



LITHUANIAN  
SOCIAL RESEARCH  
CENTRE

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**LITHUANIAN TRADE  
UNIONS IN THE  
EUROPEANIZATION OF  
INDUSTRIAL RELATIONS**





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## **Lithuanian Trade Unions in the Europeanization of Industrial Relations**

Vilnius, 2020

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This report was produced for the ARTUS CEE project (Articulation of the Trade Unions' Strategies on upward convergence of social standards in the enlarged European Union – voice of CEE countries) co-financed by the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

The opinions expressed in this report reflect only the author's view. The European Commission is not responsible for any use that can be made of the information contained therein.



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ISBN: 978-9955-531-68-5

### Publisher:

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## I. Introduction

This report is based on the desk research as well as on the survey of and *Focus Group* interview (FGI) and individual interviews (IDI) with experts and representatives of trade unions, carried out during the implementation of the ARTUS-CEE project<sup>1</sup>. Majority of the interviewees were trade union representatives from two main national trade union confederations with solid experience in international trade union cooperation and collaboration.

The survey and *Focus Group* interview was carried out on 12 June 2019 and the individual interviews took place one week before and one week after the *Focus Group* interview.

The survey questionnaires were answered by seven persons, five persons were participating in the *Focus Group* interview and two trade union experts were interviewed individually. The list of interviewees is presented in the Annex 1.

A number of general and specific issues were discussed with trade union representatives during the survey, *Focus Group* and individual interviews:

- General issues covered the following topics:
  - The place of the new MS of the CEE in the EU: what has changed in the economy and industrial relations since the accession? Whether and to what extent have been the expectations related to entering the EU fulfilled? What have been the major disappointments?
  - What do you (and the members of your organisations) think of the EU? Are they seen as 'us' or 'them';
  - European Social Model – myth or reality? Is catching up in terms of social standards ever possible? Or maybe what we will get is a 'race to the bottom'?
  - The Euro: what are the assessments (keep it/leave it/reform it, how)?
  - In course of international cooperation, have you noticed any issues that are seen in a different way by trade unions of the CEE and the 'old' MS? What brings the unions of 'new' and 'old' MS closer, what tears them apart?
  - Do you think that in discussions/decision-making at the European level (ETUC, ETUFs), the voice of trade unionists from CEE has the same weight as the one of unionists from the 'old' MS?
  - Are trade unions of the CEE able to cooperate/form coalitions vis-à-vis trade unions of the 'old' EU in case of major interest divide emerging?
  - Is the East-West divide still relevant? Or maybe you see other lines of division emerging?
- Specific issues covered the following topics:
  - What do you think about the European Social Dialogue?
  - What do you think about the European Pillar of Social Rights?
  - Describe your experiences with the EU-level institutions: ETUC, EESC, European Sectoral Federations, Tripartite Sectoral Committees;
  - Have the national trade unions built a sufficiently strong

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<sup>1</sup> Articulation of the Trade Unions' Strategies on upward convergence of social standards in the enlarged European Union – voice of CEE countries

positions at the EU level (in ETUC, EESC, European Sectoral Federations, Tripartite Sectoral Committees)? Have they ever (really) tried? • What are the main barriers the national trade unions face in the process of establishing themselves at the EU-level? Language problems? Financial shortages? Distance and/or hostility of the western unions? Any other? • What do inter-union relations in the multinational corporations (MNCs) present in your country look like? Do you think that TCAs would help in that regard? What do you think about the optional legal framework for TCAs? • In 2016/2017 in Slovakian and Hungarian subsidiaries of the major European car manufacturers there were wage-related strikes, with the demands to close the pay gap between the ‘new’ and ‘old’ MS. In your opinion, have those industrial actions made any impact on the discourse/language inside the trade unions and, more broadly, on the public opinion and political debate? Is the idea that ‘our wages should be higher, because our labour productivity is increasing (even though it is still not as high as in the West)’ gaining popularity?

The answers and opinions of trade union are presented in the 2nd and 3rd sections of this report.

The ARTUS-CEE is an EU funded project (VS/2019/0070), coordinated by the Institute of Public Affairs (Poland) and carried out in cooperation with researchers from Romania, Bulgaria, Lithuania, Slovakia and Slovenia. It focuses on discrepancies between positions of Eastern and Western trade unions on various issues discussed in the European social dialogue i.e. European minimum wage, EWC, TCA, posted workers and other.

## II. Overview of recent developments in the national industrial relations

### Industrial relations in Lithuania

*A brief introduction to industrial relations in Lithuania, with particular reference to the role of trade unions and the reference to the behaviour of multinational corporations*

Comparing to other EU Member States Lithuania can be regarded as country having one of the least developed systems of industrial relations. Trade union membership in Lithuania in general is quite low and during the last decade it has been steadily decreasing. According to Lithuanian Statistics, between 2006 and 2018 the number of trade union members in Lithuania fell from 115,7 to 86,6 thousand, with trade union density thus falling from 9.8 % to 7.1 % (the exception was only year 2009 when both – the number of trade union members and trade unions density – slightly increased).

Low trade union density, as well as a number of other related factors, determines the low collective bargaining coverage in the country. Lithuania is positioned towards the bottom of the EU ranking with regard to collective bargaining with coverage at 10-15% according to different data sources (ICTWSS, 2016; Eurofound, 2013; Eurofound, 2017).

The main national trade union organisations in Lithuania are: the Lithuanian Trade Union Confederation, which represents around 50,000 members (4.1% of Lithuanian employees), and unites 26 sectorial trade unions; the Lithuanian Trade Union ‘Solidarumas’, which represents around 14,000 members (1% of Lithuanian employees) and unites 19 sectorial and 20 regional trade unions; and the Lithuanian Trade Union ‘Sandrauga’, which represents around 10,000 members (0.7 per cent of Lithuanian employees).

According to the Labour Code of the Republic of Lithuania (LC), collective agreements in Lithuania could be concluded at five different levels: national or cross-sectoral; territorial; sectoral, including production, services and professions; employer or company; and workplace or plant. According to the LC the latter is possible only in cases stipulated in collective agreements concluded at the national, sectoral or company levels.

Even though the Labour Code provides for, and defines options for concluding, collective agreements at different levels, company-level agreements are not very common, but nevertheless dominant in practice. There are several recently (in 2017-2019) signed or amended sectoral collective agreements in the public sector, covering some remuneration issues, but their implementation is still in progress. Despite several general agreements signed between trade unions, employers' organizations, government and NGOs at the national level, there are no national-level collective agreements in Lithuania. Likewise, there is no articulation between the different levels.

The current situation is strongly influenced by the absence of industrial relations tradition at company level evidenced by the low trade union density, and is closely related to the poor financial and human capacities, including legal, analytical and organisational skills, of trade union organizations, which impedes collective bargaining development at company level (MLP, 2018). Though there is no particular research carried out on the issue, from the interviews with trade unions we may say that in general often in foreign, multinational companies conditions are more favourable for social dialogue comparing to the national ones.

The almost absent<sup>2</sup> collective (wage) bargaining at the sectoral level is determined by several factors, which differ between the public and private sectors. In the public sector all main employment and working conditions, including remuneration issues, are rather strictly regulated by national legislation; thus, there is little room for manoeuvre for sectoral collective bargaining. In the private sector, there is an incongruity between the respective structures of sectoral trade unions and sectoral employers' organizations that has prevented the parties from engaging in collective bargaining. Moreover, employers' organizations have been reluctant to take up the role of sectoral social partners and/or sign collective agreements, claiming the absence of a mandate from their members to do so (Blaziene, 2017).

Though there are actually no real (i.e. having significant impact on social and labour conditions in the country) national level collective agreements, the main national tripartite social dialogue institution – the Tripartite Council of the Republic of Lithuania – plays an important role in the decision-making process in the area of social and working life in Lithuania. The Council, together with specialised tripartite councils and commissions as well as tripartite councils under local municipalities is the main scene of interaction between public authorities and social partners (MLP, 2018).

## **The views of trade unions on the European integration process**

*The views of Lithuanian trade unions on the European integration process (including the adoption / not adoption of the euro)*

*The place of the new MS of the CEE in the EU: what has changed in the economy and industrial relations since the accession => Whether and to what extent have been the expectations related to entering the EU fulfilled?=> What have been the major disappointments?*

*The Euro: what are the assessments (keep it/leave it/reform it, how?)?*

In general, basing on the conducted interviews, we may conclude, that Lithuania's accession to the EU has greatly helped trade unions at all levels. According to trade unions, Western European (WE) partners were very friendly, providing various kinds of support (advisory, monetary, support in solving our internal problems, paying visits, etc.), and being paternalistic. Various trainings, consultations, involvement of Lithuanian trade union members in the activities of European trade union structures and confederations were particularly useful. However, it should be noted that, according to trade unions, initially there was some "cautious" approach towards Eastern and Central European (CEE) trade unions: "they wanted to better know and understand us, to see what

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<sup>2</sup> Only few recently signed sectoral collective agreements in the public (e.g. health care, education, social services) sector include some remuneration related clauses.

we can really do" (FGI – No 2). According to trade unions, those unions who were brave, open and involved in international activities prior to the accession gained the most from accessing the EU. Silo trade unions of the old (communist) type benefitted less: they lacked adequately trained people; their representatives often did not speak foreign languages and were not interested in European trade unions' activities (IDI – No 6).

Four-five years after the Lithuanian trade unions' involvement in the activities of European trade unions, the attitude towards CEE trade unions normalised: "We were increasingly judged on our actual abilities, our organisation and our professional competences. And our geographical affiliation was less strongly felt; the personal competencies of the representatives of different countries, the level of their activity, values and sectoral affiliations were gaining importance" (FGI – No 1). It can be said that the dividing line between CEE and WE trade unions has completely disappeared after the 2008-2009 crisis and there emerged interest groups, which were mainly geographically neutral. The same refers to elections to various leading positions: Focus Group participants claim to feel no neglect of CEE trade unions – they have been often asked if they have their candidates. Yet, it should be admitted that there are few Lithuanian representatives in the leading positions in EU trade union organisations/institutions. According to Focus Group participants, this is primarily due to the quality of trade unions' human resources in our country – few members have a good command of foreign languages; they lack long-term experience in (international) trade unions, adequate (legal, economic) training and, most importantly, they do not have charismatic people to land a leadership position (IDI – No 6). According to Lithuanian trade union representatives, if there is enhanced involvement of any of the Lithuanian representatives in various EU institutions, he/she is immediately noticed and more actively involved in managerial or organisational work. However, it is sometimes the case that CEE countries receive less attention.

Representatives of trade unions mentioned the main following advantages of Lithuania's accession to the EU: increased investment, increased financial stability of the country, increased assistance to trade unions' activities, activation of social dialogue in the country, and increased attractiveness and diversity of trade unions' activities.

According to trade union representatives, the main disadvantage of Lithuania's accession to the EU was a dramatic increase in migration outflows ("we have lost qualified employees and a large part of consumers"). As regards emigration, Lithuanian trade unions pointed out that Lithuania (until 2018) witnesses the most severe decline in the population due to emigration compared to other EU countries; during 2005-2017 migration balance on average was close to minus 25-30 thousand inhabitants per year; during all this period of time intensity of emigration (i.e. number of emigrated persons per 100 thousand inhabitants) in Lithuania was the highest among all EU countries. Trade unions deplored, that "sometimes not understanding of the interests of small countries is disappointing; economic interests often prevail over solidarity in decision-making; market mechanisms play too great a role" (IDI – No 6). According to them it would be honest to calculate and evaluate the price of Lithuanian investment into education of thousands of emigrants who moved to other countries and started to create added value for their economies using skills and qualifications acquired in the Lithuanian education system. Moreover trade unions noted, that

exclusively high emigration level had very negative impact on the age structure of Lithuanian society (share of persons younger than 35 years among emigrants were as much as three times higher comparing to this share in the whole Lithuanian population) as well as on quality of the labour force (supply of qualified labour decreased). Significant loss of domestic labour increased demand for and attractiveness of the immigrants in the Lithuanian labour market.

Representatives of Lithuanian trade unions had different views about the introduction of the euro. Negative views were more frequent as it induced increases in prices and a decline in the standard of living for some people (in particular, those living on social assistance or lower incomes). Trade unions also noted that “the state has lost the ability to pursue its own monetary policy and is forced to borrow more frequently” (FGI – No 1&2, IDI – No 7). Other trade union representatives were more positive about the introduction of the euro as they believed it increased the sustainability of the country’s financial system and reduced the risk of abuses. In addition, the introduction of the euro has had a positive impact on wage standardisation negotiations in various EU countries (IDI – No 6).

## **Trade unions’ positions in the socio-economic structure of the country**

*The comparison of trade union positions in the socio-economic structure of the country, before and after accession to the EU*

As already mentioned, the accession to the EU improved trade unions’ positions in the socio-economic structure within the country as well. Experience and knowledge gained from western partners before, during and after accession to the EU and active participation in various European structures and institutions as well as the role of social partners of “old” MS in the socio-economic structures of their countries and EU’s policy “pressure” for more significant role of social partners (including trade unions) in the national policy formation and implementation were the main factors influencing changes in Lithuania since 2004.

Lithuanian trade unions who played rather significant role through the active participation at the Tripartite Council already before the accession, since 2004 were even more included into various decision and policy making structures – various task forces, commissions, working groups and similar.

Obligation to provide information on the participation of social partners in the decision making process for various European institutions played also rather significant role in this process.

## **The impact of the economic crisis (2008+) on trade unions and collective bargaining outcomes**

*The impact of the economic crisis (2008+) on trade unions and collective bargaining outcomes*

As already mentioned trade union membership and density in Lithuania is decreasing for already more than a decade, however during a crisis it increased. As it was noted in the *Lithuanian trade unions: from survival skills to innovative solutions*, Lithuanian trade unions “tried to make sure that the worsening of the company’s financial situation would have as few negative effects on workers as possible. At the same time, they defended the interests of workers who faced redundancies, representing them in front of employers, labour dispute commissions and courts. Unions’ involvement in the

latter activities led to a situation in which non-unionised workers facing a threat of pay cuts or redundancies sought union membership in order to receive similar assistance and protection. In 2009, Lithuania witnessed the unusual phenomenon of a significant, instantaneous increase in trade union membership: the total number of salaried employees dropped by 8% year-on-year, whereas the number of trade union members increased by 3%". Unfortunately this quantitative increase did not result in a rise in collective bargaining coverage and, in 2011, the pre-crisis downward trend in trade union density resumed and unfortunately is continuing till nowadays.

However the crisis-related difficulties and permanently falling membership levels, encouraged trade unions to initiate a number of measures at the national level (where Lithuanian trade unions had rather strong positions). Just before, during or after the crisis national level trade unions: • heightened mobilisation and increased frequency of industrial action; • initiated a number of legislative amendments; • increased national and cross-border cooperation; • started to use more widely various campaigns and media-oriented instruments and so on (for more details see Blaziene, 2017). These initiatives altogether with other preconditions led to a more active social dialogue in the public sector, which ended with a number of signed sectoral collective agreements during 2017-2019 years.

On the other hand, despite some activation of trade union initiatives and some positive shifts in the outputs, same as in many other countries, in Lithuania increasing globalisation of markets and individualisation of labour relations enhances a number of new challenges for trade unions to survive.

### III. Articulation of trade unions' strategies on convergence of social standards in the EU

#### Quality of relations (CEE vs "old" MS) (Chapter 8)

*What do you (and the members of your organisations) think of the EU? Are they seen as 'us' or 'them'? Is the East-West divide still relevant? => Or maybe you see other lines of division emerging. For example: East and South vs North?*

*Quality of relations: CEE – "old" member states within of European trade union structures at different levels.*

In the opinion of the representatives of Lithuanian trade unions, in general, there have been no serious/considerable controversies in the East–West (We–They) relationship. However, the differences of values remain and interests that are not permanent in their nature are becoming more and more apparent. We can say that we are getting more alike (FGI – No 1, 2&3), but diversities in values remain. For example, “Eastern countries less support LGBT initiatives, pay less attention to climate changes” (IDI – No 7), oppose (or are more moderate about) EU’s refugees policy, are less focused on the integration of immigrants.

One of the more marked differences between Eastern and Western trade unions is their awareness (IDI – No 6). Eastern trade union representatives (except for, perhaps, Polish, Slovakian and Slovenian trade unions) are often less informed about new EU initiatives, EU-level solutions, and are more likely to be influenced by various lobby groups. This is due to the fact that in most CEE countries trade unions do not have their analytical centres, have limited domestic cooperation, do not have time to analyse foreign experience or study documents or analytical material produced by EU institutions and SPs. This Eastern “information gap” has narrowed significantly since the EU accession, but is still affecting the activity of CEE trade unions at EU level (IDI – No 6). Trade union representatives also mentioned certain characteristics (e.g., modesty) and temperaments of CEE countries, which may also contribute to their lower involvement in the activities of EU-level institutions and international trade unions, but these differences are becoming less important over time (IDI – No 6, FGI – No 5).

According to trade union representatives, differences in CEE trade unions’ positions are increasingly dependent not on the East–West (We–They) relationship, but on the trade union’s representative representing the CEE country or on the trade union he/she represents, i.e. whether the representative (1) belongs to an “old” (Soviet-type) trade union or a “new” trade union (formed after the declaration of Independence). The “old” trade unions are more isolated and more conservative, whereas the “new” ones are more open, and their activities are more based on modern principles of the EU social dialogue (although trade unions recognise that the situation is gradually

changing in this area: new leaders are coming and trade unions are renewing); (2) belongs to Christian trade unions, the attitudes and positions of which are in many cases different from other, more “secular” trade unions; (3) has sectoral trade union affiliation (trade union representatives point out that sectoral affiliation is often more important than geographical or even conceptual one, i.e. trade unions in one and the same sector may be more often in solidarity with EOs in their sector than with other trade unions).

## **Protectionism/isolationism of Western trade unions (Chapter 5)**

*The problem of protectionism/isolationism of Western trade unions (is it a real phenomenon in the opinion of trade unionists with CEE or not?)*

According to Lithuanian trade union representatives, the problem of protectionism and isolation of WE trade unions is not very relevant and has no significant influence on trade unions' activities at EU level. Some manifestations of isolation or protectionism are felt only on individual points or in solving individual problems.

For example, as regards the convergence of social security standards, WE trade unions (particularly, Scandinavian and Dutch) do not support the initiatives of setting uniform EU standards for fear of losing higher standards that currently apply in those countries. According to TU representatives, WE trade union representatives sometimes do not even attend the meetings and ignore them (FGI – No 2&3). A similar situation can be seen when some healthcare issues are put on the agenda (FGI – No 1). On the other hand, Italian, Spanish, Portuguese trade unions support CEE's efforts towards uniform standards in the area of payment for work and social security.

According to TU representatives, some protectionism of WE trade unions manifests when it comes to issues relating to the construction, transport and industrial sectors (IDI – No 6&7). Here it occasionally happens that WE trade union representatives are more supportive of the interests of their employers than the interests of CEE trade unions (IDI – No 6). Likewise, requests or comments from Lithuanian trade unions or trade unions of other CEE countries are not always adequately or expeditiously addressed when adopting EU-level recommendations (FGI – No 5).

In sum, Lithuanian trade union representatives nonetheless are of the opinion that clear, open divisions between East and West are steadily narrowing, and there is increasing mutual understanding between East and West.

## **European social model (ESM)**

*European Social Model – myth or reality? Is catching up in terms of social standards ever possible? => Or maybe what we will get is a ‘race to the bottom’?*

ESM is supported by all Lithuanian trade unions which find it to be an excellent project/prospect for the development of European countries (IDI – No 7). The European Social Model, in the words of Prof. Jeremy Rifkin, is a sort of dream and vision which EU nations strive to implement. However, according to trade union representatives, Lithuania is increasingly departing from the ESM principles. On the one hand, there is a lack of demanding approach and greater

responsibility for implementing the ESM principles, in particular, responsibility of the European Commission and stronger impact (or even pressure) on the Member States (IDI – No 6). In the context of the implementation of the ESM provisions and principles, there should be one joint responsibility rather than separate responsibilities of the EU and of Lithuania (national-level). National actions in the context of the implementation of the ESM should to be more closely monitored and controlled at EU level (IDI – No 6). On the other hand, there is “new slavery” emerging from CEE countries; ESM is a realistic model but it does not always work in CEE countries (e.g., in Lithuania, Latvia, Romania, Bulgaria). Due to the spread of “new slavery”, the ESM principles “drown” in the neoliberal market, promoting Euroscepticism and the activation of various populist and nationalist movements in these countries (IDI – No 7).

According to trade union representatives, the Lithuanian government often supports various ESM initiatives but does not implement them in reality. For example, with regard to active ageing, since 2016, Lithuania has not produced any national report on the issue and actually has not carried out any targeted activities. In a situation like this, any individual EU initiatives become meaningless (FGI – No 1&4).

## **European social dialogue (ESD) as a tool to build common standards (Chapter 6)**

*The possibility of using the European social dialogue as a tool to build common standards within the EU;  
What do you think about the European Social Dialogue?*

Lithuanian trade unions are positive about the ESD as a tool to build common standards within the EU. Most trade unions highlighted it as “an authoritative level of social dialogue development that encourages and disciplines national governments and employers” (IDI – No 7). According to trade union representatives, national trade unions can learn from the ESD and adopt some of its tools, initiatives or practices. National trade unions often rely upon European SP initiatives and organise various national debates and meetings on this basis, which, in turn, serve social dialogue development in Lithuania.

According to the representatives of Lithuanian trade unions, all Lithuanian trade unions are quite united and take efforts to work together in pursuit of common interests (this substantially strengthened four-five years ago) (IDI – No 6), but the problem in Lithuania and other CEE countries is that national governments often use social dialogue for their own needs and interests, or even simulate social dialogue processes: SPs are being increasingly involved in discussions and development of various measures, but the implementation of the measures envisaged is underemphasised and/or underfinanced. An example illustrating such a situation is a national tripartite agreement on reforms necessary for the country’s progress signed by the Lithuanian government, employers and trade union representatives on 16 October 2017. Prime Minister Saulius Skvernelis was convinced and stressed that this document would reinforce social dialogue and benefit society as a whole. However, there was no specific action plan prepared for the agreement, and at the end of 2018 there was no report on the progress of the agreement and the results achieved.

Therefore, in the opinion of Lithuanian trade unions, it is expedient to strengthen ESD initiatives by giving them the status of normative documents wherever possible and to press harder

national governments for the decisions or agreements of the European SP to be implemented. At this stage, the “top-down” development of social dialogue (e.g., through EC Recommendations or other EU legislation) can be very beneficial for CEE countries, as real dialogue between employees and employers is still lacking power and governments tend to take the employers’ side (IDI – No 7).

## **European pillar of social rights (EPSR) (Chapter 7)**

*Expectations for a European pillar of social rights*

*What do you think about the European Pillar of Social Rights?*

According to Lithuanian trade unions, the EPSR is a very positive initiative and a very useful document – “it would be worse without it” (IDI – No 7). On the other hand, trade union representatives believe that in Lithuania (and in most other EU countries) many of the areas covered by the EPSR have been implemented and function well. Therefore some of the provisions/items are rather declarative in nature. Lithuanian trade unions unanimously note that the document lacks “political toughness” (IDI – No 6); it is too “soft” and passive. If its contents and/or character remain unchanged, there is a risk of it becoming a mere declaration, a sort of a “nice wishes” list. According to trade unions, it is appropriate to increase the role of the EC in ensuring the implementation of the relevant social guarantees at national level. The 15-year membership of Lithuania and other CEE countries in the EU has shown that mere knowing is not enough to effectively address social issues at national level. Lithuania is a good example of how political declarations may be at odds with real actions by governments: with the stable economic growth since 2010, income inequality in Lithuania reached the highest level in the EU in 2015; poverty remains at persistently high rates, the public sector remains persistently underfunded, and health care and general education continue showing poor indicators. The efficiency of the use of European structural funds is not much better. Representatives of Lithuanian trade unions agreed that the ideas of the EPSR correspond to the interests and needs of people in CEE countries, but as ideas they are not new, are well known and much is being done or have already been done in this regard in the Member States. The main problem identified by the Lithuanian trade union representatives is the implementation mechanisms for the EPSR ideas, their linking with financial instruments and the effective control/monitoring of their implementation.

## **European minimum wage (EMW) (Chapter 1)**

*The idea of a European minimum wage*

Lithuanian trade unions strongly support the idea of EMW. With GDP and productivity growth significantly outpacing wage growth until 2017, Lithuania seems to have very favourable conditions for the implementation of this idea. Payment for work is a rather sensitive issue in EU trade unions’ cooperation, but the introduction of EMW would be a perfect example of implementing EPSR provisions and ensuring the values of Social Europe. According to the Lithuanian trade union representatives, the agreement on and the implementation of the EMW (probably not in all countries simultaneously, but within three-four years) would clearly demonstrate the understanding

of European solidarity. However, there is no consensus on this issue among EU trade unions. The introduction of the EMW is most strongly opposed by trade unions with very high minimum wage, such as Scandinavian trade unions. In Scandinavian countries, the idea of the EMW is more supported by employers than by trade unions. That is understandable, because the introduction of the EMW may reduce the social guarantees won by employees in the area of payment for work in those countries. Therefore, this issue calls for wider debate in order to find mechanisms that would encourage Scandinavian trade unions to support the idea of the EMW.

## **Posted workers and social dumping (Chapter 4)**

*The problem of posted workers (and highly mobile employees – e.g. in the international road transport) in the context of the so-called social dumping*

Lithuanian trade unions are against “social dumping” and support the need to pay immigrants at rates set in the country where they work. With a view to limiting the irresponsible use of immigrant labour in the EU labour market, it could be presumed that EU internal international migrants are paid 40-50% more than the projected national rate (IDI – No 7). However, such regulation would encourage the employment of third-country immigrants in EU countries, which could have an even greater negative impact on the EU labour market. Lithuania’s position on this issue is also supported by trade unions from other CEE countries (except maybe Polish trade unions which attitudes towards social dumping – according to evaluation of some representatives of Lithuanian trade unions – is too liberal). However, as regards the practical implementation of those provisions, it is appropriate to apply different time-frames for such transitions to different sectors. It is natural that, in accordance with the principles agreed upon by EU trade unions, employees should be receiving equal pay for equal work, but in reality the difference in pay for the same job (both skilled and unskilled) can make up to 10 times in the EU. In such a situation, it is irrational to require an immediate switch to equal pay.

Likewise, in the opinion of Lithuanian trade unions, it is appropriate to distinguish between two essential aspects in this discussion. Do we want to ensure the implementation of the principle of “equal pay for equal work” and fight more for the living standards and fair pay of immigrant workers, or do we seek those requirements to make the employment of immigrants even more unattractive and thereby drive them out of national labour markets? Most often, discussions on posted workers do not emphasise the distinction between those different aspects of the problem. In order to effectively address the issue, it is appropriate to: (1) distinguish between “immigrants” from EU countries and those from third countries; (2) provide for different conditions for different sectors; (3) provide for a gradual transition to “equal pay for equal work”. In the opinion of Lithuanian trade unions, only such a complex solution will allow harmonisation of the EU-level positions of Eastern and Western trade unions and employers with the EU policy on payment for work (in line with the EPSR provisions) and political declarations.

The use of immigrants (especially from Ukraine) has been constantly expanding in the Lithuanian labour market in recent years (since 2015), particularly in the construction and transport sectors,

but the variety of their employment is steadily increasing. Wages and living conditions of immigrant workers are usually poorer than those of local workers and there are cases of non-payment for work.

According to trade union representatives, “Lithuanian carriers are still experiencing only losses as a result of the Mobility Package”. Trade union members cannot understand whether this initiative is supposed to improve the working conditions of CEE drivers or exclude CEE carriers from the European markets (FGI – No 3&4). The trade unions’ representatives find it strange to require that vehicles would be returned to the carrier’s country of origin every month.

## Social dumping (Chapter 9)

*How do trade unions perceive the notion of “social dumping”?*

Trade unions see social dumping as a situation where, as a result of an increase in the number of workers (due to the supply of immigrant labour), employers no longer raise wages to local employees, stop improving their working conditions and limit social guarantees. However, the influx of foreigners (immigrants), mainly from former Soviet countries, has led to the worst form of social dumping in some construction and transport companies in Lithuania: employers simply replace local workers with foreigners who agree to work for lower pay than local workers and care less about working conditions and employment relationships. Instead of increasing their business innovativeness and raising production efficiency, concurrently raising wages and motivation of local workers, employers import cheap labour with the permission of the Government, whereas redundant Lithuanian workers have no option but emigrate. According to trade unions, Lithuanian employers often cheat on foreigners (immigrants) who do not know the official language and Lithuanian laws. According to the unions, it is common that upon arrival to Lithuania foreigners have to change the employment contracts they have made in their home country due to supposed “non-availability of the promised job” and to work for lower wages and under worse conditions. Trade unions say, that foreigners frequently do not receive even that reduced payment for work: wages are often reduced for alleged or real defects, breaches of legal or illegal rules of work or similar things, or even by forging their signatures on pay slips<sup>3</sup>. On the other hand it should be noted that the aforementioned trends are not the overarching – from our personal contacts and experience we may state that there is a number of TCN (Ukrainians, Byelorussians, other) who are fully satisfied with the working and living conditions in Lithuania.

In the opinion of Lithuanian trade unions, “social dumping” has a very negative impact on the economic and social development of the country. On the one hand, it discourages employers from improving their means of production, technologies and work organisation methods. On the other hand, it discourages investment in human capital and reduces the attractiveness of the labour market for national workforce. According to trade union representatives, “social dumping” in EU countries could be at least partially curbed by the introduction of EMW and other European social standards.

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<sup>3</sup> R. Garuolis. Lithuanian Trade Union ‘Solidarumas’ proposes how to reduce social dumping, <http://alkas.lt/2018/09/10/lietuvin-profesine-sajunga-solidarumas-siulo-kaip-stabdyti-socialini-dempinga/#more-358855>

## Cross-border cooperation (Chapter 3)

*Cross-border cooperation with other organizations, including the coordination of collective bargaining as a tool to strengthen the national level of bargaining*

CEE trade union representatives have a better understanding of the problems and social dialogue specifics of the region. They frequently share the same views on various issues. According to TU representatives, differences usually occur at sectoral level and in relation to employers or NGOs. TU representatives from CEE countries more often cooperate and consult each other at international level. This, in turn, promotes cross-border cooperation, increases opportunities to invite neighbouring trade union representatives to their events, and to consult each other on internal issues. One of the problems in developing trade unions' activities in Lithuania is the lack of cooperation within the country (FGI – No 4). National-level trade unions have little joint measures, still lack information exchange practices (in particular, about international meetings or participation in the activities of European trade union institutions), and do not organise joint training or conferences. In this context, cross-border cooperation is a useful tool for increasing domestic mobilisation of trade unions, as foreign experts or partners often want to meet representatives of different trade unions, request information from different sectors, and thus encourage internal collaboration among trade unions.

Cross-border cooperation is not a new practice in the activities of CEE trade unions. Trade union organisations from different countries have long-established close cooperation relationships (through the implementation of joint projects, e.g. between Lithuanian trade union "Solidarumas" and Polish NSZZ "Solidarność"), but this form of cooperation could be even more developed in the future (e.g. by initiating more joint projects or implementing various ESF-funded cross-border initiatives). Involvement of foreign trade union representatives/ experts in CB (both at company and higher level) significantly strengthens the bargaining positions of trade unions, particularly where experts already have positive experience in similar activities in their own country and have good knowledge of the situation in our country. Although this type of cooperation is still limited, Lithuanian trade unions believe that cross-border cooperation should become an important tool for strengthening national-level CB.

Certainly, EWCs is an important actor in this area, however trade union representatives also noticed that in some cases EWC might not always be an effective tool and trade unions try to develop alternative channels to exchange information and share experiences among each other. Example of such an alternative channel is a kind of trade unions networks (often initiated and supported by EU level actors, e.g. EFFAT). Such networks unite trade union representatives (shop stewards) of subsidiaries of one transnational company from various counties (e.g. such networks are in Phillip Morris, Mondelez). Members of such networks meet time to time all together and share information on collective agreements, working time arrangements and other issues important for employees in various countries. According to trade unions they are very much satisfied with such cooperation and believe that it will continue in the future as well.

## Influx of foreign capital and its impact on the IR (Chapter 10)

*What have been trade unions' reactions to the influx of foreign capital (FDI) and its impact on the IR system?*

According to trade union representatives, the impact of foreign capital on social dialogue and trade unions' activities depends on the country of origin of the capital. Capital from more liberal-oriented countries and China is less friendly to trade unions' activities. Trade unions are established and collective bargaining takes place in such companies rarely even though wages and salaries in these companies might be even higher comparing to other similar companies. Capital from EU countries, in particular from WE countries, is more trade union-friendly. Employers in this group have good knowledge of social dialogue and its benefits to the company, encourage collaboration with employees, and actively invest in working conditions and employee satisfaction in the workplace. Employers in liberal-oriented countries are more focused on profit growth and pay less attention to social issues.

However, trade unions pointed out important issue, that FDI also differs significantly if taking "just any FDI" and if taking "global, well-known names". The important feature is that "global, well-known" companies usually care much more about their good name and reputation, which makes it easier to work/cooperate with them than with other foreign or national-capital companies. To develop social dialogue in global companies, the employers often provide documentation from their parent organisation, which helps them find a common language more quickly and develop mutual relationships more harmoniously (FGI – No 4&5).

However, trade unions stressed that it is not uncommon for FDI (even – for "global well-known") companies in Lithuania to behave less responsibly than in their country of origin, and trade unions in their home countries provide no assistance to Lithuanian trade unions in resolving conflicts, even though they have solutions of a considerably higher quality applicable in the area of working conditions in FDI country of origin (FGI – No 3). Example was provided about Telia company, which has an agreement on salaries of all subsidiaries, however in this agreement very different levels of salaries are set for different countries and, unfortunately, this is "accepted as a norm" (FGI – No 5).

Another problem in this area mentioned by trade union representatives is the knowledge and working methods of local (Lithuanian) managers working within FDI companies. As a rule, they have little knowledge of social dialogue and social responsibility and are strongly focused solely on the maximisation of profits. As a result (due to growing profits and other production indicators), they often earn trust from investors, but the social situation and trade union's activities in the company begins to deteriorate, with subsequent negative economic consequences (drop of productivity, staff shortages, etc.). Owners and/or stakeholders often even do not know about the real situation in the area of social dialogue in their companies and about unsocial behaviour of their managers. Actually trade unions mentioned even some cases (e.g. Statoil), when Scandinavian investors themselves fostered establishment of trade unions as it is usual for their corporation culture.

In general, it is of note that the processes of economic globalisation work against trade unions and national interests. European employees are not satisfied with the situation where production is made in China or South Asia, sold in Europe, and taxes are paid in "tax havens"; European

employees often feel being exploited (IDI – No 7), as this exacerbates inequalities and undermines social development in European countries. According to trade union representatives, the lack of money for social policy and the public sector in EU countries is due not to low production, but to the lack of tax revenues. In Lithuania, tax-to-GDP ratio is approximately by 12% below the EU average. Therefore, spending on social security and public sector are also among the lowest.

## **Importance and developments of TCA (Chapter 2)**

*The importance and (expected) development trends of TCA*

*What do inter-union relations in the multinational corporations (MNCs) present in your country look like?*

*It is not only about EWCs (where they exist) but also about the relations outside of them => Do you think that TCAs would help in that regard? => What do you think about the optional legal framework for TCAs?*

As already written above, in Lithuania – country with rather weak traditions of social dialogue and industrial relations – in MNCs in general conditions are more favourable for social dialogue comparing to the national ones.

From the survey and interviews with trade unions' representatives we may conclude that all respondents and Focus Group participants stated that "*it is beneficial for employees to negotiate and conclude agreements by trade unions with the central management of transnational corporations (TCA)*". All trade union representatives also pointed out, that "*the legislative framework contained in EU law (directive, regulation or decision) is needed to strengthen the impact of TCA*".

## IV. Summary and conclusions

To sum up the information provided by the representatives of trade unions, it can be concluded that Lithuania's accession to the EU had a positive impact and intensified trade unions' activities at all levels. Western colleagues had greatly contributed to the training and education of Lithuanian trade unions and provided various sorts of assistance already prior to the EU accession. Following the Lithuania's accession, there was a certain distance between Western and Eastern trade unions, as Western colleagues looked at their Eastern partners with some caution; they wanted to know them better, to understand their situation and capabilities. Several years later, however, Lithuanian trade unions said to have been equal participants in cooperation processes and relations – representatives of Eastern trade unions have been active in various international committees, commissions and working groups, and have been elected to leadership positions. According to trade union representatives, geographical differences between trade unions decreased over time, but value-based and sectoral differences became more pronounced. Divergences in values include LGBT-related issues, trade unions' standpoints on immigrants/refugees from third countries, and climate change. Sector-based differences in the standpoints appear to be particularly strong (e.g. in the construction, transport, food sector) with trade unions being more likely to be in solidarity with their sector employers than with other trade unions. Trade union representatives also noted that trade unions representing richer Western and/or Scandinavian countries are reluctant to discuss social security and wage standardisation.

One of the more marked differences between Eastern and Western trade unions is their awareness. Eastern trade union representatives (except for, perhaps, Polish, Slovakian and Slovenian trade unions) are often less informed about new EU initiatives, EU-level solutions, and are more likely to be influenced by various lobby groups. This is due to the fact that in most CEE countries trade unions do not have their analytical centres, have limited domestic cooperation, do not have time to analyse foreign experience or study documents or analytical material produced by EU institutions and SPs. This Eastern "information gap" has narrowed significantly since the EU accession, but is still affecting the activity of CEE trade unions at EU level.

It should be also noted that when Lithuania accessed the EU, representatives of CEE trade unions often lacked sufficient knowledge of foreign languages, had no deeper knowledge of EU (labour) law, had little knowledge of social dialogue theory and European social partnership traditions. This had some negative effects on the effectiveness of their involvement at European level. Yet, this situation changed quite soon, and the competencies of CEE trade union representatives improved significantly after few years. In this context, trade union representatives point out

that in order to increase the activity and efficiency of CEE trade unions in the EU institutions, national trade unions must pay adequate attention to the development of their leaders who are able to play an active role at international level. Thus, to sum up the views of trade union representatives, divisions between “old” and “new” trade unions in Europe are narrowing, positions on various issues are converging, and there is a greater mutual understanding and trust.

Lithuanian trade unions welcome the ESM and EPSR initiatives. EU policies in this area help them in their negotiations with the Government and employers for more social justice, better social security and decent payment for work. However, the vast majority of trade union representatives in the Focus Group and those interviewed individually expressed some dissatisfaction with European initiatives being too “soft” and their implementation at national level being too liberal; they lacked control of the national commitments made and the demanding approach from the EU. Although Lithuania has long been allocating the least financial resources to social protection, inequality in the country remains one of the highest in the EU, and poverty and many other social problems are not diminishing, the reaction from EU institutions has been generally mild. Against this background, Lithuanian trade unions are of the opinion that it is appropriate to provide for operational control and impact mechanisms in order to translate the commitments made into real guarantees and to promote relevant positive developments in national policy.

## Annex 1

### Participants of Focus Group and individual interviews

Participant No	Input	Organisation	Position
1. BA	Focus group	Lithuanian Trade Union Confederation, Health care sector	President of sectoral trade union
2. GG	Focus group	Lithuanian Trade Union Confederation, Food sector	President of sectoral trade union
3. RR	Focus group	Lithuanian Trade Union 'Solidarumas'	Deputy Head of the LTU 'Solidarumas'
4. JP	Focus group	Lithuanian Trade Union 'Solidarumas'	Deputy Head of the LTU 'Solidarumas'
5. DŠ	Focus group	Lithuanian Trade Union Confederation	Project manager
6. TB	Individual interview	Lithuanian Trade Union Confederation, Educational sector	Head of international activity
7. RG	Individual interview	Lithuanian Trade Union 'Solidarumas'	Secretary General of LTU 'Solidarumas'

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