

Joint Project of the European Social Partner Organisations

"CEEC Social Partners' Participation in the European Social Dialogue:

*..... what are the social partner's needs?"*

PHASE TWO - FOLLOW-UP SEMINARS

Report of the Latvian National Seminar

Hotel Konventa Seta, Riga  
Latvia

26th April 2006

Prepared by ARITAKE-WILD  
May 2006

Joint Project of the European Social Partner Organisations:

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## *Introduction*

The last in a series of eight follow-up national seminars<sup>1</sup> designed to maximise the effectiveness of the participation of the new EU member states in European Social Dialogue was held in Latvia on 26th April 2006. The objectives of the seminar were to:

- Review progress on the implementation of the action plans developed during phase one of the project;
- Identify and discuss any problems that had been encountered and propose ways to resolve them;
- Identify future “individual organisation” and “joint” priority actions for the Latvian social partners.

The seminar was attended by four representatives from Latvian employers' organisations and fifteen from Latvian trade unions. Also in attendance were representatives from the European social partners UNICE, UEAPME, CEEP and ETUC; and experts. The full attendance list for the seminar is attached as appendix one.

## *Methodology*

The seminar methodology built upon that used during the eight “two-day” CEEC national seminars. The one-day meeting format was designed with the objective of assuring maximum participation of the Latvian trade union and employer representatives. The contribution of the participants from the European social partner organisations and the experts was designed to promote focussed debate; to facilitate problem identification and resolution; and encourage action plan development. Detailed discussions were held in small working groups. Plenary feedback and review sessions involving all attendees were used to identify priorities and build consensus around actions. To further facilitate

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<sup>1</sup> The first five seminars belonged to a pilot project of 5 new Member States (Czech Republic, Hungary, Lithuania, Poland and Slovakia). The pilot project was then expanded to include Estonia, Latvia and Slovenia.

the generation and discussion of ideas and the development of future strategies, the seminar was conducted to the maximum extent possible in the Latvian language.

This report follows the format of the seminar agenda. It provides a summary of each of the working sessions, and outlines future priority issues agreed at the meeting. The detailed agenda for the meeting is included as appendix two but the working sessions making up the seminar can be summarised as follows:

Overview agenda		
Session one	Presentations by the national social partners	"Implementation of the phase one action plans."
Session two	Presentation by the European social partner organisations	"The current European social dialogue agenda and likely priorities for the future."
Session three	Working group discussion and feedback	"Adapting and improving action plans in the light of experience and changing priorities."
Session four	Presentation by the European social partner organisations	"Actions to assist new member states social partner organisations already undertaken by the European social partners."
Session five	Concluding discussion	"Discussion of priority needs and issues."

***Report of the meeting***

*Session one - "Implementation of the phase one action plans."*

The phase one action plan of the Latvian trade unions included two points for action as follows:

***Latvian trade union "phase one" action plan***

LBAS should establish a regular routine of member meetings to discuss key European social dialogue issues and strategies.

In addition to strengthening cooperation with the Nordic member states, the trade unions will deepen relationships with Estonia and Lithuania. Further opportunities for coalition building will be investigated with Poland and other member states of a similar size to Latvia.

The trade unions reported progress on both points:

- The capacity of the Latvian trade unions on European issues has been strengthened through a series of conferences and seminars;
- Cooperative arrangements have been developed with LBAS' Baltic state counterparts through the Council of Baltic Trade Unions which meets three times a year. Additionally cooperation with Scandinavian counterparts is achieved through the "Boston network";

In addition, the trade unions also mentioned the following areas where progress has been made:

- LBAS has worked with its Swedish "twin" organisation and a significant bilateral strategy and planning conference was held in March 2006;
- At the national level, the trade unions have worked with the employers' organisations on implementation of both the EU agreements on "Telework" and "Stress";
- Social dialogue in Latvia takes place at the enterprise, sector and national levels. Currently the sectoral level is the weakest link in the social dialogue chain. This is, in part, due to the lack of employer counterparts. Despite the low union membership density level of 18%, enterprise collective bargaining covers 35% of Latvian workers;

- Tripartite discussion has improved since April 2004 when new sectoral sub-councils were established;
- The trade unions have lobbied hard on issues associated with raising the Latvian minimum wage to a level closer to that of neighbouring states.

In reporting on these actions, the trade unions highlighted the following constraints:

- The low level of trade union membership;
- The absence of employer organisation counterparts for discussion and negotiations at the sectoral level.

The phase one action plan of the Latvian employers' organisations also included two points as follows:

### ***Latvian employers' organisation "phase one" action plan***

Improve horizontal discussions between LDDK and LAK to consolidate employers' views and opinions.

Continue to work closely with Estonia and Lithuania and identify a strategy for coalition development with other member states on key issues.

The Latvian employers' organisations reported some progress on both points:

- The Latvian employers' organisations and Latvian trade unions have worked well together on the implementation of the "Telework" and "Stress" EU agreements. Collaboration has included translation of the texts; wide employer consultation to develop a proposed approach; and the conclusion of an agreement. Efforts have been made to increase public awareness of the issues involved and to work with other interested stakeholders. To this end, Ministry of Welfare representatives were present when the final agreement was reached;
- Relationships with Baltic employer counterparts have been further developed and the next step in the process is to establish a legal basis for cooperation. A draft document is currently being discussed in each of the three countries. Outside of the region, cooperation with the Spanish employers has proved particularly successful.

The phase one joint action plan included three points as follows:

### *Latvian joint “phase one” action plan*

1. Establish an informal round table that meets regularly to discuss European social dialogue issues and prepare the ground for any negotiations.
2. Use the “Telework” and “Stress” agreements as practical projects to work on together to:
  - Produce jointly agreed texts of the agreements in Latvian;
  - Collaborate on the development of informative support materials and their dissemination;
  - Prepare for reaching agreement on the implementation of these agreements in Latvia.

The actions taken to support the delivery of the joint action plan are referred to in the employer and trade union reports above.

Both the Latvian employer and trade union organisations noted that cooperation between the national social partners had generally improved since the seminar one year ago and that constructive results had been achieved. The national implementation of the EU agreements on “Telework” and “Stress” are good examples.

### *Session two - “The current European social dialogue agenda and likely priorities for the future.”*

Valeria Ronzitti (CEEP) and Jeanne Schmitt (UNICE) presented a brief outline of the history and evolution of European social dialogue and described the newly adopted 2006 to 2008 work programme. Their full presentation is included as appendix three.

### *Session three – Working group discussions and feedback “Adapting and improving action plans in the light of experience and changing priorities.”*

Due to the unexpectedly small number of employer representatives attending the seminar, it was not possible to follow the normal practice of forming three working groups. Consequently just two groups were formed with the employer representatives working together in one group and the trade unions in another. Representatives from

UNICE, UEAPME and CEEP joined the employers' organisation group; and representatives from the ETUC together with an expert joined the trade union group. A chairperson/rapporteur was selected by each group from amongst the national participants.

The working groups were given 90 minutes to consider the following questions:

*In the light of the plenary presentations - what are the most important learning points for the development of future action plans?*

*Based on our experience in implementing the action plans, and in the context of changing organisational and national/European priorities – what do we need to do in the next 12 months and the next 3 years?*

The report back from the three groups covered the following issues:

### **Trade union group**

The trade union group outlined a series of issues and constraints and suggested possible solutions.

Issues and constraints:

- A general lack of public awareness of employee rights and entitlements;
- Many Latvian employers do not see the benefit of social dialogue;
- Agreements reached between the social partners do not cover all employees as many employers are not members of an employers' organisation;
- Outward migration of Latvian workers is causing labour shortages in specific areas;
- The absence of a European minimum wage leads to large cross border variations in pay and benefits;
- Differing laws relating to employment issues often conflict and there is a lack of legal clarity on which piece of legislation takes precedence;
- The Government often lacks a social perspective in its work. Human resource issues are seldom central to their thinking.

Possible solutions:

- Raise the general awareness of trade union activities, for example through organising open door events;
- Encourage trade union membership, and in particular promote *active* membership;
- Improve language training capacity;
- Improve technical and social dialogue related skills;
- Promote employer membership of employers' organisations;
- Work more closely with the Latvian government on the minimum wage and minimum deductible income;
- Encourage the European Union to adopt a European minimum wage;
- Work to promote the benefits of social dialogue.

### **Employers' Organisation Group**

The employers' organisation group presented the following list of issues:

- Cooperation between small and large enterprises is limited as they have differing views on issues;
- There is a mismatch between the output of the education system and the needs of enterprises. This is particularly true of the municipal and national institutions that receive more favourable treatment from Government than the more effective private establishments;
- Unhealthy levels of workforce migration are driven by low pay. The situation is exacerbated by a tax system that does not reflect current requirements;
- Social welfare provisions need to be improved based on best practice benchmarking of other countries systems;
- Cooperation between the Latvian social partners can still be improved;
- The tripartite sub-councils are working well and are generally producing good results;
- Although research is under way, Government has not yet defined actions and priorities for meeting the skills needs of the labour market. Shortages of scientists and mathematicians are particularly acute.

The Latvian employers' group expressed its general support for the priorities and issues raised by the trade union group.

### *Session four - "Actions to assist new member states social partner organisations already undertaken by the European social partners."*

In response to questions and needs expressed by the national social partners during the 2004 phase of the project, the European level social partners have undertaken a range of activities to improve the effectiveness of the participation of new member states in the European social dialogue. Jeanne Schmitt of UNICE and Szilvia Borbély of ETUC made presentations covering each of the following subjects;

- *Resource centres* – the European level social partners have established employer and trade union resource centres and launched web sites to promote their new services;
- *Training and development assistance* – various forms of assistance are now available from the European social partners to facilitate staff development initiatives e.g. through the funding of additional places at European level meetings for developmental purposes, social dialogue related training events and language training;
- *Social partner competence development* – a process by which individuals and organisations can "self assess" against a series of "effective European social



partner” competencies is now available on the social partner resource centre web sites.

The full presentations are included as appendices four and five.

Rounding off the presentation, the Latvian social partners were encouraged to make full use of the resources and activities described. The more these are used the more likely it will be that these services and activities can continue to be provided.

A “tour de table” was then conducted at which each national participant was asked to consider, in the light of the presentations made throughout the day, what they thought to be the most important issues to have emerged from the discussion. The following list of issues does not reflect any priority order.

- Action needs to be taken at the EU level to prevent the migration related social dumping that is currently taking place. A EU minimum wage should be established. (**NB** - it was explained by both the EU social partners and the experts present that establishing an EU minimum wage is beyond the legal mandate of the EU);
- In response to the explanation above it was emphasised that the issue of the low level of the Latvian minimum wage must be addressed one way or another;
- The Latvian employers’ organisation has been active in lobbying at the EU level. Improvements can still be made by learning from the recent experience of full participation at the EU level;
- Latvian employers and trade unions possess a limited capacity to react to EU level requests ... but together they do their best;
- Shortage of language skills is a particular constraint;
- Work on the implications for Latvia of the Services directive is a priority;
- The framework of the European Social Dialogue is one that Latvia can comfortably fit into;
- The Latvian social partners do not have problems with lobbying and influencing at the EU level. Their ability to influence national Ministries however is more of a challenge;
- Addressing sectoral human resource issues is difficult as there is frequently no employer counterpart. Relationships need to be built further with multinational employers;
- The quality of social dialogue differs from sector to sector. Experiences need to be shared, including the experience of counterparts from other countries;
- It is difficult to replicate the success stories of other member states, such as the Swedish, as Latvia and Sweden are worlds apart in terms of funding and support;
- The awareness of employers of the importance of social dialogue need to be raised so that trade unions and employers can work together more successfully;

- International training provided by the ETUC has been useful;
- In order to work better with international companies, employers and trade unions should work together to identify “owner enterprises”;
- In the absence of a legally defined EU minimum wage, the 25 social partners could reach an EU level agreement. In any event minimum social guarantees should be developed at the EU level.

The European level social partners and experts then commented on what they considered to be the most important issues and priorities for the Latvian social partners to consider. Their comments can be summarised as follows;

- It is a shame that there was not a better balance between employer and trade union representation at the seminar;
- It is unusual in any country to see both employers and trade unions supporting the idea of a European minimum wage. This is probably understandable given the problems that the migration of labour to better paying countries is creating in Latvia. UNICE, as an organisation, does not support the concept of setting wages through legislation and there is no consensus in the members of the ETUC on the desirability of a European minimum wage. Throughout Europe, national solutions to the minimum wage issue vary. Some countries have a legislated minimum wage. Others, such as Finland and Sweden, do not - and do not wish to establish one. Within the current Latvian context it should be possible to find a positive solution that will attract and retain people in the labour market;
- The Latvian social partners have made significant progress over the past year. Today it was possible to have a more EU focussed discussion and to identify issues and possible solutions;
- There seem to be three main challenges:
  - i) *Training and capacity building.* It is important to build on the language skills of young people and combine this with the experience of older technical experts;
  - ii) *Increasing influence.* Membership increases are needed in order to increase lobbying power with the Government. Social partner influence on Government will also increase if common positions can be established;
  - iii) *Maximising the use of limited resources.* Ensuring that all those involved in the social dialogue process at all levels are connected will

maximise timely information flows. Early views on issues are often more influential;

- Successes in bipartite collaboration on "Telework" and "Stress" are encouraging. This cooperation could be built on in addressing other issues raised today such as the problems of labour migration, minimum wage and taxation;
- Further capacity building is a priority for both social partners. The EU structural funds can be used for this purpose. The trade union working group discussed the need to raise public awareness of trade union activities. European funding is also available for projects of this nature.

### *Session five - "Discussion on priority needs and issues."*

For the future it will be important for the Latvian social partners to focus on a limited number of important issues. It is clear that the overriding concerns raised today are essentially national in character and relate to the connected issues of the minimum wage, tax rules and workforce migration.

At the end of the meeting, thanks were offered to all those involved in the preparation and conduct of the seminar.

**List of Appendices**

Appendix one	Seminar attendance list
Appendix two	Seminar agenda
Appendix three	European Social Dialogue: Agenda and Priorities for the Future
Appendix four	European Social Dialogue: Employer's Support Tools
Appendix five	European Social Dialogue: Trade Union Support Tools