



# Social dialogue and conflict resolution in the acceding countries



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## work life and eu enlargement

Work Life and EU Enlargement is a cooperation project aiming to build and exchange knowledge within the field of working life in order to facilitate the enlargement of the European Union. All acceding and candidate countries participate in this project, which is run by the Swedish National Labour Market Board.

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**Foundation project:** Promotion of social dialogue in the acceding countries



European Foundation for the Improvement of Living and Working Conditions

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# Foreword

With enlargement to the ten acceding countries due to take place in May 2004, the European Union faces wide-ranging challenges. The implications for social and economic policy are many and Europe's decision makers must make difficult choices.

Information on all aspects of life in the acceding countries will contribute to a better preparation for enlargement. Not least in the field of industrial relations, where the Foundation has embarked on a series of projects in this regard. An earlier project, which laid the groundwork for the present study, looked at the role of social dialogue in preparations for economic and monetary union.

This report looks specifically at the use of social dialogue in resolving industrial relations conflicts. The project brings employers, trade unions, national governments and researchers from acceding countries together with the aim of examining how best to refine existing mechanisms of extra-judicial conflict resolution in these countries. Most significantly, the project highlights how social dialogue can be harnessed to devise a road map for industrial peace.

We trust this report will provide a useful input to the current debates surrounding industrial relations and enlargement within the new Europe.

Willy Buschak  
Acting Director



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**Country codes used in the text**

<i>Country</i>	<i>Code</i>
Acceding countries	AC
Cyprus	CY
Czech Republic	CZ
Estonia	EE
Hungary	HU
Latvia	LV
Lithuania	LT
Malta	MT
Poland	PL
Slovakia	SK
Slovenia	SI

# Introduction

## Background to the project

The Foundation project on 'Social dialogue and conflict resolution mechanisms in the acceding countries' is a follow-up to the project on 'Social dialogue and EMU in the acceding countries' which was carried out in 2002-3. This latter project was based on Foundation research undertaken in 1999-2000 into the social implications of EMU in the current 15 Member States and a subsequent project on the 'Europeanisation of industrial relations' which dates from 2001-02<sup>1</sup>. Both of these earlier projects shaped the structure and objectives of the present project. Following completion of the first phase of the project on 'Social dialogue and EMU', the government and social partners of Slovenia proposed extending the scope of the project to investigate national experiences of conflict resolution in a comparative way. The other acceding countries welcomed this idea and it was decided to proceed on this basis in the second phase.

The overall objective of the research project on 'Social dialogue and conflict resolution mechanisms in the acceding countries' is to bring employers, trade unions, national governments and researchers from the acceding countries together in order to investigate and assess how social dialogue can best be utilised to adapt, improve and, if necessary, reform the existing mechanisms of extra-judicial conflict resolution in the acceding countries. Each country would assess the strengths and weaknesses of current mechanisms for resolving industrial conflicts and then draw up a national development project. More importantly, it was intended that the project would serve to illustrate how social dialogue can be harnessed as a crucial tool with which to devise a road map for industrial peace in the future.

Participants in the project are the 10 acceding countries: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. When this project was initiated in 2001, these so-called 'acceding' countries were known as 'candidate' countries pending consideration of their application for membership to the European Union. Following the signing of the accession treaties in Athens on 16 April 2003, these 10 countries acquired the status of 'acceding' countries, and will become 'Member States' when they join the EU on 1 May 2004. The current candidate countries – Bulgaria, Romania and Turkey – are outside the scope of the project.

As with the previous project on 'Social dialogue and EMU in the acceding countries', the Foundation's current research and development project is being carried out in cooperation with the Swedish government 'Work Life and EU Enlargement'<sup>2</sup> programme. An 'exploratory conference' held in Aske, Stockholm, in 2001 served as the launching pad for the project and at this conference the five countries to be included in the first pilot phase of the project were selected. These countries are Estonia, Hungary, Malta, Poland and Slovenia, considered representative of both small and large countries as well as north and south of the geographical scale. At the end of the pilot phase in 2002, the Foundation and the Swedish Work Life and EU Enlargement project jointly decided to enlarge the project during 2003 to cover the remaining acceding countries: the Czech Republic, Cyprus, Latvia, Lithuania and Slovakia.

<sup>1</sup> See, for example, European Foundation for the Improvement of Living and Working Conditions, *The Impact of Economic and Monetary Union on Industrial Relations: a sectoral and company view*, 2000, and idem, *The Europeanisation of industrial relations in a global perspective: A literature review*, 2002.

<sup>2</sup> Work Life and EU Enlargement is a cooperation project of the Swedish National Labour Market Board which aims to build and exchange knowledge among acceding and candidate countries within the field of working life in the run-up to enlargement of the European Union. See <http://www.amv.se/wle>.

In accordance with the original aims, the main output of the project is a comprehensive analysis from each country of the current situation regarding current extra-judicial conflict resolution mechanisms prevailing in their country. Precise development projects for each country have also been drawn up and it is foreseen that these will in time be implemented by the tripartite stakeholders of the project (governments, employers and trade unions).

### **Timeline for the project**

The project on ‘Conflict resolution mechanisms in the acceding countries’ was divided into the following phases:

#### **Preparatory meetings in each country**

National government officials and social partner representatives of the 10 countries were invited to meetings in 2002 to kick off the entire project cycle. During these meetings, the overall project design was outlined and the national parties were asked to support both the objectives and the methods of the project. All tripartite participants expressed agreement with the project objectives and their willingness to be included in the project which would follow an agreed timeframe. It was decided to organise joint tripartite workshops in Prague for the purpose of drafting the national development projects which would be based on reports from national experts. During this initial meeting, each participating country nominated its national expert and selected participants for the joint workshops.

#### **Preparation of reports by national experts**

A national expert from each country prepared a report on the industrial relations situation and the current state of play regarding conflict resolution mechanisms in their country.

#### **Two joint workshops**

The two workshops held in Prague over the course of the project were known as ‘Prague I’ and ‘Prague II’ and took place in October 2003 and January 2004 respectively. The first workshop involved the five acceding countries chosen to participate in the pilot phase of the project – Estonia, Hungary, Malta, Poland and Slovenia – while the five remaining countries – the Czech Republic, Cyprus, Latvia, Lithuania and Slovakia – participated in the second workshop. The tripartite national teams consisted of two representatives each from governments, trade unions and employer organisations. At each workshop, a nominated research expert from each of the five countries presented a background paper describing the current situation regarding current extra-judicial conflict resolution mechanisms in their country.

The workshops adopted the following methodology:

- Analysis of the current situation: This was based on the reports of the national experts<sup>3</sup>. The national tripartite teams carried out a SWOT analysis of the existing extra-judicial conflict resolution mechanisms in their respective country.

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<sup>3</sup> For more details, see <http://www.eurofound.eu.int/industrial/social-dialogue/workshop.htm>.

- Anticipating the future of conflict resolution: In a second step, participants were asked to anticipate the future industrial relations systems in terms of improved conflict resolution, to envisage in what way and to what extent their country will have to adapt existing procedures.
- Development project: Based on the analysis of the current situation and their anticipation of the future, the national tripartite teams set about drawing up national development projects for their country. The national teams first chose a suitable topic and drafted an action plan with a timetable and tasks assigned to the various parties – governments and the social partners – responsible for implementation.

### **Final evaluation conference**

The overall research process and the implementation of the development projects will be assessed during a final conference which will take place in Ljubljana at the end of March 2004 and will involve tripartite representatives from all 10 acceding countries. At this conference, participants will have the opportunity to benefit from the experiences of all countries gained over the course of the implementation phase of the project. It is, moreover, intended that participants will debate the role social dialogue can play in creating a road map for industrial peace in their own country.

### **Social dialogue foresight method**

The ‘Social dialogue and conflict resolution mechanisms’ project was conceived as a research and development project: it used the foresight methodology approach to analyse the process of social dialogue and tripartite concertation. The resulting social dialogue foresight method, which was developed and tested in the course of this project, consists of the following main features:

#### **1. Exploratory phase**

This phase started with the analysis of the existing industrial relations situation in each country including the regulatory framework and number of industrial disputes and conflict resolution mechanisms. A national expert in each country was responsible for drafting this basic analysis, which the national tripartite group then examined and amended. The outcome was a joint view on the current situation in each of the 10 acceding countries.

#### **2. Debate**

The tripartite group discussed the existing and future mechanisms for conflict resolution. The outcome of these debates was, for the most part, a joint view of a road map to industrial peace.

#### **3. Selection**

In the next step, the tripartite delegations began to shape the future by selecting a topic for the joint development project. The group had to justify their selection, prepare an action plan and a schedule for the project and assign responsibilities for implementation.

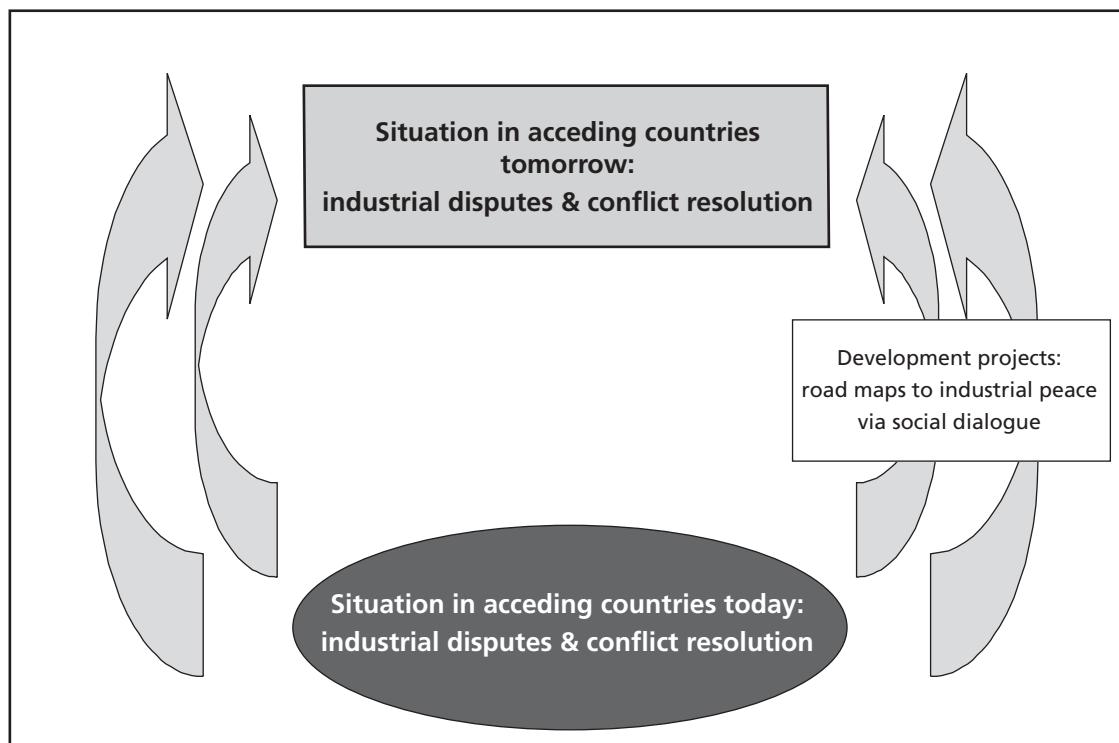
#### **4. Implementation**

This started immediately after the hand-over of the project to the national Ministers of Labour and Social Affairs and the competent tripartite bodies.

### 5. Evaluation

A final evaluation of the present project will be carried out at the international conference in Ljubljana which will take place at the end of March 2004. During this conference, all 10 national projects and their possible future implementation will be presented and assessed. The entire project will then be evaluated in Stockholm by the Swedish Work life and Enlargement programme.

**Figure 1 Social dialogue foresight method**



# Industrial relation systems in the acceding countries

Industrial action and conflict resolution systems are a core element of all industrial relations systems in well-developed market economies. In the acceding countries, both the systems of industrial relations as well as conflict resolution mechanisms are relatively new and have been subject to remodelling during the transition phase to a market economy. Collective and individual industrial disputes are a new phenomenon for these countries as well. Most of the conflict resolution systems in the acceding countries were set up in the early 1990s. Since then, the industrial relations systems have experienced a major transformation: the growth of new social partner organisations, the decline of trade union membership, the lack of representativeness of some of the actors and the growing role of governments in tripartite structures. In summary, the industrial relations systems in many of the acceding countries can be characterised as very fragile, fragmented and in search of a new model.

Against this background, social dialogue represents a crucial element in the renewal of the existing industrial relations systems in these future EU Member States. The impact of social dialogue on the political and economic development of a country depends, however, on the representativeness and institutional capacity of the social partners involved, as well as on the efficiency and effectiveness of the national industrial relations processes. This chapter sketches the main features of the industrial relations landscape in the acceding countries, including some relevant comparisons with the EU 15 Member States.<sup>4</sup>

## Trade union density

With trade union membership being compulsory under the communist regime, union density rates were over 90%. However, from the start of the transition period in central and eastern Europe, these rates were seen to be in rapid decline. The results from the national reports<sup>5</sup> illustrate that, in 2002-2003, unionisation rates in the acceding countries had fallen to a low level with, on an average basis, only one third of employees belonging to a trade union (see figure 2). The strongest unions are found in the public sector, especially among teachers and nurses. The level of trade union membership in Latvia, for example, is also close to the AC average: in 2002 it was estimated at close to 30% on average, with 38% in the public sector and as low as 8% in the private sector (Antila and Ylöstalo, 2003, p.54). In the newly created companies, the unionisation rate is at an even lower level. In Estonia, for example, only 1-2% of employees working in newly set-up companies are unionised. Union membership as a whole is about 15%.

The lowest unionisation rates are found in Estonia, Lithuania and Poland, where less than one fifth of employees are unionised. The highest figures, about 60-70%, are in Cyprus and Malta. Unionisation rates in the acceding countries are on average about 10% lower than among current EU Member States.

<sup>4</sup> This section is based on the findings of the previous report of the European Foundation for the Improvement of Living and Working Conditions, *Social Dialogue and EMU in the acceding countries*, 2003.

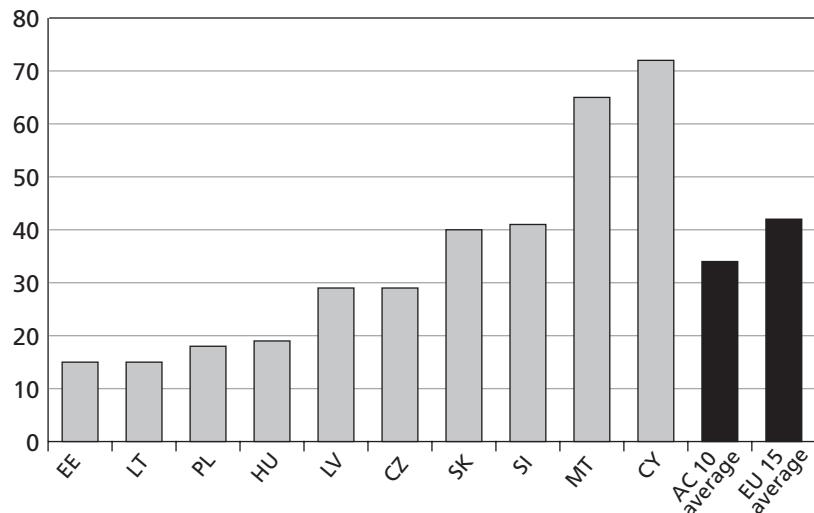
<sup>5</sup> The national reports are available for downloading on the Foundation website at [http://www.eurofound.eu.int/industrial/social\\_dialogue.htm](http://www.eurofound.eu.int/industrial/social_dialogue.htm)

The following reasons are generally put forward to account for the lower trade union density – and this is still falling – in the acceding countries:

- the economic transition and restructuring process;
- privatisation;
- the existing company structure, which is characterised by a relatively high level of micro firms and small and medium sized enterprises (Lado and Vaughan-Whitehead, 2003, p.68);
- increasing foreign ownership of firms (Cox and Mason, 2000, p.103);
- increasing use of fixed-term contracts (*ibid*).

In the light of such an obvious decline in trade union membership and given the negative image surrounding trade unionism as a result of the legacy of compulsory membership, it is clear that industrial action is a problematic issue for trade unions in the acceding countries.

**Figure 2 Trade union density in the acceding countries (%)**



Source: EIRO 2002 and national reports. Unweighted data (not taking into account the respective size of the labour force).

### Membership of employer organisations

Under the former soviet system which prevailed in the central and eastern European acceding countries, there was no tradition of employer organisations. In addition to this, company managers were generally appointed by the leading communist parties. Employer organisations only began to emerge with the fall of communism and the transition to a market economy. There is therefore little comparative information about the affiliation of national-level employer organisations, but first analyses show that the employer organisations recently set up tend to be numerous, disparate and lacking influence and impact.

Rough figures<sup>6</sup> for membership of employer organisation are: 20-60% of industrial enterprises in the eastern European countries, 60% to 75% in Cyprus and Malta. Some of the highest levels of employer organisation affiliation in eastern Europe are found in Slovenia (60%) and Slovakia

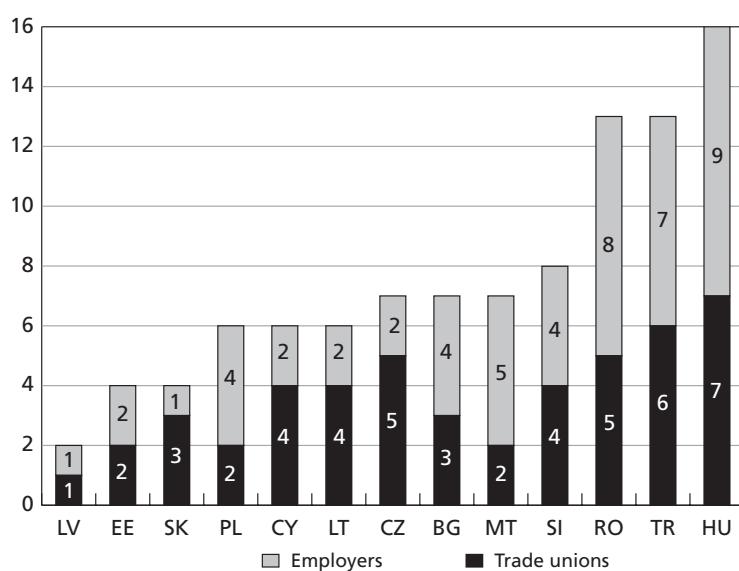
<sup>6</sup> Expressed as a percentage of enterprises being affiliated in employers' associations: (see Lado and Vaughan-Whitehead, 2003, p. 70 and European Foundation for the Improvement of Living and Working Conditions, 2002, p.4.

(50%). As for Latvia, it was only in 1993 that the largest employer organisation – the Latvian Employer Confederation – was founded. This organisation currently brings together 50 large enterprises and 20 professional associations covering 30% of the total number of persons employed. An important step for ensuring uniformity of treatment in relation to social dialogue in this country was the adoption of the ‘Law on Employer Organisations’ in 1998.

Most of the employer associations in the acceding countries are more inclined to lobby the governments than to negotiate collective agreements. This may be due to the fact that in a large number of these countries employer associations assume both the role of industry and business associations, or, likewise, the role of chambers of industry, commerce and trades<sup>7</sup>.

This low level of employer organisation affiliation is one additional reason for the lack of a well-functioning social dialogue in the acceding countries. According to the European Commission, ‘(...) the most significant weakness of industrial relations since the beginning of the transition lies in the lack of organised and representative employer organisations at the national and intermediary levels’ (European Commission, 2002c, p.95).

**Figure 3 Social partner organisations in the acceding countries**



Source: European Commission, *Industrial Relations in Europe 2002*.

Figure 3 exemplifies the fragmentation<sup>8</sup> and heterogeneity of national-level trade unions and employer organisations in all the acceding countries. An exception is Latvia, where there is only one central trade union and employer organisation. The highest number of trade unions and employer organisations is found in Hungary, where seven trade unions and nine employer organisations coexist. All in all, there are 48 trade union confederations compared to 51 employer organisations in the 10 acceding countries.

<sup>7</sup> Exceptions to this rule are Latvia, Poland and Romania (see Lado, 2002, p.110).

<sup>8</sup> Employer organisations in eastern Europe increased between 1992 and 1994 from about 30 to 100, with the largest numbers to be found in the Czech Republic, Hungary and Poland; (see Cox and Mason, 2000, p.104).

In addition to this fragmentation, the absence of employer organisations in the public sector is a striking factor of the industrial relations systems in the acceding countries, especially in the light of the important role these actors play at Member State and EU level (Lado and Vaughan-Whitehead, 2003, p.83).

On the one hand, the weakness of employer organisations in the acceding countries increases the difficulty in engaging in industrial actions, such as lockouts. On the other hand, there is little need for employer-driven industrial action anyway. This is due to the fact that most employer associations refrain from collective bargaining at sectoral level, and commit themselves to company-based bargaining only. When individual disputes arise at this level, the judicial route is the one mainly used for dispute resolution.

### **Decentralised collective bargaining**

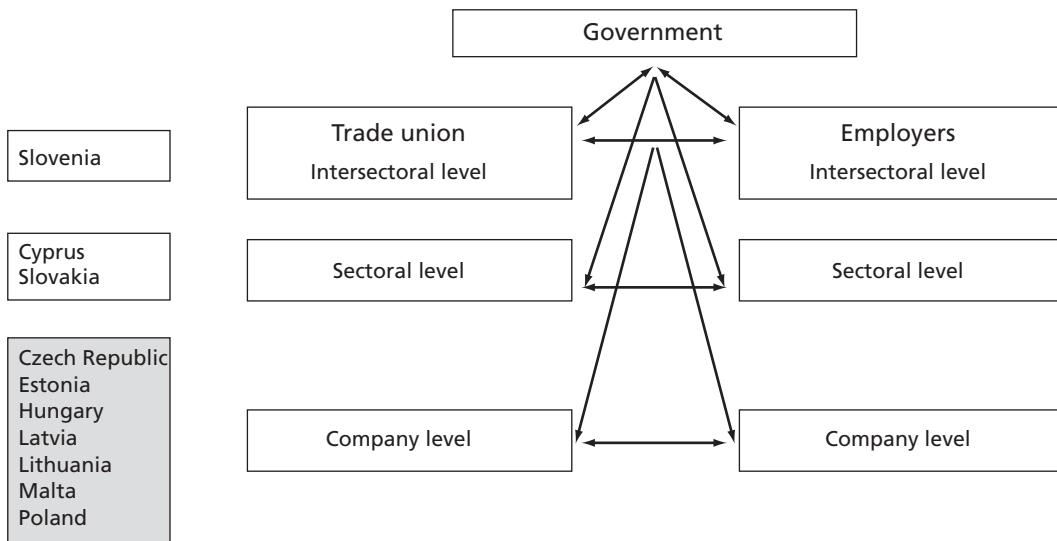
The national reports from the 2002-3 Foundation project on ‘Social dialogue and EMU in the acceding countries’ show that in most of the 10 acceding countries, the system of industrial relations is very decentralised (European Foundation for the Improvement of Living and Working Conditions, 2003c). Wage negotiations take place mainly at company level (Kessler, 2004, p. 8 and European Industrial Relations review, 2004, p.19-21) – see figure 4. Only in the public sector do negotiations take place at sectoral level and in this sector also the rate of unionisation is quite high. Slovenia is the only country where the social partners negotiate at intersectoral level. The Slovenian industrial relations system is characterised by general national agreements, which are not of a voluntary nature and which influence sectoral agreement to a large extent in so far as the latter have to comply with the former. In Slovakia, almost all the economic sectors of the country are covered by sectoral agreements which are the outputs of a voluntary collective bargaining process (Lado, 2002, p.113). Cyprus and Slovakia are the only acceding countries where, as in most of the Member States of the EU 15, the main level of collective bargaining is sectoral-level. In Cyprus, national-level collective bargaining is limited to the constraints of sectoral-level bargaining, obviously due to Cyprus’ small geographical size. Consequently, a national-level collective agreement is also a sectoral agreement, while sectoral agreements are also national (since they have pan-Cyprian coverage). Currently in Cyprus there are 13 national/sectoral collective agreements in place in the private sector. The majority of these agreements have a two-year duration, with a three-year duration in a few cases. At the other end of the scale, it is estimated that over 450 company-level collective agreements are currently in force in Cyprus.

In the remaining seven acceding countries, wage bargaining is decentralised to company level. In Malta, for example, it was estimated that in 2002 the total number of company-level agreements in force in the private sector was 297 (Baldacchino *et al* 2003, pp.159-170; Montebello, 2003). Out of an estimated total of 200 private sector companies with collective agreements in 1995, 60% concerned manufacturing companies, and 40% companies in the services sector. On the other hand, the total number of employees covered by collective agreements amounts to less than one third of all full-time employees in the private sector. These figures reflect the economic situation in the country whereby 75% of all industrial companies employ fewer than five persons.

In the light of the decentralised level of collective bargaining, it appears evident that collective disputes in the acceding countries are most likely to be company disputes. It is only in Cyprus and

Slovakia that classical industrial actions at sectoral level are likely to arise, as occurred in Slovakia in 2003 in the railway sector.

**Figure 4 Main levels of collective bargaining in the acceding countries (wage negotiations)**

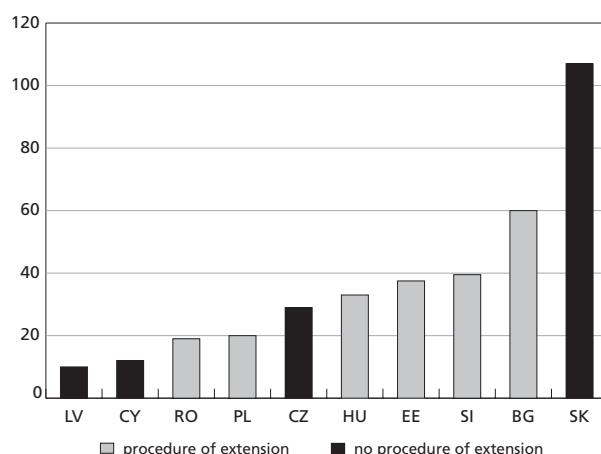


Source: EIRO 2002 and national reports.

### Coverage of collective agreements

The purpose of sectoral social dialogue is to sign sectoral collective agreements. Figure 5 shows the number of sectoral agreements concluded in selected acceding and candidate countries in the period 1998-2002. The highest figure of signed agreements can be seen in Slovakia where the social partners have concluded more than a hundred sectoral collective agreements. At the other end of the scale, the lowest figures are found in Cyprus and Latvia, where social dialogue has resulted in approximately 10 agreements.

**Figure 5 Number of sectoral collective agreements (1998-2000)**

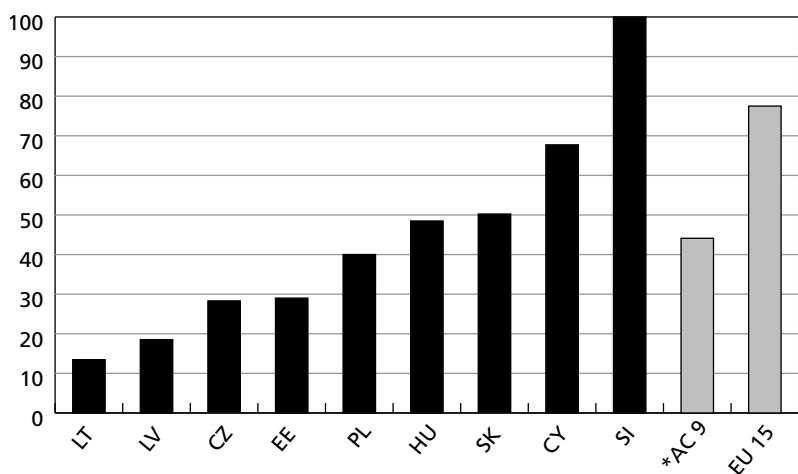


Source: European Commission: Industrial Relations in Europe 2002+ national reports.

However, the mere number of collective agreements is not a sufficient indicator for the coverage of the workforce by these agreements, an aspect that is discussed below.

A defining indicator of the European social model, when contrasted with that of the United States of America is the level of trade union density, and the consequent coverage of collective bargaining. The unweighted average union density of the 15 EU Member States in 2000 was 43.8%. However, the largest countries have considerably lower density, which means that the weighted EU average is only 30.4%. In contrast, trade union density in the USA in 2000 was 13.5 %, lower than any EU country except France (9.1%) (European Foundation for the Improvement of Living and Working Conditions, 2002c, p.2). The unweighted collective bargaining coverage stands at 77% in the EU 15, 20% in Japan and 15% in the USA (EIRO, 2004).

**Figure 6 Coverage of collective agreements in acceding countries (%)**



Source: EIRO 2002 and country reports. \*No exact data available for Malta.

The low unionisation level is also reflected in the coverage of collective agreements in the acceding countries. The low level of unionisation in the acceding countries, seems – at first sight – to be related to the low level of collective agreement coverage (European Foundation for the Improvement of Living and Working Conditions, 2002c, p.6). In four of the acceding countries, Estonia, Hungary, Poland and Slovenia, collective agreements are extended by legislation also to cover non-unionised employees.

Figure 6 shows that the lowest coverage of workers is to be found in Lithuania and Latvia, where only about 15% of the employees fall under the scope of collective agreements. In Hungary and Slovakia, almost 50% of the employees are covered, and in Cyprus about two thirds.

Currently in Cyprus, which has a predominantly sectoral-level social dialogue, there are 13 national/sectoral collective agreements in the private sector. From the tables in the national report for Cyprus, it can be seen that 23.9% of the employed population are covered by national/sectoral agreements (total number of employed in 2001: 307,800 persons), or 26.7% of the total number of employees in Cyprus (total number of employees in 2001: 275,400). The same figure represents

41.4% of all trade union members (trade union members in 2001: 177,600 employees)<sup>9</sup>. Virtually 100% of the workforce is protected by collective agreements in Slovenia, a figure equalled in the present Member States only by Austria and Belgium. This advantage is guaranteed to them by the fact that collective agreements on a national level are only concluded by representative trade unions. On the employer side, this high coverage is guaranteed by a transitional provision of the law, giving the Chamber of Commerce and Industry of Slovenia and the Chamber of Crafts of Slovenia the authority to conclude collective agreements. Because membership in these organisations is obligatory for all employees in the sector, these collective agreements are legally binding for all employers in a particular activity. Such a system does not require the mechanism of 'extension of collective agreements', because compulsory membership in the Chambers means the coverage rate of collective agreements concluded by these enterprises is almost 100%. Compared to the EU 15 (76.8%)<sup>10</sup> the coverage rate of collective agreements in the acceding countries is about 30% lower.

## **Worker participation**

Worker participation is an essential ingredient for harmonious employment relations in companies. Information and consultation rights of the workers about the company, their jobs and any changes in their working conditions can thus be regarded, in a certain sense, as an *ex ante* conflict resolution mechanism.

In the 10 acceding countries works-council type structures only exist in the Czech Republic, Hungary, Poland, Slovakia and Slovenia. However, only in Hungary and Slovenia are these bodies comparable with the fully-fledged western continental type of works councils, and the overall situation of works councils in the acceding countries is one of relative weakness (Cox and Mason, 2000, p.102; ETUC/INFOPPOINT/ETUCO, 2002, p.96-141). Autonomous social dialogue and worker participation dialogue is also developing gradually in Poland: its natural background, however, is to be found at company or establishment level where the powers of the employees' representatives are concentrated. For the time being, social dialogue is initiated mainly by the trade unions. These, however, mainly exist in large public sector enterprises and the rate of unionisation was, in 2000, only about 18% of the workforce. In Poland, works councils are only to be found in state-owned companies, which, in the wake of privatisation, are on a steady decline.

The Czech Republic and Slovakia have introduced works councils very recently; they may only be set up, however, in enterprises with no union representation in place. The necessary implementation of the *acquis communautaire* in the field of worker involvement is certainly likely to foster this development in the acceding countries (European Foundation for the Improvement of Living and Working Conditions, 2002c, p. 6-7; Kohl and Platzer, 2003a, pp. 129-138).

In 2002, 547 companies having a subsidiary in an acceding country came under the scope of the EWC directive. Of these, 323 companies had already set up an EWC. A limited number of these EWCs had already included representatives from the acceding countries in their EWCs. The incidence of companies having an EWC including worker representatives from an acceding country

<sup>9</sup> See national report for Cyprus.

<sup>10</sup> See EIRO article at [www.eiro.eurofound.eu.int/2002/12/feature/TN0212101F.html](http://www.eiro.eurofound.eu.int/2002/12/feature/TN0212101F.html).

is the highest in Poland (50) and the lowest in Estonia (2). The figures for the other acceding countries are as follows: Czech Republic (26), Hungary (23), Slovakia (16) and Slovenia (3) (Kerckhoffs, 2002 and Kohl & Platzer, 2003b). Finally, in March 2004, 8 out of the 10 acceding countries had transposed the EWC directive into national legislation (Cyprus, Czech Republic, Hungary, Latvia, Malta, Poland, Slovakia and Slovenia).<sup>11</sup>

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<sup>11</sup> See [http://europa.eu.int/comm/employment\\_social/labour\\_law/index\\_en.htm](http://europa.eu.int/comm/employment_social/labour_law/index_en.htm).

# Institutional and regulatory frameworks for industrial action

The right to strike is anchored in the constitution of the majority of the acceding countries<sup>12</sup> (Cyprus, Czech Republic, Hungary, Latvia, Lithuania, Poland and Slovakia) and in the national legislation in all the remaining countries. With regard to lockouts, the picture is varied. In five of the acceding countries, the employer's right to lockout is enshrined in national law (Czech Republic, Estonia, Latvia, Malta, Slovakia). In Cyprus, the question is dealt with by a collective agreement. The remaining acceding countries either do not have any legal basis for lockouts (Hungary, Poland, Slovenia), or consider them as an illegal means of industrial action (e.g. Lithuania)

**Table 1 Legal basis for industrial action in the acceding countries**

AC	Right to strike	Right to lockout	Year of enactment
CY	C + L + CA	CA	1960
CZ	C + L	L	1991
EE	L	L	1993
HU	C + L	0	1989
LT	C + L	LO	2002
LV	C + L	L	1998/2003
MT	L	L	2002
PL	C + L	0	1991
SK	C + L	L	1991
SI	L	0	1990

Note: C = constitution; CA = collective agreement; L = law; 0 = no legal basis; LO = prohibited by law.

## Cyprus

### Legal basis for strikes and lockouts

In Cyprus the legal basis for the right to strike is recognised in article 27 of the Constitution:

1. The right to strike is recognised and its exercise may be regulated by law for the purposes only of safeguarding the security of the Republic or the constitutional order or the public order or the public safety or the maintenance of supplies and services essential to the life of the inhabitants or the protection of the rights and liberties guaranteed by this Constitution to any person.
2. The members of the armed forces, of the police and of the gendarmerie shall not have the right to strike. A law may extend such prohibition to the members of the public service.

There is no specific reference in the Constitution, or any other law, to an employer's right to lockout. This does not mean that lockouts are illegal. The Industrial Relations Code, though a voluntary agreement, explicitly mentions under Part II, Section B, Paragraph 1(d), (Violations of Collective Agreements) that '.....the aggrieved party may resort to any lawful action, including a strike or lockout, in defence of its interests'.

<sup>12</sup> Chapters 2 and 3 are based on contributions from the national researchers: CY: Orestis Messios; CZ: Lenka Korcova; EE: Kaia Philips and Raoul Eamets; HU: Beáta Nacsá and András Tóth; LT: Grazina Gruzdienė; LV: Daiga Ermsonsone; MT: Edward Zammit; PL: Zbigniew Hajn; SK: Ludovít Cziria; SI: Metka Penko-Natlacen.

### **Preconditions for strikes and lockouts**

It should also be noted that according to the trade union laws, the articles of association of every trade union have to include a provision that, for a decision to strike to be legitimate, a general assembly of the employees involved needs to be held, with secret balloting as to whether the employees are in favour of striking or not. Non-adherence to this legal provision, which is included in the union's articles of association, will lead to an 'illegal strike'.

### **Strikes in essential services**

In relation to paragraph 1, strikes in essential services are an issue that has been under discussion for a number of years. Government policy on the issue remained stagnant, with the previous government favouring the legislative regulation of the right to strike in essential services. The new government has re-examined the issue and favours the regulation of conflict resolution in essential services, through the signing of a voluntary agreement by the social partners, a policy that is in line with the industrial relations system in Cyprus.

## **Czech Republic**

### **Legal basis for strikes and lockouts**

In the Czech Republic, the right to strike is generally recognised as a means of defending employees and their social and economic interests. The right to strike is specified in the Charter of Fundamental Rights and Freedoms, which forms part of the Constitution of the Czech Republic. Article 27(4) of this Charter states that the right to strike is guaranteed according to the conditions laid down by law; this right is not conferred upon judges or members of the armed and security forces. This specific character of the right to strike also implies that the entity exercising this right will primarily be a group of employees in an organisation defending their economic and social rights (usually a trade union). Article 41 states that the rights listed in Article 27(4) may be exercised only on the grounds of the existing laws implementing this constitutional provision. The legal conditions for exercising the right to strike are further outlined in Act No 2/1991 on collective bargaining. This act defines the modalities of collective bargaining between the competent trade union bodies and employers, with the possible cooperation of the state, the aim of which is to conclude a collective agreement.

A lockout is only covered under the Collective Bargaining Act. The definition of a lockout is a partial or complete stoppage of work by an employer. A Czech employer may, as a final solution for solving a dispute linked to the conclusion of a collective agreement, declare a lockout, if an agreement cannot be reached even after the intervention of a mediator and, if in addition to this, the contracting parties do not request an arbitrator to settle the dispute. The start of a lockout, its extent, the reasons for it and a list of names of employees to whom the lockout applies, must be notified by the employer to the competent trade union body and to the employees concerned at least three working days in advance. The law specifies situations in which a lockout is unlawful. In general, this applies to situations where a lockout is aimed at medical personnel, endangering public health or life, or affecting judges or other state officials. The competent trade union body or state representative may seek the declaration of a lockout as being illegal by the regional court in whose jurisdiction the relevant employer's head office is registered. If an employee cannot carry out his or her work because a lockout has been declared against him or her, this is considered as an

objective obstacle to work on the part of the employer. If it is not an illegal lockout, however, the employee is only entitled to half the average wage. Claims from the health insurance scheme and social security benefits of an employee who is the subject of a lockout are assessed as if the lockout had not taken place. As for the pension insurance scheme, when calculating the average monthly wage, the periods of lockouts are not included in the decisive period. A lockout comes to an end only when the employer who has declared it decides to end it. The provisions stipulate that the end of a lockout is to be notified without undue delay to the competent trade union body and the employees affected.

#### **Preconditions for strikes and lockouts**

Strikes, their preconditions and procedures, are all precisely regulated by law. A strike, as understood by the Collective Bargaining Act, is a legal instrument to settle collective disputes concerning the negotiation and conclusion of a collective agreement. A dispute on a change to an agreement already in force is also considered a collective dispute if the possibility and extent of changes has been agreed in a collective agreement. Collective disputes are disputes which do not give rise to entitlements of individual employees. A precondition for a strike, however, is that all regulations set out by the Collective Bargaining Act be observed.

Furthermore, the competent trade union body must:

- a) notify employees of the following information in writing:
  - when the strike will start and its estimated duration,
  - the reasons and goals of the strike,
  - the names of the representatives of the strike committee or of contact persons who are authorised to represent the participants in the strike;
- b) present the employers with a list of names of the employees participating in the strike;
- c) inform the employer of the end of the strike.

The competent trade union body which decided the strike is required to give the employer an assurance of essential cooperation for the whole duration of the strike while ensuring the delivery of essential services. If all the conditions laid out by law for striking are observed, the strike is considered legal.

In cases of legal strikes, the law imposes further duties both for the competent trade union body and for the employer:

- a) employees may not be prevented from taking part in the strike, but must not be forced to take part in the strike;
- b) the participation of employees in a strike is considered excused absence from work;
- c) an employee may not be held responsible for damage resulting solely from the suspension of work through strike action;
- d) during the strike the employer may not substitute strikers with other workers.

Participants in strikes are not entitled to wages, wage compensation, sick pay or support while caring for a member of the family, if he/she fulfils the conditions stipulated by the regulations of the

health insurance. While assessing income for the granting of social services benefits, the loss or drop in income due to a strike is not taken into consideration. Participation in a strike also has an effect in the area of pension insurance.

With regard to lockouts, their start, extent, motives, as well as a list of names of employees to whom the lockout applies, must be notified by the employer to the competent trade union body at least three working days in advance. The employer is required to give the same period of notice to the employees concerned. If it is not an illegal lockout, the employee is only entitled to half the average wage. Claims from the health insurance and social security schemes of employees subject to a lockout are handled as if the lockout had not taken place. For the purposes of pension insurance schemes, when fixing the average monthly wage, the period of lockout is not included in the decisive period. A lockout comes to an end when the employer who had declared it decides to end it. The end of a lockout is to be notified without undue delay to the competent trade union body. The employees affected by the lockout are also to be notified of its end.

### **Unlawful strikes and lockouts**

The Collective Bargaining Act systematically enumerates the cases in which a strike is illegal. This may be a strike that has not been preceded by proceedings in the presence of a mediator<sup>13</sup>, or that has been declared or is continuing after the beginning of proceedings in the presence of an arbitrator or after the conclusion of a collective agreement, etc. An employer, or a group of employers or a state representative, may appeal to the regional court to determine whether a strike is illegal. The participants in a strike which is considered illegal from the point of view of the Collective Bargaining Act do not benefit from the ‘advantages’ of a legal strike. This means that the participants in such strikes are at risk of possible sanctions from the employer side. Such legal sanctions include:

- a) termination of employment;
- b) demand for compensation for loss or damage caused to the employer during the illegal strike;
- c) possible criminal proceedings, for example due to the criminal offence of endangering the public, abuse in the running of equipment beneficial for the public, etc.

If a court decides that a strike is illegal, the trade union organisation whose body declared the strike is responsible to the employer for loss and damages resulting from the strike action in accordance with the procedures of the Civil Code. The law also specifies situations in which a lockout is unlawful. In general, this applies to situations where lockouts are directed against employees of medical facilities, thus endangering public health, or lockouts affecting judges, other civil servants or state representatives. The competent trade union body or state representative may seek the injunction of a lockout as being illegal by the regional court in whose jurisdiction the relevant employer's head office is registered. If an employee cannot carry out his/her work because a lockout has been declared against him/her, this is considered as an obstacle to work for which the employer is responsible and liable.

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<sup>13</sup> This does not apply to solidarity strikes.

## Estonia

### Legal basis for strikes and lockouts

The main legal act dealing with strikes and lockouts is the Collective Labour Dispute Resolution Act. A collective industrial dispute is a disagreement between an employer or a federation of employers and employees or a federation of employees, which arises upon entry into force of a collective agreement or the coming into effect of new working conditions. The Collective Labour Dispute Resolution Act defines a strike as an interruption of work on the initiative of employees or a federation of employees in order to achieve concessions from an employer or federation of employers to lawful demands in industrial matters. According to the law, a decision to organise a strike is made by a general meeting of employees or federation of employees and a strike leader is elected. A strike leader acts within the limits of international law and the Estonian legal order, as well as according to the resolutions of general staff meetings. The mandate of a strike leader ends when the parties sign a conciliation agreement on the industrial dispute, when the strike is declared unlawful by a court, or on the basis of a decision of the bodies authorising the strike leader.

A lockout is defined as an interruption of work on the initiative of an employer or federation of employers in order to achieve concessions from employees or federation of employees to lawful demands in industrial matters. A decision to organise a lockout is made by an employer.

### Preconditions for strikes and lockouts

The right to organise a strike or lockout in order to resolve an industrial dispute arises only if:

- there is no prohibition against a disruption of work;
- conciliation procedures have been undertaken, but no conciliation agreement has been reached;
- an agreement is not complied with;
- a court judgement is not executed.

Organisers of a strike or lockout are required to notify the other party, a conciliator and the local government of a planned strike or lockout in writing at least two weeks in advance. The notice shall set out the reasons, start time and possible scope of the strike or lockout. An employer is required to inform the parties with whom the employer has contracts, other interested enterprises or agencies and the public through the media of a strike or lockout. In the case of a strike or lockout, the parties are required to resume negotiations in order to reach an agreement in the collective industrial dispute.

The start of a strike or lockout may be postponed once: by one month by the government on the proposal of the Public Conciliator or by two weeks by the municipal or county government on the proposal of a local conciliator. However, strikes are prohibited in government agencies and other state bodies and local governments, as well as in the armed forces, other national defence organisations, courts, and fire fighting and rescue services. The public agencies and other organisations described above shall resolve collective industrial disputes by negotiations, through conciliation, mediation or in court.

### **Unlawful strikes and lockouts**

The following types of strikes and lockouts are unlawful:

- strikes and lockouts affecting the activities of courts;
- strikes and lockouts which are not preceded by negotiations and conciliation proceedings;
- strikes and lockouts, which are called or organised in violation of the procedures established by the Collective Labour Dispute Resolution Act or in which demands are submitted not being regulated by labour legislation or collective agreements.

A decision to declare a strike or lockout unlawful is made by a court. Participation in a strike is voluntary and it is prohibited to impede the performance of work by employees who do not participate in a strike. Participation in a lawful strike is not considered as a breach of work discipline and does not result in disciplinary measures. It is prohibited to terminate the employment contracts of participants in lawful strikes on the initiative of an employer during a strike. Persons who organise or resume a strike or lockout which has been declared unlawful or has been suspended and persons who commence (resume) a strike or lockout which has been postponed, before the specified time, are held liable pursuant to the procedures prescribed by law.

For the duration of a strike or lockout employees are not paid wages. According to the current legislation, an employee who does not participate in a strike, but who cannot perform his or her work by reason of the strike shall be remunerated by the employer on the same basis as for the period of work stoppages, which are not the fault of the employee. An employee, who cannot perform his/her work because of a lockout, which has been declared unlawful, should be paid the average wage for the period of the lockout. Employees and their unions or federations have the right to organise warning strikes with a duration of up to one hour. Solidarity strikes are permitted in support of employees engaging in a strike, and these cannot last longer than three days.

## **Hungary**

### **Legal basis for strikes and lockouts**

Hungarian law offers workers the right to organise and participate in a strike. This right is guaranteed by the Constitution, and is regulated by the Act on Strikes, according to which employees may organise strikes in order to protect and promote their economic and social interests. The law, in principle, does not restrict the right to strike to trade unions (with the exception of solidarity strikes). However, unorganised employees usually organise other types of industrial action, such as campaigning for signatures, demonstrations, etc. Participation in strikes is strictly voluntary. No worker can be forced to participate or to refrain from it. It is forbidden to intervene with coercive measures aimed at bringing to an end a lawful strike. Abuse of the right to strike is forbidden as well. The Supreme Court accepted the right of the employer to call on non-striking workers to perform overtime work in order to reduce the damages caused by the work stoppage. Picketing and lockouts are not regulated by law and are not used in practice.

### **Strikes in essential services**

In case of employers providing essential services (public transport, telecommunication, electricity, water, gas, etc.) it is possible to exercise the right to strike only in a way that will not impede the

supply of the services at a minimum level of necessity. The extent and the conditions of such a strike are subject to prior agreement. The agreement on the provision of services at minimum level in essential services may be agreed upon during the conciliation, prior to the given strike or well ahead of it as a general applicable rule. However, the breach of the agreement on providing essential services at a minimum level during the strike will not result in the unlawfulness of the strike, according to the rules of the Act on Strikes and the established case law of the Supreme Court.

### **Unlawful strikes**

According to the Act on Strikes and the established case law of the Supreme Court, the strike may be adjudicated as a unlawful strike if it fits under one of the provisions of Article 3. of the Act on Strikes. Unlawful are strikes which:

- are not preceded by a conciliation procedure for the minimum prescribed period (seven days);
- are anti-constitutional;
- constitute a legal (and not an interest) dispute which consequently should be decided by the courts;
- challenge the terms of an existing collective agreement;
- directly and seriously endanger human life, physical integrity and the environment or which would hinder the prevention of the effects of natural disasters.

Strike action is banned in the judiciary, law enforcement organs, police and the armed forces as well as in security services. In the civil service, the right to strike is restricted to a certain extent. The Act on Strikes stipulates that in the civil service the right to strike may be exercised according to the special regulations set up by the agreement between the government and the trade unions concerned. Such an agreement has been concluded in 1994 and covers the entire civil service sector. The agreement restricts the right to strike of civil servants in the following aspects: only trade unions may call a strike; only trade unions which participated in the conclusion of a collective agreement governing the right to strike in the civil sector may call a strike; the trade unions may call a strike only if it is supported by at least half of the civil servants according to a ballot; solidarity strikes may be called only in order to support a strike in the civil service.

### **The effects of lawful and unlawful strikes**

Calling and being on a lawful strike is a legitimate activity for which an employee may not be penalised. Calling and participating in an unlawful strike is a breach of the employment contract to which sanctions could be applied by the employer. Those who have a legitimate interest to receive a judgement on the lawful or unlawful nature of a strike (employers, trade unions, customers, etc.) may file an action to the Labour Court which must adjudicate the case within five days.

During the lawful strike, only benefits that relate to hours worked (e.g. salary) could be suspended. Employees are not entitled to wages from their employer while on strike. As was ruled by the Supreme Court, the elected trade union officials are also covered by this rule: they are not entitled to any kind of remuneration from the employer while organising and participating in the strike

action. No payment from social security or from unemployment funds can be granted to the employees for the strike period. The strike period, however, is considered service time in the context of social security benefits and it also counts as service time spent at the place of work for purposes of seniority.

Participating in an unlawful strike, however, is a breach of the employment contract. Therefore, in this case the employee may be subject to disciplinary proceedings, or even to dismissal for breach of the employment contract. The organisers (especially the trade unions) may be liable for damages caused by an unlawful strike.

## **Latvia**

### **Legal basis for strikes and lockouts**

The Constitution of Latvia confers the right to strike. The Strike Law of 1998 is a main legal act governing the procedures for the execution of strikes. The right to lockout was first enacted by the Law on Labour Disputes in 2003.

According to the current legislation, the right to strike is a basic right for employees and trade unions in order to protect their economic or professional interests. The right to strike can be exercised only as a last resort, if no agreement and reconciliation has been reached in the collective ‘interest dispute’. The decision regarding the declaration of a strike by a trade union or by the employees has to be taken at a general meeting in which at least three-quarters of the members of the relevant trade union or at least three-quarters of the employees of the enterprise participate. At least three-quarters of the participants of the general meeting have to vote in favour of strike action. If the general meeting of trade union members or employees has decided to start a strike, the relevant trade union or employees have to establish a strike committee to lead this specific strike and to represent the interests of employees during the strike negotiations with the employer. At least 10 days prior to the start of a strike, the strike committee has to submit to the relevant employer, the State Labour Inspection and the Secretary of the National Trilateral Co-operation Council a declaration of strike, a decision of the general staff meeting and minutes of this meeting.

The right to initiate a lockout is guaranteed to an employer, a group of employers, an organisation of employers or an association of such organisations: it is considered a legitimate means for the settlement of a collective dispute. The lockout can only be used as a response action to a preexisting strike aimed at the protection of the economic interests of the employer in question. The number of employees against whom the lockout has been directed may not exceed the number of employees on strike. If they initiate a lockout, the decision has to be taken at a general meeting in which at least three-quarters of the members of the relevant organisation participate. At least three-quarters of the participants of the meeting must vote in favour of a lockout. At least 10 days prior to the start of a lockout, the employer has to submit to employees against whom the lockout has been directed, to the State Labour Inspection and to the Secretary of the National Trilateral Co-operation Council a notification of a lockout.

### **Strikes in essential services**

The current legislation provides for several restrictions to initiating a strike or lockout. Judges, prosecutors, members of the police force, fire-fighters, border guards, members of the state security

service, warders and persons who serve in the national armed forces are all prohibited from striking. A lockout is also prohibited in central and local government, as well as in companies which are regarded as providing essential public services necessary under the Law on Strikes.

During a strike in the services of public interest, organisations and institutions which are necessary to the public and whose stoppages could potentially cause a risk to the national security, safety, health or living conditions of the entire population (eg. hospitals, public transport, drinking water supply, electricity and gas, etc.), a minimum level of work has to be assured. The employer and the strike committee are responsible for the continuation of the work. If the employer and the strike committee are not able to ensure that a minimum level of work is continued, the State Labour Inspection has the right to issue a binding order aiming at the continuation of the work and to determine the number of employees who have to perform the work.

### **Role of the State Labour Inspection**

The State Labour Inspection is responsible for the supervision of a strike and for lockout procedures. The State Labour Inspection has the right to suspend or terminate a strike or lockout for a time period not exceeding three months, if it is necessary to take measures for the prevention or elimination of consequences of a natural disaster, major accident or epidemic.

### **Unlawful strikes and lockouts**

Only the court may adjudicate a strike or a lockout to be unlawful, if the provisions of law have been violated. A strike is also regarded as unlawful if it is initiated in order to express political demands, political support or political protest. A lockout is regarded as unlawful if it has been directed against the right to freely unite in organisations. A strike or a lockout which has been judged to be unlawful must be discontinued immediately, but if the strike or lockout has not yet been commenced and the court has acknowledged the declaration of the strike or lockout to be unlawful, it is prohibited to commence it. The employer has an obligation to compensate losses caused during the lockout, if it has been acknowledged as unlawful.

Participation in a lawful strike is not considered to be a violation of the contract of employment and, therefore, cannot be a reason for the dismissal of employees or for any disciplinary sanctions. The employees who participate in the strike are not entitled to receive a salary. Employees who do not participate in a strike and continue to work may not be forced to take on the work of the striking employees. An employer may not hire new employees to replace the striking employees during a strike in order to prevent or suspend the strike or to avoid the fulfilment of the demands of the striking employees. The blocking of a company where the strike is taking place, as well as blocking the entrances and driveways thereof are prohibited. During a strike, employees have the right to organise meetings, demonstrations and pickets in accordance with the procedures prescribed by the law.

## **Lithuania**

### **Legal basis for strikes and lockouts**

Article 51 of the Constitution of the Republic of Lithuania stipulates that employees have a right to strike in order to defend their social and economic interests. The order and conditions concerning

implementation of this right and the limitations are set out in a separate law, the Lithuanian Labour Code. According to the Labour Code, strikes imply a temporary cessation of work by the employees or a group of employees of one or several enterprises, and take place when a collective dispute is not settled or a decision adopted by the Conciliation Commission, Labour Arbitration or Third Party Court is not executed. Other pre-conditions are enunciated and described in articles 76-85 of the Lithuanian Labour Code. Lockouts, according to the Labour Code, are not currently allowed in Lithuania, but employer organisations are increasingly demanding this means of industrial action. It was therefore recently agreed that employer organisations, after a review of the practices in operation in other EU countries, will prepare a draft text for a future regulation on lockout procedures.

### **Preconditions for strikes**

A strike can be declared when the following conditions are met:

- a collective dispute is not settled by the Conciliation commission;
- a decision adopted by the Conciliation Commission, Labour Arbitration or Third Party Court is not being implemented.

The Labour Code requires only one compulsory stage in the procedure of solving collective disputes. This stage is the examination of disputes in the Conciliation Commission. In the event of an acceptable decision not being adopted, the conflicting parties are not obliged to appeal to the other two alternative dispute resolution procedures – Labour Arbitration and Third Party Court. At this point, the trade union can declare a strike; it can also do so in cases when a collective dispute was examined and settled in the Labour Arbitration or Third Party Court, but the employer does not carry out the decisions of these institutions.

The Labour Code stipulates that the trade union has a right to declare a strike only when strike action has been approved by a particular number of employees. Article 77 determines that a strike can only be declared if a corresponding decision is approved in a secret ballot by:

- two-thirds of the employees voting in favour of a strike in the enterprise;
- two-thirds of the employees of a structural subdivision of the enterprise and at least a half of the employees of the enterprise who vote in favour of a strike in the structural subdivision of the enterprise.

In Lithuanian industrial relations, the rights and interests of employees may be represented and protected by trade unions. Where an enterprise has no functioning trade union and, if the staff meeting has not transferred the function of worker representation to the trade union of the appropriate sector of economic activity, the employees are represented by a works council elected by secret ballot at the general staff meeting. While the works council possesses all the rights of collective representation, if there is no functioning trade union in the enterprise, the works council cannot avail of the right to declare a strike. The works council also cannot perform functions recognised by the laws as being the prerogative of trade unions. On the other hand, works councils may organise and supervise other lawful measures such as pickets and demonstrations.

A warning strike lasting no longer than two hours may be held before the strike is declared. The employer must be given a minimum of a seven-day written notice of the warning strike. When a

decision is taken to call a strike (including a warning strike) in railway and public transport, civil aviation, communications and energy enterprises, health care and other sectors in which the stoppage of work would result in serious consequences for public life and health, the employer must be given written notice at least 14 days in advance.

### **Restrictions for strikes**

Strikes are prohibited in public service, national defence and state security systems, as well as in electricity, local heating and gas supply enterprises and medical and first aid services. The demands put forward by the employees of the specified enterprises must be settled by the government, taking into account the opinion of the Tripartite Council. Strikes are prohibited in natural disaster areas as well as in the area where the state of martial law or of emergency has been declared in accordance with the existing legislation. It is also forbidden to declare a strike during the term of validity of a collective agreement, if the agreement is complied with by both sides of industry.

A strike is led by the trade union or the strike committee formed by it. The Labour Code does not regulate the formation of the strike committee which is dealt with in the trade union statute. The members of the strike committee can be both members of the trade union and employees of the enterprise in which the strike is being organised. If the strike is organised by several companies, then each one will delegate one or several representatives. The strike coordination is the main function of the body leading the strike. It has to report regularly to the employees on the course of the strike and the state of play of negotiations with the employer. Throughout the strike, the trade union or the strike committee should cooperate with the employer, supply him or her with relevant information, lead the negotiations and show an interest in finishing the strike as soon as possible.

The Supreme Court of Lithuania has indicated that strikes are a special measure in the framework of collective bargaining: they are intended to force employers into a compromise, but not to do disproportionate harm to the employer in question. The provision of minimum services necessary for meeting the immediate and vital needs of society are specified by the Labour Code and these must be ensured. Such minimum services shall be determined by the government after consultation with the Tripartite Council or by order of a local authority upon consultation with the parties to the collective dispute.

### **Unlawful strikes**

When a strike is called, the employer to which the demands have been submitted may apply to a court in order to receive an injunction declaring the strike unlawful. The circuit courts will hear the case within 10 days. The injunction to declare the strike unlawful will be issued in the area where the trade union's headquarters is located. The cases are judged according to Civil Process Code and potential specific rules of the Labour Code and other *leges speciales*. If there is a direct threat that the envisaged strike will affect the provision of minimum services required for meeting the essential and vital public needs, the court is entitled to cancel or to suspend the proposed strike for a period of 30 days. In the course of this period, the employer must undertake all possible measures to settle the collective dispute or reduce any potential harm caused by the strike.

The strike is unlawful, if:

1. the intentions of the strike infringe upon the Constitution of the Republic of Lithuania or other laws;
2. the strike was declared as departing from the determined order and demands expressed in the Labour Code.

The strike is declared as departing from the determined order and demands when:

- it has not obtained the quorum of employees voting in favour of a strike, or, if the results of the votes have been manipulated;
- the employer has not been notified about the strike;
- a collective dispute has not been examined in the Conciliation Commission;
- new demands have been declared during the strike;
- the trade unions did not ensure a minimum of services meeting the immediate and vital public needs.

Upon entry into effect of the court decision to recognise the strike as unlawful, the strike may not be commenced and a strike already in progress must be broken off immediately.

## **Malta**

### **Legal basis for strikes and lockouts**

The main law regulating work relations in Malta is the Employment and Industrial Relations Act (EIRA, 2002). This recent law replaced two earlier ones on the same topic, namely, the Conditions of Employment (Regulation) Act (CERA, 1952) and the Industrial Relations Act (IRA, 1976). It was enacted following more than 10 years of intensive consultations with the social partners and public debate in society at large. The new act is divided into two sections: the first dealing with individual conditions of employment and the second with collective industrial relations.

Title 2 of EIRA deals with matters relating to collective industrial relations. It recognises the right of workers and of employers to form their own unions or associations, provides for their official registration and rules of conduct, and grants them immunity from prosecution for actions normally taken in the course of an industrial dispute. However, there are certain categories of persons – providers of essential services – who are debarred from industrial action. This is intended to ensure the uninterrupted functioning of Malta's international airport, harbour, provision of medical services, basic food supplies, civil protection, distribution of water and electricity, and a small number of civil servants and managers of industry.

The Employment and Industrial Relations Act provides for the voluntary settlement of industrial disputes through mediation and conciliation services. For this purpose, a panel of at least five independent, professional conciliators is appointed by the Minister, following consultation with tripartite Malta Council for Economic and Social Development (MCESD). When these efforts fail, there are provisions for the involuntary settlement of disputes in court. For this purpose, the Act

establishes the Industrial Tribunal which arbitrates in industrial disputes by means of a panel made up of employer and employee representatives, together with an independent chairperson. Cases of alleged unfair dismissal, however, are decided by the chairperson acting alone. In such cases, the award may include compensation and/or reinstatement. In the case of an industrial dispute, the Tribunal's decisions are enforceable for one year. In cases of disputes concerning alleged unfair dismissal, statutory rights or conditions of employment, there is also the right of appeal on points of law.

### **Department of Industrial and Employment Relations (DIER)**

This department employs 10 industrial relations officers, whose task is to advise both employers and employees on emerging issues, to oversee places of work and to ensure conformity with legal standards. During 2002, these officials dealt with issues covering 10% of the entire labour force. Their main duties involve carrying out interviews with clients, investigating irregularities and other claims, and prosecuting cases of alleged irregularities in court. In order to carry out its functions, the department employs three economic officers and two legal officers. The department also provides support to the Employment Relations Board and is responsible for the official registration of trade unions and employer associations. Following the notification of an industrial dispute, the department normally assumes the main responsibility for providing conciliation services to the contestants.

Finally, once a dispute is referred to for a court decision, the Minister is responsible for setting up the Industrial Tribunal which is normally composed of an independent chairperson accompanied by two persons, one nominated by the employers' side and the other by the unions. At this stage, the department provides logistical support to the Industrial Tribunal.

## **Poland**

### **Legal basis for strikes and lockouts**

The legal basis for the right to strike and lockout need separate consideration. The right to strike is supported by international and EU law<sup>14</sup> as well as Polish law. According to the Constitution, trade unions have the right to organise strikes or other protest actions subject to limitations specified by national legislation. The scope of the freedom to strike, as well as other union freedoms, may only be subject to such statutory limitations as are in accordance with international agreements to which the Republic of Poland is a party.

A strike is defined as a collective stoppage by employees from work in order to resolve a dispute with the employer concerning matters which may be the subject of the dispute. A right to organise a strike is vested only in union organisations, while the employee has the right to take part in a strike. The Collective Disputes Settlement Act of 1991 and other acts concerning specific groups of workers contain the regulation of the right to strike. The act of 1991 describes collective disputes as disputes between employees and employers concerning working conditions, wages, social benefits and trade union rights and freedoms. A dispute takes place after the demands were

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<sup>14</sup> The right to strike is not explicitly mentioned in Convention no. 87 of the ILO; it was, however, developed in the ILO case law. The right to strike is also enshrined in article 28 of the EU Charter of Fundamental Rights; see Bruno Veneziani, 'Right of collective bargaining and action'(article 28), in: Bercusson, 2002, p.58. See also Novitz, 2003.

notified. If the employer has not met these demands in the time specified by the union, the delay is no shorter than three days.

The question related to the legality of lockouts is very unclear. There are no legal provisions on this subject. Furthermore, in the course of the ratification of the European Social Charter, Poland opted out of article 6 para. 4 of this convention. That is the reason some authors claim that lockouts are illegal. According to other experts, a lack of prohibition implies that these kinds of actions are valid. However, it seems that the most pertinent view is that, in spite of a lack of prohibition, a lockout is a breach of an employment contract, and, consequently its use could become very costly for the employer. Thus, this means that in practice there are no lockouts. Against this background, there are strong arguments in favour of regulating lockouts via legal acts. The majority opinion is that a limited form of lockout should be allowed.

### **Preconditions for strikes and lockouts**

A strike may only be aimed at employers, not at public institutions. Yet collective disputes with public administrations are permissible, if carried out according to the agreed procedures. The labour court, however, sets limits on the possibility of negotiating workers' demands.

An important limitation of the scope of the freedom to strike and collective dispute in general, is that demands concerning working conditions, payments or social benefits and union freedoms are restricted. The definition of a collective dispute also contains a ban on strikes supporting individual employees' demands which must be resolved through the labour court.

A strike against a party to the collective labour agreement while it is in force and concerning its content is also not permitted. Other restrictions on the right to strike result from the *ultima ratio* and proportionality principles. According to the *ultima ratio* principle, a strike cannot be announced without first having tried to solve the dispute in a peaceful way. According to the proportionality principle, a strike organiser should take into consideration the proportion of the demands in comparison to the losses caused by a strike.

Personal limitations of the right to strike are directed towards those employees whose work stoppage could put somebody's life or health in danger or could endanger national security. It is also inadmissible to organise a strike in the State Security Bureau, in the police and army units, prison services, border guards and fire brigade. In addition, persons employed in the state authority bodies, in public administration, law courts and public prosecutor's office are not entitled to strike.

Time limits consist of the prohibition to strike before 14 days have elapsed in the wake of the union announcing its demands as well as of the prohibition to start a strike during five days after its declaration. The call for a strike also requires the approval of the majority of voting employees, on condition that at least 50% of the staff of the work establishment take part in the ballot.

The position of a strike participant depends on the legal status of the specific strike. A legal strike causes the suspension of a duty to perform work and to pay remuneration. Employees maintain, however, other rights and social benefits. The duration of strike is included in the employment period. The employee's participation in an illegal strike gives the employer the right to apply sanctions for breaking the employee's duties. Such liability is limited by judicial decisions

recognising that behind the decision lies the employee's full awareness of the illegality of his/her behaviour.

## Slovakia

### Legal basis for strikes and lockouts

Collective disputes may concern the conclusion of a collective agreement or fulfilment of commitments originating from it. A dispute regarding rights arising from existing agreements and a dispute of interests, or a claim to a new collective agreement must pass through mediation and, when necessary, also through arbitration proceedings. A strike is expressly referred to in the statutes as an extreme measure of industrial action which is only to be called when, in the process of a pending dispute on a collective agreement, all other procedures have been exhausted.

The Collective Bargaining Act No. 2 of 1991 regulates the strike action. A strike is defined as a partial or complete interruption of work by employees. The law includes a peace obligation inserted into collective agreements, i.e. both parties concerned are obliged to keep industrial peace after having concluded the collective agreement. Strikes can also be organised in solidarity with employees of other enterprises or organisations; such strikes will provide support for employees on strike in a dispute on conclusion of their collective agreement. Strike notice has to be sent in writing at least three working days prior to its start. The notice must specify the start date, the goals of the strike, and the names of the trade union representatives leading the strikers.

A decision to strike at company or sectoral level can be declared by the respective trade union organisation following the results of a secret ballot and with the majority of voters voting in favour of the strike. The voting is valid only on condition that the majority of all employees concerned by the strike are participating in the decision-making meeting.

This law allows the employer to lock out the business unit as an extreme measure during the process of the collective agreement negotiation; similar procedural conditions to the strike prevail for the lockout. Hence the employer is bound to give three days' notice, and a lockout may also be illegal for the same reasons as stated below. Employees affected by a legal lockout are entitled to be paid half of their normal wages.

### Unlawful strikes

A strike may be considered as illegal, if it:

- is not preceded by a formal claim for a collective agreement and an attempt at mediation (apart from solidarity strikes);
- takes place during the validity period of the collective agreement on the issue, or once the arbitration process has started;
- is conducted in breach of the notification requirements.

Solidarity strikes are also deemed to be illegal if the employer affected cannot influence the course or outcome of the principal dispute. Strikes are also banned at times of emergency or natural disaster, and in certain occupations, e.g. employees in nuclear facilities or those with crude oil or

pipelines, and in health care facilities where action might endanger life or health e.g. fire-fighters, soldiers, etc. Details concerning the rights of civil servants to strike are specified in acts on civil and public services (e.g. the right to strike is restricted for those civil servants nominated into management positions). Trade union representatives must allow access to and departure from the workplace for those employees who wish to work. They cannot threaten them but can discuss with them the aim of the strike. Employees cannot be forced to participate in the strike, nor be prevented from doing so. The trade unions must cooperate with the employers to prevent harm to equipment or processes. The employer is not allowed to replace employees on strike by recruiting other employees. There is no right to pay or to unemployment benefits and sickness pay for strikers where the entitlement for sickness pay was obtained just during the strike period. Employees wishing to work, but unable to do so due to the strike, are entitled to their normal pay.

The employers may go to the relevant regional court to seek a ruling that the strike is illegal. Participation in a strike which has been adjudicated as illegal and the court's decision having taken legal effect is treated as unauthorised absence. The absence is considered as an authorised absence in the period before the court's decision on the illegal status of the strike has taken legal effect. Individual employees are not liable for any loss caused simply by interruption of work due to strike action. However, the trade union may be liable for damages sustained as a result of a strike being declared as illegal.

## **Slovenia**

Resolving collective industrial disputes is regulated differently for legal disputes and disputes over interests. In principle, collective legal disputes are settled in court, while disputes over interests are resolved through peaceful dispute settlement.

### **Legal basis for strikes and lockouts**

Part of this is covered in the Strike Act of 1990. It defines a strike as an exercise of economic and social rights and interests arising from industrial conflicts. The Act states that a strike must be organised and conducted in such a manner as not to jeopardise the safety and health of persons and property, and so as to allow normal work to resume after the strike is over. The Act explicitly states that workers not participating in the strike cannot be prevented from working either by the strike committee or by the striking workers. A strike must be announced in advance. From the day it is announced to the day it takes place, the employer and the strike committee must endeavour to solve the problems causing the strike in mutual agreement. The strike is over when both the strike committee and the employer agree to end it, or if this is declared by the trade union which began the strike. The striking workers are entitled to a reimbursement for the time of the strike only, if this is anticipated in the collective agreement. Most collective agreements provide for such a reimbursement over a period of three to five days, but only under the condition that the strike is legal. Any dispute over the legality of the strike is solved by the labour and social courts. The Strike Act does not provide for the employer's possibility for a lockout.

### **Incidence of strikes**

The number of collective industrial disputes in the decade from 1992 to 2002 can only be estimated. A large part of the official data is held in court statistics, but it only includes those

disputes that were taken to court. These disputes are to be found in court records only since 1994, when they were included in the Labour Courts Act. Strikes as a form of collective disputes which were not settled in labour courts were not statistically recorded. In 1995, however, the Association of Free Trade Unions conducted a study of the main characteristics of strikes in Slovenia for the period from 1992 to 1996. Unfortunately, it only included strikes organised by the trade unions of Slovenia. However, because this study covers a large majority of all strikes organised in Slovenia, the sample is quite representative. According to the data collected by this study, 648 strikes were called between 1992 and 1996. The largest number of strikes were organised by the Trade Union of Metal and Electrical Industry of Slovenia (290). The average number of strikes per year was around 130. The reasons for calling a strike were the following: non-payment of wages for a month or more, non-payment of reimbursement for annual leave and late payment of wages. The longest strike in this period was recorded in the trade sector in Ljubljana and lasted for 112 days. The entire data series collected over this six-year period indicates a slight decrease in the number of strikes during this timeframe.



# Institutional and regulatory frameworks for conflict resolution

The main focus of this report is on collective conflicts, i.e. on industrial disputes which generally arise from collective agreements and which do not give entitlements to individual employees. Using one definition originating in Spanish procedural law, a collective conflict could be defined as one that ‘affects the general interest of a generic group of workers and that deals with the enforcement or the interpretation of a statutory regulation, collective bargaining agreement or a corporate decision or practice’ (Valdés Dal-Ré, 2003, p.47). Since some other current Member States (for example, Denmark and Sweden) limit the origins of collective disputes to collective agreements only, the specific roots for collective disputes are not identical in the EU 15.

Collective disputes are again subdivided into two categories. On the one hand, the regulatory framework of most of the acceding countries concerning dispute resolution provides for procedures for resolving disputes on the interpretation of the content of an agreement, i.e. with the meaning and scope of an already existing framework of a collective agreement (*ibid*, 2003). These collective conflicts are also tagged ‘conflicts of rights’ and are dealt with, at least in the majority of both the present Member States<sup>15</sup> and the acceding countries, by the competent national labour jurisdiction. An exception to this rule is Cyprus, where both types of conflict are dealt with by the Ministry of Labour.

On the other hand, the national conflict resolution mechanisms have to deal with claims arising in the course of the conclusion of a new collective agreement, and for the renewal of an existing collective agreement: these disputes are widely known as ‘collective conflicts of interest’ which are to be settled via extra-judicial procedures such as conciliation, mediation and arbitration.

As in the present 15 Member States, the main forms of conflict resolution mechanisms in the acceding countries are represented by the classical triad: conciliation, mediation and arbitration.<sup>16</sup> All three have in common that a third party is asked to intervene in order to resolve a conflict which has emerged between the two sides of industry; it is then the nature and degree of the intervention which distinguishes the three different *modi operandi*.

Conciliation is characterised as the ‘softest’ form of intervention by a third party which is only acting as a facilitator in order to guarantee the flow of information between the conflicting parties and to strive for a *rapprochement* of the antagonistic positions.

In some countries, conciliation and mediation are being treated as synonymous procedures (Thaler and Bernstein, 2003, p.14). Thus, the dividing line between conciliation and mediation is a very delicate one and in a number of acceding countries there is no acknowledgment of this difference (for example, Malta) or the boundaries between the two mechanisms tend to overlap (Estonia, Slovakia, Slovenia). Mediation, as defined in this report, goes a step further than conciliation: this

<sup>15</sup> See among other works the European Foundation for the Improvement of Living and Working Conditions, 2003a, p. 21.

<sup>16</sup> For a thorough and comprehensive assessment of the state of conciliation, mediation and arbitration in the EU 15, see Valdés Dal-Ré, 2003.

dispute resolution mechanism allows the third party to table proposals of its own aiming at a solution of the conflict (Valdés Dal-Ré, 2003, p.51).

Arbitration is at the other end of the scale in terms of the intensity of third-party involvement: it is the arbitrator who decides how to solve the conflict.

The ultimate goal of these procedures of extra-judicial conflict resolution is the attainment of industrial peace. Industrial peace is invested with all the characteristics of a public good: no third person has an incentive to provide the good, the service is public in nature and its consumption cannot be controlled. In a nutshell, industrial peace 'helps to ensure a smooth running, efficient and growing economy, to be enjoyed by all of society, not just those who invest their money in the conciliation services that help to maintain labour peace' (Thaler and Bernstein, 2003, p.6).

## **Cyprus**

The Cypriot Industrial Relations Code explicitly lays out procedures for mediation, arbitration and also public inquiry. No official role is given to conciliation in the settlement of industrial disputes, but it should be pointed out that, in practice, conciliatory roles are sometimes undertaken.

### **Conciliation**

Conciliation exists only on an unofficial level. It usually takes the form of behind-the-scene interventions from a variety of individuals. These could be high-level trade union officials, or employer organisation officials, or even negotiators (from either side) who actually participate in the direct negotiations process. In the latter case, conciliation takes more the form of bargaining, and this leads to a game of give and take, with a view to satisfying both sides as much as possible. Conciliatory roles may be undertaken even before direct negotiations are initiated, in an effort to avoid the escalation of an imminent industrial dispute. Equally important is the role of unofficial conciliation at the stage where direct negotiations have reached a deadlock, and the two sides have agreed to submit the industrial dispute to the Ministry for mediation. If the seriousness of the industrial dispute is such that the two sides feel reluctant to continue with further bargaining, or even to accept the intervention of a conciliator, and consequently either side feels that they will probably get a better deal from the submission of a proposal by the mediator, then a conciliatory role cannot be of any assistance.

### **Mediation**

In summary, mediation in the private and semi-government sector is regulated by the non-legislative provisions of the Industrial Relations Code. As already mentioned, there are two types of industrial disputes for which the Ministry mediates, and for which the Code outlines exact procedural provisions. These are industrial disputes over interests (conclusion of a new, or the renewal of an existing collective agreement), and industrial disputes over rights (grievances).

#### *Disputes over interests*

During the mediation stage, the mediator tries to find a mutually acceptable agreement to resolve the dispute. Within his/her role, joint and separate meetings will be held in the presence of the mediator, in order to define as best as possible the demands, requirements, and objections of both sides. If as a result of the outcome of the talks, the mediator feels confident that a formulated

mediation proposal on his/her behalf would be mutually accepted, then the mediator will, and must, go ahead with presenting the proposal to the two sides. Obviously, it remains at the discretion of the trade union's and employer's side to firmly accept or reject the proposal.

If the proposal is rejected and there is no further room for mediation, then the mediator will declare the dispute as having reached a deadlock. In this case either side may go ahead with industrial action, assuming though that the side intending to take industrial action provides the other side with a 10-day notice period of its intention.

At the same time, the mediator has the right to request that the dispute be referred either to arbitration or to a public inquiry, assuming that both sides agree to this.

#### *Disputes over rights*

In the case of disputes over grievances, whether these are the result of the interpretation or implementation of a collective agreement, or the result of a personal complaint, then, if the dispute is not resolved at the direct negotiations stage, it should be submitted either to the Ministry for mediation, or to binding arbitration.

#### **Arbitration**

According to the Industrial Relations Code, when both sides agree, they may refer all or any of the issues of a dispute to arbitration, at any point in time, either before, or after the submission of the dispute to the Ministry. Furthermore, when both sides agree to submit a dispute to arbitration, they undertake to accept the arbitrator's award as binding. It should be noted that seldom do the two sides decide to refer the dispute to arbitration before submitting the dispute to the Ministry. This is obviously more sensible, since both sides have more options and more available time during the mediation stage, while at the same time the possibility of any side gaining more out of the process is also a serious consideration that makes the option of first submitting the dispute for mediation much more enticing.

Referral to arbitration is not often followed, since over the last five years only 14 industrial disputes, out of more than 950 industrial disputes submitted for mediation, have been referred to arbitration. If a dispute is submitted to arbitration, the Ministry sees that a mutually accepted arbitrator is appointed within a week of receiving a request to this effect by either side and assists him to carry out his task speedily by providing all the necessary facilities. Arbitration costs are usually shared by the two sides, unless the arbitrator issues special directions on this matter, in consultation with the Ministry.

### **Czech Republic**

#### **Mediation**

The institution of the mediator is addressed in the Collective Bargaining Act: this piece of legislation concerns 'collective disputes'. According to the Collective Bargaining Act, the following are considered collective disputes:

- a) on the conclusion of collective agreements;
- b) on the fulfilment of the obligations of a collective agreement.

Negotiations in the presence of a mediator are the first step for a solution to a collective dispute. If the contracting parties are unable to agree on how to settle their dispute, they can appoint a mediator. This means that the decision on whether to turn to a mediator is up to them, much like the situation in the case of a dispute about the claims of individual employees, where each may decide to bring an action. Final methods of solving a dispute in the shape of industrial action about the conclusion of a collective agreement (i.e. strike/lockout) may be used only after proceedings in front of a mediator.

The mediator may be either a person from the list of mediators kept by the Ministry of Labour and Social Affairs (MLSA) or a person on whom the parties decide and who meets the set requirements. A corporate entity must meet the legal requirement that its activities cover research, advisory or organisational tasks, especially in the area of employment law, salaries or social matters and that it engages employees eligible for the performance of mediation. They are entered on the list for a period of three years, and after this time they may be re-entered.

A mediator does not decide on a collective dispute. He/she merely issues a written proposal for the settlement of the dispute to the contracting parties on the basis of discussions with the contracting parties and on the basis of a combined analysis of the essence of the dispute. He/she should do so within 15 days of familiarisation with the subject, if the contracting parties do not agree otherwise. If the dispute is not settled within 30 days of the date the mediator has familiarised him/herself with the subject of contention and the contracting parties have not decided otherwise, the proceedings of the mediator are seen to be unsuccessful. Under the law, the mediator has a right to receive remuneration, which is part of the costs of the proceedings before him/her. These costs are split half and half for both sides. The financial remuneration is agreed between the contracting parties and the mediator. If no agreement is reached, the mediator is entitled to remuneration as set out under legal regulations.

### **Arbitration**

Proceedings in the presence of an arbitrator are the second round in settling collective disputes. This comes into play if the dispute was not resolved by the mediator. It should be realised that proceedings with an arbitrator cannot take place if there have not been prior proceedings with a mediator. Unlike proceedings with a mediator, however, in some disputes the Ministry of Labour and Social Affairs cannot appoint an arbitrator, if the contracting parties do not agree on one. The arbitrator may be appointed:

- a) for every case of collective dispute on the fulfilment of obligations under a collective agreement,
- b) for a collective dispute about the conclusion of a collective agreement arising in a workplace where it is legally prohibited to strike and where a lockout cannot be declared. It is prohibited, under the law, to strike or declare a lockout in workplaces where industrial action would put public life and health at risk.

The arbitrator must be a citizen of voting age and full legal capacity and must be recorded in the list of arbitrators kept by the Ministry of Labour and Social Affairs (MLSA). Another condition for being listed in the list of arbitrators is that the arbitrator has successfully undergone assessment of his/her professional knowledge by a commission of the Minister of Labour and Social Affairs. Tests of the requisite knowledge are repeated every three years. The conditions for the performance of

their function are considerably stricter than in the case of a mediator. This is due to the fact that the decisions of an arbitrator have significantly more serious legal repercussions than those of a mediator.

The arbitrator issues his/her decision in a dispute within 15 days of the initiation of proceedings. In a dispute on the conclusion of a collective agreement, his/her decision is final. In a dispute on the fulfilment of obligations under a collective agreement, the arbitrator's decision is open to review by the appropriate regional court. The application for a review may be presented within 15 days of delivery of the arbitrator's decision. The arbitrator's financial remuneration and the payment of costs of the proceedings in the presence of the arbitrator is supplied to the arbitrator by the MLSA from the central government budget.

### **Experiences with mediation and arbitration**

At present MLSA has 39 mediators and 26 arbitrators on its lists. Both mediators and arbitrators are recorded according to the region where they are resident and according to their specialisation. MLSA will supply employers and unions on demand with a printed list of mediators and arbitrators for the settlement of their collective disputes. Last year about 35 applicants requested this list. Finally, it should be noted that MLSA does not record disputes in which it is not directly involved.

## **Estonia**

### **Mediation**

In Estonia, the only method for conflict resolution being regulated in a legislative way is mediation. At enterprise level shop stewards can be involved in the mediation process, but usually the conflicts are solved in labour dispute commissions.

The activity of mediators is based on the Collective Labour Dispute Resolution Act and Collective Labour Dispute Mediation Statute. Mediators are impartial experts who help the parties in conflict to reach mutually satisfactory solutions. The institution of a Public Mediator has been in force since the second half of 1995. Beside the Public Mediator, there are also local mediators – in total 24 people in Estonia. The Public Mediator is appointed to office for a term of three years by the government on the basis of a joint agreement of the Ministry of Social Affairs and the social partner organisations. The Public Mediator appoints local mediators for the resolution of local labour disputes in prior consultation with the local government.

The duty of a mediator is to effect a mediation agreement between the parties. A mediator must identify the reasons for and circumstances of an industrial dispute and can propose resolutions. Mediators have the right to invite the parties to participate in mediation proceedings and they also have the right to engage qualified persons or experts and competent officials in their work. The settlement of the dispute is effected through the mediation of a third party or on the basis of his or her own proposal. The parties must reply to the proposal of a mediator within three days. A concluded mediation is contained in a signed report, is binding on the parties and enters into force upon signature, unless a different date is agreed upon.

### **Incidence of mediation**

During the eight years since the establishment of the Public Mediator's Institution, there have been more than 260 cases. The applicants have mainly been worker representatives. In recent years, also, employer representatives are increasingly appealing to the Public Mediator. Most of the disagreements are caused by employees' dissatisfaction with their wages (50% of cases). In 30% of cases the source of industrial disputes have been collective agreements, in 8% of cases labour legislation, in 7% of cases working conditions and in 5% of cases social rights. Most disputes about wages and collective agreements which have been dealt with by the mediators have ended with a positive result. According to the statistics of the Public Mediator Office, an agreement is achieved in 80% of all cases. In 11 cases, the right to organise a strike was awarded to the workers' representatives; afterwards, however, a solution with the employers was eventually found and strikes were avoided. There have been several warning strikes which have impacted on the employers' position in the wage negotiations processes. According to statistics from the Public Mediator Office, 24 applications for mediation were presented to public mediators in 2001: in total these industrial disputes involved around 18,000 workers. A successful mediation was reached in 18 cases and in two cases the right to strike was recognised. In 2002, 17 industrial disputes were registered and according to estimates 31,000 employees were involved in these disputes: positive solutions were found in 12 cases. Within the first five months of 2003, six industrial disputes have been registered and approximately 20,000 employees were involved in these disputes.

## **Hungary**

In order to preserve industrial peace at workplaces, the law offers peaceful settlement methods for conflicts of interests: conciliation, mediation and arbitration. In case of disputes of interests between the trade unions and the employer, methods of peaceful dispute settlement are available, as an alternative to industrial action. If a dispute of interests emerges between the works council and the employer, the works council has no right to call a strike: such a dispute has to be settled exclusively via the peaceful methods of conflict resolution. The Labour Code stipulates the rules of peaceful interest dispute settlement, covering only the basic rules such as defining notions, determining the methods of dispute resolution and stipulating periods of suspension.

### **Conciliation**

The interest disputes are supposed to be settled first of all by conciliation, namely by direct negotiations between the parties concerned. The conciliation is initiated by the submission of a written position on the subject of the dispute to the other party. The submission of the initiating position starts a seven-day suspension period during which the parties of the dispute have to refrain from any action that may jeopardise an agreement. During this period, the employer has to suspend the execution of its planned but objected measures.

### **Mediation**

Mediation is a further method of dispute resolution involving a neutral third party which tries to help the disputing parties to reach a mutually acceptable solution. The Mediator does not only bring together the disputing parties in order to help them reconcile their differences, but may also suggest terms on the basis of which the dispute might be solved. In mediation, the disputing parties retain control over the outcome of the dispute. The mediator may request data or other information

from the parties. If the mediator does so, the seven-day suspension period mentioned above in relation to the conciliation is extended until the deadline determined by the mediator for the disclosure of data or other information. This period of extension, however, may not be longer than five days. The procedure of mediation is not regulated by the Labour Code. If the mediator is a member of the Labour Mediation and Arbitration Service (MKDSZ), the rules of procedure of the service will be applied. If not, the mediator and the parties will decide on the steps of the procedure. The Labour Code ordains that upon completion of the mediation procedure, the mediator has to put in writing the parties' agreement and deliver the document to them. If the mediation has not led to an agreement, the mediator puts in writing the parties' position, and delivers it to the parties. Any agreement reached either via conciliation or mediation is binding and legally enforceable.

### **Arbitration**

Arbitration is a method of dispute resolution involving one or more neutral parties who actually decides the dispute of interests. In arbitration, the parties do not retain control over the outcome of the dispute: the arbitrator is vested with the decision-making power. The Hungarian labour law does not allow adjudicative-claims arbitration (arbitration in disputes of rights) in the field of employment and industrial relations. The award of the arbitrator is binding if the parties have, in advance, subjected themselves thereto in a written statement or, when the arbitration award is brought in a compulsory arbitration procedure.

Arbitration is generally voluntary and normally used as a last resort, after negotiation has failed to resolve the issue. According to the general rule, the parties should request jointly the services of the arbitrator. In 2000 two arbitrators were requested from the MKDSZ. As exceptions, the law prescribed compulsory arbitration procedures in four cases: two cases each for disputes between the employer and the trade union and two cases each for disputes between the employer and the works council.

### **Labour mediation and arbitration services (MKDSZ)**

To promote effective and quick resolution of industrial disputes of interests, the State and the social partners agreed to establish the Labour Mediation and Arbitration Service in 1996. Parties involved in the dispute are not obliged to choose mediators or arbitrators from the register of the MKDSZ, but generally do. MKDSZ has two full-time employees: the director and the secretary who perform administrative and managerial activities. The mediators and the arbitrators act upon individual request.

The parties involved in the conflict should jointly agree upon the use of mediation/arbitration procedures, and on the mediator/arbitrator. These agreements may take place in advance, resulting in generally applicable rules. However, it is far more frequent that the affected parties agree upon the applicable procedure and the mediator/arbitrator at the outset of the conflict. The rules of the procedure to be followed in the course of mediation and arbitration are defined by the Rules of Procedure of MKDSZ, providing sufficient flexibility for the solution of disputes of interests. The agreement reached during the conciliation/mediation procedure and the award of the arbitrator is qualified as a collective agreement. Thus, should the agreement be breached, its execution is open to be enforced by a court procedure. Conciliation, mediation and arbitration involve costs that are to be paid, according to the law, by the employer. However, the regulations of MKDSZ stipulate that the fee of the mediator is paid by MKDSZ for the first eight days of mediation.

According to the yearly reports of the MKDSZ, the number of cases managed by the service never exceeded 50 per year. The cases were divided in the following way: the participation of the service was initiated mainly by the service itself, or by the trade unions. Requests from the employers are rare, and requests from the works councils are even more infrequent. In cases, however, when the parties agreed to the involvement of the MKDSZ, the mediator almost always succeeded in helping the parties to settle their dispute via a compromise agreement. The conflict resolution activity of MKDSZ has dealt mainly with conflict situations concerning wages and staff reduction.

## **Latvia**

In order to improve the mechanism for industrial dispute resolution in Latvia, the Law on Labour Disputes was adopted in 2002 and it became effective from 1 January 2003. The main purpose of the law was the provision of a speedy, fair and efficient resolution of industrial disputes. It emphasises the role of bilateral consultation of the two sides of industry as the main instrument for the resolution of collective disputes.

The Law provides for three procedures of peaceful conflict resolution: conciliation, mediation and voluntary arbitration. The different procedures are used depending on the nature of the collective dispute. Latvian legislation differentiates between ‘rights dispute’ and ‘interest dispute’. A collective ‘rights dispute’ consists of differences of opinions between employees and employers that arise in concluding, altering, terminating or fulfilling an employment contract, as well as in applying or interpreting provisions of regulatory enactment, provisions of a collective labour contract or working procedure regulations. A collective ‘interest dispute’ arises against the background of differences of opinions between employees and employers that occur in relation to collective negotiation procedures determining new working conditions or employment provisions. Employees have the right to call a strike only in the case of a collective ‘interest dispute’.

In the case of a collective dispute, the interested party gives a submission in writing to the other party in which its requirements are specified. The other party has to examine it immediately and within a time period of three days following receipt of the submission has to provide its reply in writing. If the reply to the submission is negative or is not provided, the first party can use one of the methods for collective dispute settlement prescribed by the law.

### **Conciliation**

Both collective ‘rights disputes’ and collective ‘interest disputes’ can be settled in a conciliation commission. A conciliation commission is established by the parties, which authorise an equal number of their representatives. The parties of collective dispute have to write a report regarding the differences of opinions and submit it to the conciliation commission. The conciliation commission examines the report and takes a decision within a time period of seven days following receipt of the report or any other time period that has been agreed by the parties. The conciliation commission takes a decision by mutual agreement. The decision of the commission is binding on both parties and it has the validity of a collective agreement.

If parties agree so in writing, a collective ‘rights dispute’ may be transferred to an arbitration court for settlement. If the parties reach a written agreement regarding the execution of such an adjudication, it has the validity of a collective labour contract. If a conciliation commission has not

been established or the collective dispute has not been settled in the conciliation commission, any party to a collective ‘rights dispute’ may apply to the civil court.

Collective ‘interest disputes’ which are not settled in a conciliation commission can be resolved either in accordance with the procedures prescribed by the collective agreement or, if such procedures have not been prescribed, through mediation or arbitration.

### **Mediation**

Mediation is a settlement of a collective ‘interest dispute’ by inviting a third person as an independent and impartial mediator who helps the parties to the collective ‘interest dispute’ to settle differences of opinions and to reach agreement. Mediation methods for the settlement of collective disputes can only be used following a mutual agreement of the parties. A mediator has a duty to perform necessary activities (including proposals and recommendations for dispute settlement) to reconcile the parties to the collective dispute and to reach an agreement. Such an agreement has to be expressed in writing and it has the validity of a collective agreement.

A mediator can be any person with the capacity to act. The person has to express the agreement to be a mediator in writing. A mediator may be private or public. A mediation procedure can be commenced by one person or a college of mediators consisting of at least three persons, or any other odd number. If the parties to a collective ‘interest dispute’ cannot agree on a mutually acceptable mediator, each of them can nominate their preferred private or public mediator and notify the Welfare Minister thereof. The Welfare Minister selects a public mediator for settlement of the relevant dispute who concurrently acts as the chairperson of the relevant college of mediators. During the time period in the course of which a collective ‘interest dispute’ is settled using mediation, the parties to the collective ‘interest dispute’ must refrain from exercising the right to a collective action.

### **Arbitration**

Upon mutual agreement of the parties, a collective ‘interest dispute’ may be transferred to an arbitration court for settlement. The execution of an adjudication of the arbitration court is voluntary. If the parties reach a written agreement regarding execution of such adjudication, it has the validity of a collective labour contract. During the time period when a collective ‘interest dispute’ is settled in the arbitration court, the parties to the collective dispute must refrain from collective actions.

If a collective ‘interest dispute’ is not settled in a conciliation commission and the parties do not agree on settlement of the collective dispute through mediation or arbitration, the parties of the collective dispute have the right to initiate collective industrial action.

### **Lithuania**

Collective industrial disputes are defined in the Labour Code as ‘disagreements between the trade union of an enterprise and the employer or the subjects entitled to conclude collective agreements, arising through the establishment or changes in working, social and economic conditions when conducting the negotiations or when concluding and implementing the collective agreement, in

case of failure to meet the demands made and submitted by the parties according to the procedure established by this Code'.

Demands to an employer or the subjects of collective agreements may be submitted by:

- a) the trade union of the enterprise or the joint representation of trade unions or organisations of trade unions;
- b) the works council of the enterprise, if there is no trade union.

The demands must be precisely defined, justified, set out in writing and handed in to the employer or subject of the collective agreement. The party to whom the demands are submitted will consider the demands and within seven days from the receipt communicate his/her decision in writing to the party who made and submitted the demands.

If an employer or the subject of collective agreement agrees with the demands, the conflict is resolved and there is no need for industrial action. If this is not the case, then the preconditions for a collective industrial dispute are given. If, again, the entity which has made and submitted the demands finds the decision unsatisfactory, the parties may enlist the services of the mediation officer or refer the dispute for hearing according to the procedure established in the Labour Code.

### **Conciliation**

As a stage of procedure within the Lithuanian dispute resolution mechanism, mediation is not compulsory. In other words, if a collective industrial dispute arises in this case it shall be heard by a/ either the conciliation commission or b/ labour arbitration or third-party court.

The conciliation commission consists of an equal number of authorised representatives of parties who made the demands and those to whom the demands were submitted. The number of commission members is determined by agreement between the parties. The commission must be formed within seven days from the day of refusal to meet the demands by the person who received the demand or, if no response was received, during the said period.

If the parties fail to reach an agreement on the number of commission members, they can delegate at their discretion, representatives to the commission. Each party can have no more than five representatives on the commission. The conciliation commission elects its chairperson and secretary from its members. By agreement between the parties, an independent mediation officer can be appointed chairperson of the conciliation commission.

The hearing of a dispute in the conciliation commission is a mandatory stage of the collective dispute resolution procedure. The conciliation commission must hear the parties within seven days from the day of formation of the conciliation commission. The time limit can be extended by agreement between the parties. Representatives of the parties have the right to invite specialists to the commission. The employer must provide the conciliation commission with the appropriate working conditions and also assign premises and furnish the necessary information.

Decisions of the conciliation commission are adopted by agreement between the parties, executed by drawing up a record and must be implemented by the parties within the time limit and according to the procedure specified in the decision. If the conciliation commission fails to reach an

agreement on all or parts of the demands, the commission may refer them for hearing to the Labour Arbitration, Third Party Court or wind up the conciliation proceeding by drawing up a Protocol of Disagreement. The decision of the conciliation commission must be announced to the employees.

### **Mediation**

Mediation is a new conflict resolution procedure in the Labour Code. The implementation of the mediation procedure in the Labour Code is related to Convention No. 154 of the ILO which enshrines the principle of promotion of collective bargaining. By nature, mediation is the last step in the collective bargaining process, when the parties with a help of a third, neutral person look for a compromise and clarify the dispute. It is left to the parties themselves to choose a candidate as an expert, who will be able to perform the function of a mediator. In this case, the parties to a collective industrial dispute should sign an agreement regarding a candidate for being a mediator, a period of mediation, costs, etc.

### **Arbitration**

The labour arbitration is formed under the district court within the jurisdiction where the registered office of the enterprise or the entity which has received the demands made in the collective dispute is located. The composition of the labour arbitration, the dispute resolution procedure and the procedure of execution of the adopted decision shall be specified by the Regulations of Labour Arbitration approved by the government. The dispute must be resolved within 14 days and the decision is binding upon the parties of the dispute.

An alternative arbitration procedure is to be found in the Third Party Court. Parties to the collective dispute must each appoint one or several arbitrators of the Third Party Court and execute the appointment by a written contract. The procedure of dispute resolution and execution of the adopted decision shall be established by the Statute of the Third Party Court approved by the government. The dispute must be resolved within 14 days and the decision is binding upon the parties of the dispute.

During its meeting on 3 February 2004, the Tripartite Council of the Republic of Lithuania adopted a resolution to provide for the establishment of a new institution for the resolution of collective industrial disputes. The Lithuanian social partners were invited to submit proposals for the structure of such an collective dispute resolution institution<sup>17</sup>.

### **Malta**

The Employment and Industrial Relations Act (EIRA) provides for both the voluntary settlement of disputes through mediation and conciliation and for a settlement determined by the Industrial Tribunal (IT). It should be noted that in practice no distinction is made in Malta between conciliation and mediation. In addition to the services for conflict resolution provided by government, at all levels there are also possibilities for similar alternative services to be provided through private agencies.

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<sup>17</sup> Minutes of the meeeting of the Tripartite Council of the Republic of Lituania, minute no. 70, Vilnius, 3 February 2004.

### **Conciliation/mediation**

The law authorises the Minister to appoint a conciliation panel made up of not less than five persons, following consultation with the Malta Council for Economic and Social Development (MCESD). However, the task is normally entrusted to the director of the Department of Industrial and Employment Relations (DIER).

The functions of the conciliator are to:

- a) communicate with the parties concerned;
- b) organise and preside over conciliation meetings;
- c) consider the causes and circumstances of the dispute;
- d) endeavour to bring about an amicable settlement;
- e) make any necessary recommendations for a resolution.

What usually happens is that as soon as there are indications that an industrial conflict may occur, the DIER – with ministerial support – offers its conciliation services in an effort to solve the problem before further harm is done. The effectiveness of this course depends heavily on the skills, experience, standing, and personal commitment of the director who normally plays the leading role. The present incumbent describes his role as one of ‘trust building and confidentiality’. During conciliation meetings, he gives both sides time to air their grievances, while keeping to the subject under discussion. His task is to make a distinction between disagreements on matters of substance and other details. He is obliged to set out the case of both sides, while keeping the necessary distance and impartiality. When a stalemate is reached, he often finds it useful to speak to each side separately in order to help them reach a compromise.

The effectiveness of the existing conciliation services is shown in the fact that during the five-year period 1998-2002, 80% of all emerging industrial disputes were referred to conciliation and of these, the success rate of reaching agreement was 78.3%.

### **Arbitration**

On the other hand, when a deadlock is reached, the Minister may appoint a court of enquiry in order to establish the causes and circumstances of the dispute. This option, however, is rarely chosen. More commonly, when deadlock is reached, the Minister is normally requested by either or both parties to refer the case to the Industrial Tribunal. This is a special judicial body, established under EIRA, and given exclusive jurisdiction over employment and industrial relations conflicts.

The tribunal is chaired by a member of a panel appointed by the prime minister, following consultation with MCESD. Such members serve as chairpersons either in turn or according to competence. The tribunal also includes two other members, chosen from two other panels representing in turn the interests of both employers and employees. Both panels are also appointed through MCESD. Nevertheless, in cases other than those dealing with industrial relations – such as those of unfair dismissal – the tribunal is chaired by the chairperson alone. The Tribunal’s decision is binding on all parties and may not be appealed against for a period of at least one year. In giving its award, the tribunal is expected to take into account the social policies of the

government, the requirements of any national development plan and other economic policies of the government.

Reference to the tribunal may be made by any of the parties involved in the dispute, once the possibilities of an amicable settlement have been exhausted. When a dispute is referred to the tribunal, all industrial actions are normally suspended. Hence, any hasty resort to this line of action without its prior consent is seen by the union as a restriction of its right to strike.

## **Poland**

Disputes connected with collective bargaining can be solved on the basis of procedures agreed between the sides of the conflict or by means of procedures regulated by law.

According to the Polish Labour Code, in the event that the parties to a conflict have chosen to install their own negotiation procedure concerning collective agreements, the legal provisions on collective dispute settlement are not applied, unless the parties decide to do so. These procedures have been established by a number of collective agreements; however, most of the parties do not avail of this possibility.

Legal procedures, on the contrary, are of vital importance. The Collective Disputes Settlement Act provides for three procedures: negotiation, mediation and voluntary arbitration. They should be applied in the chronological order mentioned above. A strike started before the end of a mediation period is illegal. In addition to this, the Act on the Tripartite Commission regulates the good will mission.

### **Negotiations**

Negotiations are based on direct talks and bargaining between the two sides of industry, and, henceforth, cannot be equated with conciliation. Negotiations are started immediately after a dispute has arisen. Under the penal law, an employer is obliged to enter into negotiations and immediately notify the district labour inspector of a dispute. Negotiations end once an agreement has been concluded. In the case of a failure of these negotiations, the two sides should establish a protocol of divergences. The soundness and added value of such negotiations, as a statutory method of solving collective disputes prior to mediation, can be questioned: a collective dispute normally arises because former negotiations between the two sides have already been unsuccessful.

### **Mediation**

Mediation is started after the negotiation phase, if the union's side upholds its demands. Mediation is characterised as solving a dispute with the participation of an independent third party whose role it is to facilitate an agreement between management and labour. Within five days both sides should agree on a mediator. If they do not, each side may request from the Minister of Labour the appointment of a mediator from a list of mediators drawn up by the Minister in consultation with the most representative social partners. According to an established practice, the Minister does not impose a mediator against the will of the two sides. A mediator should be a person who guarantees impartiality and his or her powers are only of an advisory nature. When the space of time allocated

to the mediation process expires, the trade unions may organise a two-hour warning strike. A mediation procedure ends with the signing of an agreement or the establishment of a protocol of divergence. A mediator is entitled to compensation and reimbursement of costs, the exact amount being fixed by the two sides of the dispute. The costs of mediation are shared equally by the sides, unless some other arrangement has been concluded. Exceptionally, the Minister of Labour may cover the costs.

### **Arbitration**

Not reaching any agreement to a collective dispute via mediation paves the way for a strike. However, a trade union may submit a dispute to an arbitration board, a step which is equal to refraining from strike during the arbitration period. The arbitration procedure cannot commence unless the negotiation and mediation phases have been terminated. A dispute at establishment level is heard by a social arbitration board at the regional court, while a multi-employer dispute is settled by a board at the Supreme Court. The board is composed of a chairperson who is a professional judge and six members, three appointed by each side. The board should primarily try to convince the two sides to come to an agreement. If this is unsuccessful and after trial proceedings, the board gives an award. A decision is taken by a majority of votes and is binding on both sides, unless they decide otherwise before submitting the dispute to arbitration. A binding decision impedes any industrial action. The use of arbitration, however, is very rare in practice.

### **Good will**

Good will missions are a new method introduced at the beginning of 2003 by the amendment to the Tripartite Commission Act. The provincial commission of social dialogue may examine social or economic cases causing conflicts between employers and employees, if it judges this necessary for keeping social peace. The commission may express an opinion on appointing a person with a good will mission from the Minister's list of mediators. This person helps the sides of a conflict. The State budget covers the person's fee for conducting the mission and all other related costs. Good will missions go beyond the legal notion of a collective dispute specified in the Collective Disputes Settlement Act. This results from the use of the word 'conflict' instead of 'collective dispute' and the rather ambivalent meaning of the expression 'social and economic matters causing conflicts between employers and employees'. Apparently, the intention was to create an institution going beyond the limitations of the hitherto existing system of resolving collective disputes and helping to reduce the phenomenon of informal conflicts.

### **Labour inspectors**

In practice, labour inspectors play an important role in reducing the number of collective disputes. The Collective Disputes Settlement Act obliges an employer to notify the dispute to the regional labour inspector who usually imposes an inspection. The controlling inspector does not function as a mediator, but announces the results of the inspection, and in case of violations of the law by the employer also applies sanctions: in doing so, the labour inspectors also contribute to the settlement of some of the industrial disputes. Unfortunately, there are no official data allowing for an assessment of the results of their activities.

## Slovakia

As for the legal background, collective disputes could occur both regarding the conclusion of a collective agreement and regarding the fulfilment of commitments arising from an already concluded collective agreement. The Collective Bargaining Act, No. 2 of 1991 provides for procedures to follow, including mediation and arbitration. Following the latest developments of collective disputes, the majority of collective disputes between the social partners were successfully resolved by these procedures during the last 10 years.

### Conciliation/mediation

A proposal for a mediator to be appointed for the conclusion of a collective agreement may not be submitted before at least 60 days have elapsed since negotiations about a new agreement were opened. Mediation takes place if the parties desire it, and aims at bringing the two parties in a collective dispute to an agreement. If the parties fail to agree on a mediator, either party may apply to the Ministry for a third party to be appointed from a list kept by the Ministry. The Ministry evaluates the request to see whether it actually deals with a collective dispute or individual dispute, as the latter must be settled in the competent courts. The two parties share the mediator's costs and reimbursement equally. The mediator will propose, in writing, a solution of the dispute within 15 days of having heard the details. The mediation is deemed to have failed if the dispute is not settled within 30 days of hearing the details. The parties may agree on longer periods at each stage of the mediation mechanism.

The majority of collective disputes arising in the last five years were related to the conclusion of a collective agreement. In some cases the contracting party, which had requested a mediator, decided – after consultation with the Ministry of Labour, Social Affairs and Family – to resolve the dispute and conclude an agreement with its social partner without a mediator's intervention. There are also some cases when mediators resolved collective disputes by using a specific conciliation procedure, which is not stipulated by the Act on Collective Bargaining. In these cases, the mediators resolved the disputes on the grounds of an agreement, which the contracting parties had preliminarily concluded among themselves, and thus assumed the role of a conciliator.

From recent statistics, it is obvious that the total number of registered collective disputes requiring mediation has slightly declined during the last years. At the same time the figures indicate that the effectiveness of the mediation processes is increasing.

### Arbitration

If mediation has failed, the parties may agree to refer the dispute to arbitration. An arbitrator may be appointed by the Ministry at the request of just one party when the dispute in question concerns the interpretation of an existing agreement, or in the case of a conclusion of a collective agreement in sectors or companies where industrial action is forbidden by law. Arbitrators may only be appointed by the Ministry from a ministerial list, and the third party cannot be the same person as the mediator. The arbitrator's ruling will be delivered within 15 days of appointment, and the costs of arbitration are borne by the Ministry.

Due to the lack of a separate branch of labour courts in Slovakia, either party may appeal against the arbitrator's award on a point of law to the competent County Court within 15 days. Otherwise,

the ruling is legally binding. If an arbitrator's award ruling is revoked for being invalid, the same arbitrator will deal with the dispute again; where this proves impossible, the Ministry will appoint another arbitrator.

In the past, arbitrators resolved the majority of collective disputes which had not been settled by a mediator. During the last three years, there was only one case when neither mediator nor arbitrator resolved the collective dispute and the trade unions declared willingness to go on strike. This threat alone led to the finding of a solution and the collective dispute was resolved on the grounds of a mutual agreement concluded between the social partners.

## **Slovenia**

### **Legal basis for conflict resolution mechanisms**

Resolving collective industrial disputes is regulated differently with regard to legal disputes and to disputes over interests. In principle, collective legal disputes are settled in court, while disputes over interests are resolved through extra-judicial dispute settlement procedures. Disputes of interests are intended to be resolved through extra-judicial conflict resolution procedures, for which the Slovenian collective labour law has set up two different institutions: the conciliation committee and the arbitration council. The conflict-resolving authority of these two institutions is acknowledged in most collective agreements both in the private and public sector.

### **Conciliation/mediation**

In the general collective agreement for economic activities from 1990 and 1993, the interest disputes are left to the arbitration council only. This procedure was amended in a way that a compulsory first instance was introduced: interest disputes are nowadays brought before a conciliation committee within 30 days from the day the dispute has arisen. If this procedure is unsuccessful, either party may initiate a procedure before an arbitration council within the next 30 days. Both the arbitration agreement and the conciliation committee agreement must be in writing. The only difference between them stems from the fact that during the conciliation procedure the committee facilitates between the two parties in order to help them to find a possible solution on their own, or the conciliator suggests himself a possible solution; in the latter case, he or she even acts as a mediator. In both situations, however, the parties must come to a solution themselves in the form of a written agreement. In the procedure before the arbitration council, on the contrary, this body comes to a decision by itself, instead of the parties to the collective agreement, and this award then becomes a part of the collective agreement. The agreement of the parties in the conciliation process and the decision of the arbitration council must be communicated to the authority carrying out the registration of collective agreements, and made public in the same way as the collective agreement.

The obligatory part of a collective agreement, in which the parties define the procedures of conciliation and arbitration and the procedures of modification and cancellation of the collective agreement, usually also defines the role of the collective agreement interpretation committee. This committee is an important body which prevents collective and individual disputes from arising in practice. This committee is composed of representatives of both parties and is usually a body of experts, not representing individual interests. The committee makes its decisions in the form of

explanatory statements, opinions and recommendations. The explanatory statements and opinions of the committee guarantee uniform implementation of a collective agreement. If it is considered that a certain issue needs to be dealt with differently, because the law requires modifications, the committee may issue a recommendation to the parties of a collective agreement. Since 1997, most collective agreements define it as a duty of the parties to render the decision of the interpretation committee public in a way similar to the collective agreement.

### **Arbitration**

Arbitration as a voluntary procedure of solving an interest dispute is also defined in the 'Worker Participation in Management Act'. It stipulates that an arbitration body can be formed as a constant or *ad hoc* arbitration for resolving disputes between the works council and the employer. The decision of this arbitration body is final and can be contested only by special legal action, in the way in which settlements between parties are usually contested. If an action against the decision of the arbitration council is brought to court, the labour court decides on the settlement of the dispute.



# Conclusions 4

## Industrial relations systems in the acceding countries

Findings from the Foundation project on conflict resolution and from the earlier project on 'Social dialogue and economic and monetary union (EMU) in the acceding countries', as well as input from the social partners in the acceding countries, reveals that the industrial relations systems in these countries remain in a fragile state. The national reports give the following reasons for this:

### 1. Heterogeneous trade union and employer organisations

- weak employer organisations
- fragmented employer and trade union organisations
- lack of employer organisations in the public sector
- low employer organisation membership rates
- low trade union density and density still falling in some cases
- lack of representativeness from an EU perspective
- weak collective bargaining role among social partners

### 2. Limited scope and quality of collective bargaining

- collective bargaining systems decentralised
- more company-level collective bargaining
- less emphasis on the sectoral level
- lower level of collective bargaining coverage
- collective agreements insubstantial in content

### 3. Widespread absence of works councils

- exceptions are Hungary, Poland (public enterprises only), Slovakia and Slovenia
- fully fledged EU-type works councils exist only in Hungary and Slovenia
- Some acceding countries already have representatives in EWCs within companies with operations in these countries (Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia)
- in March 2004 the EWC Directive was transposed in eight out of 10 acceding countries (Cyprus, Czech Republic, Hungary, Latvia, Malta, Poland, Slovakia and Slovenia)

### 4. Lack of social dialogue in the public sector

- absence of employer organisations in the public sector

### 5. Tripartism

- asymmetrical structures: strong governments in contrast to weak social partners
- occasionally adverse government interventions.

## Trends in industrial action

As far as the legal basis of industrial action in the acceding countries is concerned,<sup>18</sup> a distinction should be made between strikes and lockouts. Strikes which were once considered taboo<sup>19</sup> under the socialist regime have become a legitimate and established basic right of trade unions and workers.

<sup>18</sup> See also EIRO, comparative study, September 2003, 'Developments in industrial action, 1998-2002', (<http://www.eiro.eurofound.eu.int/2003/03/update/tn0303104u.html>).

<sup>19</sup> EIRO, 2003, 'Labour dispute settlement in four central and eastern European countries', (<http://www.eiro.eurofound.eu.int/2003/01/study/TN0301101S.html> ).

**Table 2 Number of strikes in the acceding countries, 1999-2002†**

	1999	2000	2001	2002	2003
CY	21	6	25	23	13 <sup>1</sup>
EE <sup>2</sup>	1	1	1	2	1
HU	7	10 <sup>3</sup>	7	8	nd
LT	nd	56 <sup>4</sup>	34	0	0 <sup>5</sup>
LV	2	0	0	3	nd
MT	15	12	14	5	8
PL	920	44	11	nd	nd
SI	26 <sup>6</sup>	30	0	0	3
SK	0	0	0	0	3

†No data available for the Czech Republic.

<sup>1</sup>CY: data from January - November 2003 only. <sup>2</sup>EE: the 2003 1 day strike was organised by TALO (second largest central trade union organisation). All the other strikes between 1999-2002 have been one hour warning strikes only. <sup>3</sup>HU: figures comprise strikes, warning strikes and solidarity strikes. <sup>4</sup>LT: figures comprise strikes and warning strikes. <sup>5</sup>LT: data for the first half of 2003 only. <sup>6</sup>SI: Strikes organised by ZSSS, the major SI trade union.

Source: reports by national researchers. Note: the formulas for calculating strikes, working days lost and number of participants may vary from one acceding country to another.

In seven of the 10 acceding countries (Cyprus, Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovakia), the right to strike is enshrined in the national constitutions. In the other three acceding countries (Estonia, Malta, Slovenia), strikes are regulated by national laws. Cyprus is the future EU Member State with the broadest legal basis on strikes, with a regulative framework based on the constitution, national law and a collective agreement.

Lockouts tend to be less regulated by legislative acts. In five of the acceding countries (Czech Republic, Estonia, Latvia, Malta, Slovakia), the right to lockout on the part of the employer is endorsed in national statutes. In Cyprus, the question is dealt with by a collective agreement. The other acceding countries (Hungary, Poland, Slovenia) either do not have any legal basis for lockouts, or consider them as an illegal means of industrial action (Lithuania).

The definition of strikes appears to be a homogeneous one in all 10 acceding countries and is in line with international conventions and national regulations applicable in the present Member States. A strike is defined in most of the acceding countries as 'an interruption of work on the initiative of employees or a federation of employees in order to achieve concessions from an employer or a federation of employers to lawful demands in labour matters' (Estonian national report). A lockout, by contrast, is 'an interruption of work on the initiative of an employer or an association of employers to achieve concessions from the employees or a federation of employees to lawful demands in labour matters' (*ibid*). However, the definition of services of general interest which plays a central role in the determination of certain restrictions linked to legal strike activities varies greatly among the acceding countries.<sup>20</sup>

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<sup>20</sup> For a definition proposed by the European Commission, see 'Green paper on services of general interest', COM (2003) 270 final, p. 6-7.

**Table 3 Number of participants in strikes in the acceding countries, 1999-2002†**

	1999	2000	2001	2002	2003
CY	2108	180	1699	3464	2622*
EE**	11	8700	40	299	20192
HU	16500	40111	23135	nd	nd
LT	nd	3303	1703	0	0
LV	106064	0	0	13678	nd
MT	4849	5000	1849	678	1945
PL	27100	7900	1400	nd	nd
SI	2578	1789	0	0	nd
SK	0	0	0	0	nd

†No data available for CZ.

\* Cyprus: data from January-November 2003 only. \*\* Estonia: All strikes, except in 2003, have been one-hour warning strikes only.

Source: reports by national researchers. Note: the formulas for calculating strikes, working days lost and number of participants may vary from one acceding country to another.

Practices and procedures vary to a large extent from one acceding country to another as described in Chapter 2 above. Many of the acceding countries, such as Estonia, Hungary, Latvia, Lithuania and Slovakia, have enacted regulations on the lawfulness of strikes. These provisions render strikes unlawful, if they have not been preceded by a period of conflict resolution, violate the constitution, constitute a legal dispute to be solved by the labour courts, endanger human life or the environment, etc. Some national statutes also deem solidarity strikes to be lawful (for example, in the Czech Republic, Estonia, Hungary and Slovakia) and warning strikes are a legitimate means of industrial action across most of the acceding countries (for example, in Estonia, Hungary, Lithuania and Poland).

It is a generally acknowledged principle that participation in a strike is voluntary (Czech Republic, Estonia, Hungary and Slovakia) and it is prohibited to impede the performance of work by employees who do not participate in a strike. Trade union representatives must allow access to and departure from the workplace for those employees who wish to work. They may not threaten them with any harm, but can discuss with them the aim of interruption of work. Thus, picketing is allowed in some of the future Member States (Latvia, Lithuania, Slovakia), while in others it is not regulated or used in practice (Hungary).

Most of the acceding countries (for example, Hungary, Latvia, Lithuania, Poland and Slovakia) ban strike activities from, or at least impose certain limitations on, essential services. Strikes are most commonly prohibited in the armed forces, the judiciary, as well as in national security services. Limitations on the right to strike are imposed in the areas of public transport, electricity supply, telecommunications and other public utilities.

The incidence of industrial action at the turn of the millennium was lower than might have been expected. It is very difficult, however, to obtain reliable, objective and comparable figures. For some of the acceding countries (Czech Republic, Latvia) there is no data on strike statistics, for others data on the number of lost working days (Czech Republic, Hungary, Latvia, Lithuania, Slovakia) and/or the number of participants (Czech Republic, Estonia, Hungary, Latvia) is lacking. In addition to the above, the existing quantitative data is difficult to evaluate due to methodological

reasons. Statistical definitions of strikes, as in the present Member States, vary enormously from one acceding country to another<sup>21</sup>. It is important to bear this in mind when looking at the following, which should be interpreted as reflecting some initial but very rough trends. Looking at those acceding countries with the most complete datasets (Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) and considering the period 1999-2001, Hungary, Poland and Cyprus have experienced most industrial actions in this period of time: in Hungary 824,317, in Poland 214,566 and in Cyprus 31,951 working days were lost. With regard to Hungary, it should be noted that both the top strike figure in 2000 and the enormous annual fluctuations result from industrial action in one single company, the Hungarian State Railways (Magyar Államvasutak, MÁV).<sup>22</sup> Among the less strike-prone acceding countries the figures are: 12,300 days lost in Slovenia, 6,617 days in Malta, 1,100 days in Estonia. Virtually no strikes have been recorded in Slovakia during these three years. It was only in 2003 that the first strikes were recorded in Slovakia, mainly in the railway sector.

**Table 4 Number of working days lost in strikes in the acceding countries†**

	1999	2000	2001	2002	2003
CY	26037	1136	4778	7019	4915*
EE**	1.4	1087.5	5	37.4	20192
HU	176375	636267	11676	nd	nd
LV	nd	0	0	nd	nd
MT	1261	2564	2792	744	3305
PL	106900	74300	33400	nd	nd
SI	7507	4775	0	0	nd
SK	0	0	0	0	nd

\* Cyprus: data from January-November 2003 only; \*\* Estonia: since all the strikes except for 2003 have been one hour warning strikes only, the number of working days lost was extrapolated via: number of participants x 1h / 8h working day.

Source: reports by national researchers. Note: the formulas for calculating strikes, working days lost and number of participants may vary from one acceding country to another. †No data available for the Czech Republic and Lithuania.

In some of the acceding countries, austere economic reforms entailing losses in real income rendered the socio-economic fabric extremely fragile during the period of transition to a market economy and thus were a fertile ground for industrial action in the early 1990s (Iankova and Turner, 2004, p.88).

As a general trend, however, industrial action is on the decline since the mid 1990s in the acceding countries: this also applies to Poland whose transition economy witnessed the most widespread industrial action in the course of the 1990s (Iankova and Turner, 2004, p. 88; Pollert, 1999, p.156).

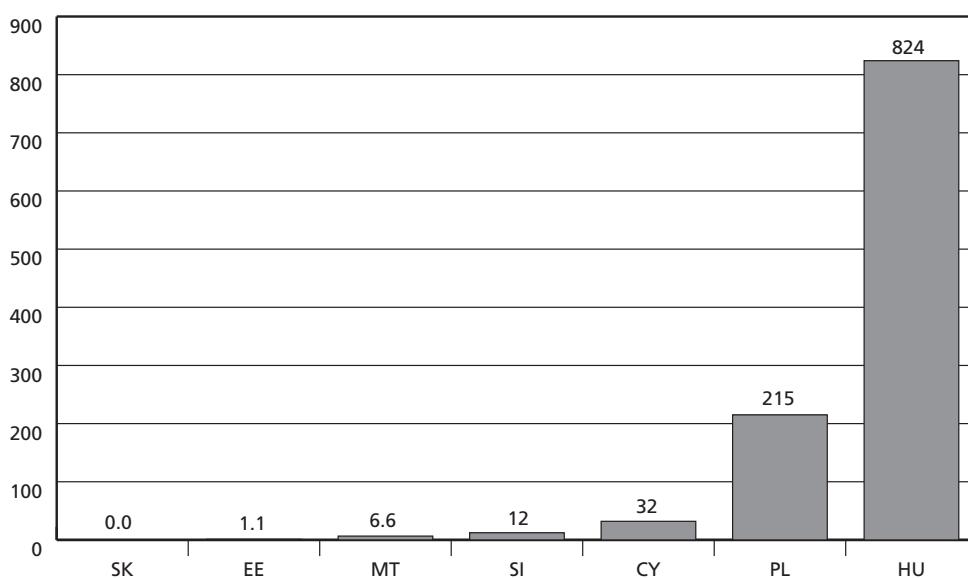
In Slovenia, the highest strike rates occurred in 1992, following the huge political and economic transformation from 1988 to 1992, and despite strong pressures on the labour market. These declining figures are accounted for, as in other transition economies, by the following causal relationships: withdrawal of the state from the economy, growing unemployment, fragmentation of the economy, fragmentation and weakening of trade unions, less inclination and capacity for industrial action (Stanojević, 2003, p.28).

<sup>21</sup> E.g. some acceding countries include warning strikes, solidarity strikes and other 'token strikes', while others do not include these.

<sup>22</sup> See EIRO, 2003, 'Labour dispute settlement in four central and eastern European countries', (<http://www.eiro.eurofound.eu.int/2003/01/study/TN0301101S.html> ).

Another trend seems to be that it is above all in the public service and public utilities where workers try to put most pressure on governments through industrial action; in the private sector, on the contrary, workplace-level industrial action is the norm (*ibid*). Finally, with regard to the categories of workers going on strike, these are mainly from the following four sectors: public service, large industrial enterprises, traditional heavy industries and 'privileged workers (...) in close contact with Western workers, and able to use comparators' (e.g. pilots, cabin attendants, workers in multi-national companies, such as Skoda) (Martin and Cristescu-Martin, 2003, pp.506-7).

**Figure 7 Aggregate number of working days lost in strikes in selected acceding countries, 1999-2001 (in 1000)**



Source: national reports and EIRO 2003.

#### **Conflict resolution mechanisms in the acceding countries**

In view of the large variety of systems of conflict resolution mechanisms in use, it is not easy to assess the predominant procedure. The 10 national reports do shed, however, some light on this field of industrial action and conflict and the table on p. 54 constitutes a first attempt at a classification. The dominant and most frequent form of conflict resolution in the acceding countries is 'mediation' which is used for dispute settlement purposes in all 10 acceding countries: it is also named by the national experts in five acceding countries as the prevailing form of conflict resolution. Conciliation is much less frequently used, i.e. in six out of 10 acceding countries, and arbitration appears to be the *ultima ratio* approach, only used in cases where mediation has failed. Arbitration as a final resort of conflict resolution is to be found in all acceding countries except Estonia.

In some countries, conciliation and mediation are being treated as synonymous procedures. Thus, the dividing line between conciliation and mediation is a very narrow one and a number of acceding countries either do not acknowledge this difference (Malta) or the boundaries between the two mechanisms overlap (Estonia, Slovakia, Slovenia).

**Table 5 Main forms of conflict resolution in the acceding countries**

	Conciliation	Mediation	Arbitration	Other	Voluntary/ legislative basis	Institution/ procedure in place
CY	0	xx	x		v	a
CZ	0	x	x		n	d/e
EE	x	xx	0		n	a
HU	x	x	x		n	b
LT	xx	x	x		n	e
LV	x	x	x		n	e
MT	x	xx	x		n	a
PL		x	x	n/gwm	v/n	e
SK	x	xx	x		n	d/e
SI		xx	x		v	e

xx = dominant / x = existing, but no dominance / 0 = weak, or non existant. In MT no distinction is made between conciliation and mediation. For PL: n = autonomous negotiations between the two sides of industry; gwm= good will missions; v = based on voluntary collective agreements, n = based on national legislation. a = a public institution/official within the labour administration/ b = an independent public conflict resolution agency outside of the labour administration strictu sensu/ c = an independent private conflict resolution agency/ d = a person independent of the labour administration, but chosen from a list of experts kept by the Ministry of Labour/ e = voluntary and autonomous conflict resolution bodies set up by the social partners.

### Sources of extra-judicial conflict resolution

Not surprisingly and similar to the legal frameworks in the 15 Member States of the European Union, both the institutions and procedures of conflict resolution mechanisms in the 10 acceding countries originate in and are ruled by either legislative acts enacted by national legislation or by voluntarist collective agreements concluded between the two sides of industry. As is shown in table 5 above, most of the conflict resolution systems in the acceding countries arise from acts voted by the national legislators. Only in Cyprus, with its non-legislative provisions of the Industrial Relations Code, in Poland and in Slovenia are mediation as well as arbitration procedures, at least partially, rooted in voluntarist collective agreements. This seems to be in stark contrast with the situation in the EU Member States, ‘where the resolution methods for collective disputes are established and regulated by typically bargaining-based instruments such as inter-professional agreements and collective agreements’ (Martin and Cristescu-Martin, 2003, pp. 32-3). The predominance of legislative procedures can perhaps be accounted for by the greater heterogeneity, fragmentation and, henceforth, relative weakness found among the social partners in the acceding countries (Kauppinen and Welz, 2003).

### Institutions and processes of extra-judicial conflict resolution

As a starting point, most of the legal and industrial relations systems in the acceding countries distinguish between ‘rights’ disputes and ‘interest’ disputes. A collective ‘rights dispute’ consists of differences of opinions between employees and employers that arise in concluding, altering, terminating or fulfilling an already existing norm of an employment contract, as well as provisions of a collective agreement. A collective ‘interest dispute’ occurs when there are differences of opinions between employees and employers in relation to the conclusion or revision of a collective agreement (Valdés Dal-Ré, 2003, p.48). Employees have the right to call a strike only in the case of collective ‘interest disputes’. The resolution of collective industrial disputes is regulated

differently with regard to rights disputes and disputes over interests. In principle, collective rights disputes are settled in court, while disputes over interests are resolved through extra-judicial conflict resolution mechanisms.

To promote the efficient and effective resolution of collective industrial disputes of interests, governments and social partners both in the EU and in acceding countries have recourse to a wide range of different institutions and processes to resolve industrial disputes, which are described below (Valdés Dal-Ré, 2003).

#### ***Public institution/official within the labour administration***

This type of arrangement is found in Belgium ('social conciliators'), Finland ('national conciliator'/district conciliators'), or Denmark ('Statens Forligsinstitution') (European Foundation for the Improvement of Living and Working Conditions, 2003a, p.21). In Estonia, the institution of public conciliator developed in the second half of 1995. In addition to the public conciliator, there are also 24 local conciliators appointed by the former. The task of the local conciliator is to resolve local industrial disputes in prior consultation with the local government. The public conciliator is appointed to office for a term of three years by the government on the basis of a joint agreement of the Ministry of Social Affairs and central federations of employers and federations of employees. In Malta, too, the government performs a pivotal role in conflict resolution through the Department of Industrial and Employment Relations (DIER). What usually happens in Malta is that as soon as there are indications that an industrial conflict may break out, the DIER – with ministerial support – offers its conciliation services in an effort to solve the problem before further harm is done. The effectiveness of this course of action depends heavily on the skills, experience, standing, and personal commitment of the director who normally plays the leading role. Finally, such an internal resolution mechanism also exists in Cyprus.

#### ***Independent public conflict resolution agency***

This body is outside the labour administration in the strict sense, but given organisational, financial and human resources by the public authorities. This procedure is usual in the EU where these kind of institutions are common, notably in the UK (ACAS), Ireland (Labour Relations Commission) and Sweden (National Mediation Office (Elvander, 2002, p.206)). In the acceding countries, a comparable autonomous agency specialised in labour dispute settlement between the social partners has not emerged on a large scale yet. Only in Hungary is there a similar conflict resolution institution. The Hungarian government and social partners agreed to establish the Labour Mediation and Arbitration Service (MKDSZ) in 1996 and it is based at the Ministry of Labour and Employment with two full-time employees: a director and a secretary. The parties involved in a conflict are not obliged to choose a mediator or arbitrator from the register of MKDSZ, but they generally do so. The mediators and the arbitrators act upon individual request.

#### ***Independent private conflict resolution agency***

In the EU, the only Member State which has implemented such a mechanism is Spain, where SIMA was created by the social partners via an inter-professional agreement and is subsidised by public funds. This procedure is also used in Greece by OMED, whose creation was ground-breaking (Yannakourou and Koukoules, 2003). Similar private conflict resolution agencies do not exist in the acceding countries.

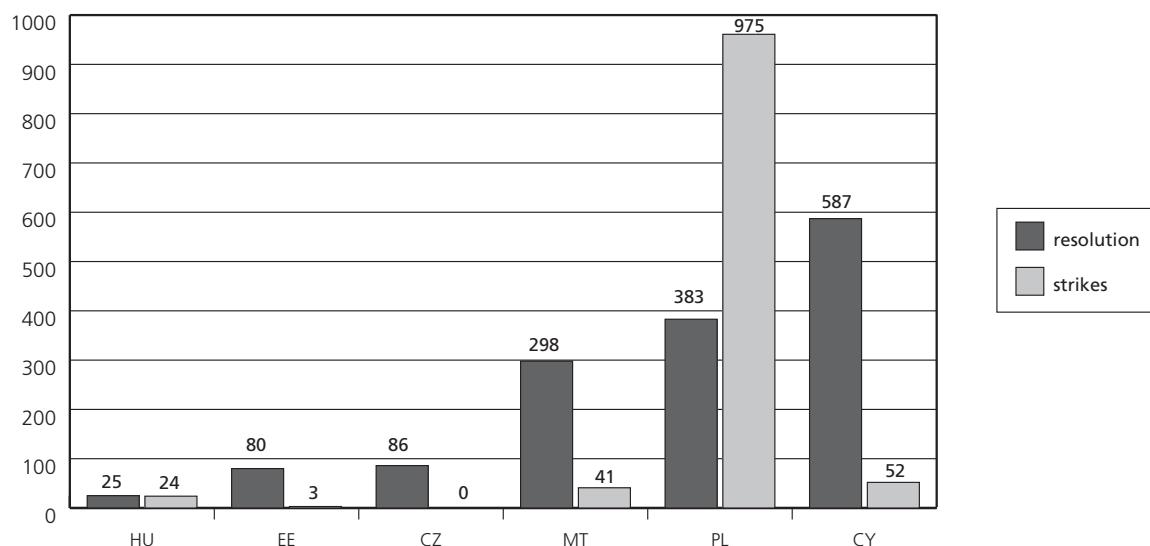
### ***Person independent of the labour administration***

This is a person chosen from a list of experts kept by the Ministry of Labour. This procedure is not widespread in the Member States. Among the acceding countries, only the Czech Republic and Slovakia use a corresponding conflict resolution mechanism. According to the Czech Collective Bargaining Act, a mediator can be either an individual who must be a citizen of voting age and full legal capacity or a corporate entity, if it agrees to perform this function. If the contracting parties cannot agree on a mediator, he/she may be appointed by the Ministry of Labour and Social Affairs, on the initiative of either of the contracting parties. The Ministry of Labour and Social Affairs only appoints an individual or corporate entity that is recorded in the list of mediators kept by Ministry.

### ***Voluntary, autonomous conflict resolution bodies set up by the social partners***

In the EU, this subsidiary approach initiated, based and implemented solely by the social partners can be found in Germany (Kocher, 2002, pp. 663-665), for example. In the acceding countries, this model is followed by Latvia and Lithuania through so-called conciliation commissions or mediators chosen by the two sides of industry parties to a conflict. This voluntary mechanism is also in place in Poland, Slovenia and, as a first step procedure, in the Czech Republic and Slovakia, prior to the second step where the Ministry of Labour appoints a mediator chosen from a pre-established list in the event of disagreement between the social partners.

**Figure 8 Aggregate number of resolutions compared to number of strikes in selected acceding countries, 1999-2001**



Source: national reports.

### ***Non-existing conflict resolution procedures and institutions***

In a few of the present 15 EU Member States (e.g. in the Netherlands) there are no specific regulations or institutions dealing with the resolution of labour disputes. The non-existence of conflict resolution institutions in the Netherlands, for example, can be traced back to the strong role played by the social partners in well-developed and strong corporatist processes of which collective bargaining and tripartite concertation are the main forms. An immediate outcome of these corporatist industrial relations structures is tripartite wage determination and, consequently, a low incidence of industrial action. In the acceding countries, a similar situation is not to be found

yet, due to the heterogeneity and weakness of the social partners as well as the limited scope and role of collective bargaining (Elvander, 2002, pp. 208-209).

#### **Incidence of extra-judicial conflict resolution**

The availability of data concerning the incidence of conciliation, mediation and arbitration in the acceding countries is even more scarce than statistics on industrial action.

**Table 6 Number of conciliations, mediations and arbitrations in the acceding countries<sup>t</sup>, 1999-2003**

	1999			2000			2001			2002			2003		
	c	m	a	c	m	a	c	m	a	c	m	a	c	m	a
CY	nd	185	nd	nd	166	nd	nd	236	nd	nd	173	nd	nd	228	nd
CZ	nd	26	1	nd	20	2	nd	33	4	nd	24	1	nd	7	1
EE	13	7	nd	20	19	nd	15	6	nd	7	10	nd	4	8	nd
HU	nd	11	0	nd	6	2	nd	5	1	nd	nd	nd	nd	nd	nd
MT	nd	92	nd	nd	103	nd	nd	103	nd	nd	116	nd	nd	70	nd
PL	nd	121	nd	nd	160	nd	nd	102	nd	nd	nd	nd	nd	nd	nd
SK	21	31	1	23	29	0	nd	nd	nd	nd	nd	nd	nd	nd	nd

<sup>t</sup>No data available for Latvia, Lithuania and Slovenia.

Note: conciliation = c; mediation = m; arbitration = a.

Source: reports by national researchers.

Taking into account the aggregate figures from 1999-2001, the highest number of disputes referred to conflict resolution are to be found in Cyprus (587 cases), Poland (383 cases) and Malta (298 cases). Far fewer cases are reported in the Czech Republic (86 cases), Estonia (80 cases) and Hungary (25 cases).

In comparing the figures on cases referred to dispute resolution with the number of strikes in the same acceding countries during the same timeframe, the following preliminary findings can be noted.

In Hungary, the aggregate numbers of conflict resolutions in comparison to the number of strikes are equal (25 resolutions/24 strikes). In all other acceding countries, the number of dispute settlements far outweighs the aggregate numbers of industrial actions: Estonia (80 resolutions/3 strikes), Malta (298 resolutions /41 strikes), Cyprus (587 resolutions/52 strikes). The only acceding country with an inverse relationship is Poland, where 975 strikes in the years 1999-2001 are recorded, but only 383 cases referred to mediation during this period<sup>23</sup>. It will be necessary to carry out further research based on more sound data and correlations derived from this data in order to throw light on the efficiency and effectiveness of the national conflict resolution systems prevailing in the acceding countries.

<sup>23</sup> With regard to Poland, it should be noted that the strike figure for 1999 was extraordinarily high (920 cases of industrial action).



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# Annex 1

## National development projects

In the course of the Prague workshops, the national tripartite teams from the 10 acceding countries selected a topic for their national development project. The national development plan included the topic, the reasons for selecting it and an action plan for its implementation. In the two phases of the project (2003-2004), the national tripartite teams produced the following 10 national development projects:

- Cyprus:** ‘Enhancement of existing conflict resolution mechanisms for disputes over interests in essential services’
- Czech Republic:** ‘Development of individual and collective mediation systems’
- Estonia:** ‘Development of social dialogue and conflict resolution in the health care sector’
- Hungary:** ‘Reinforcing individual conflict resolutions mechanisms in the workplace’
- Latvia:** ‘Development of established labour dispute resolution mechanisms’
- Lithuania:** ‘Development of a national mediation system’
- Malta:** ‘Vision for the future of social dialogue and conflict resolution developments: strengthening conflict resolution at sectoral and national level’
- Poland:** ‘Supporting peaceful dispute resolution and developing extra-judicial rights dispute settlement procedures’
- Slovakia:** ‘Improvement of conflict resolution mechanisms focusing on the prevention of individual and collective labour conflicts’
- Slovenia:** ‘Enforcement of the social environment of industrial relations by developing the role of mediators in local conflict resolution’

The selection of a joint project was not an easy task and the content varies from individual dispute settlement procedures and sectoral mechanisms to those focusing on the creation of a national conciliation and mediation agency. Some representatives stressed that an overhaul of their country's conflict resolution mechanisms would become an urgent concern in four to five years time, because the likelihood of industrial action is expected to increase. In other acceding countries, on the contrary, the social partners and the government representatives realised that before they can use social dialogue as a tool for achieving industrial peace, they will have to strengthen the national industrial relations mechanisms at various levels, including the representativeness of the social partners as such.

In the following section, all national tripartite delegations are presented in alphabetical order.

**Development project for Cyprus: ‘Enhancement of existing conflict resolution mechanisms for disputes over interests in essential services’**

***Members of the project group***

The Cypriote tripartite group in Prague II in January 2004 was composed of:

Government representatives: Orestis Messios, Michaela Papadopoulou

Employer representatives: Emilios Michael, Michael Antoniou

Trade union representatives: Andreas Pavlikas, Andreas Poulis

Orestis Messios drafted the national report.

**Development project for the Czech Republic: 'Development of individual and collective mediation systems'**

***Members of the project group***

The Czech tripartite group in Prague II in January 2004 was composed of:

Government representatives: Josef Jirkal

Employer representatives: Vladimíra Drbalova, Pavel Ernst

Trade union representatives: Stanislav Klimes, Vit Samek, Marie Zvolská

Lenka Korcova drafted the national report.

**Development project for Estonia: 'Development of social dialogue and conflict resolution in the health care sector'**

***Members of the project group***

The Estonian tripartite group in Prague I in October 2003 was composed of:

Government representatives: Anne Joonsaar, Merle Aro

Employer representatives: Urmas Sulre, Kaido Kotkas

Trade union representatives: Hannes Roosaar

Kaia Philips and Raoul Eamets drafted the national report.

A very recent development can be reported from Lithuania. In the wake of the project on 'Social dialogue and conflict resolution mechanisms in the AC' initiated by the Foundation, the Tripartite Council of the Republic of Lithuania adopted a resolution on 3 February 2004 to establish a new institution for the resolution of collective labour disputes. The Lithuanian social partners were asked to submit proposals for the structure of such an collective dispute resolution institution<sup>24</sup>.

**Development project for Hungary: 'Reinforcing individual conflict resolutions mechanisms in the workplace'**

***Members of the project group***

The Hungarian tripartite group in Prague I in October 2003 was composed of:

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<sup>24</sup> Minutes of the meeting of the Tripartite Council of the Republic of Lithuania, no. minute: 70, Vilnius, 3 February 2004.

Government representatives: Geza Kovacs, Andras Kremer  
Employer representatives: Antal Szabadkai, Marta Szili  
Trade union representatives: Erzabet Hanti, Julia Szabo

Beáta Nacsa and András Tóth drafted the national report.

**Development project Latvia: ‘Development of the established labour dispute resolution mechanisms’**

***Members of the project group***

The Latvian tripartite group in Prague II in January 2004 was composed of:

Government representatives: Ingus Alliks, Maris Badovskis  
Employer representatives: Daiga Ermsone, Edgar Korcagins  
Trade union representatives: Ivo Krievs, Arvalds Freibergs

Ms Daiga Ermsone drafted the report.

**Development project for Lithuania: ‘Development of a national mediation system’**

***Members of the project group***

The Lithuanian tripartite group in Prague II in January 2004 was composed of:

Government representatives: Ramune Guobaite , Valda Michailinaite  
Employer representatives: Justina Vitkauskaite, Jonas Bloze  
Trade union representatives: Inga Blaziene, Robertas Mileris

Grazina Gruzdienė drafted the national report.

**Development project for Malta: ‘Vision for the future of social dialogue and conflict resolution developments: strengthening conflict resolution at sectoral and national level’**

***Members of the project group***

The Maltese tripartite group in Prague I in October 2003 was composed of:

Government representatives: Frank Pullicino, Victor Scicluna  
Employer representatives: Joseph Farrugia  
Trade union representatives: Charles Magro, Charles Vella  
Edward Zammit drafted the national report.

**Development project for Poland: ‘Supporting peaceful dispute resolution and developing extra-judicial rights dispute settlement procedures’**

***Members of the project group***

The Polish tripartite group in Prague I in October 2003 was composed of:

Government representatives: Barbara Skulimowska, Agata Marchwinska  
Employer representatives: Maja Wedler-Kulinska, Michal Boni  
Trade union representatives: Jacek Dubinski, Tadeusz Chwalka

Zbigniew Haijn drafted the national report.

**Development project for Slovakia: ‘Improvement of conflict resolution mechanisms focusing on the prevention of individual and collective labour conflicts’**

***Members of the project group***

The Slovakian tripartite group in Prague II in January 2004 was composed of:

Government representatives: Maria Buchtova, Alena Zabojnikova

Employer representatives: Peter Ondruska

Trade union representatives: Jozef Minka

Ludovit Cziria drafted the national report.

**Development project for Slovenia: ‘Enforcement of the social environment of industrial relations by developing the role of mediators in local conflict resolution’**

***Members of the project group***

The Slovenian bi-partite group in Prague I in October 2003 was composed of:

Government representatives: not present

Employer representatives: Zvone Gosar, Azra Serazin

Trade union representatives: Wiwa Bartol, Gregor Miklic

Metka Penko-Natlacen drafted the national report.

## Annex 2

### Incidence of labour conflicts in the acceding countries

#### Cyprus

##### Work stoppages in Cyprus, 1983-1993

Year	Work Stoppages	Workers Involved	Work days Lost	Year	Work Stoppages	Workers involved	Work days lost
1983	28	3,975	12,831	1994	32	15,362	28,911
1984	29	3,915	11,339	1995	26	64,061	97,609
1985	30	8,082	16,834	1996	20	3,914	7,705
1986	39	4,796	9,797	1997	16	2,295	5,240
1987	38	18,257	91,109	1998	20	6,591	7,948
1988	35	5,590	30,327	1999	21	2,108	26,037
1989	37	12,462	32,826	2000	6	180	1,136
1990	20	8,045	32,174	2001	25	1,699	4,778
1991	31	4,782	10,347	2002	23	3,464	7,019
1992	27	49,897	59,720	2003 *	13	2,622	4,915
1993	24	16,945	23,883				

Source: Ministry of Labour and Social Insurance of Cyprus, Department of Labour Relations.

Data for January-November 2003

#### Czech Republic

##### Number of strikes/lockouts and lost working days in the Czech Republic, 1992-2002

Year	Strikes	Workers involved	Days on Strike
1992-2002	20	ND	ND
	Lockouts	Workers involved	Days of lockout
	ND	ND	ND

Source: Lenka Korcová, Ministry of Labour and Social Affairs of the Czech Republic, *Department of Labour Legislation and Collective Bargaining Social Dialogue and Dispute Settlement Mechanisms*. ND = no data available.

## Estonia

### Strikes, parties in conflict and number of participants in Estonia 1996-2002

Date	Trade union	Employer/enterprise	Number of participants	Demands	Results
22.02.96	Cultural Personnel Union	Cultural enterprises under municipal administration	3000	To gain a pay rise according to the rise of cost of living	The salaries of employees working for institutions financed by state budget were increased by 30%, additional 50 million EEK was appropriated for raising the salaries of cultural personnel.
07.06.96	Estonian Transport and Road Union	Workers Trade Union Municipal enterprise Narva Busspark	130	To gain a pay rise, employer has to fulfil the collective agreement	Wages were raised retrospectively from 01.03.1996; subsidy for public transport was added to Narva city budget in 1997
12.05.97	Education Personnel Union of Tartu and Pärnu	Schools of general education of Tartu and Pärnu*	1400 (Tartu) 1200 (Pärnu)	To re-establish seniority pay; to distribute the reserve of payroll fund to payments; appropriate money for in-service training of teachers	Seniority pay was not re-established; extra money was appropriated for salaries from the county reserve; sums for in-service training were increased
27.11.97	Estonian Employees' Unions' Confederation	595 institutions (including 548 educational institutions)	16178	To gain a pay rise of 40% for teachers the Government offered 14%, and 25% for other members; to work out separate scale of salaries for educational workers; to improve working conditions; to establish effective in-service training system	The Parliament added additional resources to the state budget, but not enough to fulfil the demands (teachers gained a pay rise of 30%); negotiations turned perspectiveless and were ended
10.12.99	Federation of Estonian Metal-workers' Trade Union	Viljandi ETT Talleks	11	To conclude a collective agreement; to gain a pay rise	The collective agreement was concluded by the end of 2000
16.10.00	Trade Union Association of Health Officers of Estonia (+ some members of Federation of Estonian Health Care Professionals Union)	Estonian Hospitals Association (67 health care institutions)	8700	To conclude a salary agreement – minimum pay 25 EEK/h (instead of 11 EEK/h)	The agreement was not concluded
30.01.01	Estonian Locomotive Driver's Trade Union; Federation of Estonian Railwaymen's Trade Union	Edelaraudtee AS (Southwest Railways)	40	To secure jobs; to preserve the transport capacity in south-eastern Estonia and on the lines of Tallinn-Tartu and Tallinn-Narva	The transport capacity was preserved on diminished volume; 270 workers were made redundant (instead of 350)
27.02.02	Federation of Estonian Railways' Trade Union	Eesti Raudtee AS (Estonian Railways)	247	Employer has to fulfil the collective agreement; to secure jobs in the repair depot in Tapa	The social programme was concluded 13.05.2002; the majority of jobs were secured
02.09.02	Estonian Transport and Road Workers' Trade Union	Connex Tartu AS	52	To gain a pay rise of 8.5%. On average a pay rise of 10 % was gained from 01.10.2002	

Source: Kaia Philips/Raul Eamets, National report for Estonia, p.XXX  
\*In the case of Pärnu Russian secondary schools were not involved.

### Number of strikes, participants and working days lost in Estonia, 1996-2002

Year	No. of strikes	No. of participants	No. of working days lost
1996	2		3,130
1997	2		18,778
1998	0		
1999	1		11
2000	1		8,700
2001	1		40
2002	2		299

Source: Kaia Philips/Raul Eamets, *National report for Estonia*.

### Hungary

#### Different types of industrial action in Hungary, 1992-2002

Year	Warning strike	Strike	Solidarity strike	Demonstration	Collecting signatures	Petition-ing	Other industrial action	Other action	Total	%
1992	7	4	-	3	2	-	3	-	19	6.3
1993	12	7	-	3	3	12	1	29	9.7	
1994	6	5	1	5	6	-	1	1	25	8.3
1995	6	3	1	13	2	-	3	-	28	9.3
1996	4	4	-	6	1	2	2	-	19	6.3
1997	4	5	-	16	4	2	4	2	37	12.3
1998	9	2	-	7	2	-	2	2	24	8
1999	5	2	-	11	3	3	1	2	27	9
2000	3	4	3	12	3	2	2	4	33	11
2001	3	3	1	10	9	2	2	3	33	11
2002	3	5	0	10	3	2	0	3	26	8.7
<b>Total</b>	<b>62</b>	<b>44</b>	<b>6</b>	<b>96</b>	<b>38</b>	<b>14</b>	<b>22</b>	<b>18</b>	<b>300</b>	<b>100</b>
<b>%</b>	<b>20.7</b>	<b>14.6</b>	<b>2</b>	<b>32</b>	<b>12.7</b>	<b>4.7</b>	<b>7.3</b>	<b>6</b>	<b>100</b>	

Source: Erzsébet Berki: *Sztrájkok és direct akciók*, Raabe, 2003.

#### Duration of strikes in Hungary, 1992-2002

Duration of strikes	hours
Total	3,281
Average	32
Minimum	1
Maximum	480
Number of cases	103

Source: Reports by Erzsébet Berki.

### Number of participants in strikes in Hungary, 1992-2002

Number of participants	Persons
Total	35,6816
Average	4,517
Minimum	6
Maximum	200,000
Number of cases	79

Source: Reports by Erzsébet Berki.

### Reasons for strikes in Hungary, 1989-2002

Year	Wage	Layoffs	Privatisation	Closures Reorganisations	Other	No data	Total	%
1989	13		3	7	5		28	7.5
1990	4	2	3	1	9	1	20	5.4
1991	6	8	3	1	7		25	6.7
1992	8	3		3	5		19	4.8
1993	25	1			3		29	7.8
1994	12	5	1	1	5	1	25	6.7
1995	16	3			9		28	7.5
1996	12	1		1	5		19	5.1
1997	22		2	7	5	1	37	9.9
1998	17	1	1	2	3		24	6.5
1999	15	1	2	9	0		27	7.3
2000	16			5	12		33	8.9
2001	15		1	10	7		33	8.9
2002	12		4	3	7		26	7.0
Total	193	25	20	50	82	3	373	100
%	47.7	6.7	5.4	13.4	22.2	0.8	100	

Source: Erzsébet Berki: Sztrájkok és direct akciók, Raabe, 2003.

### Latvia

#### Written claims on labour conflicts in Latvia, 1997-2003

Years	1997	1998	1999	2000	2001	2002	2003 I – II quarter
Written claims on labour conflicts	1,378	1,563	1,965	2,076	2,234	2,598	1,232

Source: State Labour Inspectorate, Half-yearly Report for 2003.

## Lithuania

### No. of strikes and warning strikes in Lithuania, 2000 – 2001

			Of which		Compared to the total number of strikes and warning strikes, %	
Economic activity	Year	Total	strikes	warning strikes	strikes	warning strikes
Total	2000	56	35	21	62.5	37.5
	2001	34	5	29	14.7	85.3
Manufacturing	2000	–	–	–	–	–
	2001	2	2	–	100.0	–
Transport, storage and communication	2000	4	2	2	50.0	50.0
	2001	–	–	–	–	–
Education	2000	52	33	19	63.5	36.5
	2001	32	3	29	9.4	90.6
Primary education	2000	10	6	4	60.0	40.0
	2001	4	–	4	–	100.0
Secondary education	2000	42	27	15	64.3	35.7
	2001	28	3	25	10.7	89.3

Source: The data in this table are from the first report of Lithuania on the implementation of the European Social Charter (revised)[www.socmin.lt ].

### Average no. of employees involved in strikes and warning strikes in Lithuania 2000 – 2001

Economic activity	Year	Total	Of which		Of which	
			in strikes	in warning strikes	Total, %	in strikes
Total	2000	3303	2095	1208	100.0	100.0
	2001	1703	589	1114	100.0	100.0
Manufacturing	2000	–	–	–	–	–
	2001	•	•	–	•	–
Transport, storage and communication	2000	985	639	346	29.8	30.5
	2001	–	–	–	–	–
Education	2000	2318	1456	862	70.2	69.5
	2001	1465	351	1114	86.0	59.6

Source: The data in this table are from the first report of Lithuania on the implementation of the European Social Charter (revised)[www.socmin.lt ].

## Malta

### Number of strikes and lost working days in Malta, 1970-2002

Year	Strikes	Workers involved	Days on strike
1970	26	23,979	148,499
1975	30	5,262	14,136
1980	13	764	5,019
1985	6	975	874
1990	25	3,610	4,487
1995	13	2,877	5,302
1996	7	4,000	16,500
1997	9	3,289	14,652
1998	8	785	1,828
1999	15	4,849	1,261
2000	12	5,000	2,564
2001	14	1,849	2,792
2002	5	678	744

Source: Ministry of Social Affairs of Malta, Department of Industrial and Employment Relations.

## Poland

### Industrial action in Poland, 1990-2001

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Strikes	250	305	6,354	7,443	429	42	21	35	37	920	44	11
Collective disputes				234	254	298	274	375	330	577	633	330
Protest actions										576	1051	

Source: K. Kloc, 2002, 'Labour conflicts and strikes in Poland in the 1990s and methods of solving them'. Paper given at the ILO 'First Conference of Central and Eastern European Labour Mediators and Arbitrators', 14-21 June 2002, Budapest, report (unpublished).

### Number of strikes, participants and days lost in Poland, 1990-2001

	1990	1995	2000	2001
Strikes	250	42	44	11
Participants	115,687	18,114	7,900	1,400
Days lost	159,016	56,308	74,300	33,400

Source: GLIS, 2002, *Yearbook of the Republic of Poland*, Warsaw

## Slovakia

### Number of strikes, participants and working days lost in Slovakia, 1999-2003

Year	No. of strikes	No. of participants	No. of working days lost
1999	0	0	0
2000	0	0	0
2001	0	0	0
2002	0	0	0
2003	3	nd	nd

Source: Zbigniew Hajn, *Conflict resolution mechanisms in Poland and EIRO 2003*, 'Labour dispute settlement in four central and eastern European countries' (<http://www.eiro.eurofound.ei.int/2003/01/study/TN0301101s.html>).

## Slovenia

### Number of strikes, participants and working days lost in Slovenia, 1999-2001

Year	No. of strikes	No. of participants	No. of working days lost
1999	26*	2,578	7,507
2000	30	1,789	4,775

Source: EIRO 2003, *Labour dispute settlement in four central and eastern European countries* (<http://www.eiro.eurofound.ei.int/2003/01/study/TN0301101s.html>).

\*Strikes organised by ZSSS, the major SI trade union only).



# Annex 3

## Incidence of conflict resolution mechanisms in the acceding countries

### Cyprus

#### Industrial disputes referred to mediation and number of workers involved in Cyprus, 1983-2003

Year	Disputes referred to mediation	Workers involved
1983	237	64,796
1984	266	46,054
1985	261	29,255
1986	356	85,755
1987	343	54,695
1988	293	72,859
1989	339	45,422
1990	316	77,095
1991	319	54,788
1992	260	99,792
1993	245	88,269
1994	234	69,473
1995	270	94,460
1996	225	23,289
1997	237	23,269
1998	192	63,944
1999	185	33,891
2000	166	35,992
2001	236	61,257
2002	173	44,336
2003 (Jan. - Nov.)	228	61,668

Source: Ministry of Labour and Social Insurance of Cyprus, Department of Labour Relations.

### Mediation by type of dispute and outcome in Cyprus, 1999-2003

Mediation of industrial disputes <sup>1</sup>	1999	2000	2001	2002	2003 <sup>3</sup>
Disputes over interests *	85	74	131	135	123
Disputes over rights **	152	136	204	160	197
<b>Total for year</b>	<b>237</b>	<b>210</b>	<b>335</b>	<b>295</b>	<b>320</b>
* of which – Renewal of collective agreement	71	61	98	113	102
* of which - Signing of new collective agreement	0	0	0	0	0
** of which – Interpretation of collective agreement	6	2	1	0	0
** of which – Personal complaint	1	0	0	0	0
Resolved	134	69	132	137	169
Resulted in deadlock ***	12	4	7	5	10
*** of which resulted in strikes (or lockout) <sup>2</sup>	3	3	5(1)	5	4
Referred back to direct negotiations	34	32	74	69	46
Referred to arbitration	6	2	4	2	1
Withdrawn	5	3	3	7	4
Other result	2	1	3	0	0
Unresolved (carried forward to next year)	44	99	112	75	90
<b>TOTAL FOR YEAR</b>	<b>237</b>	<b>210</b>	<b>335</b>	<b>295</b>	<b>320</b>

Source: Ministry of Labour and Social Insurance of Cyprus, Department of Labour Relations

<sup>1</sup>The number of labour disputes refers to the total number of disputes dealt by the Mediation Service, and not the number of disputes submitted for mediation during the given year. The new labour disputes submitted to mediation each year can be seen further up in Table 2.

<sup>2</sup> Strikes and lockouts do not include unofficial, or wild-cat strikes.

<sup>3</sup> Data refers to January - November 2003

### Czech Republic

#### Number of disputes settled by mediators and arbitrators in the Czech Republic, 1997-2003

Year	No. of disputes settled by mediator	No. of disputes settled by arbitrator
1997	44	5
1998	54	4
1999	26	1
2000	20	2
2001	33	4
2002	24	1
2003	7	1

In 2003 in the period up to 1 November, about 10 disputes were settled by means of a mediator, one was settled by means of an arbitrator. (The above numbers of disputes settled by means of mediators and arbitrators come from data available to the MLSA and so are only for orientation.) Source: national report.

## Estonia

### Number of disputes settled by mediators and arbitrators in Estonia, 2001-2003

Year	No. of disputes	No. settled by mediator	No. settled by arbitrator	No. of strikes
2001	24	18	nd	1
2002	17	12	nd	2
2003	6	nd	nd	1

## Hungary

### Number of cases referred to conciliation, mediation, arbitration in Hungary, 1999-2002

Year	Conciliation	Mediation	Arbitration
1999	nd	11	0
2000	nd	6	2
2001	nd	5	1

Source: EIRO, 2003.

## Latvia

No data available.

## Lithuania

No data available.

## Malta

### Number of disputes, conciliations and agreements in Malta, 1998-2002

Year	Disputes	Conciliations	Agreements
1998	72	53	36
1999	92	92	76
2000	103	77	62
2001	103	68	48
2002	116	102	85

Source: Ministry of Social Affairs of Malta, Department of Industrial & Labour Relations.

## **Poland**

### **Number of cases referred to conciliation, mediation, arbitration in Poland, 1999-2001**

Year	Conciliation	Mediation	Arbitration
1999	nd	121	nd
2000	nd	160	nd
2001	nd	102	nd

Source: EIRO, 2003.

## **Slovakia**

### **Number of cases referred to conciliation, mediation, arbitration in Slovakia 1999-2000**

Year	Conciliation	Mediation	Arbitration
1999	21	31	1
2000	23	29	0

Source: EIRO, 2003.

## **Slovenia**

No data available.

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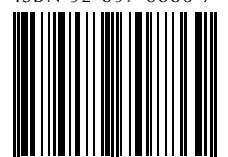
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