

# ESTONIA

## Trade Union Monitor

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### POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

#### POLITICAL CONTEXT

The political development in Estonia in the second half of 2020 and in 2021 was defined by two major factors. First, an agreement to form a new government for 2021–2023 was signed by Kaja Kallas, the chairwoman of the Reform Party, and Jüri Ratas, the chairman of the Center Party, on 25 January 2021. Thus, the government coalition of three parties set up after the 2019 elections to the Riigikogu (parliament) was replaced. And second, continuous efforts to prevent COVID-19 from spreading, vaccinate the population, strengthen the healthcare system and support the entrepreneurship to reboot the economy.

The focus of the high level tripartite social dialogue on labour and social policy issues with participation of the government, trade unions and employers continues to be on sharing information and exchange of views instead of conducting tripartite negotiations aimed at reaching agreements as was the practice in 1991–2003. Three further tripartite meetings took place during the reporting period: discussing measures to end the economic crisis and the use of the Just Transition Fund (October 2020), fighting the COVID-19 pandemic as well as planning and allocating the EU funds (March 2021), the need to increase the flexibility of the regulation for temporary use of workforce from third countries and the possibilities to extend the social protection coverage – first of all of the sickness and unemployment insurance schemes (November 2021).

The amendments to the Collective Agreements Act discussed and agreed earlier between social partners and government representatives came into force in November 2021. The need for the bill resulted from the decision of the Supreme Court of Estonia to bring the regulation for extension of sectoral and national collective agreements, concluded between employers' associations and trade union federations or confederations, in conformity with the constitutionally protected freedom of entrepreneurship while ensuring

social partners' capacity and responsibility to negotiate working conditions and make them legally binding for the whole industry or the entire economy. The amended law guarantees the right to extend collective agreements for social partner' organisations that meet specific representation criteria defined in the aforementioned legal act.

The parliament adopted amendments to the Employment Contracts Act in November 2021, based on the tripartite agreement as of April 2021. The new regulation does establish an opportunity for retail sector employers to conclude so called variable hours agreements with part-time employees. These amendments provide retail shops an option to let their employees work for up to 8 hours a week more than the hours agreed in the employment contract, hours that are not considered overtime and not paid extra. This provisional scheme was agreed for 2,5 years during which its' effects will be assessed and analysed for further consideration.

#### ECONOMIC AND SOCIAL SITUATION

The Estonian economy showed strong growth within the decade (2010–2019) while the GDP decreased by 2,6 per cent in 2020 due to the negative impact of the COVID-19 pandemic – much less compared to the 10 per cent fall expected by the Eesti Pank, the Estonian Central Bank, in mid-2020. Strong recovery at 8 per cent GDP growth in 2021 makes the Estonian economy one of the fastest recoveries in Europe. The rapid positive changes in the economy in 2021 were explained primarily by a sharp rise in hours worked and more intensive utilisation of the equipment. However, high energy prices and inflation as well as supply-side limits will slow the GDP growth down to 2,8 per cent in 2022.

The moderate wage growth at 2,9 per cent in 2020, when the monthly average gross wage reached 1,448 Euro, accelerated to 7,8 per cent in third quarter of 2021 (compared to 2020 Q3) while the average gross wage was 1,553 Euro.

According to the latest economic forecast of the Eesti Pank the monthly average gross wage continues to rise and is expected to be 1,547 Euro in 2021 and 1,676 Euro in 2022.

The labour market seems recovering from the COVID-19 impact at a slower pace compared to the GDP – according to the Statistics Estonia the annual average number of employed people (aged 15–74) was 650,500 in 2021 (3,300 less than in 2020 and 17,800 less compared to its peak in 2019). The changes in the employment due to the pandemic vary a lot across sectors, the Hotel/Restaurant/Catering sector being hit hardest. Employment remains lower than 2019 also in industry, including manufacturing.

The unemployment situation improved a little in 2021 compared to 2020. The number of unemployed dropped by 5,300 (from 48,400 in 2020 to 43,100 last year) and the unemployment rate from 6,9 per cent to 6,2 per cent respectively. According to data of the Unemployment Insurance Fund, the registered unemployment rate increased from 7,7 per cent as of July 2020 up to 8,8 per cent as of March 2021, followed by the decline to 6,7 per cent as of December 2021.

The annual indexation of pensions as of 1 April 2021, was 1,6 per cent. It was supplemented with an extraordinary 16 Euro/month increase of the old-age pension base amount and a 30 Euro/month increase of the national pension rate (for those who lack the required pension qualification period of 15 years).

### TRADE UNION CONTEXT

The Estonian Trade Union Confederation (EAKL) and the Estonian Employers' Confederation agreed in September 2020 to keep the national minimum wage unchanged at the amount of 584 Euro/month for 2021 due to the economic slump. Thanks to the faster than expected recovery of the economy trade unions and employers agreed in October 2021 on a 70 Euro (12 per cent) minimum wage increase to 654 Euro/month starting from January 2022. The government issued a decree on the increase of the national minimum wage, based on the extended collective agreement of social partners' confederations, in December 2021. According to data provided by the Tax and Customs Board of Estonia, approximately 3,4 per cent of the full-time employees (16,900) were earning national minimum wage in 2021, while 22,400 earned between 585 Euro and 653 Euro monthly.

On 22 October 2021, the Ministry of Social Affairs revealed the plan to dismantle two special pension schemes – the old-age pensions under favourable conditions and the superannuated pensions. The first scheme covers persons who have been engaged in work which is particularly hazardous to health and has particularly arduous working conditions. These persons are entitled to retire 10 or 5 years earlier compared to the general retirement age. The second one allows to retire before reaching general retirement age for several

professional groups if the person has served 20 or 25 years in particular profession – i. e. police and prison officers, rescue service employees, some professions in the underground and opencast mining, some categories of seafarers, some groups of artists (incl. ballet dancers, vocal soloists, brass players) etc. Trade unions insisted a mandatory work accidents and professional diseases insurance to be set up as a precondition for the planned change. Nevertheless, the bill was sent for co-ordination and reconciliation to other ministries as well as social partners without considering any of the unions' proposals before Christmas 2021. The heated debates will continue in 2022.

No big trade union protest activities took place in the second half of 2020 and in 2021. As regards industrial conflicts the industrial dispute in the health care sector is worth mentioning. The collective bargaining to define working conditions for 2021–2022 started in mid-2020. While no agreement was reached as of March 2021, three sectoral trade unions appealed to the Public Conciliator who launched the conciliation proceeding.

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## TRADE UNIONS IN LATVIA – FACTS AND FIGURES

### HISTORICAL OVERVIEW

Estonian trade unions split from the umbrella organisation of Soviet Union trade unions at the congress in December 1989. The new independent Estonian trade union confederation EAKL (Eesti Ametiühingute Keskkliit) was founded in April 1990.

The development of trade unions in Estonia has been influenced by political and economic processes in the country. After the restoration of independence in 1992 Estonia turned to market economy. The privatisation of companies previously owned by the state in mid-1990s was designed and accomplished to attract foreign investors considering the new economic paradigm and a sharp re-orientation of the Estonian enterprises towards Western economies with highly competitive markets.

The first decade (1990s) of the independence of Estonian trade unions could be characterised as a wake up while the reality – the economic one first of all – changed drastically. The trade unions had to start recruiting members for the first time since more than 50 years. Nevertheless the wish to secure all the labour rights and guarantees in the legislation prevailed. Negotiations of collective agreements maintained a rather formal nature and focused mainly on some additional »bonuses« (mostly of in-kind nature) instead of setting up wages.

Political changes arrived around 2002–2003: domination of a neo-liberal economic ideology, promotion of flexicurity in labour relations and at the labour market, political will to downplay the importance and role of the tripartite social dialogue. Some years later the government refused to participate at the

structured tripartite negotiations on a regular basis opting for ad hoc meetings, replacing negotiations with consultations or even just informing social partners on the decisions already taken.

Unfortunately, not all trade unions, especially at the workplace level (and partly at the industry level as well) were able and ready to adapt quickly to the new reality. The result was a sharp and very rapid decline of trade union membership and representativeness which continues until now. According to the International Labour Organisation ILO Estonia was the country with the lowest trade union density rate (4,5 per cent of the employed) in Europe as of 2017. The membership deterioration continued as the number of trade union members paying membership fees reported by the EAKL, fell below 15,000 in the beginning of 2022 (77,7 per cent of the members compared to the membership figures as of January 2020).

### TRADE UNION LANDSCAPE

The EAKL remains the only trade union umbrella organisation in Estonia which meets internationally recognised essential criterias for national confederation. It has members and represents their interests in major industries (manufacturing, public services, transport, private services), employs professional staff (although decreasing step by step), is recognised by public authorities and employers at the national level as well as is affiliated to major international trade union organisations. The utmost impact on the membership decrease of the EAKL had the decision made by the Estonian Seamen’s Independent Trade Union (Eesti Meremeeste Sõltumatu Ametiühing, EMSA) on June 8, 2021, to cancel its’ affiliation to the confederation due to the »dissensions regarding protection of the employees in the labour relations«.

The Estonian Employees’ Unions’ Confederation (Teenistujate Ametiühingute Keskorganisatsioon, TALO) was founded as the second trade unions’ central organisation in September 1992 when few sectoral unions of the white-collar employees split from the EAKL. TALO has lost a majority of its members since then and no data on the actual membership of TALO has been made public for more than a decade. Estimated membership of TALO is about 2,500 (as of January 2022). TALO never accepted several proposal of EAKL for a merger.

The rural (agricultural) and food industry workers’ trade unions which used to claim to act as a third trade unions’ »umbrella organisation« do not exist anymore – both the food-processing industry workers’ federation as well as the rural workers’ federation dissolved itself. The first federation was deleted from the register of legal entities in April 2020 and the second one in September 2020.

No positive changes in trade union structures can be reported for the last years. Although the total number of EAKL’s affiliated organisations (as of beginning 2022 compared to 2013) remained unchanged at 16, one union joined the confederation in 2018 and another one left in 2021. The total membership figures decreased by half (from 29,400 to 14,300) while there are no more unions exceeding 3,000 members today (there used to be 2 in 2013), only two unions are counting more than 2,000 members (instead of 4 in 2013) and 5 unions (4 in 2013) are uniting between 1,000 and 1,999 members.

Considering sectors with a more or less significant share in total employment, union density seems to be at the highest level, although lowering, in the healthcare and social work, education, transportation and storage, mining and energy sector. There are still no unions in the construction sector, ICT, real estate management etc. as well as in SMEs across the industries.

A vast majority of the industry level trade unions is lacking resources, both human and financial, to effectively perform their major functions, including employing officers to recruit new members as well as experts to cover professionally issues such as wages, employment relations, social protection, occupational health and safety, or other working life related issues of high priority.

### WORKING CONDITIONS OF TRADE UNIONS

There were no principal amendments in legal regulations that affect the foundation and activities of trade unions as well as industrial relations in general during the last years. The fragmentation of the trade union landscape together with the unions’ decreasing membership and representativeness are undermining the role of the unions as a social partner and weakening their position in the social dialogue.

Table 1  
Main trade union confederations in Estonia

Trade Union Confederation	Chair and Vice Chair	Members	International memberships
Eesti Ametiühingute Keskliit EAKL (Estonian Trade Union Confederation EAKL)	Chair: Peep Peterson	14,331 (January 2022)	ITUC, ETUC, BASTUN
Teenistujate Ametiühingute Keskorganisatsioon TALO (Estonian Employees’ Unions’ Confeederation)	Chair: Ago Tuuling	2,500 (estimated)	ETUC, BASTUN

Table 2  
Main sector federations and individual trade unions in Estonia

Sector federation / trade union	Confederation	Chair and Vice Chair	Members	International memberships
Eesti Haridus-töötajate Liit EHL (Estonian Educational Personnel Union EHL)		Chair: Reemo Voltri Vice Chair: Aleksandr Tiidemann	aprox. 5,500	EI, ETUCE
Eesti Tervishoiutöö-tajate Kutseliit ETK (Union of Estonian Healthcare Professionals)	EAKL	Chair: Ulvi Tasane	2,672 (January 2022)	Keine
Eesti Meremeeste Sõltumatu Ametiühing EMSA (Estonian Seamen's Independent Union)		Chair: Jüri Lember	2,563 (January 2022)	ITF, ETF
Riigi Ja Omavalitsusasutuste Töötajate Ametiühingute Liit, ROTAL (Federation of the Trade Unions of State and Municipal Agencies Employees)	EAKL	Chair: Kalle Liivamägi	1,807 (January 2022)	PSI, EPSU
Eesti Energeetikatöötajate Ametiühingute Liit, EEAÜL (Association of Estonian Energetics Workers' Trade Union)	EAKL	Chair: Sander Vaikma	1,231 (January 2022)	PSI, EPSU, IndustriAll IndustriAll Europe
Eesti Tööstustöötajate Ametiühingute Föderatsioon, ETAF (Estonian Federation of Industry Workers)	EAKL	Chair: Triin Rõuk	244 (January 2022)	IndustriAll IndustriAll Europe
Eesti Industriaal-ja Metallitöötajate Ametiühingute Liit, IMTAL (Estonian Industrial and Metalworkers Trade Union)	EAKL	Chair: Aleksander Drannikov	710 (January 2022)	IndustriAll IndustriAll Europe
PRO Ametiühing /endine Eesti Side- ja Teenindustöötajate Ametiühingute Liit ESTAL (PRO Trade Union/former Estonian Communication and Service Workers' Trade Union ESTAL)	EAKL	Chair: Kadri Kangur	518 (January 2022)	UNI Global UNI Europa
Eesti Teenindus-ja Kaubandustöötajate Ametiühingute Liit, ETKA (Estonian Trade Union of Commercial and Servicing Employees)	EAKL	Chair: Elle Pütsepp	1,109 (January 2022)	UNI Global UNI Europa

The social partners' involvement in shaping legal regulations for labour, employment and social protection issues is limited to the general discussions of the consultative nature mainly. In addition to minor amendments to the Collective Agreements Act and the Employment Contracts Act some pandemic-related changes in the sickness pay regulation were agreed for a limited period in October 2020. No tripartite working groups with the participation of trade unions and employers representatives have been established to prepare bills of legal acts.

During its' membership of the ILO (1921–1940 and since January 1992) Estonia has ratified altogether 41 international labour standards – 39 conventions and 2 protocols, of which 27 instruments are in force. Estonia has ratified all 8 fundamental conventions and 4 governance (priority) con-

ventions while only 19 standards were ratified since restoration of independence and of the ILO membership. Most recently ratified international labour standards are P029 (November 2016), the Maritime Labour Convention MLC and the C188 (both May 2016). No instruments were ratified in 2020–2021.

Regarding the application of the international labour standards it's worth of mentioning that the ILO Committee on Freedom of Association registered 3 complaints from Estonia, all submitted by the EAKL: case No 2011 (February 1999) on the government interference in the establishment and internal functioning of trade unions, case No 2057 (July 2006) on the violation of the trade unions' rights (discriminating against the trade unions) in the bill of the Employees' Trustee Act and case No 2543 (January 2007) on the violation of

workers' rights by a total strike ban in the public sector. Although a new Civil Service Act was adopted in June 2012 the new regulation neither ended the violation of the freedom of association of civil servants nor provided any compensatory guarantees, required by the ILO to protect the interests of civil servants in the cases where their right to strike is absent or limited. Trade unions have not submitted another complaint on the issue to the Committee on Freedom of Association of the ILO.

## TRADE UNIONS AND THEIR CORE TASKS

Negotiating and concluding collective agreements is considered the priority for trade unions. Unfortunately it is not possible to provide up to date information on collective agreements as of December 2021 due to the fact that the collective agreements database of the Ministry of Social Affairs (MoSA) is not accessible for the public yet because of persisting IT-problems. According to the MoSA, 150 collective agreements were registered in the database within the period 2017–2021. There were 634 valid collective agreements in the database as of December 2021 in total what seems to be exaggerated. This figure includes several cases where multiple collective agreements are signed at the same company between same parties in different years.

A number of the above mentioned valid collective agreements have expired and thus, according to the Collective Agreements Act (article 11, para 5), shall be deemed »valid for an indefinite period of time unless either party to the collective agreement notifies the other party in writing at least three months before the expiry of the collective agreement that it does not wish for the agreement to be extended. ... A collective agreement which is valid for an indefinite period of time may be cancelled by either party to the agreement by notifying the other party thereof no less than six months in advance.« (Collective Agreements Act, article 11, para 5). One can imagine that the collective agreements which expired years ago and are legally considered still valid have very limited impact, if any at all, on wages and other major working conditions nowadays.

The collective bargaining takes place mainly at the workplace (company) level. According to the legislation the minimum wage rates and working/rest time conditions agreed collectively by trade unions and employers associations either on sectoral or national level can be made legally binding (obligatory) for all the employers and workers in the particular sector if the parties to the collective agreement decide to use the extension procedure set up in the Collective Agreements Act (article 4, para 4). The regulation for extension of collective agreements was amended in 2021.

For a long period there did exist only two sectoral collective agreements – for the healthcare and the local bus transportation – signed by the employers association and the trade union. It was made legally binding for all employers and workers in these sectors. Automotive cargo transport be-

came the third sector in 2012 with a similar industry-wide collective agreement. It sets up the minimum wages for cargo truck drivers operating in Estonia.

Most recently an extended sectoral collective agreement was signed for the health care sector as a result of the collective labour dispute conciliation proceeding on 28 April 2021. The industrial conflict was resolved, based on the proposal of the Public Conciliator to increase the wage rates for three major professional groups (medical doctors, nurses, and care personnel) by 4,1–5,0 per cent in 2021 and by 7,6–8,6 per cent in 2022. The sectoral collective agreement for automotive cargo transport is in force until April 2022, and the one for the bus transportation is valid until May 2023.

Real negotiations on salaries of the civil servants with trade unions are still not in place. All the governments since early 2000s, irrespective of their political composition, remained firm on the approach, that the Civil Service Act leaves no room for bargaining between the state as an employer and the civil servants' trade unions. This clearly contradicts the conventions of the ILO! According to government, all working conditions in the public service allegedly should be defined unilaterally by the government or the administration of the particular state agency. However there does exist a kind of consultation on salaries in the public sector at the national level: the unions are meeting with the representatives of several ministries (finance, internal affairs, justice, education and research, social affairs, culture) to discuss the pay rise for the next calendar year. Despite the deficit of the state budget major professional groups, financed from the state budget like the teachers, policemen, rescue workers etc., received some pay rise for 2022.

The national minimum wage has been set up according to the extended collective agreement signed annually or bi-annually by the EAKL and the employers' confederation since 2001 with an exception of the period of the economic crisis and recession in 2009–2012. The government issues a decree on the national minimum wage rates (per month and per hour) as foreseen in the Employment Contracts' Act (article 29, para 5), based on the agreement of social partners.

While negotiating the national minimum wage the goal of trade unions has been to increase the share of the minimum wage in the national average gross wage up to 40 per cent at least for almost two decades. This approach was based on the wish to reduce unjustly large and unfounded wage gaps, to make work pay, to increase domestic demand and tax receipts as well as to reduce the risk of poverty for the elderly. Although the trade unions have achieved some progress, the national minimum wage has been fluctuating around 38 per cent of the average monthly gross wage in 2019–2021 (compared to 29 per cent in 2001). Most likely the target of 40 per cent cannot be reached in 2022 as well (expected level will be 39 per cent) due to the faster growth of wages because of the labour shortage and the exit from the slump. At the same time trade unions have expressed a

wish to agree on a new target of 45–50 per cent of the average monthly gross wage for the national minimum wage, considering the upcoming EU-directive on adequate minimum wages in the European Union.

### TRADE UNIONS AND THEIR (POLITICAL) WEIGHT

It is complicated to assess the real political influence of trade unions in Estonia which one can describe as quite modest or even low today. On one hand, the EAKL was linked to the social democrats 20–25 years ago when the confederation directly supported the political positions of the party and two presidents of the EAKL were elected to parliament, the Riigikogu, as social democrats (in 1995, 1999 and 2003). This led to a kind of stigmatisation of the trade unions by other political parties in the parliament which refused to support any legal proposal made by the EAKL alleging this would be beneficial for the social democrats only. Thus starting from mid-2000s the confederation attempted to build up more balanced relationships with political parties represented in the parliament, based on the policy, not on the politics. At the same time the leadership of the social democrats (probably due to changes in personnel) became step by step less and less interested in labour and employment issues, which are important for trade unions, even when the party was in a governing coalition (2007–2009, 2014–2016, 2016–2019).

On the other hand the decreasing membership of the unions is not providing a solid basis for the potential support at elections which the political parties are looking for. Thus the recruitment of new members and the improvement of the trade unions' representativeness remain the crucial preconditions to gain more respect within the society in general and in the relationship to the political parties in the parliament in particular.

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