.32	246.86

Sources: *Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania*

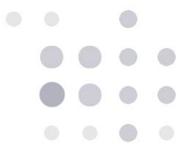
Persons receiving old-age pensions, thousands

Country; year	2011	2012	2013	2014
EE	296.2	298.0	297.4	300.0
LV	481.7	482.1	476.6	472.1
LT	592.4	590.1	590.4	588.6

Sources: *Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania*

introduced to this end (European Labour Network, 22.01.2015.).

The Ministry of the Interior of Lithuania concluded a quadripartite cooperation agreement with trade unions of officers and civil servants. The agreement is expected to enhance social partnership between these organisations when solving various employment-related issues. The agreement was signed by: Saulius Skvernelis, Minister of the Interior; Irena Petraitiene, Chair of the Trade Union of Civil Servants, Budgetary and Public Institutions; Loreta Soscekiene, Chair of the Law Enforcement Officers' Federation; and Vladimiras Banelis, Chair of the National Association of Officers' Trade Unions. The parties committed to share information and consult each other regarding wages, social security, health and safety issues, organisation of work, improvement of working conditions, assessment and improvement of qualifications, improvement of training and motivation systems, career planning and implementation, promotion of civil service, medical rehabilitation of retiring officers and their integration in the labour market etc. (The Baltic Course, 14.07.2015.).



- **Education and vocational training**

Estonia

Although older and smaller, Estonia's labour force is becoming more highly-qualified. This is explained by older, less-qualified people leaving and younger more highly-educated people entering the labour market. By 2025, the share of Estonia's labour force with high-level qualifications is forecast to rise to 47 per cent compared to 40 per cent in 2013 and 34 per cent in 2005. People with medium-level qualifications in 2025 will account for 39.7 per cent of the labour force, compared to 48.9 per cent in 2013. The share of the labour force with low-level or no qualifications is forecast to be 13.3 per cent in 2025, above the 10.9 per cent in 2013. According to CEDEFOP's forecasts, by 2020, around 63 per cent of 30 to 34 year olds in Estonia will have high-level qualifications, above the EU's educational attainment benchmark of 40 per cent by 2020. On current trends around 73 per cent of 30 to 34 year olds in Estonia will have high-level qualifications by 2025. In 2013 9.7 per cent of young people in Estonia left the education and training system with low-level qualifications, close to the national target of reducing this to 9.5 per cent by 2020. In the EU, the average in 2013 was 11.9 per cent, still higher than its benchmark of less than 10 per cent of young people leaving the education and training system with low-level qualifications by 2020 (CEDEFOP, 2015a: 5-6).

Latvia

Like Estonia, Latvia's labour force though older and smaller, is becoming more highly qualified as older, less-qualified people are leaving and younger more highly-educated people are entering the labour market. By 2025, the share of Latvia's labour force with high-level qualifications should rise to 46.3 per cent compared to 34.6 per cent in 2013 and 25.6 per cent in 2005. People with medium-level qualifications in 2025 will account for 40.9 per cent of the labour force compared to 54.3 per cent in 2013. Contrary to the general EU trend, in Latvia the share of the labour force with low-level or no qualifications is forecast to increase from 11.1 per cent in 2013

to 12.8 per cent in 2025. According to CEDEFOP's forecasts, by 2020, around 62 per cent of 30 to 34 year olds in Latvia will have high-level qualifications. This is significantly above the EU's educational attainment benchmark of 40 per cent by 2020. On current trends around 73 per cent of 30 to 34 year olds in Latvia will have high-level qualifications by 2025. In 2013 9.8 per cent of young people in Latvia left the education and training system with a low-level qualification, meeting the national target of reducing this to less than 13.4 per cent by 2020. In the EU, the average in 2013 was 11.9 per cent, still higher than its benchmark of less than 10 per cent of young people leaving the education and training system with low-level qualifications by 2020 (CEDEFOP, 2015b: 6-7).

Lithuania

Lithuania's labour force is also becoming more highly qualified. As above, this is explained by older, less-qualified people leaving and younger more highly-educated people entering the labour market. By 2025, the share of Lithuania's labour force with high-level qualifications should rise to 53.9 per cent compared to 42.4 per cent in 2013 and 30.6 per cent in 2005. People with medium-level qualifications in 2025 will account for 40.3 per cent of the labour force compared to 51.5 per cent in 2013. The share with low-level or no qualifications is forecast to fall from 6.1 per cent to 5.8 per cent in 2025. According to CEDEFOP's forecasts, by 2020, around 68 per cent of 30 to 34 year olds in Lithuania will have high-level qualifications. This is significantly above the EU's educational attainment benchmark of 40 per cent by 2020. On current trends around three quarters of 30 to 34 year olds in Lithuania will have high-level qualifications by 2025. In 2013 6.3 per cent of young people in Lithuania left the education and training system with a low-level qualification, meeting the national target of reducing this to less than 9 per cent by 2020. In the EU, the average, in 2013, was 11.9 per cent, still higher than its benchmark of less than 10 per cent of young people leaving the education and training system with low-level qualifications by 2020 (CEDEFOP, 2015c: 6-7).



Students in upper secondary general and vocational education as % of all upper secondary students, in 2011

Country, year	Students at ISCED level 3 general orientation as of % all students at ISCED level 3	Students at ISCED level 3 Vocational orientation as of % all students at ISCED level 3
EE	67.0	33.0
LV	63.9	36.1
LT	73.6	26.4

Source: CEDEFOP, based on Eurostat, EU Labour force survey

Tertiary level attainment (% of population 30-34 who have completed tertiary level education)

Country, year	2011	2012	2013	2014	Target 2020
EE	40.2	39.5	42.5	43.2	40
LV	35.9	37.2	40.7	39.9	34
LT	45.7	48.6	51.3	53.3	48.7

Source: CEDEFOP, based on Eurostat, EU Labour Force Survey

Adult participation in Lifelong Learning (persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey), %

Country, year	2011	2012	2013	2014
EE	11.9	12.7	12.6	11.5
LV	5.1	6.9	6.5	5.5
LT	5.7	5.2	5.7	5.0

Source: CEDEFOP, based on Eurostat, EU Labour force Survey

- **Employment rate**

Employment rate in age group 20-64 by gender, %

Country, year	2011			2012			2013			2014		
	T*	M	F	T	M	F	T	M	F	T	M	F
EE	70.6	73.5	67.8	72.2	75.1	69.4	73.3	76.7	70.1	74.3	78.3	70.6
LV	66.3	67.5	65.3	68.1	70.0	66.4	69.7	71.9	67.7	70.7	73.1	68.5
LT	66.9	67.2	66.6	68.5	69.1	67.9	69.9	71.2	68.6	71.8	73.1	70.6

*T=Total, M=Males, F=Females

Source: Eurostat Database (Eurostat chosen for comparative reasons in three states)

- **Unemployment rate**

Unemployment rate by gender, %

Country, year	2011			2012			2013			2014		
	T*	M	F	T	M	F	T	M	F	T	M	F
EE	12.3	13.1	11.6	10.0	10.9	9.1	8.6	9.1	8.2	7.4	7.9	6.8
LV	16.2	18.6	13.8	15.0	16.2	14.0	11.9	12.6	11.1	10.8	11.8	9.8
LT	15.4	17.9	12.9	13.4	15.2	11.6	11.8	13.1	10.5	10.7	12.2	9.2

*T=Total, M=Males, F=Females ; Source: Eurostat Database



- **Average monthly salaries**

Annual net earnings* (in €)

Country, year	2011	2012	2013	2014
EE	5,697.00	6,024.23	6,448.37	6,813.58
LV	4,022.82	4,247.76	4,407.28	4,695.77
LT	3,727.26	3,883.64	4,098.10	4,353.38

*Net salary after taxes and with social allowances calculated as for a single parent without children allowances, 67% of AW.

Source: Eurostat Database

The average monthly net wages and salaries in the 3rd quarter of 2015 were € 842 in Estonia, € 611 in Latvia, and € 560 in Lithuania (Sources: Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania).

- **Gender pay gap**

Estonia

In Estonia, the gender pay gap (GPG) stands at 29.9 per cent (the average gender pay gap in the EU is 16.3 per cent) (Eurostat, 2013). The overall gender earnings gap in Estonia stands at 32.2 per cent (the average gender overall earnings gap in the EU is 41.1 per cent) (Eurostat, 2010). In 2013 in Estonia the highest GPG was found in financial and insurance activities (44.9 per cent), wholesale and retail trade, repair of motor vehicles and motorcycles (39.4 per cent), mining and quarrying (34.3 per cent), manufacturing (32.8 per cent), and information and communication (31.6 per cent) (Eurostat Database).

Latvia

In Latvia, the gender pay gap stands at 14.4 per cent (the average gender pay gap in the EU is 16.3 per cent) (Eurostat, 2013). The overall gender earnings gap in Latvia stands

at 16.1 per cent (the average gender overall earnings gap in the EU is 41.1 per cent) (Eurostat, 2010). In 2013 in Latvia the highest GPG was found in financial and insurance activities (36.2 per cent), wholesale and retail trade, repair of motor vehicles and motorcycles (27.3 per cent), information and communication (24.6 per cent), manufacturing (19.3 per cent), and administrative and support service activities (18.3 per cent) (Eurostat Database).

Lithuania

In Lithuania, the gender pay gap stands at 13.3 per cent (the average gender pay gap in the EU is 16.3 per cent) (Eurostat, 2013). The overall gender earnings gap in Lithuania stands at 12.3 per cent (the average gender overall earnings gap in the EU is 41.1 per cent) (Eurostat, 2010). In 2013 in Lithuania the highest GPG was found in financial and insurance activities (39.9 per cent), information and communication (27.8), manufacturing (25.7 per cent), wholesale and retail trade, repair of motor vehicles and motorcycles (27.3 per cent), information and communication (22.3 per cent), and human health and social work activities (22.3 per cent) (Eurostat Database).

Gender pay gap in unadjusted form, %

Country, year	2010	2011	2012	2013
EE	27.7	27.3	30.0	29.9
LV	15.5	13.6	13.8	14.4
LT	14.6	11.9	12.6	13.3

Source: Eurostat Database



- **Monthly minimum wage**

Gross minimum wages €/month

Country, year	2012	2013	2014	2015
EE	290.00	320.00	355.00	390.00
LV	285.92	286.66	320.00	360.00
LT	231.70	289.62	289.62	300.00

Source: Eurostat Database

Monthly minimum wages as a proportion of the mean value of average monthly earnings (%)

Country, year	2011	2012	2013	2014
EE	33.5	33.0	34.1	35.9
LV	44.8	43.4	42.0	44.1
LT	42.6	42.0	48.3	46.4

Source: Eurostat Database

- **Actual weekly working hours**

There is a uniform 40-hour working week, corresponding in general to the statutory normal week in Estonia, Latvia and Lithuania

(Eurofound, 2012). In 2014, actual working hours in Estonia were 40.8 hours per week, 40.5 hours in Latvia and 39.5 hours per week in Lithuania (Eurostat, Average number of usual weekly hours of work, 2015).

Normal work /atypical work

Full-time employment in age group 20-64, thousands

Country, year	2011	2012	2013	2014
EE	492.9	533.2	540.9	546.7
LV	763.8	772.4	795.6	796.0
LT	1,120.0	1,130.2	1,154.2	1,174.3

Source: Eurostat Database

There are no national definitions on atypical work, but temporary employment with limited duration contracts and part-time work is considered atypical work.

Part-time employment in age group 20-64, % of total employment

Country, year	2011	2012	2013	2014
EE	9.1	9.0	8.7	8.2
LV	8.7	8.8	7.4	6.7
LT	8.3	8.8	8.2	8.5

Source: Eurostat Database

Temporary employees in age group 20-64, % of total employment

Country, year	2011	2012	2013	2014
EE	4.3	3.2	3.3	2.9
LV	6.6	4.6	4.1	3.2
LT	2.6	2.5	2.6	2.6

Source: Eurostat Database



• **Migration**

Population decreases are mainly due to negative net migration and low birth rates; however, registered and unregistered return migration from other EU countries is also taking place so the population is fluctuating.

The latest population censuses in 2011 are the most reliable sources to estimate out-migration that has been vast in all three countries, but especially in Lithuania and Latvia.

Population size in 2011, millions

Country	Total	Males	Females
EE	1.29	0.60	0.69
LV	2.07	0.95	1.12
LT	3.04	1.40	1.64

Source: *Population and housing censuses in Estonia, Latvia and Lithuania, 2011 (2015)*

Population size, millions

Country, year	2012			2013			2014			2015		
	T*	M	F	T	M	F	T	M	F	T	M	F
EE	1.33	0.62	0.71	1.32	0.62	0.70	1.32	0.61	0.70	1.31	0.61	0.70
LV	2.05	0.93	1.11	2.02	0.93	1.10	2.00	0.92	1.08	1.99	0.91	1.07
LT	3.00	1.38	1.62	2.97	1.37	1.60	2.94	1.36	1.59	2.92	1.35	1.58

*T=Total, M=Males, F=Females

Sources: *Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania*

Emigrants, thousands

Country, year	2011			2012			2013			2014		
	T*	M	F	T	M	F	T	M	F	T	M	F
EE	6.2	2.9	3.3	6.3	3.0	3.3	6.7	3.1	3.6	4.6	2.2	2.5
LV	30.3	15.2	15.1	25.2	12.5	12.6	22.6	11.4	11.2	19.0	9.8	9.3
LT	53,9	26,9	26,9	41,1	20,4	20,7	38,8	19,3	19,5	36,6	18,5	18,1

*T=Total, M=Males, F=Females

Sources: *Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania*

Immigrants, thousands

Country, year	2011			2012			2013			2014		
	T*	M	F	T	M	F	T	M	F	T	M	F
EE	3.7	2.1	1.6	2.6	1.4	1.2	4.1	2.2	1.9	3.9	2.2	1.7
LV	10.2	6.3	3.9	13.3	7.8	5.5	8.3	4.9	3.4	10.4	6.4	4.0
LT	15,7	8,5	7,2	19,8	10,9	8,9	22,0	12,0	10,0	24,3	13,3	11,0

*T=Total, M=Males, F=Females

Sources: *Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania*



- **Human Development Index (HDI)* and HDI rank****

Country, year	2011		2012		2013		2014	
	Rank	Index	Rank	Index	Rank	Index	Rank	Index
EE	34	0.835	33	0.846	33	0.840	30	0.861
LV	40	0.810	44	0.814	48	0.810	46	0.819
LT	43	0.805	41	0.818	35	0.834	37	0.839

*Index is measured from 0 to 1, where 0 means underdevelopment and 1 is the highest development achieved.

**The ranking between 1 and 49 received by the Baltic States from 2011 to 2014 denotes very high human development.

Source: UNDP (2011, 2013, 2014, 2015)

- **Gini-coefficient**

Country, year	2011	2012	2013	2014
EE	31.9	32.5	32.9	35.6
LV	35.1	35.7	35.2	35.5
LT	33.0	32.0	34.6	35.0

Source: Eurostat Database (based on EU Statistics on Income and Living Conditions)

- **Collective agreement coverage**

Employees covered by wage bargaining agreements as a proportion of all wage and salary earners in employment with the right to bargaining, %

Country, year	2010	2011	2012	2013
EE	...	23.0	23.0	...
LV	18.4	16.0	15.5	15.0
LT	11.1	10.6	9.9	...

Source: Visser 2013 database, Adjusted bargaining (or union) coverage rate (AdjCov).

- **Ongoing important collective bargaining agreements**

Estonia

The board of the Estonian Trade Unions Confederation (ETUC) discussed the topic of minimum wage and decided to accept the principle of determining the national minimum wage proposed by the State Arbitrator but wanted to continue the talks over specific figures. Peep Peterson, Chairman of the Confederation of Trade Unions, said that the board agreed to the principle proposed by the State Arbitrator that the minimum wage could be set at 41 per cent of the average gross wage. Based on the Finance Ministry's forecast, which the arbitrator proposed, in 2016 the minimum wage should be € 452 a month. The State Arbitrator proposed € 460 as the minimum wage for 2017, which the trade unions disagree with. The Trade Unions

Confederation Board proposed to conclude just a one-year agreement and start 2017 minimum wage negotiations in the coming year. "We do not have a full overview of the tax changes that will take effect; we also need to build the trust between employers, the government and the trade unions, so that the agreements to be concluded are more comprehensive," said Peterson. While the employers were willing to increase the current € 390 minimum wage next year to € 417 and to € 448 in 2017, the trade unions wanted to increase minimum wage to € 488 and € 609 respectively (The Baltic Course, 16.09.2015.).

Estonian Employers' Confederation and the Confederation of Estonian Trade Unions signed an agreement on minimum wage rates for the years 2016 and 2017. The agreement sets from 1 January 2016 the hourly minimum wage rate at € 2.54 per hour and the minimum



monthly wage rate for full-time employment at € 430 (currently it is € 390). In 2017, the hourly wage minimum rate is € 2.78 per hour and monthly € 470 per month. Estonia's Acting National Conciliator Henn Pärn says that it is not correct to assess the agreement only from an economic perspective, but also the society's expectations have to be followed. "The agreement between employers and trade unions is approved by the government, after all. So it is a law or a social standard which all should be able to fulfil," explained Pärn on the importance of the minimum wage agreement. According to his calculation, the Estonian employers now have to be able to create € 70 to 80 million in added value. "It is a measure of solidarity in society and via that, around € 40 million comes to consumption," said Pärn while noting that the state's tax revenues will increase also (The Baltic Course, 29.10.2015.).

The Estonian Seamen's Independent Union (EMSA) announced on November 2015 that it is going to turn to a public conciliator because the Estonian transit operator Transiidikeskus refused to start collective agreement talks. EMSA formulated two important conditions: (1) monthly salaries should rise as of 2016 by at least € 200 and (2) seven additional paid vacation days should be given to workers (The Baltic Course, 24.11.2015.).

Latvia

The Trade Union of Education and Science Employees announced that on 1 December 2015 24,546 education and science workers went on strike, 80 per cent of the union members, plus a large number of education and science employees who are not members of the union. The union has put forward the following demands: allocation of € 9 million for improving the remuneration system for all those employed in education, especially in preschools and small schools, and, second, sufficient funding for higher education and science (The Baltic Course, 27.11.2015.).

Lithuania

The draft legislation on a new social model prompted widespread protest from trade

unions which fear that the new law will undermine social guarantees and have negative effects on working conditions. Three national peak trade union organisations, unsatisfied about the draft social model and the process in which it was considered, held a number of protest actions near the Parliament of the Republic of Lithuania (LRS) and government (LRV) and the headquarters of the ruling parties in various cities of Lithuania. During the protest actions, more than 60,000 signatures of employees were gathered by the middle of June. The trade unions accused the President and the LRS and LRV of violating the principles of social dialogue. In addition, several sectoral trade unions (Trade Union of Lithuanian Food Producers (LMP), the Union of Lithuanian Physicians (LGS), the Association of Trade Unions of Lithuanian Higher Education Schools (LAMPSS)), as well as trade unions of large enterprises (such as Utenos trikotazas) expressed their public disagreement with the drafted social model. According to trade unions, the new social model is aimed at the fundamental amendment of legal provisions regulating labour relations and social issues which will considerably reduce the current social guarantee of employees and have negative effects on working conditions. After reviewing the new draft Labour Code, the Women's Centre of the Lithuanian Trade Union Confederation (LPSK) concluded that a number of provisions important for gender equality were omitted in the draft. Trade unions are also concerned about the proposed significant reduction of guarantees for pregnant women and for young children under the age of three. In July, trade unions agreed to organise a mass protest action against the new legislation on 10 September 2015 (Eurofound, 04.09.2015.).

2.17 Trade union density

Numbers of employees who are members of trade unions are declining in the Baltic States. See tables below of workers in employment in comparison with members of trade unions and union density:



Wage and salary earners in employment (thousands)

Country, year	2010	2011	2012	2013
EE	516.6	548.5	558.1	562.4
LV	752.9	763.9	776.1	790.4
LT	1120.8	1134.7	1140.6	1135.0

Source: Visser database (2013), WSEE

Total and net numbers of employees who are members of a trade union, thousands

Country, year	Total				Net			
	2009	2010	2011	2012	2009	2010	2011	2012
EE	51,8	49.2	46.6	45.0	42.0	39.8	37.8	36.5
LV	...	120.1	110.3	108.4	...	112.9	103.7	101.9
LT			115,4	112.6	108.9	102.5

Source: Visser database (2013)

Union density. Net union membership as a proportion wage and salary earners in employment

Country, year	2008	2009	2010	2011	2012
EE	7.1	7.7	7.7	6.9	6.5
LV	15.1	...	15.0	13.6	13.1
LT	9.6	10.4	10.0	9.6	9.0

Source: Visser database (2013)

- **Employer's organizations density**

Estonia

The biggest trade associations of Estonia are represented in the Estonian Employers' Confederation. Associations in the energy, education, medicine and maritime sectors are generally more active than others. According to Eurobarometer (European Commission, 2013), only 3 percent of the Estonian workforce is unionized. All together the Confederation represents over 1,500 Estonian enterprises, which in total employ around 145,000 workers. According to the Estonian Employers' Confederation, it covers approximately 10 per cent of Estonia's workforce. The Estonian Chamber of Commerce and Industry (Koda) is also active in representing employers' interests.

Latvia

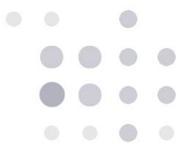
In Latvia, the Employers' Confederation of Latvia (LDDK) is the biggest organization representing the interests of employers. LDDK involves 42 branch and regional associations and federations, as well as enterprises that employ over 50 people. The members of LDDK employ approximately 35 per cent of

employees in Latvia. The Latvia Chamber of Commerce and Industry (LTRK) is also a vocal player in support of employers' interests.

Lithuania

The Lithuanian Confederation of Industrialists (LPK) is a major business organization in Lithuania. The Confederation unites 37 branch and 9 regional business and industry associations which consist of over 2,700 medium and large-sized enterprises from various sectors. LPK unites over 35 per cent of the Lithuanian work force. The Lithuanian Business Employers' Confederation (Lietuvos verslo darbdavių konfederacija, LVDK) is an independent non-profit organization that operates in all of Lithuania, uniting small and medium-sized businesses – individual businessmen as well as regional and sectorial associations of SME's, more than 1,800 enterprises and about 60 associated structures. The majority of the members (about 90 percent) of LVDK are representatives of small and medium-sized businesses (the number of their employees does not reach 250).

- **Workplace representation**

**Estonia**

The law provides for a dual-channel system of employee representation in companies; trade union representatives and employee trustees may be present in a single company at the same time. A trade union representative is elected among the trade union members working in the respective establishment; an employee trustee is elected by the employees' general meeting to represent all employees working in the company. According to the Estonian Employees Representative Act, collective bargaining and collective dispute resolution are the privilege of the trade unions. If no trade union representative is present in the company, the employee trustee is entitled to conclude collective agreements or represent employees in collective dispute resolution.

Latvia

Employee representation at the workplace is regulated by Section 10 of Latvia's Labour Code on the Representation of Employees. It is regulated through the mediation of employee representatives: (1) an enterprise where there are at least five employees can elect a representative of a trade union who represents other workers in negotiations with the employer; (2) If there are several trade

unions, they shall authorise their representatives to participate in joint negotiations with an employer in proportion to the number of members of each trade union. If representatives of one employee trade union or representatives of several such trade unions and authorised employee representatives have been appointed for negotiations with an employer, they shall express a united view.

Lithuania

According to Lithuania's Labour Code, in labour relations the rights and interests of employees may be represented and protected by trade unions. Where a company, agency or organisation has no functioning trade union and the staff meeting has not transferred the function of employee representation and protection of employees to the trade union of the appropriate sector of economic activity, the workers shall be represented by the Works Council elected by secret ballot at a general staff meeting. The activities of Works Councils are regulated by the Law on Works Councils. A Works Council shall be established for a term of three years, which shall begin when it starts operations. The Works Council has the same rights and obligations in the company as a trade union, including the right to call a strike.



- **Trade union mapping**

Trade union Mapping – Estonia

	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Eesti Ametiühingute Keskliitu	The Estonian Trade Union Confederation (EAKL)	
Founding Year	1990 (on the basis of Confederation of Estonian Trade Unions founded in 1927)		
Sector/Branch	The Estonian Trade Union Confederation comprises 19 branch unions.		
Cycle of Congresses/ Last Congress	Once every four years; last congress on 25 November 2011		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Peep Peterson	President	www.eakl.ee
	Andrei Vössoven	Chairman of the Youth Committee	peep.peterson@eakl.ee
Number of Members (please comment on the official number applying a sensitive approach)	EAKL has 47,500 members according to the trade unions; covers about 7.5 per cent, according to the Estonian Trade Union Confederation; according to Eurobarometer, it covers only 3 per cent of workforce but trade unions disagree with this survey (Postimees 22.03.2013).		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Membership fees; no other data available		
Cooperation in national committees	N/A		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	ETUC	ITUC	

Most important trade unions in Estonia:

Education Workers' Trade Union

President Kalle Kalda
Email: kallekas@hot.ee

Railway Employees' Trade Union

President Oleg Tšubarov
Email: evray@evray.ee
www.evray.ee

Federation of Estonian Healthcare Professionals' Unions

Chairwoman Piret Kruuser
Email: ettal@online.ee
www.hot.ee/ettal

Estonian Union of Healthcare Professionals

President Iivi Luik
Email: kutseliit@kutseliit.eu
www.kutseliit.eu

Estonian Transport Workers' Union

President Jaan-Hendrik Toomel
Email: etta@etta.ee
www.etta.ee

Estonian Nurses' Union

President Tiina Teder
Email: ena@ena.ee
www.ena.ee



Trade union mapping – Latvia

	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Latvijas Brīvo arodbiedrību savienība (LBAS)	Free Trade Union Confederation of Latvia	
Founding Year	1990		
Sector/Branch	20 branches		
Cycle of Congresses/ Last Congress	Five years cycle; last, 7 th Congress was held on 2 December 2011		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Pēteris Krīgers	Chairman	www.lbas.lv krigers@lbas.lv livija.marcinkevica@lbas.lv egils.baldzens@lbas.lv ieva.freiborne@lbas.lv
	Līvija Marcinkēviča	Vice-chairwoman	
	Egils Baldzēns	Vice-chairman	
Ieva Freiborne	Coordinator of LBAS Youth Council		
Number of Members (please comment on the official number applying a sensitive approach)	165,000 members (Source Trade Unions). According to Visser database, 80,000 of these members are retired. However, many pension-age trade unionists still continue working. All together with the retired members, trade unions covers about 10 per cent of employees. According to Eurobarometer trade unions cover about 9 per cent of employees in Latvia.		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Membership fees, usually 1 per cent of monthly wage; donations; gifts; profit from economic and entrepreneurial activities; European Social Fund		
Cooperation in national committees	<ul style="list-style-type: none"> • National Tripartite Cooperation Council and its Sub-councils; • Government; • Ministries; • Latvian Employers Confederation; • Union of Local Governments of Latvia; • Latvian Students' Association; • National Youth Council of Latvia; • Latvian Gender Equality Association; • State Labour Inspection; • State Employment service; • European Movement in Latvia; • Latvian Pensioners' Federation; • Political parties; • State Social Insurance agency; • Health Compulsory Insurance State Agency. 		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	ETUC	ITUC	
	Baltic Sea Labour Network; BUSINESSEUROPE; UEAPME; CEEP;		

Most important trade unions in Latvia:

Nursing and Health Care Personnel Trade Union

President Daina Brūvele
Email: laadabirojs@gmail.com

Education and Science Workers Trade Union

Chairwoman Inga Vanaga
Email: lizda@lizda.lv
<http://www.lizda.lv/>

Trade Union “Energija”

Chairman Aivars Aboliņš
Email: abolins@energija.lv
<http://www.energija.lv/>

Health and Social Care Workers Trade Union

Chairman Valdis Keris
Email: ivsada@ivsada.lv
<http://www.lvsada.lv/>



Trade Union Mapping – Lithuania

	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Lietuvos profesinių sąjungų konfederacija (LPSK)	Lithuanian Trade Union Confederation	
Founding Year	2002		
Sector/Branch	26 branches		
Cycle of Congresses/ Last Congress	N/A		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Artūras Černiauskas	President	http://www.lpsk.lt/en/ ; arturas.cerniauskas@lpsk.lt
	Janina Matužienė	General Secretary	janina.matuziene@lpsk.lt
	Goda Neverauskaitė	International Secretary and President of Youth Centre	goda.neverauskaite@gmail.com lpsk@lpsk.lt
Number of Members (please comment on the official number applying a sensitive approach)	LPSK is the biggest trade union centre in Lithuania. At the moment it has 124,000 members, which means that it covers about 15 per cent of employees; or, according to Eurobarometer 2013, nine per cent.		
Political Orientation (short story in three lines)	In general, the overall political parties and views in Lithuania cannot be compared to e.g., old 'Western' traditions; even the most leftist parties are more to the right in Lithuania. The trade unions represent the left as such as it is.		
Cooperation in national committees	Tripartite Council of the Republic of Lithuania		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	ETUC	ITUC	
		Cooperates with ILO	

Most important trade unions in Lithuania:

Lithuanian Federation of Railway Workers Trade Unions

President Vilius Ligeika
E-mail: lgpf@litrail.lt; v.ligeika@litrail.lt
www.lgpf.lt

Lithuanian Federation of Roads and Transport Workers Trade Unions

President Bronius Bučelis
E-mail: bbucelis@takas.lt

Lithuanian Trade Union of Commercial and Cooperative Employees

President Regina Vaičiulionytė
E-mail: reginav@post.5ci.lt, algirdasz@post.5ci.lt,
kkdps@post.5ci.lt
www.profsajunga.lt

Lithuanian Teachers' Union

President Jūratė Voloskevičienė
E-mail: lmpps@takas.lt, jvketti@gmail.com
www.lmpps.lt

Lithuanian Nurses' Organization

President Danutė Mergelienė
E-mail: lssobiuras@gmail.com

www.lssso.lt

Lithuanian Building Workers Trade Union

President Vytautas Talmantas
E-mail: lspsaj@takas.lt

Lithuanian Trade Union of Health Care Employees

President Aldona Baublytė
E-mail: lsadps@vdnet.lt
www.lsadps.lt

Federation of Lithuanian Education and Science Trade Unions

President Audrius Jurgelevičius
E-mail: info@svietimoprofsajunga.lt,
a.jurgelevicius@svietimoprofsajunga.lt
www.svietimoprofsajunga.lt

Lithuanian Federation of Agricultural Workers Trade Unions

President Regina Dapšytė
E-mail: lzudps@gmail.com
www.lzud.lt



• **Employer Association Mapping**

Employers' Confederation Mapping – Estonia

	in National Language	in English	
Name of the association	Eesti Töoandjate Keskliit	Estonian Employers' Confederation	
Founding Year	1992 (on historical basis of industrialist association funded in 1917)		
Sector/Branch	28 branches		
Cycle of Congresses/ Last Congress	N/A		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Toomas Tamsar	Chairman	http://www.tooandjad.ee ; toomas.tamsar@employers.ee
	Eve Päärendson	International Relations Manager	eve.paarendson@employers.ee
	Gea Otsa	Adviser, Communications Manager	gea.otsa@employers.ee
Number of Members	1,500 companies employing in excess of 145,000 people		
Cooperation in national committees	National Tripartite system. In practice the most important level is company or organisational level bargaining.		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	Businesseurope	IOE; Business and Industry Advisory Committee to the OECD (BIAC)	

Employers' Association Mapping – Latvia

	in National Language	in English	
Name of the association	Latvijas Darba devēju konfederācija (LDDK)	Employers' Confederation of Latvia	
Founding Year	1993		
Sector/Branch	66 branches		
Cycle of Congresses/ Last Congress	N/A		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Līga Menģelsone	Director general	www.iddk.lv ; iddk@iddk.lv ; liga@iddk.lv
	Vitālijs Gavrilovs	President	
Mārtiņš Bičevskis	Vice president, head of Association of Commercial banks		
Number of Members	LDDK members employ 42 per cent of Latvia's employees. LDDK brings together and represents: more than 5,000 companies, among which 3,036 are micro and small enterprises; 110 sector leaders – companies which employ more than 50 employees; 66 sector-based and regional business associations and federations.		
Cooperation in national committees	National Tripartite Cooperation Council (NTCC)		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	BUSSINESSEUROPE	The Business and Industry Advisory Committee; ILO; IOE; UN Global Compact; ICIE; ICCEU	



Employers' Association Mapping – Lithuania

	in National Language	in English	
Name of the association	Lietuvos pramonininkų konfederacija (LPK)	Lithuanian Confederation of Industrialists http://www.lpk.lt/	
Founding Year	1989 (successor of the Union of the Lithuanian Entrepreneurs, Industrialists and Businessmen established in 1930)		
Sector/Branch	The Confederation in an umbrella organization uniting 47 trade and 9 regional associations.		
Cycle of Congresses/ Last Congress	LPK 5 years congress cycle; last congress was on 21 June 2012.		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Robertas Dargis	President of LPK	http://www.lpk.lt Robertas.Dargis@lpk.lt
	Dovilė Baškytė	Director Department of Business & Social Policy & Law	Dovile.Baskyte@lpk.lt
	Osvaldas Čiukšys	Director General	Osvaldas.Ciuksys@lpk.lt
	Gintaras Morkis	Deputy Director General	Gintaras.Morkis@lpk.lt
Number of Members	Over 2700 medium and large enterprises		
Cooperation in national committees	National Tripartite Council		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	Bussinesseurope	ICIE; IOE; UNICE; ILO	

	in National Language	in English	
Name of the association	Lietuvos darbdavių konfederacija (LDK)	Lithuanian Employers' Confederation http://www.lvdk.eu , info@darbdaviai.org	
Founding Year	1999 (as a result of a merger of the National Confederation of Businessmen (Nacionalinė verslininkų konfederacija) and the Lithuanian Entrepreneurs' Employers Confederation (Lietuvos verslininkų darbdavių konfederacija)).		
Sector/Branch	LPK, which is the most vocal confederation, comprises 35 employer associations and 9 regional branches. LVD comprises 24 small and medium-sized enterprises. ZUR is an umbrella organisation of individual, small and medium agriculture entrepreneurs and enterprises.		
Cycle of Congresses/ Last Congress	20 March 2015		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Rimantas Kveselaitis	Chairman of LDK	
	Danas Arlauskas	Managing director	
Number of Members	The Confederation brings together more than 1,800 companies and regional and sectoral business associations. It is the largest small and medium business organization representing Lithuania.		
Finance	The main source of funds for the GDL is membership fees (entrance and annual). Confederation membership fee is not large - depending on the company's number of employees.		
Cooperation in national committees	National Tripartite Council		

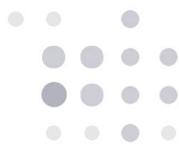


Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	in National Language	in English	
Name of the association	Lietuvos Respublikos žemės ūkio rūmai (ZUR)	Chamber of agriculture in Lithuania http://www.zur.lt , zur@zur.lt	
Founding Year	1991 (as a direct successor of the Chamber of Agriculture (Žemės ūkio rūmų) (1926-1940))		
Sector/Branch	ZUR is an umbrella organisation of individual, small and medium agriculture entrepreneurs and enterprises.		
Cycle of Congresses/ Last Congress	The Congress is convened every three years.		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Andriejus Stančikas	Chairman	
	Sigitas Dimaitis	I Vice-chairman	
	Bronius Markauskas	II Vice-chairman	
Number of Members	N/A		
Cooperation in national committees	National Tripartite council		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	



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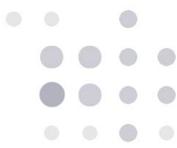
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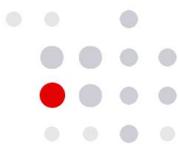
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