

LATVIA

Trade Union Monitor

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POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

POLITICAL CONTEXT

During the Covid-19 pandemic several crucial amendments of the Labour Code were adopted, as well as Covid-19 restrictions and related norms, reflecting the »new normal« in Latvia.

For example, an employer must give employees the opportunity to work remotely if the nature of their work allows it. Remote work is work that is carried out continuously or regularly outside the workplace, including work that is carried out using information and communication technologies (ICT). Work that by its nature involves regular travel is not considered remote work for the purposes of this Act. If the work has to be carried out at the workplace, the employer is obliged to take measures to contain the spread of Covid-19 and to provide the necessary personal protective equipment (PPE). The employer is also obliged to inform employees about the measures taken in the workplace to contain the spread of Covid-19. UNI Europa's »Key Union Principles for Ensuring Workers' Rights in Remote Work« are also relevant to union work.

The Covid-19 law has also played an important role in resolving disputes between workers and employers during the pandemic. The aim of the law is to create a legal order that provides appropriate measures to ensure the rights and obligations of private individuals consistent with public health and safety and the efficient functioning of state and local administration. According to the Covid-19 law, the rights of private individuals may only be restricted if public security risks related to the spread of Covid-19 cannot be effectively eliminated by applying the provisions available under the existing general legal procedures. However, as soon as there is no longer an objective need to maintain measures restricting the rights of individuals, these restrictions must be lifted (Article 3 of the Covid-19 Law). Chapter II of the Covid-19 law sets out the rules for the working environment.

The Covid-19 law makes vaccination »mandatory« for people working in the public sector. According to Section 7/3 of the Covid-19 Law, the employer determines to which posts or categories of workers (public servants) the requirements and conditions of the laws and regulations regarding the need for vaccination or a certificate of recovery apply, and informs the worker (public servant) about that. They are obliged to inform the employer whether they have been vaccinated or have a certificate of recovery and to present the said certificate to the employer in accordance with the procedures laid down there. While this norm has been challenged by some populist political parties, it is still in force and continues to help fight Covid-19 (including the Delta and Omicron variants).

The Covid-19 law also stipulates that an employee can be fired if he/she is not vaccinated or does not have a certificate of recovery required for his/her (office, service) job. A dismissal is considered justified if the employer is unable to transfer the employee to another suitable place of work (office) or to ensure the fulfillment of his/her work duties (office, service) remotely as provided for in laws and regulations or for other objective reasons. The employer has the right to suspend or furlough the employee (civil servant) from work (office, duty) pending the submission of a vaccination or recovery certificate if the employee is at fault for the illness. The employer is also not obliged to pay the employee for the period of suspension or vacation. With the exception of public administration, the employer has the right to withhold wages for the duration of the suspension. It is forbidden to suspend employees from work (office, service) for a period of more than three months.

Other important changes to the Labor Code were passed on 9 June 2021. For instance, Article 61 provides for administrative penalties for non-compliance with the provisions of the general collective agreement on minimum wages. The monthly minimum wage within normal working hours, the minimum hourly rates and the procedures for reviewing the monthly minimum wage are determined by the Cabinet of Ministers and general collective agreements. The monthly

minimum wage for normal working hours (from 1 January 2021) is currently EUR 500 per month. In accordance with the law, wages cannot be lower than the minimum level set by the state. The social partners can agree on a higher minimum wage in collective agreements. Latvian unions support the Decent Minimum Wage Directive, which aims to ensure that wages are decent and at least 60 percent of the national average wage.

As of 1 August 2021, Article 109 (2) no longer prohibits the employer from terminating the employment contract in the event of an employee's disability (exceptions: incapacity to work as a result of an accident at work or an occupational disease).

ECONOMIC AND SOCIAL SITUATION

The impact of the Covid-19 pandemic on the economic and social situation in Latvia is quite worrying. In November 2021, Latvia had the worst Covid-19 infection and death rates in the world due to sluggish vaccination and an overburdened healthcare system. This situation and in particular the restrictions on economic activities, such as lockdowns, have severely affected tourism and hospitality. Almost all were forced to stop work, leading to job losses and corporate restructuring. Now hospitality and other industries are struggling to recover and face a new challenge: gas and other energy costs. The labour market has been massively impacted by the restrictions of Covid-19, rapid digitalisation and the organisation of remote work. The situation has been escalated by Russian aggression and threats against Ukraine and related processes affecting the Baltic States and Central and Eastern Europe in general.

The average unemployment rate in Latvia is 6.0 percent. It has increased over the past two years due to the pandemic. The highest unemployment rate is in the Latgale region (on the border with Russia and Belarus) at 14.1 percent, while the lowest rate is in Riga at just 4.2 percent. Due to the slow progress in vaccination, employers lack workers with the required certificates (vaccinated workers in so-called »green zone« companies). Workers' wages and income have also been affected by high inflation (4–5 percent) and the high cost of living due to high prices for energy, gas and public utilities.

All of this has reduced the purchasing power of workers. The struggle for health, jobs and a clear vision for the future continues. People are waiting for good news and recovery. Latvian exporters have remained competitive but more government support is needed due to the energy crisis and Covid-19 losses. GDP is expected to grow by 4.3 percent in 2021, 3.6 percent in 2022 and 4.8 percent in 2023. Private consumption will lead the rebound, buoyed by unspent past government benefits to households, pent-up demand and the associated take-up of precautionary austerity measures. Exports will remain resilient despite global shortages in some key components. Unemployment will gradually decrease from 2022 and approach pre-crisis levels. Inflation will moderate but remain above 2 percent.

TRADE UNION CONTEXT

On 3 December 2021, the Free Trade Union Confederation of Latvia (LBAS) held its ninth congress, at which the priorities for the next congress period were determined. Congress approved the LBAS Activity Report for 2016–2021, the Audit Committee Report, the LBAS Bylaws, the LBAS Strategic Objectives for 2021–2026, and two resolutions. In the resolution on young people, the LBAS drew attention to the possibilities of involving them in unions and their education and training policies. In the second resolution, the LBAS called on the government to increase incomes through wage increases and fair tax policies, take measures to boost recovery after the Covid-19 pandemic, promote tripartite social dialogue and protect rights and to protect workers' interests.

The LBAS Congress re-elected Egils Baldzēns as President of the LBAS, along with two deputies from the Union for Science and Education and the Union for Railways.

After the Congress, one affiliate – LSAB PRO – left the LBAS. LSAB PRO had not received a zoom invitation for the LBAS Congress in time, in LSAB PRO's view position of LBAS on vaccinations was too »flexible« and gave too little support for vaccinations and a number of other internal issues were in the eyes of LSAB PRO not sufficiently transparent and democratic. Thus LBAS membership declined and it lost one of its most progressive members.

TRADE UNIONS IN LATVIA – FACTS AND FIGURES

HISTORICAL OVERVIEW

At the end of the 1980s, the transition from a Soviet-style planned economy to a capitalist market system was initiated. The adoption of the Declaration »On the Restoration of the Independence of the Republic of Latvia« by the Supreme Court of the Latvian SSR on 4 May 1990 played a decisive role in the establishment of the new Latvian trade unions.

Only a few weeks later, on 25 and 26 May 1990, 26 trade union organisations founded a new trade union federation, the Free Trade Union Confederation of Latvia (Latvijas Brīvo Arodbiedrību Savienība, LBAS), which replaced the previous umbrella organization, the »Republican Trade Union Council of Latvia«, in order to defend common interests and achieve goals. A new era of trade union development began. Some elements of the earlier system, such as B. the pyramidal organisational structure based on a single national-level organisation, remained unchanged.

A new legal basis for trade unions was stipulated by the Law on Trade Unions, adopted on 13 December 1990, and the LBAS Statutes. The Law laid down the definition of trade unions in Latvia as follows: »Trade unions in the Republic of Latvia are independent public organisations, which express, represent and protect labour and other

social and economic rights and interests of their members.« International law is also referred to: trade unions must observe the principles and norms specified in the Universal Declaration of Human Rights and other international covenants and conventions.

In the period 1990–1993 Latvia experienced a sharp economic decline. Some trade unions ceased to exist, others merged or were absorbed by stronger ones. LBAS was tasked with providing humane living conditions for people suffering from the political and economic changes. A characteristic feature of this period was the dominance of the centrally-oriented system, with an independent LBAS at the centre and independent trade unions and federations of trade unions around it. Trade unions outside this system did not play a significant role. In 1991, LBAS affiliates (sectoral trade unions) had 1,300,000 members, in 1993, 624,000 and in 1995, 320,000. After 1995 the decline in trade unions membership was gradual, but slower and in 2015 LBAS affiliates had 96,000 members. The latest figures from the end of 2021 include approximately 58,000 members at the enterprise level. In LBAS member unions, 9.7 percent of employees and 15.4 percent of all employees are covered by collective agreements.

After accession to the European Union in 2004 trade unions became eligible for financial assistance from EU Structural Funds, which provided an opportunity to improve trade union capacities in terms of expertise, training, research and consultation. It is crucial for trade union and social dialogue development in Latvia to improve the socioeconomic environment and slow the brain drain from Latvia to western European countries.

On 1 November 2014, a new trade union law came into force, which lays down general provisions for the establishment and operation of trade unions and their federations, as well as the principles for the cooperation of trade unions with employers, employers' organisations and their federations, and state and local institutions.

LBAS is a member of the European Trade Union Confederation ETUC and the International Trade Union Confederation ITUC.

TRADE UNION LANDSCAPE

The central trade union confederation is the Free Trade Union Confederation of Latvia (LBAS). However, the LBAS is stagnating and gradually losing members. Although almost all major branch unions are affiliated to LBAS, there are also some smaller ones that are not affiliated. At the end of 2021, the LBAS had 19 member organizations and around 58,000 members. Earlier, after the 2021 Congress, one affiliate, the union of ICT, post and telecom workers, LSAB PRO, left the LBAS, mainly because it felt the confederation was not giving enough support to the vaccination campaign. The LBAS is not strong and modern enough to meet the expectations of members and workers, especially in the private sector.

In the last years, trade unions have invested more in education and training to move people from a post-Soviet attitude to a European social dialogue orientation and to increase trust in trade unions in general. The ETUC, together with its research institute ETUI has invested heavily in building the intellectual capacity of unions, in leadership development (including women) and in renewal. Despite this, LBAS is gradually losing its position as the central trade union in Latvia because it is unwilling to change and most of its leaders are of retirement age. If there is to be trade union renewal in Latvia, a new generation must emerge and transform the trade union movement.

According to Latvian law, a single trade union can be formed by at least 50 people. Although Latvian trade unions have been weakened by the sharp rise in unemployment in recent years, more than 345 unions were registered in the trade union register in 2021 (compared to 295 unions in total in 2017). The number of trade unions is therefore increasing nominally.

Trade unions in Latvia are traditionally organised by branch. Due to massive digitalisation and the »new normal«, Covid-19 has led to considerable turbulence and a realignment of the industries. Unions are prevalent in the public sector, including education, health, social work, public transport and local government. Unions are weakly represented in the private sector. The trade unions are mostly made up of local organisations in the individual workplaces.

Table 1
Main trade unions confederations in Latvia

Trade Union Confederation	Chair and Vice Chair	Members	International memberships
Latvijas Brīvo arodbiedrību savienība LBAS (Free Trade Union Confederation of Latvia)	Chair: Egils Baldzēns Vice Chair: Gita Os-kaja, Anda Grinfelde	58,000	ITUC, ETUC

Table 2
Main sector federations and individual trade unions in Latvia

Sector federation / trade union	Confederation	Chair and Vice Chair	Members	International memberships
Latvijas Izglītības un zinātnes darbinieku arodbiedrība LIZDA (Latvian Education and Science Workers' Union)	LBAS	Chair: Inga Vanaga	24,000	EI / ETUCE
Latvijas Dzelzceļnieku un satiksmes nozares arodbiedrība LDzSA (Latvian Railway and Transport Industry Union)	LBAS	Chair: Savelijs Semjonovs	10,000	ITF / ETF
Latvijas Veselības un sociālās aprūpes darbinieku arodbiedrība LVSADA (Latvian Health and Social Care Workers' Union)		Chair: Valdis Keris	8,000	PSI / EPSU

WORKING CONDITIONS OF TRADE UNIONS

Trade unions in Latvia are regulated by the Labor Code and the Law on Trade Unions adopted in 2014. It improved the legal framework for trade union activities, the principles of co-operation with employers, state and local government institutions, prevented inconsistencies with other national laws and ensured consistency with international documents. There are currently 42 ratified ILO conventions and one protocol in force in Latvia.

The Labour Code provides a comparatively high degree of protection for trade union members. Both union representatives and ordinary members can only be dismissed with the prior written consent of the relevant trade union (Article 110 of the Labour Code and the Trade Union Law). If the union does not give its consent, the employer can take the issue to court, which in practice means a two-year process. The law also states that the performance of the duties of an employee representative, either in the capacity of a trade union representative or as authorised workplace representative, shall not be the grounds for dismissal or any other form of discrimination.

Employee representation at the workplace is organised either through unions or through elected workplace representatives. Union representatives and authorised workplace representatives are both legally regarded as employee representatives and both have essentially the same duties and responsibilities. Both are involved in information and advice processes and both can participate in collective bargaining.

Latvian legislation defines the issues that can be covered by collective agreements, including work organisation, pay, health and safety and internal working procedures. In practice, the

agreements usually regulate wages and bonuses, holidays and working hours, and issues related to redundancies, especially collective redundancies. According to data from 2009, the most important issues covered by collective agreements are working hours (89 percent of collective agreements), additional remuneration (20.3 percent) and work-life balance or gender policies (18.7 percent), while 32 percent of contracts relate to remuneration for union activities.

Apart from agreements with regional authorities, in practice there are only agreements at sectoral and enterprise/organisational level. The enterprise level is clearly dominant. According to the OECD, collective bargaining coverage in Latvia was below 14 percent in 2016. Bargaining does not exist for large parts of the private sector and there is no reliable information on the use of collective agreements in SMEs, which represent more than 99 percent of all companies.

TRADE UNIONS AND THEIR CORE TASKS

Collective bargaining is a core task of the trade unions also in Latvia. Both workplace representatives and trade unions are involved in the information and consultation processes and both can participate in collective bargaining, but in the latter case preference is given to trade unions and negotiations with the employee representatives only take place if there is trade union representation in the enterprise. However, with low levels of union membership and reluctance among employees to elect representatives, most private sector workplaces have no employee representation at all.

Collective bargaining can be conducted at branch, regional and enterprise or organisational level. Latvia has a poorly developed tradition of concluding collective agreements at in-

dustry level (general collective agreement). So far, several general collective agreements have been concluded in Latvia. In 2006 an agreement was signed between the Employers' Association of the Latvian Railway Industry and the Latvian Railways and the Union of Railway Transport in Latvia. The agreement regulates wages, indexation, allowances and additional social security for employees (additional leave, additional rest days). In 2017, a general collective agreement for health and social care was signed. It improves the working and rest time conditions of medical practitioners, social workers, social work specialists, social caretakers and educators, wages and social guarantees, as well as support for improving the qualifications of employees. The most recent general collective agreement in the construction industry came into force on 3 November 2019. It sets the minimum wage in the industry and bonuses for workers who complete industry-related training.

Internally, the trade union movement has one fundamental task: the modernization, renewal and enlargement of its membership. Unions should be responsible for representing workers everywhere in the workplace; otherwise, elected enterprise representatives »replace« the unions and even conclude collective agreements with the employers. However, the power to conclude collective agreements should only be vested in the unions. Latvia could develop a similar system as in Germany, in which only the unions have the possibility to conduct collective bargaining and conclude collective agreements, while the works councils ensure that the applicable laws, regulations, accident prevention regulations, collective agreements and company agreements are complied with.

TRADE UNIONS AND THEIR (POLITICAL) WEIGHT

The National Tripartite Cooperation Council (NTSP) provides a framework for discussions between employers, unions and government in Latvia. Employees are represented on the Council by a single trade union organisation, LBAS, and employers by the Employers' Confederation of Latvia (LDDK). The Council discusses labour legislation and can play an important consultative role in developing the Latvian system of industrial relations. It is also consulted about the minimum wage. The issues consulted on within the framework of social dialogue have expanded over the years. However, the NTSP has lost its previous importance. Today it mainly participates in formal consultations, which focus primarily on the areas of education and health care.

With regard to international cooperation, since 1991 LBAS has stressed the importance of international action and made international cooperation a priority. The most important LBAS international cooperation partner since 2003 has been ETUC. LBAS is the only officially recognised organisation representing workers and their representatives at European level, so ETUC involvement in decision-making is very important and also binding for LBAS. LBAS has been active in the ETUC committees, notably the Social Dialogue Committee, the Workers Involvement and Enterprise Policy Committee, the Social Pro-

tection Committee, the Health and Safety Committee, the Education and Training Committee, the Collective Bargaining Committee and wage coordination and others.

LBAS is also a member of the International Trade Union Confederation (ITUC) since 1997 and the Baltic Sea Trade Union Network (BASTUN) since 1999. In 2018, LBAS chaired BASTUN. LBAS is represented in many different bodies of the European Union and the International Labor Organisation ILO.

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