

Dear readers,

The largest Croatian trade union confederation is undergoing a serious crisis, which calls for deep and painful reorganization processes. Following the no-confidence vote, at the UATUC Council meeting held on 9 June **Ana Knežević's** function as UATUC President was terminated and **Mladen Novosel**, Deputy President of the Metalworkers' Trade Union of Croatia, was appointed UATUC Acting President until the following UATUC Congress to be held in December this year. In weeks that followed, though the new acting president is optimistic about consolidating financial and organisational situation of UATUC, a number of largest branch unions adopted formal decisions on leaving UATUC, with so called notice period of three months. However, if preconditions are set for a permanent solution for the future of the confederation and its restructuring until then, they will reconsider and possibly withdraw their decisions on leaving UATUC.

At the same time, the Croatian Government proposed, unilaterally, before prior consultations with social partners, amendments to the Labour Code which would allow for easier cancellation of collective agreements. This rang the alarm bell and met with fierce resistance from the trade unions, who have collected double the required number of signatures needed to initiate a popular referendum on the issue, which would be the first one since independence in 1991.

Those circumstances brought closer the positions of all the Croatian trade union confederations who have organized the Second All-Union Congress, held in Zagreb on 15 June, gathering more than one thousand representatives from all five trade union confederations. The congress discussed current situation of trade union movement in Croatia, especially in relation to the state of the social dialogue and attempt to amend labour legislation.

The announced unilateral amendments to the Labour Code, as well as the continuous disrespect for the functioning of social dialogue have led the Croatian trade unions to withdraw from the work of the national tripartite Economic and Social Council. As we write, the discussions are being held to re-establish its functioning, on more solid and fair grounds.

Following the UATUC request for a DWCP to be adopted for Croatia, the high-level ILO mission came to Croatia to start the first round of negotiations for the adoption of that important instrument. The constituents agreed on the priorities of employment, green jobs, the implementation of laws in compliance of international labour standards and the need to join the ILO employment programme.

These are just some of the issues you can read about in this UATUC INFO ■

Dijana Šobota

Head of International Department

In this ISSUE

- Mladen Novosel replaces Ana Knežević as UATUC Acting President
- 813,016 signatures for a referendum on the Labour Code
- Second All-Union Congress
- ITUC support to Croatian trade unions
- Economic and Social Council without trade union representatives
- ITUC Congress without UATUC
- New chance for Croatian shipyards
- New income tax rates
- UATUC at the ILO Conference
- ILO mission to Croatia - Decent Work Country Agenda to be adopted
- NO to the proposed changes in retirement and unemployment status
- Seminar on communication within trade unions
- EFTA delegation in the UATUC
- UATUC publications

FIGURE OF THE MONTH

813,016
SIGNATURES FOR A
REFERENDUM ON THE
LABOUR CODE

MLADEN NOVOSEL REPLACES ANA KNEŽEVIĆ AS UATUC ACTING PRESIDENT

While new leadership is optimistic about consolidating financial and organisational situation of UATUC, a number of branch unions have already adopted formal decisions on leaving the confederation



Zagreb, 12 July 2010 – At UATUC Council meeting held on 9 June **Ana Knežević's** function as UATUC President was terminated and **Mladen Novosel**, Deputy President of the Metalworkers' Trade Union of Croatia, was appointed UATUC Acting President until the following UATUC Congress to be held in December.

The Council's decision was based on the previous conclusion of the UATUC Statutory Committee, which reached the unanimous decision that Ana Knežević got a no-confidence vote on the Council meeting held on 11 May because the majority of Council members did not vote for her.



However, Ana Knežević has simultaneously announced her irrevocable resignation on the position of UATUC President. In a press release issued the same morning, she accused certain branch union leaders of the dismantling and execution of the UATUC, claiming they have already taken the decision on leaving the confederation, launching a bankruptcy procedure with a further consequence of dismissal of the UATUC staff. After declaring the bankruptcy of the UATUC, a new trade union confederation would be formed, which would not assume any responsibility for the employed and for the existing debts. Secret meetings of trade union leaders, where such decisions have been agreed, were held without knowledge or presence of any UATUC staff members, said Knežević in press release.

UATUC Vice-President **Ivan Tomac** has denied Knežević's statement and announced plans for organisational, personnel and financial restructuring of the UATUC. At the general workers' assembly held the following day, the new Acting President emphasised his determination to do everything possible to consolidate current situation in UATUC.

However, in weeks that followed Knežević's displacement, a number of largest branch unions adopted, either on their congresses or general boards, formal decisions on leaving UATUC, with so called notice period of three months. In practical terms this means that the branch unions will continue financing UATUC and participating in its bodies until September. If preconditions are set for a permanent solution for the future of the confederation and its restructuring until then, they will reconsider and possibly withdraw their decisions on leaving UATUC. The irony of such position lies in fact that the mentioned branch unions control majority of the votes in the confederation bodies and they are the only ones who should and can decide what and how to do with UATUC's re-organisation and future.

UATUC's financial problems have started in 2009, when three branch unions left confederation for different reasons and financial revenues from the membership fee were no longer sufficient for the salaries of the staff and other costs of organisation. Loss of membership due to the economic crisis has further aggravated the problem. With confederation's debt increasing from month to month, a number of branch unions saw the easiest way out in the plan to leave UATUC and form a new confederation.

ITUC and ETUC expressed their increasing concern for the recent developments in the UATUC and the consequences that might have for the trade union movement in Croatia, but also beyond its borders, in particular in the SEE region. In that regard, ITUC Deputy General Secretary **Jaap Wiene** and PERC Executive Secretary **Grigor Gradev** visited UATUC on 8th and 9th July, to discuss these problems with the UATUC leadership ■

MLADEN NOVOSEL

New UATUC Acting President was born in 1967 in Pakrac and started his trade union career in 1985 as the main shop steward of company "Dalit" in Daruvar. Since 1995 he worked as a regional officer of the Metalworkers' Trade Union of Croatia and since 2004 as a local UATUC officer for the town of Daruvar. Before appointment as UATUC Acting President he also held position of Vice President of the Metalworkers' Trade Union of Croatia. He is an expert in occupational health and safety.

[\[back to top\]](#)

813,016 SIGNATURES FOR A REFERENDUM ON THE LABOUR CODE

Governments' unilateral proposal for changes in the Labour Code which would allow for easier cancellation of collective agreements met with fierce resistance from the trade unions, who have collected double the required number of signatures needed to initiate a popular referendum on the issue, which would be the first one since independence in 1991.



Zagreb, 12 July 2010 – In late May Croatian Government proposed further changes to the Labour Code, which was recently amended and harmonised with the EU standards, in order to make it easier for employers to cancel collective agreements. The Government proposal has faced strong resistance of all five trade union confederations, which have jointly organised a petition for a referendum on this issue. With more than 800 thousand signatures gathered, the petition has by far surpassed legal requirement of 10 percent of the registered voters to initiate referendum.

The new Labour Code, harmonised with the EU standards, came into force as of 1 January 2010. It was preceded by more than a year of hard and only partially successful negotiations between the social partners, and the trade unions strongly objected to some of the solutions of the final text. Although the agreement has been reached that all further changes in labour legislation that are not part of harmonisation with the EU will be bilaterally agreed between trade unions and employers, on 28 May 2010 the Government unilaterally adopted and sent to the urgent parliamentary procedure the Draft Code on the Amendments to the Labour Code.

The proposal was aimed to change two articles of the law (262 and 263), with two basic objectives – to abolish the institute of the extended application of collective agreements and to ease the possibility of the cancellation of collective agreements in force.

According to the current Article 262, after the expiration of collective agreements concluded on fixed term, and in the case that the new agreement has not been concluded, the workers' rights defined by the expired agreement remain in force until the new collective agreement is signed. According to the new Government proposal, this could happen only if it is explicitly stated in the agreement, and even then with the maximum period of six months.

The Article 263 deals with the cancellation of collective agreements in force. Current solution envisages that collective agreement concluded for an indefinite period can be cancelled only if it contains a cancellation clause. If no cancellation period is defined, the law sets it to three months. The Government proposal would allow for all collective agreements to be cancelled, and if no cancellation period is defined, it would be one month.

The position of UATUC and other confederations is that the proposed amendments would limit the freedom of negotiation defined by the ILO Convention No. 98 (Article 4) and Article 7 of the Croatian Labour Code (on the application of the most favourable right for the worker). The ILO Convention puts emphasis on voluntary negotiations, and proposed amendments are aimed in the direction of state regulation of the field of contractual autonomy of the parties, in the way that it prescribes conditions, deadlines and the scopes of result of their negotiations.

If entered into force, proposed amendments could result in significant reduction of the number of collective agreements in force and the increase of the by-laws adopted unilaterally by employers, which is contrary to the understanding of labour relations in the EU, which



is based on the freedom of negotiation.

In order to prevent such consequences, on 14 June 2010 five confederations organised the Second All-union Assembly (first one being held in 2003), which has confirmed joint and unitary resistance to the Government proposal, with the announced possibility of organising a general strike.

The Government unilateral proposal has also been taken as a final step in a long series of acts of disrespect for the social dialogue, the Economic and Social Council and its procedures, resulting with a joint decision of all five confederations to withdraw from further work of the Council.

During the same period, the large action of collecting signatures for the petition for referendum on the Labour Code was carried out. The Croatian Law on referendum is extremely restrictive, demanding for a petition signed by 10 percent of the electorate to initiate the referendum. As Croatian voter lists contain approximately the same number of voters as is the population of the country (due to large voting constituency of Croatian citizens abroad, and infrequent updates of the voter lists resulting with many deceased still being registered as voters), the required threshold of around 450 thousand signatures, which must be collected in the period of two weeks, is extremely difficult to reach. Nonetheless, the trade unions managed to collect the total of 813,016 signatures.

That Croatian politicians are afraid of a popular referendum can also be seen from the fact that the only one ever held was the 1991 referendum for independence.

Before deciding to submit the signatures to the Parliament, the trade unions have sent a letter to the Government, asking it to accept collected signatures as a proof of successfully held referendum, withdraw the proposed amendments of the labour legislation, and include the social partners in any future plans of amending the labour legislation. As Government has not bothered to send any reply to trade union proposal, the signatures have been submitted to the Speaker of Parliament Luka Bebić on 14 July. It is expected that verification of signatures will take at least one month ■



[\[back to top\]](#)

SECOND ALL-UNION CONGRESS



Second All-Union Congress held in Zagreb on 15 June gathered more than one thousand representatives from all five trade union confederations. The congress discussed current situation of trade union movement in Croatia, especially in relation to the state of the social dialogue and attempt to amend labour legislation. The congress has adopted declarations on collective agreements; labour legislation and social policy; social and economical responsibility of the government; social responsibility of the financial sector; educational system and the labour market; and the state and perspectives of the public sector. Besides giving full support to the action of collecting the signatures for initiating the referendum, congress also discussed the possibility of organising a general strike ■

[\[back to top\]](#)

ITUC SUPPORT TO CROATIAN TRADE UNIONS

ITUC Deputy General Secretary **Jaap Wienen** and PERC Executive Secretary **Grigor Gradev** visited Zagreb on 9 July and met with representatives of all five confederations to discuss the Government's attempt to change the Labour Code, trade union action against it and possible support of the ITUC in the issue. After the meeting joint statement was signed, condemning the way in which Government tried to amend the Labour Code without respect of basic principles of social dialogue, as well as the content of the proposed changes which would significantly lower the existing level of industrial democracy in Croatia.

The ITUC also offered its support to the follow-up activities, to better prepare and implement the campaign, to ensure the success of trade union actions and demands and thus to prevent a dangerous precedent and spill-over effect, in particular to the countries of the region ■



[\[back to top\]](#)

ECONOMIC AND SOCIAL COUNCIL WITHOUT TRADE UNION REPRESENTATIVES



Zagreb, 19 May 2010 – At the meeting of the Coordination of Trade Union Confederations presidents of all five Croatian trade union confederations reached the joint decision on non-participation of trade union representatives in the work of the tripartite Economic and Social Council. The presidents of five confederations demanded an urgent bipartite meeting with the Prime Minister Jadranka Kosor in order to discuss future of the social dialogue in Croatia and have announced an all-union congress to reach decisions on further joint activities.

The decision was reached due to continuous disrespect of the basic norms of social dialogue, which culminated in the last few months with the adoption of Government's Economic Recovery Programme, when trade unions have learnt from the media about the proposed measures before they were discussed at the Economic and Social Council. The same happened with the announced changes of the income tax rates and amendments to the Labour Code ■

[\[back to top\]](#)

ITUC CONGRESS WITHOUT UATUC

Zagreb, 25 June 2010 - Due to the change in the leadership which happened just before ITUC's Second Congress in Vancouver, UATUC was forced to withdraw from the participation in the Congress. Although former UATUC President Ana Knežević, who until the Congress held the position of ITUC and PERC Vice-President, was already registered as UATUC delegate, the provisions of UATUC Statute did not allow for her to represent UATUC at the ITUC Congress in new circumstances. Furthermore, as Croatian trade union movement has been faced with the unprecedented attempt of the Croatian Government to unilaterally amend the Labour Code in a way that would allow for a cancellation of all collective agreements, all UATUC capacities have been mobilised in the campaign to prevent such development.

In a letter sent to ITUC General Secretary Guy Ryder, UATUC Acting President Mladen Novosel has expressed his regret and apologies for inability to ensure UATUC's presence and participation at the ITUC Congress, while confirming UATUC's continued commitment to the affiliation to the ITUC and its values ■



[\[back to top\]](#)

NEW CHANCE FOR CROATIAN SHIPYARDS



Zagreb, 6 June 2010 – Croatian shipyards which fail to be privatised in the second round of the privatisation tender will be given further six months period to prepare sustainable restructuring plans. The restructuring of the shipbuilding industry is a precondition for closing the chapter on competition policy in EU accession negotiations. New decision of the European Commission was welcomed by the Metalworkers' Trade Union of Croatia, whose President Vedran Dragičević stated that it is important to agree feasible long term restructuring plans with the EU, since restructuring will require three to four years, especially taking into account the current situation of the global shipbuilding market. ■

[\[back to top\]](#)

NEW INCOME TAX RATES

Zagreb, 1 July 2010 – Amendments of the Law on income tax, which entered into force from the beginning of July, brought changes into Croatian system of progressive income tax rates. The lowest tax rate will be decreased from 15 to 12 percent, the rate of 25 percent remains the same, while previous 35 and 45 percent rates will be replaced with the new rate of 40 percent.

Tax bases have also been changed. The first 1,800 Kuna (250 EUR) of the monthly salary remains exempt from tax, the amount between 1,800 and 3,600 Kuna (500 EUR) will be taxed by 12 percent, the amount between 3,600 and 10,800 (1500 EUR) by 25 percent and everything above 10,800 Kuna by 40 percent.

At the same time, lower 2 percent rate of the special tax on salaries and other incomes (so called "crisis tax") was abolished, while the higher rate of 4 percent rate remains in force until November this year. The 2 percent rate, applied on the salaries between 3,000 and 6,000 Kuna (415-830 EUR) was paid by approximately 720,000 workers and 190,000 retired persons.

While introduced changes should increase income for approximately 1.5 million citizens, the increase for those with low or average salaries will be symbolic (15-25 EUR) while those with high salaries will benefit more in absolute terms ■



[\[back to top\]](#)

UATUC AT THE ILO CONFERENCE



Geneva, 18 June 2010 – **Dijana Šobota**, Head of UATUC International Department, participated in the work of the International Labour Conference held between 2 and 18 June in Geneva. Together with **Marija Hanževački**, General Secretary of the Independent Trade Unions of Croatia, Šobota met with ILO ACTRAV Director Mr **Dan Cunniah** and ILO Desk Officer for Europe Ms **Dimitrina Dimitrova**, to inform them on the state of the social dialogue in Croatia and Government's intention to amend the Labour Code, which Croatian trade unions consider to be a violation of the ILO Convention No. 98 on the Right to Organise and Collective Bargaining. Croatian trade union confederations have announced the possibility of submitting a communication to the ILO and its Committee of Experts against the Government of the Republic of Croatia, due to the violation of the ILO Convention No. 98 ■

[\[back to top\]](#)

ILO MISSION TO CROATIA – DECENT WORK COUNTRY AGENDA TO BE ADOPTED

Zagreb, 7-8 July 2010 – As part of their mission to Croatia, Director of ILO Sub-regional Office for South-East Europe Mr **Mark Levin**, Senior Workers' Specialist Ms **Svetla Shekerdjieva**, and Senior Employers' Specialist Ms **Anne Knowles**, met with the representatives of Croatian trade union confederations at the UATUC headquarters. The purpose of the meeting was to discuss details about the adoption of the Decent Work Country Programme/Agenda for Croatia. The mission also met with representatives of the Ministry of Economy, Labour and Entrepreneurship, Croatian Employers' Association, and the joint tripartite meeting was held as well.

UATUC submitted its request for the adoption of the Decent Work Country Programme to the ILO Sub-regional Office in Budapest in September 2009, with the emphasis on the strengthening of the bipartite social dialogue, workers' participation, establishment of sectoral councils, employment in times of crisis, restructuring, green jobs, Global Pact for Employment, implementation of laws in line with international labour standards and adoption of ILO conventions. The first round of tripartite discussions has been a success, reaching the agreement of the three constituents regarding the priorities to be included within a future DWCP for Croatia. In the current economic and social circumstances, the UATUC proposal – with the full



support of all the other Croatian trade union confederations – to focus on employment, green jobs, follow-up to the Global Jobs Pact and on international labour standards and efforts for the continuation of ratification process has been accepted in terms of priorities that demand our greatest attention. The Croatian constituents also expressed the need and interest for Croatia to join the ILO employment programme ■

[\[back to top\]](#)

NO TO THE PROPOSED CHANGES IN RETIREMENT AND UNEMPLOYMENT STATUS



Zagreb, 8 July 2010 – UATUC strongly rejected the proposed Government's amendments to the Law on retirement insurance and the Law on Mediation in Employment and Rights during Unemployment.

Proposed changes in the retirement system would permanently lower the pensions of workers who retire early for a much bigger percentage than it is the case now. Such "punishment" is unacceptable among other reasons because of the fact that many workers are forced to retire early not because of their own choice but because of the pressure from the employer and the treatment of older workers by the State Employment Service, which refuses to seek a job for those fulfilling conditions for early retirement.

Proposed changes in the rights during unemployment would further decrease unemployment benefit (which was already decreased in 2009) and raise the criteria for achieving the right to receive the permanent benefit. Croatian unemployment benefits are already among the lowest in the Europe which is in fact violating both the ILO Convention 102 on Minimum Standards of Social Security and the Croatian Constitution which sets responsibility of the state to provide decent support for those unable to find job ■

[\[back to top\]](#)

SEMINAR ON COMMUNICATION WITHIN TRADE UNIONS

Trogir, 31 May 2010 – Train-the-trainers seminar on communication within the trade unions was held in Trogir from 26 to 28 May, as a part of the joint project between LO Norway and UATUC on communication and information which is now in its second year. On that occasion Jens Schei Hansen, LOFF President and advisor for communication within the LO Norway, received “Heart of Trade Union Solidarity” charter for 2010 awarded by the Presidency of the UATUC Council to LO Norway due to expert, organisational and financial assistance in training UATUC staff in the area of communication and information. It is worthy to note that recently refurbished design of this newsletter is also among results of the project. ■



[back to top]

EFTA DELEGATION IN THE UATUC



Zagreb, 20 May 2010 – Delegation of the Counselling Committee of the European Free Trade Association (EFTA) met in UATUC headquarters with the representatives of UATUC and Independent Trade Unions of Croatia (NHS) in order to talk about social partnership and social dialogue in Croatia. Discussed issues also included the latest Government's attempt to amend the Labour Code and trade union withdrawal from the work of the Economic and Social Council. During their one-day visit to Croatia, EFTA delegation also met with representatives of the Croatian Employers' Association (HUP), Government's Office for Social Partnership and the Ministry of Foreign Affairs and European Integration. ■

[back to top]

UATUC PUBLICATIONS (IN CROATIAN)



LABOUR CODE

New Croatian Labour Code, harmonised with the EU legislation, has entered into force on 1 January 2010. Publication brings full text of the new law, together with a guide on implementation of new provisions written by Marina Kasunić Peris, Head of UATUC Industrial Democracy Department ■



EU OCCUPATIONAL HEALTH & SAFETY POLICY

Trade union guide to occupational health and safety policies of the European Union is aimed at workers' representatives involved in health and safety issues on national and European level. Guide brings an overview of the EU institutions and procedures in the field of OHS, as well as the trade union role in this field ■



LAW ON OCCUPATIONAL HEALTH & SAFETY

New Croatian Law on Occupational Health and Safety, harmonised with the EU legislation ■

If you are interested in any of these publications, please contact international-uatuc@sssh.hr,
or order through www.sssh.hr

[back to top]

Please pass this newsletter on to your colleagues and contacts who might be interested.



Union of
Autonomous
Trade Unions
of Croatia

Together we are stronger

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