

## Country report: Lithuania

### 1. Introduction

On 11 June 2010, the Seimas (Lithuania's parliament) approved a series of amendments to the Labour Code, aimed at encouraging job creation by means of more 'flexible' industrial relations. An earlier draft presented by the government in April underwent some amendments by a tripartite committee, which according to a new national agreement of 2009 must reach agreement on all labour law amendments.

The proposal of 14 April 2010, among other things, provided for layoffs without notice (in exchange for double compensation for the employee), fixed-term contracts for all new forms of employment (including those meeting the company's permanent needs) and changes to working time, up to its 'annualisation', while maintaining the existing limits (12 hours a day and 48 hours a week, as opposed to a statutory eight-hour working day and 40-hour working week, as well as 120 extra hours per year). This draft was then discussed in the tripartite committee where it became clear that the employers' side was willing to give up the proposals concerning layoffs without notice, while the 'liberalisation' of fixed-term contracts did not pose a problem for the union side (as it was intended as a temporary measure for two years anyway). Some major issues remained, however, such as overtime and the right to strike. In principle, overtime, except in some cases listed in the Labour Code or in collective agreements, was banned in Lithuania. In exchange, the right to strike was liberalised – formerly restricted by the need for a majority of employees to approve it in a secret ballot – and notably the possibility of taking strike action at company level, after a vote. The compromise reached was as follows. The principle of strikes at establishment level was validated, as well as the principle of two-hour strikes – 'warning strikes' – organised by unions without a vote among the employees but with seven days' notice. On the other hand, overtime was liberalised – with the prior consent of the employees, except in some cases – with a maximum of 120 hours a year or 180 hours if collectively agreed. Another major improvement for employees, in particular in times of crisis, was the introduction of the possibility to stop work for up to three months if an employer fails to meet their obligations – paying wages, for instance – for at least two months in a row. In that case, they have to pay at least the minimum wage for every month the employee is not working.

On a more positive note – at least regarding trade unions' joining forces against devastating and anti-social measures – a historic meeting of all the trade union organisations in Lithuania took place in October 2011. Since the early 1990s, there have been three national trade union confederations: the Lithuanian Trade Union Confederation (LPSK), the Lithuanian Labour Federation (LDF) and the Lithuanian Trade Union 'Solidarumas' (LPS 'Solidarumas'). There are also a number of small trade union organisations, including the Joint Trade Union (JPS), Klaipėda Town and Region Trade Union (KMAPS), the Lithuanian Medical Workers' Trade Union (LMDPS), Lithuanian Trade Union Unification 'Sandrauga' (LPSS 'Sandrauga'), Lithuanian Education Employees Trade Union (LSDPS) and the National Association of Officials (NPPSS). Only the three peak trade union organisations are involved in social

dialogue at national level, however, through the Coordination Centre of Lithuanian Trade Unions (LPSKC).

## 2. Reforms in 2011

On 17 October 2011, the LPSKC initiated the first historic meeting of representatives from all trade unions in Lithuania. Following several further meetings, the unions' demands were agreed and signed by all nine unions for submission to the government and parliament (LRS) on 21 November. All nine trade unions were in particular furious about successive proposals passed by the government to liberalise labour relations, including the simplification of dismissal procedures, non-payment of severance pay and extension of working time. In particular, they were demanding:

- an increase in the minimum monthly wage to LTL 1,000 (EUR 290) from 1 January 2012;
- making amendments to labour legislation only after reaching agreement with trade unions and employers' organisations;
- ratification by the government of ILO Convention No. 102 on minimum social protection standards; and
- ensuring the right of workers to go on strike and an end to the intimidation of workers' representatives.

## 3. Impact of Country Specific Recommendations since 2011<sup>1</sup>

Since 2011, Lithuania, like all other EU Member States, has received specific recommendations from the Council of the EU based on proposals issued by the European Commission within the framework of the European Semester. For four years in a row (CSRs 2011–2014), these recommendations raised, among other things, concerns in the field of employment protection legislation. The EU institutions called directly for amendments to Lithuanian labour legislation, questioning the latter's 'appropriateness with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements'. Labour legislation was considered inflexible and likely to hinder employment growth. These conclusions were based on observations that the Lithuanian labour market consistently revealed low numbers of contracts in temporary employment, part-time work and self-employment in European comparison. Also, 'monetary hurdles to labour shedding such as redundancy, paid leave and severance pay' (Commission Staff Working Document (SWD) of 2011)<sup>2</sup> were a matter of concern. Three years later, Commission officials pointed out that '[r]egulations relating to individual dismissals and working time remain relatively restrictive, potentially affecting business activity' (Commission SWD of 2014). While Lithuanian reform endeavours were acknowledged to be making some progress, it was repeatedly underlined that those changes to the Labour Code that had been made had apparently been ineffective. Particular concern was expressed that there were problems of enforcement in the application of existing labour rules. The EU institutions further highlighted their concern that where improvements were recorded in the noted problem areas, these were often only of a temporary nature, due to expire in the framework of temporarily applied anti-crisis measures (Commission SWDs 2011–2013). Designing 'a strengthened framework for and wider application of collective agreements' was explicitly promoted 'to increase labour market flexibility' and 'establish less strict conditions [through sectoral or company agreements] than are provided for in the labour code'.

It seems remarkable that the 2015 country-specific recommendations (CSRs) for Lithuania did not mention labour legislation reform at all. While the Commission's evaluation (EC

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<sup>1</sup> Clauwaert, S. 2013. *The country-specific recommendations (CSRs) in the social field ETUI Background analyse*. <http://www.etui.org/Publications2/Background-analysis/The-country-specific-recommendations-CSRs-in-the-social-field> and Clauwaert, S. 2015. *The country-specific recommendations (CSRs) in the social field. An overview and comparison Update including the CSRs 2015-2016* <http://www.etui.org/Publications2/Background-analysis/The-country-specific-recommendations-CSRs-in-the-social-field.-An-overview-and-comparison-Update-including-the-CSRs-2015-2016>

<sup>2</sup> [http://ec.europa.eu/europe2020/pdf/recommendations\\_2011/swp\\_lithuania\\_en.pdf](http://ec.europa.eu/europe2020/pdf/recommendations_2011/swp_lithuania_en.pdf)

country report 2015) still maintained some doubts about the effectiveness of Lithuanian labour regulation, it acknowledged that the government's plans to implement a comprehensive 'new social model', combining flexibility and security in the labour market, seemed to 'go in the right direction'. Other points of continued attention by the Commission and the Council over the past five years were comprehensive pension reform and the employability of older workers, reducing fiscal disincentives to work, the labour market relevance of education (especially, apprenticeships) and social assistance reform, including increased activation measures.

#### 4. Labour law reforms in 2012

Economic recovery in Lithuania seemed to pick up again from late 2011.<sup>3</sup> Pressures to flexibilise labour law in Lithuania remained. A proposal advanced by the Ministry of the Economy in early January 2012 sought to differentiate between employees on the grounds of salary. It envisaged introducing the possibility to deviate (including *in peius*) from labour law legislation through individual agreement on certain aspects of the employment contract (including conditions of dismissal and working time) for employees whose gross wage exceeded LTL 6,500 (EUR 1,882) per month. It was intended to promote the creation of higher paying jobs, while sparing labour law protection for lower income workers. The initiative subsided, as the social partners heavily criticised the proposal and the Labour Ministry was also rather sceptical. Soon afterwards, the Social Security and Labour Ministry proposed its own amendments to update the Labour Code. The main aim of the proposal was to decrease the formal requirements imposed by Lithuanian legislation upon employment relationships. However, this proposal also faced strong disagreement in Parliament by July 2012, which demonstrated the difficulty of passing another labour law reform before the upcoming October elections.

Nonetheless, in summer 2012 Lithuania adopted three pertinent employment reforms. The first two acts provided *procedural amendments*. In fact, the first measure (procedural reform with regard to setting the minimum wage) reflected ongoing political tensions, while the second strengthened the procedure for out-of-court adjudication of labour disputes. In response to the government's express reluctance to raise the statutory minimum wage, the Seimas took a highly political decision to amend the *procedure on fixing the statutory minimum wage* in summer 2012. It amended Article 187 of the Labour Code which entitled the government to determine minimum hourly pay and the minimum monthly wage upon the recommendation of the Tripartite Council. The amendment (Law No. XI-2140 of 28 June 2012) permits parliament to determine the minimum wage for the coming year, if the Tripartite Council or the government fails to do so before 1 June of each year.<sup>4</sup> This reform success also shows how the conservative cabinet of Kubilius that took office in 2008 found itself in stormy political waters in the election year of 2012. Following the burden of drastic anti-crisis and austerity measures (pensions and wages in the public sector were decreased by 20–40 per cent and taxes increased), voters turned to the opposition in October 2012.<sup>5</sup> The Social Democrats and populist parties emerged as the election winners, forming a new Government under Butkevičius that promised a change of policy. Indeed, in the area of wage-setting, the government increased the statutory minimum wage on 1 January 2013 from LTL 850 to LTL 1,000. This was followed by a Conservative Party-proposal for an amendment to allow the Ministry of Finance to exempt, on an ad hoc basis, some employers who were facing economic difficulties from the statutory minimum wage, which immediately brought criticism and apparently remained without success.

With the second amendment (Law No. XI-2127 of 26 June 2012), labour dispute committees were established to deal with *individual labour disputes* from 1 January 2013. These committees were to be trilateral bodies, comprising representatives from both sides of industry and a chairing labour inspector with a university degree in law. They replaced the bipartite committees previously established at enterprise level. Out-of-court adjudication by a labour dispute committee thus became a mandatory procedure (of one month) for all individual labour disputes, except dismissals and suspensions from work. The committees

<sup>3</sup> <https://euobserver.com/opinion/114419>

<sup>4</sup> <http://www.infolex.lt/ta/27274:str187>

<sup>5</sup> [https://www.pism.pl/files/?id\\_plik=13084](https://www.pism.pl/files/?id_plik=13084)

decision would be subject to appeal before an ordinary court. The new procedure was to ensure the right of parties to employment relationships to high quality and more effective resolution of labour disputes.<sup>6</sup>

The third act, finally, adopted in July 2012 was simply an *extension of the temporary anti-crisis measure that removed restrictions from the conclusion of fixed-term contracts*. Even though the measure did not seem to show notable effects on the labour market, the deadline of the validity of this measure was extended from 31 July 2012 to 31 July 2015.

## 5. Specific labour law reforms since 2013

In this section an overview will be provided of the main developments in recent years with regard to social dialogue, flexible employment contracts and the government's efforts to render the Labour Code more flexible.

### Social dialogue

In the area of collective labour law and industrial relations, according to government data, *social dialogue* and the scope of collective agreements were shrinking in Lithuania until 2013 in connection with the ongoing economic crisis (including problems of high unemployment and business insolvencies). Notable problems in the area were that the establishment of trade unions was avoided and companies could not comply with obligations specified in collective agreements. In the previous two years, however, the government had noticed certain signs of improvement. During 2014, collective representation among Lithuanian workers covered 36.7 per cent of economic entities, including a very small share of workers represented by trade unions (under 4 per cent) and the majority represented through works council structures.<sup>7</sup> The following legislative changes have occurred:

- In June 2013, the Lithuanian Trade Union Act (Act No. XII-364 of 13 June 2013. State Gazette, 2013, No. 68-3405) was modified. The amendment clarified *certain collective rights* (including recognising the right of third-country nationals to join Lithuanian unions; elaborating trade unions' information rights with a view to controlling employers' implementation of labour legislation; and extending guarantees to members of representative and management structures of the trade unions).
- On 17 September 2013 and on 22 November 2013, amendments to the Labour Code regarding issues of wage-setting and related collective rights were put forward, including a proposal to liberalise the right to strike.
- On 15 May 2014, the Lithuanian Parliament adopted changes to the Labour Code in the area of *collective labour law and its enforcement*.<sup>8</sup> The amendments aimed to address important case law developments of recent years which in general appeared to be more employer-friendly outcomes concerning strikes and collective agreements.<sup>9</sup> The amended legislation now stipulates the new principle of interpretation of labour law contracts: labour law contracts shall be governed by labour law principles (consolidated in Article 2 LC), and in case of uncertainty, the more employee-favourable provision shall apply. The legislator thereby seeks to counter the trend where general courts interpreted labour law contracts (collective agreements) in light of the principles of private law contracts. The new law also constrains courts' discretion to suspend announced strike actions (Article 81 (4) LC). Some changes regarding alternative

<sup>6</sup> <http://www.socmin.lt/en/labour-and-employment/labour-law/labour-relations.html>

<sup>7</sup> <http://www.socmin.lt/en/labour-and-employment/labour-law/labour-relations.html>

<sup>8</sup> Law No. XII-902 of 15 May 2014 on Amendments of the Articles 71, 74, 75, 76, 77, 78, 80, 81 of the Labour Code and introduction of Article 10-1 to the Labour Code. Teisės aktų registras (Register of the Legal Acts), No. 2014-05777).

<sup>9</sup> 'Over the last two-three years, the courts have issued several important rulings in which they restricted the possibilities of employee representatives to take industrial action by applying common civil procedure rules to employers' claims on suspension and the legality of strikes, and adapting private law principles for the interpretation of contracts and collective agreements.'

[http://www.labourlawnetwork.eu/national%3Cbr%3Elabour\\_law/national\\_legislation/legislative\\_developments/prm/109/v\\_\\_detail/id\\_\\_4521/category\\_\\_21/index.html](http://www.labourlawnetwork.eu/national%3Cbr%3Elabour_law/national_legislation/legislative_developments/prm/109/v__detail/id__4521/category__21/index.html)

institutions to resolve collective disputes were also added. The amendments were to take effect on 1 July 2014.

- On 5 June 2014, the Labour Code was amended again (Act No. XII-919), including changed provisions on collective bargaining in the public sector. Next to easing the administrative burden on employers (see below), the changes were intended to improve the *identification of the parties to the collective bargaining process in the public sector*. The new Labour Code provision appoints the government of the Republic of Lithuania (or an authorised institution) to represent the employer side in collective bargaining at national, sectoral (production, services, professional) and territorial (municipality, county) level. It replaces the previous, more ambiguous phrasing (Article 24 (4) Labour Code), in which the ‘owner of the respective enterprise, establishment and organisation’ in the public sector was authorised to bargain. The change was to be effective from 1 July 2014.

Soon after the national elections in October 2012, the Lithuanian parliament adopted amendments to the Labour Code (Law No. XI-2358, State Gazette, 2012, No. 135-6859) on 6 November 2012. Among other things, these amendments limited the right of employees to claim monetary compensation for unused annual leave over the previous three years.<sup>10</sup> More importantly, they included further liberalisation of the *rules on fixed-term contracts*. This affected the use of fixed-term contracts for the purpose of recruiting new staff based on competition in the private sector. In fact, in this sector only a few positions exist that must be filled by way of competition and formal competition regulations are rather scarce. Hitherto, the Labour Code provided for two conditions to be met for the conclusion of fixed-term contracts lasting up to one year: (a) there had to be a vacancy in a position that could be filled by way of competition, and (b) this possibility was provided for by the competition regulations. The new law (Article 101 Section 3 ‘Competition’) abolished requirement (b).

The public employment sector in Lithuania has been considerably affected by the removal of labour law restrictions. Already in late 2011 the legislator created a special exception allowing severance payments for public sector employees to be reduced if another public sector employer hired them within a short period of time. Over the years, a ‘new trend’ has crystallised, namely the emerging differentiation between public and private sector employers, if it involves a so-called ‘public policy’. ‘Previously, the Lithuanian Labour Code was uniformly applied to all employees and all employers, regardless of size or type of employer.’<sup>11</sup> In May 2013, the Vice-Chair of Parliament Gapšys (Labour Party) proposed to amend Article 129 Labour Code in order to allow the dismissal of employees of public employers on the grounds of age once the employee reaches the age of 65.<sup>12</sup> Although this initiative was supported by almost 20 Members of Parliament, it does not seem to have been carried forward.<sup>13</sup>

Then, on 20 December 2013, a more far-reaching proposal (Draft No. XIIP-1281) was presented to reduce so-called ‘administrative burden’ imposed by labour law. The proposal was revised and resubmitted to the Seima in a second version (No. XIIP-1281 (2)) by mid-May 2014. The Parliament adopted the new law as Act No. XII-919 on 5 June 2014. The amendment modifies several articles of the Labour Code and became effective on 1 July 2014. By abolishing some standard formal documents that had hitherto been obligatory for the conclusion of employment contracts, registration of working time and information on

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<sup>10</sup> Also provisions regarding the protection of employees’ rights in the area of business restructurings (transfer of undertaking) were amended. Notably, these included clarifying the employers’ duty to inform and consult employee representatives in case of a reorganisation of the undertaking and the consequences of a transfer of undertakings with a view to restrictions to terminate employment contracts.

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[http://www.labourlawnetwork.eu/national%3Cbr%3Elabour\\_law/national\\_legislation/legislative\\_developments/prm/109/v\\_\\_detail/id\\_\\_3042/category\\_\\_21/index.html](http://www.labourlawnetwork.eu/national%3Cbr%3Elabour_law/national_legislation/legislative_developments/prm/109/v__detail/id__3042/category__21/index.html)

<sup>12</sup> In fact, the Labour Code of 2002 already seemed to allow indirectly the dismissal of pensioners. But the Supreme Court invalidated this interpretation in 2004.

<sup>13</sup> [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=434346](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=434346)

remuneration, the new law seeks to ease the administrative burden on employers. The most important changes include the abolition of:<sup>14</sup>

- (a) the compulsory form of the contract of employment<sup>15</sup>;
- (b) the requirement to keep a record book for all employment contracts within the company and to issue the employee's personal ID document; and
- (c) the compulsory form of recording working time. The employer is now free to register the employee's actual working time and overtime as they wish.

## A more comprehensive overhaul of Lithuanian labour law

As parliament embarked on the last year of its legislative term in 2015, it seemed increasingly difficult for the government (Social Democrats) to initiate and pass labour market reforms. Public perception conceived corresponding proposals as quite liberal. In the first half of 2015, still, the government presented broad plans for a more comprehensive overhaul of Lithuanian labour law. Under the aegis of introducing a 'new social model', dozens of pieces of legislation have been put forward in the areas of labour law and social insurance. The proposed changes include an entire recodification of labour law and thus envisage the *adoption of a new Labour Code*. For that purpose, the Ministry of Social Security and Labour assigned a group of scholars to prepare a first draft, which was published on 15 March 2015. It led to lively debate among the public and the social partners, who deliberated the proposal in the Tripartite Council. The government then submitted the bill to parliament on 12 June 2015 after negotiations between the social partners had failed.

The government has urged the reform forward because it believes that making labour relations and labour legislation more flexible will help to reduce unemployment by encouraging businesses to create more jobs, as Prime Minister Kubilius considers the high level of unemployment brought about by the crisis as 'one of the worst plagues'.<sup>16</sup> Also, the country's competitiveness (at EU level) is supposed to benefit from the reform while the latter would also answer 'the European Commission's request to make Lithuanian labour law more flexible'.<sup>17</sup> In this context, the need for reform is stressed especially with a view to flexibilising the rules on fixed-term contracts and dismissal protection and, specifically, to the benefit of SMEs. The most significant elements of the government's proposal include:<sup>18</sup>

- increasing the maximum working week from 48 to 60 or 78 hours, including through annualisation (the average work week over the year would remain 48 hours);
- increasing the maximum working day from 8 up to 10 or 13 hours, the redistribution of working hours may be offset, subject to negotiation, with free days for family time or the possibility to work from home and by possible incentives that workers would receive better conditions during unemployment;
- allowing the conclusion of fixed-term contracts for two years, renewable twice;
- reducing annual leave from 28 days to 20 days;
- permitting the termination of employment contracts without pay for employees who reach statutory retirement age (currently 65);
- reducing the minimum required notice time to one week (currently, two weeks) before employers introduce new work schedules; and
- further amendments that could affect the calculation of dismissal compensation or the period of notice.<sup>19</sup>

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[http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=473433&p\\_tr2=2,%2023%20June%202014](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=473433&p_tr2=2,%2023%20June%202014)

<sup>15</sup> Under Article 99 (2) LC, employers now may conclude written contracts of employment without having to provide any formal information as established in Directive 91/533/EEC. The approved form of the contract may be used as an example only.

<sup>16</sup> 'Lithuania: government and unions fight over the plan to amend the Labor Code.' Planet Labor, June 18, 2012, No. 120399. To counter demographic trends and their impact on the public budget, the reform plans also intend to link retirement age to life expectancy.

<sup>17</sup> 'Lithuania: government and unions fight over the plan to amend the Labor Code.' Planet Labor, June 18, 2012, No. 120399.

<sup>18</sup> 'Lithuania: government and unions fight over the plan to amend the Labor Code.' Planet Labor, June 18, 2012, No. 120399.

<sup>19</sup> Again, also new proposals have circulated regarding the introduction of special treatment (i.e. more flexible rules) 17 July 2014 for "well paid employees" or for "compliant employers" (see, for instance,

Trade unions strongly protested this unilateral move by the government, while they themselves were reproached for boycotting the negotiations. The LPSK, the LPS and the LDF criticised the reform proposals for creating an unstable atmosphere, while similar reforms in the past have failed to produce the desired effect.<sup>20</sup> They have pointed especially to the continuous rise in youth unemployment and, instead, called for improvements in people's income to improve domestic demand and to develop systems of apprenticeship and training. They also demanded that flexible employment be backed by collective agreements and clear guarantees for the workers.<sup>21</sup> It seems (partly) in response to these demands that the Labour Minister announced a rise in the national minimum wage to EUR 325 from July 2015.<sup>22</sup> It can, moreover, be noted that Lithuania's employment rate reached pre-crisis levels by 2014 (around 65 per cent, comparable to 2007) after the rate had experienced its most serious falls in 2009–2010 (down to 58 per cent).<sup>23</sup> Nevertheless, even this recovery in employment rates still means a difference of 10 percentage points compared with the Europe 2020 target of 75 per cent.

In October 2015, the government put forward an adjusted legislative package for the new social model (consisting of more than 40 legal acts) and resubmitted it to parliament for adoption. The draft Labour Code aims to regulate individual and collective employment relationships in a new manner, including the transposition of more than 15 EU Directives. Later that month, the social partners agreed – within the framework of the Tripartite Council – on 90 per cent of the text, save for some sensitive issues (including the level of severance pay and the relationship between works councils and trade unions). This latest reform was scheduled to enter into force in July 2016, following its formal adoption. Prime minister Butkevičius is hopeful that the Lithuanian parliament will adopt the new social model in its spring session which commences in March.<sup>24</sup> Still, a swift adoption may well be questioned because since November 2015 the proposal has continued to be subject to intense debate in parliamentary committees. While the Tripartite Council did bring about an agreement between the government and the social partners, the Parliamentary Committee on Social Affairs and Labour was overwhelmed by hundreds of proposals by a few members who have demanded a thorough investigation and a vote on certain issues.<sup>25</sup> Also, the likelihood of adopting the new Labour Code may be affected as new elections are approaching in autumn 2016.

## Atypical employment

On 1 December 2011, the Law on Employment in Temporary Work Undertakings came into force. It amended the Labour Code with a view to a *comprehensive regulation of temporary*

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Chairman of the Parliamentary Committee for Economics Zemaitaitis' proposal XIIP-2028 to amend the Labour Code).

<sup>20</sup> Other sources point to the weakness in the economies of Lithuania's neighbours (notably, Russia) as having limiting effects on Lithuanian economic growth. See [https://www.dbresearch.com/PROD/DBR\\_INTERNET\\_EN-PROD/PRODO000000000386263/Lithuania.PDF](https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PRODO000000000386263/Lithuania.PDF)

<sup>21</sup> 'Lithuania: government and unions fight over the plan to amend the Labor Code.' Planet Labor, June 18, 2012, No. 120399.

<sup>22</sup> 'Lithuania: a new social model is presented before parliament.' Planet Labor, 13 July 2015, n° 9186.

<sup>23</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Employment\\_rate,\\_age\\_group\\_15%E2%80%9364,\\_2004%E2%80%9314\\_\(%25\)\\_YB16.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Employment_rate,_age_group_15%E2%80%9364,_2004%E2%80%9314_(%25)_YB16.png)

<sup>24</sup> <http://en.delfi.lt/lithuania/politics/lithuanian-pm-wants-labour-code-reforms-adopted-in-spring.d?id=70055266> Lithuanian President Grybauskaitė, instead, appears to be more sceptical about the new reform package. <http://en.delfi.lt/lithuania/politics/indexing-pensions-and-labour-flexibility-should-be-reform-focus-president-says.d?id=70317998>

<sup>25</sup> [http://www.labourlawnetwork.eu/national%3Cbr%3Elabour\\_law/national\\_legislation/legislative\\_developments/prm/109/v\\_\\_detail/id\\_\\_6479/category\\_\\_21/index.html](http://www.labourlawnetwork.eu/national%3Cbr%3Elabour_law/national_legislation/legislative_developments/prm/109/v__detail/id__6479/category__21/index.html)

*agency work*, which had hitherto been lacking.<sup>26</sup> The new law introduced the following changes:

- Strict obligations for temporary work agencies (including minimum information in the employment contract of agency workers, a minimum wage requirement applicable to the periods between assignments and implementation of the principle of equal treatment with no exceptions, the principle of favourability applies where applicable rules – for example, those of the user or agency – differ).
- User undertakings are prohibited from engaging temporary workers if they have laid off more than 10 per cent of staff during the past three months.
- The legal control of temporary work agencies' activities, however, are rather weak (lack of registration, licensing, certification, financial guarantees or similar requirements), being limited to monitoring and supervision by the State Labour Inspectorate based on regularly provided statistical information. The Inspectorate is now authorised to impose fines.<sup>27</sup>

On 1 May 2013, the Law on temporary agency employment was effectively amended. Issues for reform had been put forward by the Association of Lithuanian Employment Agencies. The legislation has been amended in light of these proposals. The amendment aims to facilitate the procedure for assigning agency workers to user undertakings as soon as possible following the user's request. It flexibilised the requirement of notification that agencies have to follow vis-à-vis the State Social Insurance Fund Board ('Sodra') when assigning workers to a work placement at a user undertaking. Notification may now take place on the same day that the work commences (previously, one day before work commencement) allowing the worker to start working only one hour after notification.<sup>28</sup>

In the field of flexible employment, one can point to a request received by the Lithuanian government from the European Commission to clarify the non-discrimination principle for *part-time workers* (Clause 4 of the Framework Agreement annexed to Directive 1997/81/EC).<sup>29</sup> In response, the government proposed to amend the Labour Code provisions (Article 146 LC) regulating part-time work on 11 April 2011. The proposal sought to introduce a clarification that part-time work shall not result in a limitation on employment conditions compared with full-time workers (for example, when setting the duration of annual leave, calculating the length of service, promoting an employee, improving their qualifications and will not limit other employment rights compared with workers who provide the same or similar full-time work with due regard to length of service, qualifications and other circumstances). Apparently, the respective Labour Code provision had never been used in Lithuanian courts to protect part-time workers from discrimination based on the fact that they work part-time. Introducing the legal instrument of a full-time worker-comparator was supposed to remedy this gap.

In view of the government's objective of raising the employment rate, it is also noteworthy that on 22 January 2015 parliament adopted amendments to *fight illegal work*. Shortly after that, further proposals to amend regulation of undeclared work were presented on 24 February 2015.

## References/sources

### Electronic newsletters/websites

Planet Labor: <http://www.planetlabor.com> (reference period 2010-2016)

EIROOnline: <http://www.eurofound.europa.eu/eiro/> (reference period 2010-2016)

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<sup>26</sup> These also served to transpose Directive 2008/104/EC on temporary agency work and Directive 91/383/EC.

<sup>27</sup> The new Article 41-13 of the Code on Administrative Offences prescribes the fine for the agencies ranging from 500 to 3000 LTL (approximately EUR 145 to 870) for breaching the law. The second violation will be fined with 3,000 to 5,000 LTL (approximately EUR 870 to 1,740).

<sup>28</sup> <http://www.socmin.lt/en/labour-and-employment/labour-law/labour-relations.html>

<sup>29</sup> The main criticism related to the lack of a comparison with comparable full-time workers.

Epsucob@NEWS – Collective Bargaining in the Public Services: <http://www.epsu.org/> (reference period 2011 - 2016)

ETUI-AIAS Collective Bargaining newsletter: <http://www.etui.org/E-Newsletters/Collective-bargaining-newsletter> (reference period 2010–2016)

ETUC website, section on economic and social crisis: <http://www.etuc.org/r/1378>

ETUI website, section on crisis: <http://www.etui.org/Topics/Crisis>

Ministry of Social Security and Labour website <http://www.socmin.lt/en/legislation/conceptions-strategies.html>

## Periodicals

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