

January 2011

Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe:

Croatia

By Ana Milićević Pezelj*

Content

- Executive summary
- Socio-economic developments
- Governmental policies and legislation
- Industrial relations
- Tripartite social dialogue
- Forecasts

Annex - Information about:

- Collective bargaining, social dialogue, social security, education & vocational training, employment, wages
- Trade unions and employers' organizations

* **Ana Milićević Pezelj**, Head of Education Department in the Union of Autonomous Trade Unions of Croatia

© Friedrich-Ebert-Stiftung
Regional Project for Labour Relations and
Social Dialogue in South East Europe
Tadeusa Kosciuska 8/5
11000 Belgrade, Serbia

E-Mail: fes@fessoe.de
Internet: www.fessoe.de

The text is available online:
www.fessoe.de

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung or of the organization for which the author works.

1. Executive Summary

All public opinion polls show that Croatian citizens are primarily worried by the unemployment, which is followed by corruption. For two years, the Government of the Republic of Croatia has been trying to find appropriate response to the economic crisis; however despite increasing the number of sources of financing the State budget (such as increase of the VAT rate and introduction of a special tax, the so-called "crisis tax") the State has not succeeded in acquiring the planned incomes due to general drop in consumption and rise of unemployment. During the past years the majority of official economic policy makers, independent experts and public have dealt with the problem

of lowering the budget deficit instead of measures for overcoming the crisis, change to the structure of the national economy as well as with its competitiveness at the global market. Croatian trade unions have been warning that the past economic model has been worn out, and they proposed solutions and advocated the social consensus on the new model of development. However, while a number of national and international economists demand again „short-term victims for long-term benefits“, Croatian workers do not consent to being sacrificed once again for the benefit of individuals and political elites.

Lack of strategic considerations and analyses and visions of development (where does Croatia see itself in 2020?), disordered and unstable public finances (devastating insolvency with consequences for state finances and economic security of workers employed with insolvent companies), continuous growth of unemployment are the most important reasons of the spreading of informal economy and undeclared work. Economic and Social Council at the national level has not been functioning for half a year now (when trade unions withdrew from it) because it is a forum of formal and not real dialogue. At the same time, trade unions are again faced with the need to defend company after company and to do a job of public institutions (State Inspectorate, Tax Administration ...) which are not functioning at the satisfactory level.

In the accession negotiations for membership in the European Union, Croatia has achieved significant progress, by closing 28 out of 35 chapters and entering the final phase of negotiations. Nevertheless, until the termination of negotiations the European Commission expects from Croatia to intensify its efforts in implementation of the reforms, among most important being judiciary reform, fight against corruption and organized crime and have a more long-term planning of the economic policy.

2. Socio-economic developments

In April, the Government of the Republic of Croatia adopted the *Economic Recovery Programme* with five leverages: lowering of public sector expenditures; redirection of budgetary funds from spending to targeted transfers and economically viable and justifiable capital investments; lowering state interventions in economic flows; launching new investment cycle and speeding up the reform of the judiciary system, social security system, state and local administration. The Programme however has a contradictory objective: decreasing the spending and increasing the income.

National currency exchange rate is still stable, and the inflation rate measured by the consumer price index is low (at the level of 1.4 per cent). However, for a third year in a row the Republic of Croatia has witnessed the drop in foreign direct investments¹. Starting from the proposals by investors, embassies and the World Bank, the Government has adopted the *Action Plan for Removing Obstacles to Investments* and established a working group for the implementation of the suspended investment projects. The Plan identifies about 50 measures aimed at simplifying and speeding up all the procedures, it foresees amendments to the laws that affect investment climate and development of instruments of safe collection of claims/forced collection.

Insolvency is still on the increase – the debt of legal and physical entities in Croatia is currently at the amount of 34 billion kuna (around 4.5 billion Euros). At the end of August, gross foreign debt of Croatia amounted to 44.9 billion Euros. At the end of the year, international credit rating of Croatia fell and is now at the level of the year 2004².

¹ In the first semester only 646 mill Euros which is on annual basis 32% less. Source: Croatian National Bank.

² Standard & Poor's: from BBB to BBB -, with negative trend.

During the first nine months the export of goods increased by 15.1 per cent as compared to the same period last year, and import fell by 2.2 per cent and thus the deficit in the international exchange of goods decreased almost by one fifth, and the export import rate increased from 49.1 to 57.8 per cent. The growth of import was influenced, apart from the shipbuilding, mostly by the oil, chemical and pharmaceutical industry and the export of waste metals, and the largest decrease was evident in the field of export of gas, electricity and fish.

After seven quarters of GDP fall, it is estimated that in the third quarter of 2010 it will increase by 0.2 per cent hence the cumulative fall of GDP for the first nine months is estimated at – 1.6 per cent.

In industry, there is a slight increase of the metal-based products, chemicals and chemical products as well as wood and wood-based products, whereas there is a continuation of decrease in the construction industry, especially in the field of building works. In the first nine months the labour productivity in industry is larger by 6 per cent as compared to the same period last year, but it is based on the decreasing number of employed (-7.4 per cent), while the average net wage in industry was lower by 1.1 per cent. The same period witnessed the increase of food products prices which, together with the increase of excises on oil derivatives in September (and increase of energy prices as a consequence), contributed to the consumer price inflation growth.

Average monthly paid wage in September: 5.291 kn net, 7.546 kn gross. Gross minimum wage is 2.814 kn. Unemployment rate in October: registered 17.8 and according to labour force survey 12.7 per cent. By the end of November there were 312.350 unemployed (7.871 more than the month before), and if we add some 80.000 workers who work without receiving their wages, then the unemployment is even bigger! At-risk-of-poverty rate amounts to 20 per cent (without income in kind, *Eurostat*), and Gini-coefficient is 0.29 (2009).

Until the end of the year, the budgetary deficit will be around 14 billion kn, however wages and pensions have not been lowered (only the pensions achieved according to a special law, the so-called „privileged pensions” have been lowered by 10 per cent), but the unemployment benefits have.

The Croatian Privatisation Fund has not received serious offers for six big shipyards through two tenders. The privatisation of the shipyards is not a condition for the accession of Croatia to the EU; however, the state subsidy system has to be harmonized with the EU rules. The evaluation of shipyards' restructuring plan is underway, and the plan needs to be adopted also by the Croatian Competition Agency. If a suitable buyer is not found, trade unions propose that some shipyards are taken over by the workers.

3. Governmental policies and legislation

The Republic of Croatia has a new president since January. During 2010 Croatia significantly improved its relations with the countries of the region, especially with Serbia, and it has continued its good cooperation with Slovenia, important also because of its support to the accession of Croatia to the EU.

The European Commission published its annual Progress Report for Croatia recognizing the progress achieved also in the areas characterized as problematic in the years until now. The Report, unlike the past ones, does not mention any time frame. Croatia has temporarily closed 28 out of 35 chapters, and the still opened ones are the following: *market competition, agriculture; fisheries; regional policy; judiciary and*

fundamental rights; budget; other issues. Croatia already participates in a number of EU programmes³. Pre-accession help within IPA programme amounted to 154 million Euros⁴, and is directed mostly at strengthening the institutions and preparation of the implementation of the EU common agricultural and cohesion policy.

The ministers of foreign affairs of the EU Member States have recently concluded that Croatia has achieved „encouraging progress” in its fight against corruption at high level, not mentioning directly individual cases; however, those are cases of court rulings against the former Vice Prime Minister and the minister of defence, the arrest of several high-ranking officials and public companies’ directors, as well as the arrest of the former Prime Minister who is waiting for his extradition to Croatia in Austria.

Since 1 January: new Labour Law⁵, in entirety harmonized with the *acquis communautaire* of the EU, the transposition of new and elaboration of the existing institutes: on working time, collective dismissals, fixed-term work, agency work, etc. Some institutes will be applied only after the accession to the EU: European Works Councils; Cooperatives; cross-border merger of companies. Important trade union proposals have been accepted because they were involved in the work of the working group. However, at the end of May, the Government sent to the Parliament, without consultations with social partners, draft amendments to the Labour Law, which was the reason why trade unions withdrew from the Economic and Social Council and managed to collect citizens’ signatures for organizing a referendum, which in turn forced the Government to withdraw the draft from the procedure.

Since 1 November: *Act on Amendments to the Pension Insurance Act* introduces 20 years (Government proposed 10 years) of transition period for equalizing the age condition for retirement of men and women; bigger so-called „personal penalization” due to early retirement (Government’s proposal: only age; trade unions corrected: also years of service); stimulation for work even after acquiring conditions for old age pension. Trade unions succeeded in improving the draft Law the day before its adoption (thanks to the success with the collection of signatures for Labour Law). The Government and the trade unions agreed that within six months a thorough analysis of the pension system is done and holistic solutions proposed.

Since 1 July: amended laws on income tax and profit tax: lesser number of rates of income tax (from 4 to 3), lowered highest (from 45 to 40 per cent) and lowest rate (from 15 to 12 per cent); voluntary pension savings to the third pillar and health insurance (if paid by the employer) are recognized as cost of business operation; tax alleviations have been cancelled and stimuli for voluntary pension savings reduced (from 25 to 15 per cent). The so-called *crisis tax* was withdrawn before schedule, which increased the household income for a million of pensioners and workers and alleviated the consequences of the price growth from September.

Since 1 November: *Law on Amendments to the Mediation in Employment and Entitlements During Unemployment*, which as compared to the Act of 2008 lowers the amount of the unemployment benefit after the first 90 days (from 50 to 35 per cent of a wage) but nevertheless determines the lowest benefit: 50 per cent of the minimum

³ The Seventh Framework Programme for research and technological development; Competitiveness and Innovation Framework Programme for (including the Entrepreneurship and Innovation Programme; Information and Communication Technologies Policy Support Programme (ICT PSP); Intelligent Energy - Europe Programme); *Progress*; Culture; Europe for Citizens; *Fiscalis 2013*; Customs 2013; Interoperable Delivery of pan-European e-Government Services to Public Administrations, Businesses and Citizens/IDABC; Civil Protection Financial Instrument; MEDIA 2007; Programme of Activity of the Community in the area of Health Care; Marco Polo II; the Community Mechanism for Civil Protection.

⁴ Those are the funds allocated to Croatia for 2010, which does not say anything about the level of their use or the deadline until when they will actually be paid.

⁵ Official gazette *Narodne novine* No. 149/09.

wage (trade unions demanded the lowest benefit to be determined also in 2008). *National Plan of Encouraging Employment, 2011-2012* is in the final phase of elaboration, including social partner representatives too.

4. Industrial relations

Industrial relations in Croatia are similar to industrial relations in other transitional countries – with relatively developed tripartite and insufficiently developed bipartite relations among social partners. It is a result of still too high dependency on state (legislative framework, often changed in times of transition, is in the hands of state institutions), huge fragmentation of the trade union movement, and in some countries of the fragmentation and weaknesses of employers' organizations (in Croatia, only one employers' organization is recognized as representative).

During the past years the climate for social dialogue in Croatia has worsened due to the economic crisis. Workers' and trade union rights are still negatively influenced by the poor work of the labour inspection and slowness of judiciary system (long-term duration of labour disputes) and the prevention of the violation of workers' rights are missing.

In case of collective labour dispute, obligatory conciliation is determined by the Labour Law of 1996, but was put in practice as late as of 2003, after the adoption of the Rules on the manner of election of conciliators and on the implementation of the conciliation procedure. The Labour Law identifies disputes in which conciliation is obligatory. Provisions of the Labour Law stipulate also the requirements for organizing strike, and one of those requirements relates to the obligatory conciliation in the duration of five days. The list of conciliators is determined by the Economic and Social Council, and is run by the Office for Social Partnership of the Republic of Croatia. According to the data of the Office, in 2010 there were in total 115 conciliations: 81 disputes on legal matters (right to wage), 32 interest disputes (most often: conclusion, termination, prolongation or compliance with the collective agreement)⁶. Complete or partial success of conciliation was at around 58 per cent. The analysis of the overall data on conciliation leads to a conclusion that little bit above 80 per cent of conciliation procedures are initiated by trade unions in the private sector, and the rest by trade unions of state and public services and public companies. Furthermore, multi-annual continuity of significantly larger number of disputes on legal matters (more than two thirds) indicates that the non payment of wages in Croatia is still the key problem of Croatian workers employed in the private sector, unlike workers in the public sector whose industrial actions are mostly taken with a view of increasing their wages. The number and reasons behind the conciliation procedures are an indirect indicator of the possible number and reasons of industrial actions, including strikes, since Croatia also does not have official data on those. Strikes in state, public or transport sector, due to their large-scale effect, usually have wide media coverage and are hence recorded, whereas strikes in smaller companies do not leave their trace in public.

In 2010 trade unions signed with the Government the Annex II to the Collective Agreement for state servants and employees by which they are giving up their Christmas bonuses and which additionally defines the conditions for entitlement to transport cost compensation. The Basic Collective Agreement for clerks and officials in public services has also been signed and will be valid during the next three years. Based on the Basic Collective Agreement, Collective Agreement for Higher Education and Science has already been signed, and negotiations for the collective agreement for health care are under way. Annexes to the collective agreements in private sector in

⁶ Additionally, two conciliations were both legal and interest related, and for one data are not known.

2009 and 2010 were concluded due to temporary decrease of wages and other material rights (construction, metal industry, etc.)

The year 2010 saw the continuation of the trend of trade union membership decrease in the private sector caused by the loss of jobs, bankruptcies, early retirement of older workers (due to the change of the retirement law) and other reasons, which had an impact on the overall decrease of the number of unionized workers.

There is also a continuation of the trend of moving branch trade unions from “more expensive” to “cheaper” trade union confederations, to so-called “trade union dumping” (leaders have not compensated for the loss of members by merging with other trade unions but by moving and affiliating to trade union confederations to which they are paying significantly lower financial contribution due to a smaller number of employed or no employed at all), or the trend of withdrawing from the affiliation to a trade union confederation, as well as the trend of grouping/division of confederations to public and private sector. Withdrawal of some trade unions from trade union confederations and their moving/affiliation to others most often had as its consequence „splitting” of trade unions (part of membership who wants to stay in the confederation and part who stays in their trade union and moves to the other confederation). Trade union recruitment and organizing has hence boiled down to pouching members⁷ (taking over of whole local unions through shop stewards, or the so-called “trade union take over”).

The greatest loser in this process is the Union of Autonomous Trade Unions of Croatia, until recently the largest trade union confederations with more than 100 employees (almost 50 per cent with higher education), with offices in each of the 21 counties of Croatia, with 24 affiliated unions (2009) which employed additional 95 persons. This year four trade unions left UATUC: two joined the Association of Croatian Trade Unions (*Matica*; gathers mostly trade unions of state and public services), and two have not yet affiliated to other trade union confederations (in public there is an information that they are embarking on establishing a new, sixth confederation). Due to reduced number of trade unions which finance the work of the confederation, UATUC has so far dismissed more than 30 per cent of its staff and has started with the reorganization of its territorial offices.

Hence the *Act on the Method of Determining the Representation of Trade Union Associations of a Higher Level in Tripartite Bodies at the National Level*, as of 1999, had as its consequence something that the UATUC has been warning for years – further fragmentation of trade union movement in Croatia instead of encouraging mergers and strengthening of trade union confederations. Namely, due to low criteria contained in the Act, for instance, the confederation with 120 employees and the confederation with no employees (only trade unions affiliated to that confederation have their staff) have been declared representative.

This year, the majority of trade unions and confederations in Croatia celebrated their 20th anniversary. Above that, the UATUC held its 6th Congress which elected the new president, and adopted the Programme Declaration for the following four-year period. Croatian Employers' Association (HUP) has not witnessed significant organizational changes, but mostly personnel. HUP got its new director after his predecessor was appointed minister of economy, labour and entrepreneurship, and there were also personnel changes in some branch federations. In December HUP and Association of Employers in the Hotel Industry (UPUHH) concluded the Annex to the agreement on associated membership, strengthening thus and renewing their mutual cooperation – collective associated membership of UPUHH in HUP.

⁷ See: dr.sc. Dragan Bagić: „Industrial Relations in Croatia“, 2010

5. Tripartite social dialogue

By the end of May, trade union confederations withdrew from the Economic and Social Council. The *last straw* was submitting to the parliamentary procedure the amendments to the Labour Law on the extended application of legal rules contained in collective agreements concluded on fixed-term basis and on termination of collective agreements concluded on fixed-term basis, without consultations with social partners. After their withdrawal from the Economic and Social Council, in June trade union confederations started collective signatures of citizens' support to calling a referendum with the question: "Are you in favour of keeping the existing legal provisions on the extended application of the legal rules contained in collective agreements and on termination of collective agreements?". According to the *Act on Referendum*, trade unions had to gather at least 450,000 signatures (10 percent of the electorate) in 15 days – no one in 20 years of Croatian independence managed to do so! However, trade unions succeeded in gathering 816.013 signatures, and the Parliament accepted as valid 717.149 (15.95 per cent of the electorate), after which the Government withdrew the proposed amendments to the Labour Law. The Croatian Parliament decided to leave the final decision on a possible referendum to be taken by the Constitutional Court. In October the Constitutional Court ruled that by withdrawing the draft amendments to the Labour Law from the legislative procedure there are no longer presumptions for calling a referendum. Such decision by the Constitutional Court (but also by the Croatian Parliament which, according to the trade union confederations as well as Croatian citizens, should have called a referendum, without shifting its responsibility to the Constitutional Court) only shows that in Croatia there is (still) no democracy because the right of Croatian citizens to use their right to direct democracy has been severely thwarted and betrayed.

The success of this action has most certainly strengthened the position of trade unions in relation to the Government; hence they succeeded in some other initiatives that followed. This scenario, however, shows that the trade unions are stronger "in the streets" than "at the table", which in a way confirms a trade union statement that the tripartite social dialogue actually serves the purpose of "pacifying the trade unions"!

6. Forecasts

Budget has been adopted for 2011 with projections for 2012/2013 (assumptions: 1.5 percent GDP growth; inflation 2.1 percent; planned deficit 15 billion = 4.3 percent of GDP). There are no planned novelties in fiscal policy, or decrease of wages, pensions and social expenditures, however the pensions will not be adjusted to the price growth but will remain frozen for the next couple of years! Budget, including the very reforms, is determined by the fact that the next year is an election year – parliamentary elections – in Croatia.

The Croatian Government plans to finalize the accession negotiations for Croatian membership in the EU by the summer of 2011: close the remaining seven chapters and sign the accession agreement. The accession referendum will be organized 30 days after signing the agreement, followed by the Parliament's ratification of the agreement.

With a view of improving tripartite social dialogue i.e. the manner of work and the role of the Economic and Social Council, the Government of the Republic of Croatia and social partners are developing a new agreement on establishing Economic and Social Council as well as the other accompanying documents, creating thus conditions for revival of the functioning of the Economic and Social Council. Until the end of March 2011, a new Act on Representativity should be drafted; apart from determining the

representativity criteria of trade union confederations (and trade unions), the Act would also cover the representativity of the employers' organization..

In January 2011 trade unions will submit their demands (and proposals) to the Government with regard to the economic and social recovery of Croatia according to which they are ready to support only such economic policy, the fundamental success criteria of which will be saving and creating jobs, which in turn means that the Croatian government finally has to regard the unemployment problem as a priority.

Annex

Collective bargaining system

In line with the Labour Law, the Ministry of Economy, Labour and Entrepreneurship (MELE; Croatian: *Ministarstvo gospodarstva, rada i poduzetništva*/MINGORP) keeps the records of the collective agreements (CAs) which are in force at the territory of two or more counties, and the offices of state administration in counties keep the records of the collective agreements which are in force at the level of a county. The Republic of Croatia does not have a system of gathering, analysis and publication of statistical data in the field of industrial relations; hence it also does not have such a system for the collective bargaining system. According to an independent survey⁸, on 1 November 2009, there were 845 valid collective agreements in the Republic of Croatia (with the MELE around 160, and at the local level 686 or 81 per cent). According to the Labour Law, collective agreements can be signed on fixed-term (up to the maximum of five years) or on full-term basis. Whether a collective agreement has been cancelled or it stopped being valid for different reasons, the MELE cannot say with certainty.

The very number of collective agreements can lead to a conclusion that the collective bargaining system in Croatia is highly decentralized. In Croatia, collective bargaining is done on various levels, thus on national level there are: general/cross-sectoral collective agreements, general collective agreement for public services, collective agreement for individual activities/branches/sectors, an on local level: collective agreement at the level of local administration (preschool education, utility services, ...), and collective agreement at the company level, while these company collective agreements can also be registered with the MELE (on national level) if applied in two or more counties. There is a noticeable trend of the decrease of the number of branch collective agreements and the increase of company collective agreements, especially in the private sector. The above mentioned survey estimates that only around 12 per cent of collective agreements at the national level regulate the working conditions with more employers at the level of an activity, however the data is linked to the number of collective agreements i.e. to the frequency of bargaining and does not indicate how many company collective agreements have been concluded in activities which already have a concluded collective agreement at the level of activity (branch/sector).

System of tripartite social dialogue

Tripartite social dialogue (TSD) is a part of the overall industrial relations in Croatia, probably most recognizable in public. According to the Labour Law, Economic and Social Council is established with a view of protection and promotion of economic and social rights and interests of workers and employers, of managing harmonized economic, social and development policy and promotion of conclusion and compliance with collective agreements. Looking at the process of institutionalization of tripartite

⁸ Dr.sc. Dragan Bagić: „Industrial relations in Croatia“, 2010

social dialogue, we can say that under the trade union pressure it started developing at the beginning of the 90s and functioned informally (but based on the will of the three sides) until the adoption of the Labour Law in 1996. Continuity, however, begins with the Agreement of the Government and social partners as of 2000. Economic and Social Councils at the county level are established based on the Annex to the Agreement, of 2001. In the context of political changes, we can distinguish between the period 2000-2004 during the rule of coalition led by the Social Democratic Party (SDP), and the period from 2004 until today, during the rule of the Croatian Democratic Party (HDZ) and its coalition partners. The difference is that in the first period a tripartite body was established, with a continuity of functioning, whereas the second period was characterized with a certain frequency of meetings.

Nevertheless, the number of issues/sessions is not a guarantee of the quality of work of this body nor of its real role and impact of decisions it takes. Trade unions have been warning of that for years because the Government, as a rule, does not take into regard trade union objections and proposals. Additionally, the manner of taking decisions in the Economic and Social Council, where each side has one vote, and the decisions are not taken by consensus but by outvoting (as a rule: Government and employers against trade unions), annuls the very essence of its existence. Trade unions hence decided that they do not want to be co-responsible for the consequences of public policies in whose design, implementation, supervision and evaluation they are actually not participating (on the immediate cause of their withdrawing for the ECOSOC at the end of May 2010, please consult the other parts of this Review). Finally, it needs to be recognized that the fragmentation of the trade union movement in Croatia poses a significant obstacle to the real social dialogue and the change in the normative framework (which caused and preserved such situation) would be a considerable step ahead.

Social security systems

The Constitution of the Republic of Croatia guarantees health care to all Croatian citizens (hence, based on citizenship).

Pension insurance covers all employees and a part of unemployed who are being paid pension insurance from the Budget, up to a year. Young workers (insured under the II pillar – obligatory capitalized savings) working in insolvent companies are faced with huge problems since their employers are not paying contributions. They are being recognized years of pension insurance, but future pension from the second pillar depends exclusively on the paid contributions. Workers declared on minimum wage and getting the rest in cash are in similar position because the contribution is also minimum, which will reflect on future pensions of those workers.

Financial unemployment benefit is usually given to 20-22 per cent of unemployed, however this year, due to exceptionally high inflow into unemployment, the coverage would be at around 27 per cent although the highest inflow was of those who worked based on the fixed-term contracts (entitlement to unemployment benefit only after at least 9 months of work in the last 24 months).

Unemployment growth and impossibility of finding new employment were the causes of the growth of informal economy and undeclared work (survival coercion), which leaves workers without any social security (apart from the health care). There are no estimations on the number of workers working in such conditions.

Education and vocational training

Youth unemployment rate in Croatia is at around 30 per cent. Despite the fact that they are better educated as compared to the older generations, youth unemployment in Croatia is almost three times higher than the overall population. One of the key causes of this problem arises from the mismatch of the education system and the labour market needs, which indicates at the disputable enrolment policy (quota system). It is precisely due to this, that there is an increasing interest for the link between education and labour market, and a number of projects under IPA programme are under way.

Very few adults (about 2.3 per cent) are included in life long learning processes. The reasons are complex and numerous. Primarily, Croatia does not have projections or development plans (regional or national) on priority productions and branches of economy vital for economic and social development of Croatia. There is also a lack of research on the real needs of the labour market, and projects of local partnerships for employment are being implemented. Programmes of training, education, retraining or sub-specialisation are too expensive for a worker who would want to increase his/her chances, and because of widespread work on the side, grey economy, he/she does not even have enough spare time. The State is not securing sufficient funds for active measures of employment. Employers are rarely interested in investing in their own employees (even more so because the majority of newly employed are employed on fixed-term contracts and thus it is not cost-efficient to invest in them), and they are not especially stimulated to do so. The same is true for workers.

Employment rate (age: 15 - 64)

2007	2008	2009
57.1	57.8	56.6

Source: Croatian Bureau of Statistics, Statistical Reports 1420/2010 (results of the Labour Force Survey)

Average monthly salaries

2007	2008	2009	I.-IX. 2010
7.047 HRK / 953,0 €	7.544 HRK / 1021,1€	7.711 HRK / 1043,7 €	7.645 HRK / 1034,8 €

Source: Croatian Bureau of Statistics

Gender pay gap

Statistical data on the gender pay gap are available only after two years time hence the mentioned data relate to 2008. Average monthly gross salary for women amounted to 88.9 per cent of men's. In activities where women make considerable majority of the employed, differences are even bigger: in health care and social welfare women make up 79.3 per cent of the total employed, and the average monthly gross salary amounted to 72.7 per cent of the salary of men. In education, 76 per cent of the employed are women, and their salary is 81.8 per cent of the salary of their male counterparts. It is similar in the finance and insurance activity: 70.3 per cent of the employed are women and their average monthly gross wage is only 72.4 per cent of men's salary. In only two branches/activities are women better paid than men: in construction and in mining and extraction. At the same time, in those activities women are markedly underrepresented among the employed: construction industry employs only 11.8 per cent of women, and mining and extraction 14.9 per cent. Average monthly salary of women in construction amounts to 109.2 and in mining and extraction 108.4 per cent of male salary. In typically "male" branches salaries of women are higher than those of men because women are mostly employed on more complex,

qualified jobs. In the Croatian labour force, 24.8 per cent of women have higher education as compared to 17.2 men.

Monthly minimum gross wage

1.7.2008-31.5.2009	1.6.2009-31.5.2010	1.6.2010-31.5.2011
2.747 HRK / 371,8 €	2.814 HRK / 380,9 €	2.814 HRK / 380,9 €

Source: Minimum Wage Act, Official gazette *Narodne novine* No. 67/2008 and *Narodne novine* No. 66/2010;

Actual weekly working hours

According to the Croatian Bureau of Statistics data (Statistical reports 1420/2010), average normal weekly working hours for all workers are 41.4 hour (men 41.6 and women 40.6 hours). Full-time employed work weekly on an average 41.4 hours, and those employed part-time 21.8 hours. Weekly working time is legally limited to 40 hours. As a rule, collective agreements do not stipulate neither shorter nor longer working hours than those determined by law.

Normal work /atypical work

Forms of atypical work	X. - XII. 2008	X. – XII. 2009
Temporary employees	9.8	10.2
Part-time employees	9.6	8.7

Source: Croatian Bureau of Statistics, Statistical reports (Results of the Labour force survey) 1393/2009; 1420/2010

If according to the data we exclude temporary and part-time workers, we will get workers who work on the basis of full-term employment contract, on full time (around 80 per cent of the employed). However, a large part of those do not receive their wages on a regular basis (according to estimations, some 72.000 workers), and in addition for a considerable part of workers who receive their salary, contributions are not paid. There are no exact data, nor estimations.

Unemployment rate

Rate	2007	2008	2009	IV.-VI. 2010
LF Survey	9.6	8.4	9.1	12.4
Registered	14.8	13.2	14.9	18.3 ⁹

Source: Croatian Bureau of Statistics

Migration

YEAR	Immigrants	Emigrants	Net migration	Net migration rate
2004	18.383	6.812	11.571	2.6
2005	14.230	6.012	8.218	1.9
2006	14.978	7.692	7.286	1.6
2007	14.622	9.002	5.620	1.3
2008	14.541	7.488	7.053	1.6

Source: Croatian Bureau of Statistics, Statistical information, 2010

⁹ Source: Croatian Bureau of Statistics, November 2010

HDI

HDI	2007	2008	2009	2010
Index	0.763	0.766	0.765	0.767
World-Rank	45			51

Source: UNDP Croatia

Gini coefficient

2007	2008	2009	2010
0.30	0.30	0.29	-

Source: Croatian Bureau of Statistics

Collective agreement coverage

SECTOR	Collective agreements	Number of employed ¹⁰	Coverage
PUBLIC SECTOR:		Estimation: 426.646 (35.1 per cent of the total employed)	
- public administration (national and local level), - public services (health care, education, social welfare, culture...), - public companies (national and local level)	- CA for state and local governmental employees (on national and local level) - Basic Collective Agreement for public services (+ per activities) - each public company has a CA		100 per cent
PRIVATE SECTOR:		Estimation (private sector in total): 675.084 (55.4 per cent of total employed)	
Activity/branch/sector	Six CAs extended by the decision of minister in charge of labour	Estimation: 372.500	100 per cent
Activity/branch/sector	CAs which relate to the employed with employers-members of the association which concluded the CA		
Companies (<i>company CA</i>)	Concluded: either together with the branch CA or instead of the branch CA		

¹⁰ Division of the number of employed according to the type of ownership. Besides the mentioned, additional 111.957 employed in mixed ownership (9.2 per cent), and in cooperative 3.243 (0.3 per cent), data: 2009.

Ongoing important collective bargaining agreements

According to the data of the Ministry of Economy, Labour and Entrepreneurship, in 2010 there have been 16 branch collective agreements in force (eight in private and eight in public sector). Out of eight collective agreements in the private sector, by the minister's decision six have been extended to all employers active in the field for which CA has been concluded, thus they are obligatory for all employers and are applied on all workers: CA for commerce; CA for wood and paper industry; CA for construction; CA for catering and tourism (does not apply to nautical tourism); CA for travel agencies; CA for security. General collective agreement on the lowest wage has also extended.

The other collective agreements in force are also CA for shipbuilding and CA for humanitarian demining, CA for the activity of health care in private practice of Croatia, Basic CA for public servants, CA for employed in the cultural institutions whose wages are ensured from the State Budget, CA for science and higher education, CA for the employed in high school institutions, CA for state and local governmental employees, CA for civil servants and employees of the Croatian Mine Action Centre. Currently there are negotiations underway for the new CA for the activity of health care and health insurance.

In the activities of agriculture, fisheries, food industry, energy, chemical and pharmaceutical industry, information and communication, financial activity and the security as well as in the number of others there is no branch collective agreement but the collective bargaining is done on the company level. At the same time, in the areas in which branch collective agreement has been signed, a number of company collective agreements have also been signed.

Trade union density (rate of trade union organization)

There are no official data on the rate of trade union organization. The already mentioned research¹¹ assesses and identifies significant differences in the rate of trade union organization according to three criteria: difference between the public sector in wider terms (around 68 per cent) and private sector (around 17 per cent), in the private sector between the old but privatized companies (31 per cent) and newly-established companies (9 per cent), and big companies (around 40 per cent) and small companies (around 3 per cent). Furthermore, data gathered through the count of membership with a view of determining the representativity of trade union confederations are reliable enough for determining the rate of trade union organization because through that effort data for trade unions outside any trade union confederation are not collected.

Employer's organizations density

There are no official data. Publicly, only data given on itself by the Croatian Employers' Association (HUP) are known (the most representative voluntary employers' association in Croatia, the only one participating in tripartite social dialogue). Research by D. Bagić says that the level of employers' organization has significant oscillations with regard to activities and the size of company (big employers are more often members of employers' associations than the small ones). He also indicates that the branch structure of the Croatian Employers' Association does not "follow" the structure of activities or the organization of trade unions but is very often a result of lobbyist influences by certain groups of employers. Lesser fragmentation of employers' associations as compared to the trade unions puts employers in a more favourable

¹¹ Dr.sc. Dragan Bagić: „Industrial Relations in Croatia“, 2010

position with regard to the trade unions but also to the Government. It is estimated that HUP could gather employers who employ around a half of the workers employed in the private sector. The Republic of Croatia does not have a confederation i.e. association of employers which affiliates public companies (21 company in majority state ownership).

Workplace representation

At the level of company/institution, Croatian legislation recognizes four types of workers' representatives: *Labour Law* defines them as 1. trade union, 2 works' council (condition: 20 employees and more, all workers elect), 3. in a company or cooperative or a public institution, one workers' representative in a body which supervises work administration (supervisory or steering committee or similar). *Occupational Health and Safety Act*¹² defines the election/appointment and work of workers' representative for occupational safety and health. Members of the works' council have a three-year mandate and since 1996 until today elections for works' councils were organized five times. The next elections will be held in March 2011. Basic function of a works' council is informing the workers and supervision of the implementation and respect of the Labour Law, collective agreement and other documents adopted for the benefit of workers (mostly has an advisory role in relation to the employer, and very little co-determination). However, it is possible to expand the rights and responsibilities of works' councils and OHS representatives, in relation to legal solutions, through special agreements between the works' council and employer as well as through collective agreements.

The experience so far has shown that with a view of ensuring quality work of works' councils and OHS representatives, help and cooperation of trade unions is crucial, especially help of trade union experts as well as training of workers' representatives for the work in those bodies. Also, there are some cases in which works' council decides for the benefit of employer, and not worker! The work of workers' representatives is made difficult in an environment where more mutually competitive trade unions operate¹³ and some of those are affiliated to different trade union confederations while the others are local unions.

Trade unions

National Trade Union Confederations

T.U. Confederation	T.U. Confederation (English)	Number of individual members ¹⁴	ITUC Affiliation	ETUC Affiliation
Savez samostalnih sindikata Hrvatske	Union of Autonomous Trade Unions of Croatia	103.000 ¹⁵	+	+
Nezavisni hrvatski sindikati	Independent Trade Unions of Croatia	113.598	+	+
Matica hrvatskih sindikata	Association of Croatian Trade Unions	80.311	-	-

¹² Official gazette *Narodne novine* No. 86/08 and No. 75/09.

¹³ According to the Labour Law, 10 members can establish a trade union, so at the company/institution level several trade unions can be active (total number of employed divided by 10 = possible number of trade unions!).

¹⁴ Last count: March 2009.

¹⁵ Due to withdrawal of four trade unions from UATUC: two did not join other confederations, and two joined MHS.

Hrvatska udruga sindikata	Croatian Trade Union Association	41.584	-	-
Udruga radničkih sindikata Hrvatske ¹⁶	Workers' Trade Union Association of Croatia	23.739	-	-

Trade Union Federations by branches

T.U. Federation	T.U. Federation (English)	No of individual members ¹⁷	Affiliation to national confederations	International affiliations
SINDIKAT METALACA HRVATSKE/SMH	Metal Workers' Trade Union of Croatia		SSSH	affiliated to IMF and EMF
SAMOSTALNI SINDIKAT U DJELATNOSTIMA ENERGETIKE, KEMIJE I NEMETALA HRVATSKE/EKN	Autonomous Trade Union of Workers in Power Industry, Chemistry and Non-Metal Industry of Croatia		SSSH	affiliated to ICEM, EMCEF and PSI
SINDIKAT GRADITELJSTVA HRVATSKE/SGH	Trade Union of Construction Industry of Croatia		SSSH	affiliated to EFBWW and BWI
SINDIKAT TRGOVINE HRVATSKE/STH	Commercial Trade Union of Croatia		SSSH	affiliated to UNI and UNI-Europe
SINDIKAT TURIZMA I USLUGA HRVATSKE/STUH	Trade Union of Tourism and Services of Croatia		SSSH	affiliated to IUF and EFFAT
SAMOSTALNI SINDIKAT RADNIKA U KOMUNALNIM I SRODNIM DJELATNOSTIMA HRVATSKE/SSKH	Autonomous Trade Union of Workers in Public Utilities and Related Services of Croatia		SSSH	affiliated to PSI and EPSU
SINDIKAT UMIROVLJENIKA HRVATSKE/SUH	Retired Persons' Trade Union of Croatia		SSSH	affiliated to FERPA
SINDIKAT TEKSTILA, OBUĆE, KOŽE, GUME HRVATSKE/TOKG	Trade Union of Textile, Footwear, Leather, Rubber Industry of Croatia		NHS	affiliated to IFTC

¹⁶ Although URSH is one of the five Croatian trade union confederations, it is not a member of the ITUC nor ETUC, but of a European trade union federation (URSH web page: affiliated to EUROFEDOP/European Federation of Public Service Employees).

¹⁷ Republic of Croatia does not have the Act on the Representativity of Trade Unions and there are no data on the number of trade union members.

SINDIKAT DRŽAVNIH I LOKALNIH SLUŽBANIKA I NAMJEŠTENIKA RH/SDLSN	TU of State and Local Government Employees of Croatia		NHS	affiliated to PSI and EPSU
SAMOSTALNI SINDIKAT ZDRAVSTVA I SOCIJALNE SKRBI HRVATSKE/SSZSSH	Autonomous Trade Union of Workers in Health Service, Pension-Disability Insurance and Social Protection Service of Croatia		MHS	affiliated to PSI and EPSU
HRVATSKI STRUKOVNI SINDIKAT MEDICINSKIH SESTARA - MEDICINSKIH TEHNIČARA	Croatian Trade Union of Nurses and Medical Technicians		MHS	affiliated to PSI and EPSU
NEZAVISNI SINDIKAT ZAPOSLENIH U SREDNJIM ŠKOLAMA HRVATSKE	Independent Trade Union of Workers in Secondary Education of Croatia		MHS	affiliated to EI
NEZAVISNI SINDIKAT ZNANOSTI I VISOKOG OBRAZOVANJA	Independent Union of Research and Higher Education of Croatia		MHS	affiliated to EI

Employer's Organizations

Employer's Confederation	Employer's Confederation (English)	Number of Affiliates (branches)	BusinessEurope Affiliation	IOE Affiliation
Hrvatska udruga poslodavaca	Croatian Employers' Association	22	+	+