

# uatuc info



Union of Autonomous Trade Unions of Croatia

No.3 Jan/Feb 2009



## In this ISSUE

### 2 Social Dialogue fails on Labour Law



### 4 Antirecession measures



### 6 Ban on Sunday work

### 9 No Progress with Slovenia



### 10 Washington IFIs meetings



### 11 Interview: Ana Knežević



Dear readers,

Although the economic crisis painfully permeates the entire pores of the Croatian society, the Government of the Republic of Croatia is still reluctant to take any measures to deal with the crisis and its imminent negative effects. It continues with its policy "see no evil, hear no evil, say no evil", probably also due to local elections to take place in May. The trade unions and the employers fear that the cure, if prescribed too late, will be of no help.

The amendments process of the Labour Code has seen 'Copernican Revolution', with employers' withdrawing, all of a sudden, from the negotiations process and accepting the unfavourable draft Law, contrary to the agreement with the trade unions.

Although some concerns still remain, shipyard privatization was finally agreed, with the criteria to the satisfaction of trade unions and workers.

Long-fought battle for Sunday work ban was finally won with the adoption and application of the new Law, albeit with much criticism of the corporate, and partially general public.

Controversial health reform was implemented, and stumbled in its first weeks, due to doctors' boycott.

Slovenian blockade is still pressing the Croatian accession negotiations, and it further spills over on the sphere of the accession to NATO. We are calling upon both Slovenian and Croatian political elites to find a solution before the relations between the two friendly nations are seriously and permanently endangered, and European integration process of the whole region threatened.

These and many more issues are dealt with in the latest UATUC INFO. <<



*Dijana Šobota*  
Head of UATUC International Department

## SOCIAL DIALOGUE FAILS ON LABOUR LAW



Although social partners have not reached consensus on disputable provisions regarding the regulation of the working time, which were proposed by the Government in the draft Labour Law, the Government of the Republic of Croatia has nevertheless sent the Law in the parliamentary procedure. The Law has been sent to adoption in the Parliament by urgent procedure and was listed as 23rd item on the agenda of Parliament session which is taking place between January 28 and February 13.

At the same time, Government asked from the social partners to continue negotiations and try to reach consensus on open issues by the time Parliament starts discussing the law (which was supposed to give two weeks to the social partners to reach a consensus). Government promised to accept and send to the parliamentary procedure as its own amendments all solutions agreed by the social partners during that period.

Concerning the fact that the Labour law is the basic legal document in the field of regulating working conditions and its importance for the future development of the working relations in Croatia, trade unions asked from the Government to send the Law to the Parliament by regular instead of urgent procedure. This would provide enough time to open a public debate to inform the citizens about the changes that the new Law brings. Likewise, this would enable needed time for strengthening the administrative capacities of the relevant state institutions - the fact which will play significant role in the quality of the Labour Law implementation.

During the mentioned two-week period, trade union confederations held several meetings with the representatives of the Croatian Employers' Association. The meetings signaled that negotiations are headed in good direction, although most disputable questions remained open.

Therefore, trade unions found extremely disappointing the notification received on February 9 from the Croatian Employers' Association, stating that the Council of the Croatian Employers' Association expressed its satisfaction with the draft Labour Law as proposed by the Government, rejecting any further negotiations with the trade unions. Moreover, Croatian Employers' Association even rejected the amendments that were already agreed between them and the trade unions, which made the past two weeks complete waste of time! The Union of Autonomous Trade Unions of Croatia is utterly disappointed with the kind and manner of the social dialogue that Croatian Employers' Association is conducting. Certain change in the situation came the next day, February 10, when trade unions received notification from the Prime Minister stating that the Government is withdrawing the Labour Law from the parliamentary procedure for the time. This Prime Minister's move is in line with his announcements that the draft law will be withdrawn if the trade unions and employers fail to agree on disputable issues.

The Government sent the Labour Law to the parliamentary procedure without consensus among the social partners, but eventually had to withdraw it after pressure from the trade unions.

Trade unions are, among other, unsatisfied with the draft Labour Law because of the following reasons:

- Introducing flexibilisation of the regulation of the working time to the disadvantage of the workers,

As Croatian Employers' Association suddenly decided to withdraw from negotiations on Labour Law, trade unions are demanding direct negotiations with the Government.

- Introducing individualisation in the regulation of the working relations, which disadvantages the workers as a weaker side which will not be able to negotiate favourable working conditions but will have to accept those offered by the employer - this will badly influence the trade unions because will enable that working conditions for significant number of workers will be negotiated and contracted on individual basis,
- Introducing opt-out regarding the regulation of the working time which is imposing the obligation for the workers to work more than 48 hours, etc.
- Continuation of the use of fixed-term employment contracts which does not prevent abuses and successive uses of these contracts, which are detrimental for the safety of workers.

The leaders of the two trade union confederations at the joint press conference held on 10 February expressed their astonishment with the employers' "Copernican Revolution" i.e. their withdrawal, stating that during the three weeks of negotiations the majority of disputed issues were settled and the only remaining issue was temporary employment and short-term contracts. All of a sudden, the Croatian Employers' Association concluded that the draft Law, as proposed by the Government and sent in the Parliamentary procedure, is acceptable for them and that they do not have the need to continue negotiating with the trade unions. This is yet another sign of the lack of good will and the interest to adopt the law which would be for the benefit of both the workers and the employers. The Union of Autonomous Trade Unions of Croatia and the Independent Trade Unions of Croatia, after the Croatian Employers' Association abandoned the negotiations and agreements on disputable elements of the final draft labour law with the trade unions, demanded direct negotiations with the Government of the Republic of Croatia, in order to adopt the Law as soon as possible. <<



## ANTIRECESSION MEASURES - DO WE HAVE THEM OR NOT?

It was early January when UATUC leaders warned that, unlike most other European countries, Croatia still had not adopted any concrete national antirecession measures. Being the first among the social partners to do so, UATUC presented a set of concrete measures to protect purchasing power of the citizens and stabilize shaken trust in the economic system.

Suggested measures included moratorium on raising all prices influenced by the Government, as well as simultaneous cutting down the expenses of administration system, relating to the level of taxes, surtaxes, all kinds of contributions from salaries, all kinds of communal fees and all other expenses paid by households and companies. Furthermore, UATUC suggested setting up of a warranty fund with the aim of supporting SMEs, and issuing public tenders for concession partnerships for state infrastructure projects as to attract private investors and keep the employment and economic activity going. UATUC suggestions also included adoption of a law that would determine the highest level of interest rates that the banks could charge to their clients, as well as setting up a framework for possibility of reprogramming unfavourable loans due to currency fluctuations.

In the meantime, the Government has asked the Institute of Economics in Zagreb to develop a comprehensive antirecession programme. Institute of Economics suggested that Croatia is not in position to use the antirecession models based on increasing state investments in infrastructure and stimulating demand by decreasing taxes, due to the high level of foreign debt and its high annuities to be paid during 2009.

Instead, suggested measures included lowering all expenditures of the state budget except the ones important for fighting the crisis, as well as significant decrease in the state deficit and funding of the deficit on the foreign markets, as to leave available domestic funds for the private sector. Fiscal measures also included horizontal decrease in advance payments of the profit tax, decreasing all non-tax tolls, redirecting state aid to the SMEs and export sectors and ensuring regular payments of the public sector to the economy as to prevent generating crisis of liquidity. Additional funds should be ensured for the credit lines of the Croatian Bank for Reconstruction and Development aimed at export sectors.

With regard to the labour market, the Institute, among other, suggested harmonizing provisions of the collective agreements on wage raises with the actual state of the economy and temporary suspension of the mechanisms for the increase of the minimal wage specified in the Act on Minimum Wage adopted last year.

Although a comprehensive antirecession programme was long awaited, its future remains uncertain. Even before the programme was officially presented at the meeting of the Economic Council, the Presidency of the ruling HDZ declined most of the suggested measures and Finance Minister Ivan Šuker stated that amending budget was not an option and that levels of wages, pensions and social benefits would not be decreased. However, few days later on TV-debate Šuker stated that Government actually accepted most of the proposed measures.

Whatever the future of the measures suggested by the Institute of Economy, its critics, including the trade union experts, claim that they do not present a set of temporary measures for fighting the crisis, but rather a concept for essential and structural changes out of which some should have been done long ago (and no matter of the crisis) and other are direct

Although a comprehensive antirecession programme was long awaited, future of the measures proposed by the Institute of Economics remains uncertain. In spite of unceasing public discussion on how to fight the crisis, clearly articulated and focused antirecession measures are still missing.

threat to the level of social protection provided by the state.

The measures are primarily focused around the problems of the deficit and opportunities for funding the state, which are important issues, but not directly related to the protection of the purchasing power and standard of living of the citizens. For the trade unions, especially unacceptable is the fact that beside the budget deficit, suggested measures mostly deal with the labour market, while no measures aimed at money or goods market are anticipated. Because of the fact that the burden of the crisis and fiscal consolidation is not equally distributed between all social groups, trade unions are not in a position to unconditionally support proposed programme. <<

## SHIPYARD PRIVATIZATION FINALLY AGREED

Trade unions are finally satisfied with the agreement reached between the Government of the Republic Croatia and the European Commission on the criteria for the privatization of shipyards, although some concerns still remain after the Government Vice-President's statement that "there are still some questions to solve on the political level".

After the meeting with the Commissioner for Competition Neelie Kroes on 20 January, Government Vice-President Damir Polančec stated that the big improvement has been achieved with the agreement that criteria for choosing the best offer will not be only the price offered. Furthermore, the "price" will not include only the amount of the money offered for the shares, but also the part of shipyard's debts the potential buyer will be ready to pay and the amount he will be ready to invest in the company.

Asked to clarify if the EC has accepted the proposition that potential buyers should also submit a five-year business plan, accompanied with the plan of restructuring and plan of investment, and expressly point out the amount they are ready to invest in the company, Polančec said that "generally speaking this has been agreed".

This kind of agreement will ensure the future of the shipbuilding industry in Croatia, although the privatization tenders will not be able to ask warranty for keeping the activity of the company, said President of the Metalworkers' Trade Union of Croatia Ivo Marjanović.

Only a month before trade unions threatened with demonstrations and strikes if the Government fails to ensure the survival of the shipbuilding industry in negotiations with Bruxelles, but now they are satisfied with recent developments and are expecting that this agreement will be respected during publishing of privatization tenders, which is expected to take place in March. <<



## BAN ON SUNDAY WORK



As of 1 January, the new Law on Commerce, which bans work on Sunday, came into force. According to the new Law, Sunday work in the commerce sector is allowed during the tourist season between 1 June and 1 October, as well as in December, from 7:00 to 14:00h. Petrol stations and shops on border crossings, train and bus stations, airports, ports and rest areas on highways are excluded from the ban. The Law also does not apply to the news-stands, bakeries and similar objects.

The Law on Commerce, with special emphasis on Sunday work, has been discussed on several occasions during the last 11 years. The two basic presumptions behind the trade union proposal to ban Sunday work were that the same workers who worked the whole week worked also on Sundays, and that Sunday was as a rule overtime work and Sunday work, which was not (adequately) paid. This led to unbearable situation for workers, in physical, health and mental terms. Their productivity became questionable with the very fact that 85% of newly-employed workers are

employed on fixed-term basis; these people live in fear. On the other hand, they are exhausted, victims of burn-out.

It took 18 months for this last version to be accepted by both the Government and social partners. As visible from its provisions, the reached solution is also the result of a compromise. In the first weeks of its adoption and even today, the Law has met serious criticism, mostly thanks to the fact that it was written before the start of the financial and economic crisis and that some employers warn that the cost of this law could be more than 20,000 workplaces in the commerce sector. For their part, the trade unions have declined this kind of predictions, claiming that Croatian commerce sector already employs smaller number of workers per square meter than European average and that Sunday work was not carried out by hiring additional staff, but by overtime work of regular employees, which, moreover, was not being properly paid. Furthermore, trade unions disagree with employers' predictions that this Law could lead to mass dismissals. The opinion of both the unions and the Government is that one month of its application is simply not enough for an objective assessment. "We need objective time after which we can evaluate the effects, positive and negative, and then decide how to proceed", said Dragica Mišeljić, President of the Commercial Trade Union of Croatia.



Recently, eight shopping malls filed a demand before the Constitutional Court to determine the constitutionality of the Sunday work ban. These malls employ only 3% of the total number of employed in the commercial sector, and among them only 2% are organized in a trade union, said Dragica Mišeljić. None of these shopping centres has a company collective agreement, but only a branch CA, and they prohibit their workers to join or form a union. Mišeljić said how this is yet another proof that for these bigwigs Croatian laws are just a decoration, and not something they have to comply with. <<

## HEALTHCARE REFORM - CONDITIONAL SUPPORT FROM THE TRADE UNIONS, BOYCOTT FROM THE DOCTORS

2008, has been preparing his reform plans for more than six months and finally started to present them during October.

One of the problems with the reform, which has been announced as the most thorough tried so far and the one that will finally solve the problem of the financial sustainability of the healthcare system, is non-existence of a concise and structured document which would clearly define priorities, measures and expected results - the reform plans are presented to the public through a 122-slide presentation which is a mishmash of various kinds and categories of information and suggestions, although contains a number of important remarks and ideas.

Nevertheless, during last few months, the Minister has been touring the country and meeting with representatives of various institutions, organizations and interest groups in order to present and further discuss his ideas. In the meantime, media, as well as the broader public, have been trying to comprehend what are really the crucial elements of the proposed reform.

Although Minister Milinović repeatedly pointed out that changes in what will citizens have to pay for their healthcare present only the minor part of the reform, and that crucial elements lie in the structural changes of the system itself, the public discussion has mostly been dominated with the fact that the price of the participation and additional insurance (granting exemption from the participation) has been raised since 1 January 2009. The participation has also been introduced in the primary healthcare, replacing former so-called "administrative fee" which has been abolished in March 2008.

Other important aspect of the reform is aimed at the primary-level healthcare, in order to make it more cost-effective. The money earned by the doctors in primary healthcare will from now on depend not only on the number of patients they have, but also on the kind of procedures they undertake themselves - by doing simple procedures as sewing and swathing, they will be able to earn up to 130% of what they earned so far, but those who keep sending patients to specialists for such procedures will earn down to only 60%. The reform also aims at rationalisation on other levels, especially cutting the expenses of various kinds of hospital treatments, as well as levelling them since now prices charged to the Croatian Institute for Health Insurance by different hospitals for the same procedures often vary significantly.

New central system for booking for hospital and polyclinic procedures and treatments is expected to drastically cut down the waiting lists.

During the last two decades, the reform of the healthcare system has been discussed by every Government and many partial experiments have been tried. However, the only thing that everybody agrees today is that the needed reform presents one of the main challenges and most important projects for the Croatian state as a whole. Darko Milinović, appointed to the position of the Minister of Health and Social Care in January



Although securing conditional support of the trade unions, the reform stumbled in first weeks of the implementation due to the boycott organized by the doctors in the primary healthcare.

Some of the proposed measures, such as introducing special 1 EUR health-tax for each pack of cigarettes, or payment of healthcare contributions for pensioners with high pensions, were eventually withdrawn from the reform before it started.

Although the Economic and Social Council supported the reform (trade union representatives granted only their conditional support) and the set of laws on healthcare had been adopted by the Parliament in December, the reform has stumbled in the first weeks of the 2009 owing to the boycott organised by the doctors working in the primary-level healthcare. Unsatisfied with financial aspects of the reform, many doctors declined to sign renewed agreements with the Institute for Health Insurance under the new conditions and refused to collect the participation money from their patients.

However, according to the recent statements by the Minister Milinović, the reform is starting to show results. Deficit of the healthcare system is reduced for 50 percent and many hospitals are already operating without losses, stated Milinović recently. <<

## ILO EIGHT EUROPEAN REGIONAL MEETING

**Lisbon, February 2009** - The 8th ILO European Regional Meeting took place 9-13 February in Lisbon, Portugal, gathering representatives of governments, employ-

ers' and trade union organizations from the European countries to discuss a number of issues in the conditions of financial and economic crisis. UATUC President Ana Knežević participated in Croatian delegation as workers' delegate. She was elected Vice-Chair of the Conference and she represented workers' side during the panel discussion on flexicurity which was held on 11 February. During her intervention, Knežević elaborated on trade union positions on flexicurity policies and their meaning for European workers, with special regard to Croatia and SEE region. Knežević also spoke about the need of redefining flexicurity policies in the context of the global crisis. <<

### In focus

## ETUC PRESIDENT WANJA LUNDBY-WEDIN IN CROATIA

ETUC President Wanja Lundby-Wedin will be visiting Zagreb on 4 and 5 March, on the invitation of UATUC, the only Croatian trade union confederation affiliated to the ETUC. Thomas Jenkins, Senior Adviser to the ETUC General Secretary John Monks and Lise-Lotte Lenberg from the International Department of the LO Sweden will also take part in the ETUC delega-

tion. Among other, agenda of the visit includes meetings with the UATUC leadership and experts, UATUC affiliated trade unions, trade union confederations in Croatia, Croatian Employers' Association and the Prime Minister of the Republic of Croatia.

## NO PROGRESS WITH SLOVENIA

Slovenian blockade of Croatian EU accession negotiations, which started in last December, is currently halting opening or closing of 11 chapters, for which Croatia fulfilled all conditions. In spite of number of different initiatives and ideas on how to solve the disputed border issue, which dates back from 1991 when both countries declared independence, it seems no real progress has been made in the last few months. Moreover, Slovenia is now for similar reasons blocking Croatian accession to the NATO, being currently the only member of the alliance which had not ratified documents needed for Croatian accession.

Border issue, which mostly concerns a small bay in the Adriatic Sea, is mostly the matter of principle and national pride for both countries. If the border is set up in the middle of the bay, Slovenia fears of losing access to the international waters, but the claim has no practical value whatsoever since Croatia has long ago granted Slovenia free passage through its territorial waters. For Croatia, also, giving up few square meters of the sea would bring any practical consequences, but for a country that had to fight a war for its territorial integrity only 13 years ago, such possibility is taken quite seriously.

After the attempts of French Presidency to solve the problem during November and December did not bring any results, latest suggestion from the EU offers mediation by former Finish President Marti Ahtisaari. While the suggestion seems acceptable for Slovenia, Croatia insists that border dispute is a legal rather than political issue, and therefore should be solved by the International Court of Justice in the Hague.

Currently, the prolongation of the dispute is threatening Croatian ambition to finish accession negotiations by the end of 2009. But it is not only the date of EU membership that is at stake here - more and more voices are calling upon both Slovenian and Croatian political elites to find a solution before the relations between the two nations are seriously and permanently endangered.

In spite of the fact that some 40.000 Croats have already joined Facebook group calling for boycott of Slovenian products, it seems it is still not too late for historically good relations of the two nations. Few Slovenian-Croatian friendship groups on Facebook are also gathering members, and recent public opinion survey carried out in Slovenia says majority of Slovenian citizens would like to see Croatia as an EU and a NATO member.

The UATUC repeatedly warned and stressed that efforts should be made to settle the bilateral issue in an adequate manner, for the benefit of workers of both Slovenia and Croatia, and that these issues should not be a matter of the accession negotiations.

The inhibition and slow-down of Croatian accession to the European Union and NATO will beyond doubt have impact on the other countries of the region, as well as on the whole concept of the European integration. Slovenian blockade of the accession negotiations with the European Union and a serious threat to our acceptance to NATO is no longer only Croatia's problem. It is also a problem of the European Union and NATO. In this unfavourable situation we must do all in our power not to threaten the good relations between the two friendly nations. <<



## JOINT UATUC AND LOFF PROJECT



**Zagreb, 5 February 2009** - At the UATUC premises, a kick-off meeting was held between the UATUC and the LOFF delegation, composed of Jens Schei Hansen, director of Association for Trade Union Newspaper and Communication (LOFF) of the Norwegian Confederation of Trade Unions and Kristian Brustad, editor-in-chief of the "Aktuell" magazine. This was a preparatory meeting with the purpose of developing the implementation plan for the joint project on information and communication in trade unions. First seminar for around ten participants working in UATUC and affiliated trade unions on information, publishing or public relations activities will be held late May in Dubrovnik, and the second one mid-September in Split. The project is funded by the Ministry of Foreign Relations of the Kingdom of Norway. <<

## WASHINGTON IFIS MEETINGS

UATUC President Ana Knežević, as ITUC Vice-president, PERC Vice-president and a member of the trade union delegation, participated in a series of meetings held in Washington from 12 to 16 January between ITUC, global union federations, TUAC, IMF and the World Bank. During the first two days, World Bank representatives met with women from different countries to discuss the impacts of locally implemented World Bank projects. Ana Knežević reported on the results of the pension scheme reform in Croatia. World Bank, which now recommends new pension scheme model with five pillars, announced separate meeting on this topic later this year. During the following days trade union delegation met with the World Bank President Robert Zoelick and IMF Managing Director Dominique Strauss-Kahn. The main topic of discussion was the financial crisis and IMF and World Bank's efforts to prevent this kind of situation from repeating. Trade union side expressed a number of objections, mostly based on the opinion that the World Bank and IMF do not have clear suggestions how to obtain that goal. The fact that the World Bank and IMF are not respecting the ILO labour standards in the implementation of their projects or arrangements was also discussed. This is especially significant regarding the World Bank project "Doing Business", whose purpose is to rank world countries by the business climate. The best results are achieved by the countries with least regulation and low respect for workers' rights. Trade unions already repeatedly warned that this is not appropriate criteria and that the World Bank should respect the workers' rights. UATUC President suggested research on fixed-term work as topic for one of the World Bank projects. Deeper insight into the labour market should decrease number of those advocating for more flexible forms of work. During her stay in Washington, Ana Knežević also met with the Croatian Ambassador to the US Ms Kolinda Grabar-Kitarović and her associates, on which occasion she was reported on recently signed visa agreement, which should lead to soon-to-occur removal of the visa regime between US and Croatia. <<



## INTERVIEW:

### ANA KNEŽEVIĆ UATUC PRESIDENT

UATUC PRESIDENT ANA KNEŽEVIĆ EVALUATES TRADE UNION YEAR 2008 AND THE STATE OF THE SOCIAL DIALOGUE IN CROATIA, WITH EMPHASIS ON APRIL DEMONSTRATIONS, MINIMUM WAGE ACT AND AMENDMENTS OF THE LABOUR CODE.



*Interviewed and photographed by Željko Slunjski*

#### **How do you evaluate trade union year 2008?**

The year 2008 was extremely active and eventful for trade union movement in Croatia and especially for the UATUC. The decision on organizing workers' demonstrations was reached in mid-January, organisational and financial preparations lasted three months and the protest was successfully held, with more than 50.000 participants, on 12 April. In the meantime we were caught in the middle; on the one hand our colleagues from other trade union confederations attacked us through the media because we were allegedly organizing the protest by ourselves, and on the other hand the Prime Minister tried to prove that Croatian workers have no reason to protest.

#### **Did you have more luck with the activities regarding the adoption of the Minimum Wage Act?**

Back in 2006 the UATUC proposed to our Government the adoption of an integral wage policy, a part of which was the proposal to adopt the Minimum Wage Act. The Act was to replace the General Collective Agreement initiated and concluded by the UATUC in 1998, which contained no sanctions for employers in case of the violation of the Agreement. Calculations made by the UATUC show that the minimum wage in Croatia should amount to 50 percent of the average wage in order to achieve the existential minimum. We did not succeed in achieving this target because the minimum wage now amounts to 37 percent of the average wage. However, the Act contains a mechanism which will gradually increase the minimum wage to up to 50 percent.

#### **The Labour Code follows.**

Another off-hand action - even though the Action Plan adopted in mid 2007 provided for the harmonisation of the Labour Code in September 2008, the Government was waiting for the mid-July to convene the first meeting of the working group. Moreover, the text subject to harmonisation was presented in the meeting orally! It turned out that the Government was planning more extensive amendments than required by harmonisation and at the expense of workers and trade unions - decrease of individual workers' rights and of the position, importance and role of trade unions. After a number of actions and meetings with the Prime Minister it was agreed to amend the Act in two phases and trade unions and employers are to agree on those amendments which are not necessary for harmonisation. We managed to incorporate a part of our trade union demands into the Act, but a number of issues remained open especially those regarding fixed-term labour and rescheduling of working time. At the beginning of this year the Government first sent the unharmonised text in the Parliament procedure and then withdrew it after trade union reaction. So, the story continues and the possibility to hold another protest, which we announced this summer, is still not ruled out.

#### **What is the outcome of the protest held in April at Zagreb's main square?**

The aim of the protest was first of all to warn that Croatia needs changes. Our slogan was "Together for higher wages in public and private sector". This is a long-lasting process which should result in a mechanism enabling continuous wage increase and harmonisation of wages with the increase of cost of living, but also with productivity growth. A part of the problem was solved through the Minimum Wage Act, and the other part should be solved through collective agreements. It seems that the reduction of fixed-term labour, which was also one of our demands, will be dealt with in the second phase of amending the Labour Code. Our demand is to have the possibility of fixed-term work only for one year, instead of three, and of having only two consecutive fixed-term employment contracts with the same employer. Today about 87 percent of newly employed persons have fixed-term employment contracts, and those are predominantly young people who are thus reduced to second-class citizens.

**In the meantime the Croatian Employers` Association launched some initiatives to reduce the minimum wage in certain economic activities.**

This is unacceptable because the minimum wage in Croatia is nowhere near the necessary amount. The minimum wage is, however, the first measure of combating poverty among workers and their families. It is necessary to search for other potential measures for activities upon which Croatia bases its development. Workers must be continuously educated in order for our production to become competitive, which is the obligation of employers and the state. Croatia will have no perspectives at the global market if it continues to see workers as expense and not as investment.

**Economic and Social Council should mirror the level of social dialogue in Croatia. What is the position of trade unions in the Council and does the social dialogue really function or is it just a formality?**

Unfortunately, due to fragmentation of trade union scene there are five trade union confederations in the Economic and Social Council and it often happens that their positions are not concerted. Then the trade union voice does not even count. The Government and employers often find a common language so trade unions usually end up outvoted. Real argued dialogue should be the core of discussions in the Economic and Social Council, but this is obviously not the case. The quality of work of the Economic and Social Council and the seriousness of participation of Government's representatives are better than in the previous assembly of the Council, but the real tripartite social dialogue and finding joint solutions still do not exist.

**How do you assess the work of the Office for Social Partnership?**

The Office for Social Partnership also needs to be redefined. It should be an office for social partnership of the Economic and Social Council, and not of the Government, as is the case now. The Office should provide logistic and expert support for the work of the Council but in practice it works mostly for the Government then for employers and finally for trade unions. Besides, the Office has too few employees and their wages are too low so this also influences the quality of its work.

**You are very active at the international trade union scene. What are your tasks?**

My engagement results from UATUC`s membership in the ITUC (full member as of 1996) and ETUC (full member as of 2004, the only member from Croatia). I am a Vice-President of the ITUC and a member of the General Council. I am also a Vice-President of the European part of the ITUC - Pan-European Regional Council (PERC) and a member of the Executive Committee of PERC and ETUC. In addition, I preside over the South-East Europe Trade Union Forum, which is the partner to governments operating through Regional Cooperation Council with headquarters in Sarajevo (former Stability Pact for South Eastern Europe). There are many problems in the region which must be solved jointly, especially regarding migrant workers and their position at the labour market.

# ECONOMIC AND SOCIAL INDICATORS IN THE REPUBLIC OF CROATIA JANUARY 2009

## GROSS DOMESTIC PRODUCT

Gross domestic product (GDP) of the Republic of Croatia for the second trimester of 2008, according to the data of the Central Bureau of Statistics, was estimated to the amount of 82.48 billion kuna. In the third trimester of 2008 the real increase of GDP was 1.6% as compared to the same period of 2007. Personal consumption increased by 0.4%, investments by 6.6%, and national consumption by 1.3%. In the third trimester, export growth rate was 1.7%, and the import growth rate 6.3 percent. The real increase of GDP for 2007 in relation to 2006 is 5.6%, on the basis of quarterly estimates.

## CONSUMER PRICE INDEX

According to consumer price index, in December 2008 the recorded growth was 2.9 as compared to December 2007. According to main groups of purpose of consumption, in December 2008 as compared to November 2008, the increase of the consumer price index has been alleviated by the prices of clothes and footwear which decreased by 6.0% (seasonal discounts), and the prices of transportation, reduced by 3.4% (lower gas prices).

## EMPLOYMENT AND WAGES

The average monthly paid off net wage in legal entities in the Republic of Croatia, in November 2008 was 5.397 kuna (730 EUR), which is, as compared to the same month 2007, nominal increase of 5.2 percent and real increase 0.5%.

As compared to October 2008, average monthly paid off net wage was 2.5% higher in nominal terms and 2.6 percent in real terms.

In December 2008 there were 240,455 persons registered at the Croatian Employment Service so the unemployment rate in this month was 13.7%. In December 2008 the Croatian Employment Service registered 5.160 unemployed persons more than as compared to September, and 19.522 less persons than in the same month last year. Unemployment in December 2008, as compared to November 2008, was increased by 2.3%, and as compared to November 2007 decreased by 7.7%.

The lowest net wage in November 2008 was paid off in the economic activity of fisheries (4.113 kuna = 555 EUR, which is nominal increase of 2.0% and real increase of 2.6% as compared to November 2007), whereas the highest average net wage was paid off in the economic activity of financial intermediation (8.286 kuna = 1119 EUR, which is nominal increase of 0.7% and real increase of 3.8%, as compared to November 2007).

*Together we are stronger*



**UNION OF AUTONOMOUS  
TRADE UNIONS OF CROATIA**

**Publisher: Union of Autonomous Trade Unions of Croatia**

Managing editor: Ana Knežević

Edited by UATUC International Department

UATUC Int.Dept.: Dijana Šobota (Head), Darko Šeperić

Phone: ++385-1-4655 026, Fax: ++385-1-4655 011

UATUC e-mail address: [international-uatuc@sssh.hr](mailto:international-uatuc@sssh.hr); [sssh@sssh.hr](mailto:sssh@sssh.hr)

[www.sssh.hr](http://www.sssh.hr) / Layout: Nenad Pejušković