

# **2024–2028 ACTION PLAN TO PROMOTE SOCIAL DIALOGUE AND COLLECTIVE BARGAINING**

## **CHAPTER I**

### **GENERAL PROVISIONS**

1. The purpose of the 2024–2028 Action Plan to Promote Social Dialogue and Collective Bargaining (hereinafter referred to as the Action Plan) is to encourage social dialogue and the conclusion of collective agreements in the private and public sectors, with a priority focus on the private sector.
2. To achieve this goal, the following objectives are set:
  - 2.1. To improve the competencies of entities participating in social dialogue and collective bargaining and to develop their capabilities;
  - 2.2. To inform the public on issues related to social dialogue, collective bargaining, and the conclusion of collective agreements;
  - 2.3. To monitor the situation and progress in social dialogue and collective bargaining;
  - 2.4. To implement legislative initiatives;
  - 2.5. To encourage consultations between state and municipal institutions and social partners.
3. The Action Plan is prepared considering the 2021–2030 Development Program of the Ministry of Social Security and Labour of the Republic of Lithuania for an inclusive labour market, approved by Resolution No. 929 of November 10, 2021, “On the Approval of the 2021–2030 Development Program of the Ministry of Social Security and Labour of the Republic of Lithuania for an Inclusive Labour Market.” It also considers the description of Progress Measure No. 09-001-02-09-01 “Promote the Empowerment of Social Partners to Participate in Social Dialogue,” approved by Order No. A1-910 of the Minister of Social Security and Labour of the Republic of Lithuania on December 30, 2022, the provisions of Directive (EU) 2022/2041 of the European Parliament and of the Council of October 19, 2022, on adequate minimum wages in the European Union, and the Council Recommendation of June 12, 2023, on strengthening social dialogue in the European Union.
4. The terms used in the Action Plan are defined in the Law on Associations of the Republic of Lithuania, the Labour Code of the Republic of Lithuania (hereinafter referred to as the Labour

Code), the Law on Trade Unions of the Republic of Lithuania, and the Procedure for the Registration and Public Disclosure of Collective Agreements, approved by Order No. A1-334 of the Minister of Social Security and Labour of the Republic of Lithuania on June 29, 2017, “On the Approval of the Procedure for the Registration and Public Disclosure of Collective Agreements.”

5. The Action Plan will be reviewed two years after its approval.
6. The Action Plan, including all its amendments and updates, will be made public, and the European Commission will be informed accordingly.

## **CHAPTER II**

### **ANALYSIS OF THE CURRENT SITUATION OF SOCIAL DIALOGUE**

7. The scope of collective bargaining in Lithuania is low and unchanged. For example, in 2023, out of 1,349,709 employees, collective agreements covered 304,337 employees (22.5%). This rate in Lithuania is one of the lowest compared to other EU member states. Since 2020, the scope of collective bargaining in Lithuania has remained relatively unchanged, with collective agreements covering about one-fifth of Lithuania’s workforce.
8. In the private sector, only a small number of collective agreements are concluded—just 30 percent of all agreements. The majority—70 percent—are concluded in the public sector. Most of these agreements are found in institutions providing education, training, and social services, as well as in cultural, environmental protection, healthcare, transport, police, and other institutions, companies, or agencies. In 2023, there was an increase in collective agreements within the utility services and education sectors. According to a 2023 analysis by the Ministry of Social Security and Labour of the Republic of Lithuania, collective agreements cover various employee benefits, such as flexible and individualized work hours, more favorable study leave compensation than provided for by the Labour Code, additional leave days, health improvement days, transport to work, and social partnership support measures (e.g., funds allocated by employers for trade union activities, paid time off for trade union members to attend union events). There are also provisions beneficial to employers (e.g., alternative or extended overtime beyond that set by the Labour Code, often agreeing on a limit of 220–250 overtime hours per year). These agreements additionally include commitments for trade unions to conduct various surveys among their members on stress reduction measures at work, report union membership numbers, and more.

9. Most collective agreements are concluded at the employer level. In 2023, 88 employer-level agreements, five sectoral agreements, one territorial agreement, and one national agreement were registered. Since the majority of agreements are at the employer level, Lithuania's collective bargaining system is considered highly decentralized. In countries where collective agreements cover at least 80 percent of employees (Italy, Austria, France, Belgium, Finland, Sweden, and Denmark), there is a strong tradition of sectoral or national-level collective agreements.
10. Very few collective agreements are concluded in rapidly growing sectors. Trends within the European Union indicate that fewer collective agreements are made in the services sector than in manufacturing, utility services, or transportation. To achieve a collective agreement coverage rate of 80 percent of workers, it is essential to increase collective agreements within the services sector, which employs a growing number of workers.
11. The national collective agreement significantly increases the scope of collective bargaining. In 2022, a national collective agreement was signed, which is valid for three years until the end of 2025. In 2024, this agreement applies to around 66,000 public sector employees, while in 2023, it covered approximately 58,000 employees. National trade union organizations, along with the Ministry of Social Security and Labour, review and update this agreement annually, applying it to new trade union members who joined after the signing date. The annual renewal of the agreement strengthens trade unions, enhances collaboration between the government and unions, and provides union members with various benefits directly linked to increased opportunities for rest, professional development, and other advantages.
12. There is a lack of democracy in employment relations. The European Foundation for the Improvement of Living and Working Conditions (Eurofound) evaluates the quality of social dialogue based on an employment relations index (industrial democracy, industry competitiveness, social justice, and quality of work and employment) ([Measuring key dimensions of industrial relations and industrial democracy \(2023 update\)](#)). Since 2008, there has been convergence in Lithuania's employment relations index, meaning this index lags behind the European Union average, though it is growing faster than the general average of countries. In the 2018–2021 evaluation of employment relations, Lithuania scored 43.8 out of a possible 100 points. Social dialogue at the employer level (representation of employees in the workplace, information provided to employee representatives, the amount and frequency of information provided, opportunities for employees to express opinions about the organization, and the impact of employee representatives

on company decisions) was rated relatively positively, with a score of 61. The lowest scores for Lithuania were in employee rights (32.7 points), evaluated based on the rights to employee representation on corporate boards, the rights of works councils, and the right to strike.

Based on these indicators, Lithuania belongs to the "market-oriented governance" group. This group scores very poorly in employment relations democracy, with uncoordinated and decentralized collective bargaining systems. Economically liberal countries with low capital taxes, weak market regulation, and favorable trade conditions belong to this group (Cyprus, Ireland, Malta, the Baltic states (Estonia, Latvia, and Lithuania), Bulgaria, and Poland). Works councils or representative bodies operate on a voluntary basis (even if regulated by law, there are no legal sanctions for non-compliance). Additionally, in most of these countries, employee representatives are not appointed to the management bodies of legal entities.

### **13. Experience of Foreign Countries with Collective Bargaining Coverage Exceeding 80%:**

**13.1. Lithuania does not apply an extension of collective bargaining coverage.** In France, a mechanism called the extension decree enables the government to expand a collective agreement to an entire industry. Thus, even companies not directly involved in negotiations must comply with the agreement's terms (ILO, 2022). This mechanism ensures that more than 98% of employees in France are covered by collective agreements, though only about 8% belong to trade unions (compared to 8.5% in Lithuania). While Lithuanian law allows for the potential extension of collective agreement coverage, the International Labour Organization identifies Lithuania as a country that has yet to implement this provision (ILO, 2022). Extending the scope of collective agreements is one of the most effective ways to increase coverage, especially where relatively few employees belong to unions. Strengthening the competencies of employee representatives is also vital to ensuring high-quality social dialogue and collective agreements.

**13.2. Collective bargaining is supported by the right to strike.** In Sweden, where 88% of employees are covered by collective agreements, solidarity strikes—where workers take action not solely for direct interests—are permitted (Eurofound, 2016). In Finland, with 90% coverage, both solidarity and political strikes are allowed, and strikes can be organized by unions or groups of workers (Teollisuusliito, 2024). Slovenia, where bargaining coverage is at 80%, permits strikes not only for collective bargaining but also for socio-economic issues. In these countries, the right to strike is seen as essential to effective social dialogue.

In Lithuania, only a trade union can call a strike, and only in the case of a collective interest dispute when negotiations fail to establish a collective agreement or amend an existing one. A strike is considered an *ultima ratio* measure, meaning the last resort, so the Labor Code (Article 243) requires parties to first attempt resolution through a dispute commission, mediation, or arbitration. Additionally, a strike must have the support of a quarter of the employees. Since 2000, when strike statistics began being collected, until the end of 2022, there have been 1,374 strikes in Lithuania—739 warning strikes and 635 full strikes. No strikes were organized in 2020 and 2021. The majority (99.2%) of strikes were organized by employees of educational institutions. In the European Union, from 2010 to 2017, an average of 17 days were lost to collective strikes per 1,000 employees. During this period, Cyprus had the highest average days lost due to strikes at 316, followed by France with 125 days, Belgium with 98 days, and Lithuania with only 5 days (Chart: Where European Workers Go On Strike Most Frequently | Statista).

**13.3. Public procurement rules can foster social dialogue.** In Norway, under the latest amendments to the Public Procurement Act, contracting authorities are required to ensure that the wage and employment conditions in companies participating in public procurement competitions are no less favorable to employees than those established in generally applicable collective agreements or national collective agreements for the respective industries (Wikborg Rein (2023) Amendments to the Public Procurement Act – strengthened measures (wr. no)). Similar rules exist in Croatia, Cyprus, the Czech Republic, Ireland, and the Netherlands. If there are no relevant industry or national collective agreements, public procurement can give preference to companies that have signed company-level collective agreements. Such rules are established in Croatia and Slovenia, which have the highest coverage of collective agreements in Eastern Europe (Croatia – 47%, Slovenia – 80%). This encourages companies to engage in collective bargaining and adhere to the requirements of collective agreements, preventing social dumping and competition based on low labor costs (UNI Europa (2024) How policy can strengthen (multi-employer) collective bargaining in Europe. uni-europa\_bargaining.pdf).

**14. The gig economy presents challenges for workers' rights.** The rise of non-standard forms of employment has significant implications for union organization. For example, temporary workers often hesitate to join unions, as they may soon leave the company. Regulating labor markets to reduce non-standard employment (in the Netherlands, Slovakia, and Sweden), halting public sector privatization (the Netherlands, Sweden), addressing unemployment (Sweden), combating bogus

self-employment (Sweden), and policies that improve security for certain worker categories (e.g., migrants) could encourage union membership (UNI Europa, 2024).

15. **Benefits for union members can strengthen social dialogue.** The provisions of collective agreements, if provided by law, can apply not only to trade union members but also to employees who are not members of the union. In such cases, non-union employees can freely benefit from the advantages provided to trade union members after collective bargaining. One way to encourage union membership is to reduce the costs of joining a trade union. In Belgium, trade union membership fees are partially compensated by annual tax-free trade union benefits, which can cover a significant portion of the annual membership fees. Currently, these benefits are typically negotiated in sectoral or company collective agreements, and therefore, they are funded by the employer (S. V. Doninck (2022) Treatment of membership fee: Individual decision of the VAT authority is possible (ey.com)).
16. **It is necessary to enhance the competencies of employee and employer representatives.** A European Union-funded project, *Developing Social Dialogue to Create Quality Jobs and Improve Competitiveness* (No. 07-022-P-0001), launched in 2024, aims to advance social dialogue to create quality jobs and increase competitiveness. It seeks to develop the skills and capabilities of employers and unions, improve the perception of social dialogue's importance, emphasize education on social dialogue, and encourage union membership and collective agreements. The project prioritizes the private sector and also encourages membership in employers' associations, with a project duration from 2024 to 2027.

### SECTION III

#### IMPLEMENTATION AND FUNDING OF THE ACTION PLAN

17. The implementation of the Action Plan is coordinated by the Ministry of Social Security and Labour of the Republic of Lithuania.
18. The responsible parties designated in the Action Plan submit information on its implementation to the Ministry of Social Security and Labour within 15 days after the end of each calendar quarter.
19. The measures outlined in the Action Plan are funded by resources from the 2021-2027 European Union Fund Investment Program, general allocations approved in the state budget of the

Republic of Lithuania for the institutions responsible for implementing the Action Plan, and other funds obtained according to legal provisions.

#### SECTION IV

#### OBJECTIVES, MEASURES, ALLOCATIONS, AND RESPONSIBLE EXECUTORS OF THE ACTION PLAN

Measures	Implementation Period	European Union Funding (2021–2027) (thousand EUR)	Lithuanian State Budget Funding	Responsible Implementers
<b>Objective 1:</b> To enhance competencies and develop the capabilities of participants in social dialogue and collective bargaining				
<b>1.1</b> Roundtable discussions for employee and employer representatives at territorial and sectoral levels on collective bargaining, negotiation skills, leadership, and labor law; roundtable discussions to strengthen social dialogue at sectoral and territorial levels, addressing specific issues in each sector and region	2024–2027	97	-	Lithuanian Employers' Confederation, Lithuanian Trade Union "Solidarumas," Lithuanian Trade Union Confederation, Ministry of Social Security and Labor

<b>1.2</b> Training for employee and employer representatives on labor law, occupational safety and health, working conditions, wage rates, work standards, pay conditions, collective bargaining, the establishment of social partner organizations, and other topics	2024–2027	567	-	Lithuanian Employers' Confederation, Lithuanian Confederation of Industrialists, Lithuanian Trade Union "Solidarumas," Lithuanian Trade Union Confederation, Ministry of Social Security and Labor
<b>1.3</b> Training for trade union and employer organization representatives focused on issues specific to different sectors and municipalities, work condition specifics, pay system nuances, and strengthening skills in social dialogue, labor law, economics, financial literacy, digital skills, remote work formats, etc.	2024–2027	688	-	Lithuanian Employers' Confederation, Lithuanian Confederation of Industrialists, Lithuanian Trade Union "Solidarumas," Ministry of Social Security and Labor
<b>1.4</b> Conferences on topics of social dialogue, sector-specific issues, sustainability, and more	2024–2027	107	-	Lithuanian Employers' Confederation, Lithuanian Confederation of Industrialists, Lithuanian Trade

				Union "Solidarumas," Lithuanian Trade Union Confederation, Ministry of Social Security and Labor
<b>1.5</b> Consultations on social dialogue (social partnership system, representation of employees and employers in collective bargaining, requirements for pay systems, and other labor law topics) for employee and employer representatives and the public	2024– 2028	397	-	Lithuanian Trade Union "Solidarumas," Lithuanian Trade Union Confederation, State Labor Inspectorate, Ministry of Social Security and Labor
<b>1.6</b> Consultative events on labor law topics (preparation of collective agreements)	2024– 2028	-	-	State Labor Inspectorate, Ministry of Social Security and Labor
<b>Objective 2:</b> To inform the public on social dialogue, collective bargaining, and collective agreements				
<b>2.1</b> Media publications (social networks and press) to promote the benefits of social dialogue and highlight successful examples	2024– 2028	132	-	Lithuanian Employers' Confederation, Lithuanian Confederation of Industrialists,

				Lithuanian Trade Union "Solidarumas," Lithuanian Trade Union Confederation, Ministry of Social Security and Labor
<b>2.2</b> Radio programs on social dialogue topics	2024–2027	33	-	Lithuanian Confederation of Industrialists, Lithuanian Trade Union Confederation, Ministry of Social Security and Labor
<b>Objective 3:</b> To monitor the status and progress of social dialogue and collective agreements				
<b>3.1</b> Studies on the state of social dialogue in Lithuania	2024–2027	64	-	Lithuanian Employers' Confederation, Lithuanian Trade Union "Solidarumas," Lithuanian Trade Union Confederation, Ministry of Social Security and Labor
<b>3.2</b> Analysis of the scope of collective agreements	2024–2028	-	-	Ministry of Social Security and Labor

and collective bargaining in Lithuania				
<b>Objective 4:</b> To implement legislative initiatives				
<b>4.1</b> Preparation of draft amendments to labor laws and other legal acts related to collective bargaining	2024–2028	-	-	Ministry of Social Security and Labor
<b>Objective 5:</b> To encourage consultation of state and municipal institutions with social partners				
<b>5.1</b> Informing state and municipal institutions about consultation with social partners	2024–2028	-	-	Ministry of Social Security and Labor
<b>Total funds</b>	2024–2028	2,085	-	-