

2015

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ECONOMIC DEVELOPMENTS

After the economically desolate years following the economic and financial crisis in 2008, most of the CEE countries have returned to a moderately positive economic development. This was mainly due to external demand picking up again, which is decisive for car manufacturing and other export-oriented industries that the CEE economies rely on.

[Poland](#) has seen peaking employment levels and the lowest unemployment levels in years. However, the quality of employment should also be considered, as most new jobs are precarious ones with no social security.

STATE POLICIES

In Poland, developments in 2015 were marked by two electoral campaigns: presidential and parliamentary. The double victory of right-wing parties, including some newcomer parties and the defeat of the parliamentary left completely reshuffled the political landscape.

In most of the countries, privatization of state-owned enterprises has been completed. However, there are still open questions about the privatization of the mining industry in Poland under the newly elected PiS-Government and the energy sector in [Hungary](#) under the Fidesz-led Government.

Amendments and changes in labour and social legislation in 2015 were mainly related to harmonization with EU legislation.

The [Baltic States](#)' governments continued to pursue liberal economic policy in 2015 in order to attract foreign investment. On 1 January 2015 the Latvian Parliament passed amendments to the Labour Code in order to set a more favourable regulatory framework for employers. For example, the maximum period of fixed-term contracts was prolonged from three to five years. In Lithuania, whose growth was hit by a significant drop in exports to Russia, liberalisation of the labour law is supposed to attract more foreign investors.

The “new social model” enhances the flexicurity of employment relations and establishes more flexible work arrangements and facilitates amendment of employment contract and dismissal, and additionally balances arrangements for working time. The draft of the Labour Code provides an unprecedented liberalisation of labour law in the European Union so far.

LABOUR RELATIONS

Trade union density in CEE remained low in 2015 and was hovering around 10 per cent.

The Latvian Trade Union LABA was actively involved when on 1 January 2015 Latvia for the first time took over the rotating Presidency of the EU Council. The key issues that the union federation were 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. Also, high up on the presidency agenda was the need to tackle youth unemployment across the EU.

In Hungary, one of the most important trade union developments was the confederations' improved capacity to formulate joint policies after the merger of two of Hungary's six trade union federations into the new Hungarian Trade Union Confederation (MaSZSZ) in November 2014. Unions were able to set an agenda in public discourse more often than in previous years. However, their policy-making capacity and public role is still weak. Two main topics were high on the agenda: first, the dramatically bad situation of working conditions and wages in the health-care sector; and second, a campaign and public petition in support of early retirement for men, initiated by four of the five confederations.

Parallel to the Year of Industry and Technical Education by the Czech social democratic government, the Bohemian-Moravian



Confederation of Trade Unions (ČMKOS) announced its *The End of Cheap Labour* campaign in which the ČMKOS president demanded that industry should create more high-profile positions and suggested the unions should demand a 5 per cent pay increase for the next collective bargaining. The long-term vision of ČMKOS includes improvement in economic competitiveness no longer based on cheap labour but on new professional occupations.

SOCIAL DIALOGUE

Social Dialogue has improved in some countries of the region (the Czech Republic, Poland, and [Slovakia](#)), while stagnating or even deteriorating in others (Lithuania, Hungary).

In the [Czech Republic](#), social dialogue has improved rapidly under the new centre-left government of Bohuslav Sobotka (ČSSD) formed in January 2014. According to the President of ČMKOS the relations between trade unions and the government are currently the best in 25 years.

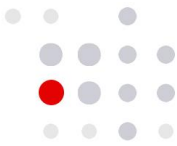
In Poland, political competition forced the outgoing government to introduce several new

regulations in the social sphere. From a social dialogue perspective, a major breakthrough was creation of the Social Dialogue Council, which replaced the abandoned Tripartite Commission.

In Hungary, the National Economic and Social Council (NGTT) established by the Fidesz government has been criticized by all social partners for not being a forum for real negotiation as the power of the council depends on the willingness of the government to consult. In 2015, there were several main issues that should have been consulted within the NGTT but this did not happen.

FORECASTS

Economic growth is still fragile in the region and is forecast to decelerate in several countries in 2016, which will have social impacts as well. In terms of social dialogue, trade unions will continue to fight hard for wage increases and – in the case of Lithuania – for a reversal of the proposed labour code reforms. The new government in Poland will be under particular scrutiny from the trade unions as it has made many promises in its campaigns on several social and labour issues.



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