EUROPEAN SEMESTER

Country Case Study: Latvia

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1. Context

1.1 The economic, social and political context since the crisis

Latvia is a small state in the Baltic region with a multi-ethnic population of just less than two million people. Approximately two-thirds of the country are Latvian, with Russians forming the next largest ethnic group. The country formally restored its independence in September 1991 and is governed by a 100-seat unicameral parliament elected on a four-year cycle. The most recent parliamentary elections were held in October 2018 and generated a complex outcome. As in the 2014 elections, the centre-left Harmony party received the single largest vote, but the government formed after 2018 represents a centre-right coalition led by the Unity party. This is a similar arrangement to that which prevailed before the 2018 elections but is based on a different coalition of parties. The finely balanced nature of the parties in the Saeima, the Parliament of the Republic of Latvia, means that particular coalition governments are not always stable and reconfigurations of coalitions, or changes of Prime Minister, mid-parliament are not uncommon.

Latvia joined the European Union in 2004 and became a full member of the Eurozone in 2014, replacing the Latvian lats with the euro. In the early 2000s, Latvia enjoyed considerable economic success, with one of the highest growth rates in Europe. However, rising private debt, increasing house prices and a large trade deficit pointed to the fragility of this growth and, when the global economic crisis struck, Latvia was hit hard. This was clearly illustrated in April 2010 when Latvia recorded the highest unemployment rate in the European Union (22.5%). Still, despite the depth of the crisis, and the concomitant impact on public finances, Latvia’s economy proved to be reasonably resilient and was quicker than most to bottom out and resume a growth trajectory. In 2011, GDP growth was 5.5% and the country reported a current account surplus. Significantly, Janssen (2012) has argued that Latvia’s recovery was hastened precisely because the country adopted expansionary fiscal policies, rather than implement austerity, and that was the basis of the country’s recovery.

The scale of the crisis inevitably had an impact on public finances and, therefore, on government expenditure on public services. However, variability in spending by individual public services cannot be easily explained by the economic crisis. For example, in relative terms, Latvia devotes more resources to education than the EU average. In 2016, Latvia spent 5.5% of its GDP on education, compared to an EU average of 4.7%\(^1\). In 2017, this increased to 5.8%, compared to an EU average of 4.6%\(^2\). While the education system

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faces a number of problems – not least the maintenance of a large school network\(^3\) – it has seen significant growth in some sectors (most clearly in early years and tertiary education\(^4\)). Conversely, Latvia’s healthcare system is considered to be historically under-funded and poorly performing as a consequence. In 2014, Latvia allocated 8.8% of its GDP to public expenditure on health, compared to 15.1% as the OECD average. This fell to 5.9% in 2018\(^5\). In March 2017, the OECD stated:

> ‘Latvia needs to increase public spending on health. This is an important pre-requisite to make improvement in health outcomes, to reduce risk factors and to promote better access to care. Latvia also needs to improve the quality of both primary and acute care, which is lagging behind other OECD countries’ (OECD, 2017, p.1)\(^6\).

The low level of funding impacts health outcomes, with Latvians performing poorly on a wide range of health indicators. Life expectancy at birth is the lowest among OECD countries and is more than six years lower than the OECD average. One consequence of poor funding is that Latvian citizens experience high out-of-pocket expenses and that ‘patients must pay a substantial part of the costs across all health services’ (OECD, 2017, p. 2). There is also an unevenness of provision across the country.

It is clear that Latvia has made a relatively strong recovery from the economic crisis, and its in-work citizens enjoy relatively high income levels. However, the position in relation to public services is much more variable with some historical problems still clearly visible. There is high income inequality in Latvia. Those without work face a serious risk of poverty and the market-driven economic policies pursued in recent years increased income inequality. Teachers’ salaries are noted to be amongst the lowest of OECD countries (OECD, 2019).

Finally, there can be no discussion of Latvia’s social and economic context without reference to the challenges posed by demographic changes. Latvia’s population was 2.67 million in 1990 but fell to 1.93 million in 2017 (Eurostat, 2018). Much of this decline is due to substantial net outward migration, but, more recently, high mortality and low birth rates have been key contributory factors. These trends have had significant implications for both labour market supply and the population related dependency ratio.

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### Table 1 Key economic data

<table>
<thead>
<tr>
<th></th>
<th>LATVIA – KEY ECONOMIC DATA</th>
<th>FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth</td>
<td>10.2</td>
<td>-2.6</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>8.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Inflation</td>
<td>7.4</td>
<td>4.6</td>
</tr>
<tr>
<td>Nominal compensation per employee</td>
<td>24.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Private sector debt % GDP</td>
<td>86.3</td>
<td>115.4</td>
</tr>
<tr>
<td>Public sector debt % GDP</td>
<td>10.8</td>
<td>36.9</td>
</tr>
<tr>
<td>General government balance % GDP</td>
<td>-0.6</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

### 1.2 Social dialogue and industrial relations at national level

Social dialogue and industrial relations structures in Latvia are framed by a substantial volume of legislation, although the extent to which the latter can be considered robust is questionable. Lulle and Ungure (2019) argue that industrial relations in Latvia are decisively shaped by the particular historical context of the country and its transition from a Soviet socialist society to one that is now committed to free enterprise and individualism. They argue that the history of Soviet-era trade unionism means that there is little tradition and experience of engaging in meaningful free collective bargaining. By the same token, post-socialist Latvia has been dominated by centre-right coalitions that have had little commitment to developing a deep culture of independent trade unionism and collective bargaining. They further argue that the domination of centre-right politics has fuelled not only a negative view of Soviet-era communism, but also a ‘guilt by association’ notion that links social democracy and labour organisation with pre-1991 Latvia. This has contributed to the problems that trade unions have faced as they have tried to reinvent themselves in the post-socialist context. Lulle and Ungure claim that Latvia’s collective bargaining coverage and union density are ‘among the lowest in Europe’ (p. 365).

Trade unionism in Latvia has benefitted from being organised in a single confederation, the Free Trade Union Confederation of Latvia (Latvijas Brīvo arodbiedrību savienība or LBAS), which was formed immediately after the transition from socialism. Although the country has a proliferation of trade unions, many are very small, and some are defunct. The major unions are members of LBAS, with 20 affiliated in 2019. LBAS, together
with the government and the Latvian Employers’ Confederation (Latvijas Darba devēju konfederācijas or LDDK), is represented on the National Tripartite Cooperation Council (Nacionālajā trīspusējās sadarbības padomē or NTSP). Established in 1993, Lulle and Ungure (2019) describe the NTSP as a two-stage institution in which discussions between government, employers and trade unions are conducted in a series of committees, before being discussed in full plenary later. The NTSP meets at least every two months and can meet more frequently by request of the parties involved. Discussions relate to public policy, forthcoming legislation, budgets and economic policy, as well as specific sectors of the economy, such as health and education. For Lulle and Ungure (2019), the nature of these discussions confirms that industrial relations in Latvia is characterised much more by social dialogue than collective bargaining and that there is an absence of good-faith negotiation.

Union density in Latvia is 13% across the whole economy but is higher in the public services where the Latvian Trade Union of Health and Social Care Workers (Latvijas Veselības un sociālās aprūpes darbinieku arodbiedrība or LVSADA) and the Latvian Trade Union of Education and Science Employees (Latvijas Izglītības un zinātņes darbinieku arodbiedrība or LIZDA) are relatively strong. LVSADA is affiliated to EPSU, along with LAKRS, the public service union, and LTUE, the energy union. LIZDA is affiliated to the ETUCE. Collective bargaining coverage is estimated at 14%, down from 20% ten years ago. However, it is much higher in the public sector – estimated around two thirds of workers in health and education, where the two sector agreements negotiated by LVSADA and LIZDA are among only eight across the whole country. Privatisation elsewhere in the economy has had an impact on trade union organisation, with parts of the economy located in the private sector experiencing very low levels of union density. In the absence of any state support for trade union membership, better organised sectors experience a significant free-rider problem in which workers reject union membership in the knowledge that they will benefit from whatever gains the union can secure.

In recent years, there have been sustained efforts to develop and deepen the culture of collective bargaining in Latvia. Latvian unions have benefitted from solidarity support from sister unions, especially in the Nordic countries, while European-level confederations such as EPSU have also sought to provide additional support. In turn, European Union funding has sought to build collective capacity to undertake meaningful social dialogue (including collective bargaining). Even so, Lulle and Ungure (2019) maintain, pessimistically, that ‘the impact of EU membership and involvement at the EU level have had no direct impact on collective bargaining’ (p.375). Rather, they acknowledge that some of the other initiatives listed here may have had a more indirect impact on improving the current situation. Overall, they conclude that social dialogue in Latvia remains restricted and shallow, with only a limited base among Latvian workers.
1.3 The European Semester and public services

When the European Semester was established in 2011, Latvia was the recipient of a three-year programme of medium-term financial assistance from the European Commission. It therefore received no Country Specific Recommendations (CSRs) in the first year. Rather, it was required to follow the terms of the Memorandum of Understanding that was signed in January 2009 and which laid down ‘the economic policy conditions on the basis of which the financial assistance is disbursed’ (European Commission, 2011).

In 2012-13, Latvia remained in a position of ‘post-programme surveillance’, although CSRs were published in the traditional format (EC, 2012). The issues raised in the 2012-13 Semester documentation highlight a number of issues that remain enduring features of Latvia’s experience of the Semester. For example, there are a number of concerns about taxation and what is perceived as the over-reliance on taxes on labour rather than alternatives (such as consumption). In particular, attention is given to the incidence of taxation on low-income earners and the (in)adequacy of the social safety net. Indeed, it is likely that these two issues underpin wider concerns about levels of income inequality in Latvia. By 2012-13, Latvia’s economy returned to growth, with a positive impact on employment, but the Commission raises serious concerns about skills mismatches and the failure of vocational education programmes to address this issue. CSRs in 2012-13 focus on the on-going efforts to address the deficit, a number of initiatives to tackle labour market problems, a specific recommendation on confronting issues of poverty and social exclusion together with another to reform what is described as a poorly performing higher education sector. Latvia is also encouraged to increase competition in relation to the utilities sector.

In 2013-14, many of the issues identified in the previous year are reiterated (EC, 2013). It is argued that Latvia’s economy exceeds forecasts, and this provides some latitude to both tackle the deficit and address wider issues. Within the CSRs in 2013-14, there continues to be a focus on addressing labour market issues by reforming VET provision (including curriculum reform) and improving careers guidance. Latvia is urged to tackle poverty by enhancing the provision of benefits, and higher education continues to be highlighted as in need of attention. Other CSRs relate to the utilities sector and improving failures in the judicial system. In the latter case, it is important to highlight that broad questions of governance and system integrity are a recurring feature of Latvia’s CSRs with, at different times, action proposed in relation to the inefficiencies of state/municipal-owned companies, insolvency, conflicts of interest and, in the most recent cycle, money laundering.

In 2014-15, poverty and youth unemployment feature prominently as recurring issues (EC, 2014). The Latvian government is urged again to address the tax burden on low-income families, and also to pursue its reforms in higher education. The Commission positively supports the proposal to link higher education funding more closely to institutional performance. However, 2014-15 is significant because this is the first occasion when healthcare features prominently as an issue for Latvia. The Commission reports:
Access to healthcare is hampered by costs, including high out-of-pocket payments and prevalent informal payments, leaving a high proportion of the population with unmet health-care needs. There is significant room to enhance the efficiency of the system, ensure cost-effective financing and promote disease prevention activities (EC, 2014).

As a consequence, one of Latvia’s CSRs in 2014-15 is to ‘Improve the cost-effectiveness, quality and accessibility of the health care system’.

In 2015-16, Latvia requested a temporary deviation from the required adjustment path towards the medium-term financial objectives in order to support healthcare reforms. Latvia had already secured support for such a deviation in relation to pension reform and, although the Commission accepted ‘that the ongoing health sector reform is warranted’, it did not feel able to support the request for a temporary deviation. CSRs in 2015-16 (EC, 2015) rehearse many themes identified in previous years including greater focus on VET reform as a part of the solution to a ‘shrinking labour force’ (with unemployment persisting in low skill sectors and rural areas). Perhaps significantly, in light of Latvia’s request for a temporary deviation, healthcare reform does not feature in the 2015-16 CSRs.

In 2016-17, Latvia again requests a temporary deviation from its required adjustment path and, in this case, with a more optimistic economic outlook, the request is granted. CSRs in 2016-17 are almost exclusively a restatement of issues identified and recommendations made in previous years (EC, 2016). These include:

- Addressing the tax burden on the low paid
- Improving the adequacy of benefits (which remained at 2009 levels)
- Speeding up vocational education curriculum reform
- Improving the quality, cost-effectiveness and accessibility of healthcare

A concern to improve research and innovation urges increased private and public investment in research, but also a consolidation of research institutes. Although not mentioned specifically, universities are presumably central to this latter recommendation.

The issues identified above are addressed in very similar terms for the recommendations for 2017-18 (EC, 2017) although, in this year, there is a specific recommendation to ‘increase efficiency and accountability in the public sector’. In this issue, the concern appears to be one of governance and transparency with a focus on managing conflicts of interest more effectively.

In the CSRs published in 2018, it is clear that relatively modest progress has been made on many of the issues that have featured prominently in previous years. There have been changes to basic rate income tax, although the Commission asserts ‘tax wedge
on low-wage earners remains relatively high’ (EC, 2018). Benefits remain low, with pensions at 2006 levels highlighted as an issue. As a result, Latvia experiences high levels of income inequality, and substantial levels of poverty among both retired and working-age sections of the population. Poverty levels among pensioners and the disabled have deteriorated and are described as among the worst in Europe. Within the CSR report, the recitals highlight the ‘share of people facing severe housing deprivation is among the highest in Europe’ and that social housing is ‘scarce’ (EC, 2018). There is, however, no CSR in this area. The report acknowledges that reforms in the healthcare system have been implemented, and it expects improved funding to lead to some improvement. However, funding remains ‘well below’ the EU average and efficiency reforms have not been fully implemented. As a consequence of limited progress in these areas, the CSRs reiterate the issues identified above with a focus on tax reform for the low paid, benefits adequacy, vocational education reform and continued reform of the healthcare system to address issues of access, quality and cost-effectiveness.

1.4 The European Semester, trade unions and social dialogue

It has already been indicated that social dialogue in Latvia is considered to be somewhat underdeveloped and fragile. Governments have been dominated by the centre-right and these administrations have not always been receptive to trade union involvement in public policy debates. This may explain in part why trade unions in Latvia have engaged constructively with the European Semester, seeing it as an opportunity to both influence domestic policy in key areas relating to public services and to develop a culture of social dialogue.

There are two European Semester Officers (ESO) at the European Commission Representation in Riga. The ESOs have been in their current roles for four and six years respectively. They have therefore a great deal of familiarity with the work of the European Union institutions and the Latvian network in Brussels so, as one ESO remarked, they ‘can translate information that comes from Brussels into human language and serve as an early warning mechanism’.

The ESOs noted how key issues in the European Semester had changed over the years. Initially, fiscal issues, structural reforms, energy and the legal framework featured heavily. Education was also important but focused on different key concerns. For instance, in 2013, the government announced higher education reforms, and there was an attempt to support that in the CSRs, for example, with an accreditation system. In more recent CSRs, the focus has been on skills and vocational education. Health was not featured at all initially. However, it was felt that the European Semester had ‘helped to put this issue on the government’s agenda’.

The ESOs are responsible for inviting the various stakeholders to meetings during the fact-finding mission and there is a dedicated one-hour meeting for social partners. Each
social partner usually attends as a team of four or five experts and brings a statement on where they think the government stands. A second meeting takes place with other stakeholders, which includes the Latvian Chamber of Commerce (LTRK), the Foreign Investors’ Council in Latvia (FICIL), and small and medium-sized enterprises (SMEs).

In addition to the fact-finding mission, the ESOs organise a number of events and the social partners are also invited to other meetings such as public hearings in parliament and conferences. The ESOs commented that the trade unions were always around the table, arguing ‘in that way they are quite constructive partners.’

In Latvia, there are two official social partners involved in bi-partite and tri-partite discussions: LBAS and LDDK. However, it was noted that the ESOs used the concept of social dialogue more broadly to incorporate other stakeholders in Semester discussions. During previous fact-finding missions, LBAS, LDDK and two other employers’ organisations, the Latvian Chamber of Commerce and the Foreign Investors’ Council in Latvia, met the Commission delegates together. LBAS and LDDK considered this problematic on a number of levels. First, only LBAS and LDDK were official social partners. Second, in a one-hour meeting, there was limited time for social partners to speak. Finally, with three employer representatives at the same table, LBAS felt that workers’ voices were marginalised.

It was highlighted that LBAS had renewed its team in recent years; there was now one employee who had lived in Brussels and who understood EU processes better. As one ESO commented, ‘we started speaking the same language and I think that helped’. While it was considered that LDDK often came with their own agenda, LBAS tended to take documents such as the CSRs ‘more at face value’ and, as a consequence, had ‘more ownership of the process’. In addition, it was felt that LBAS had become more internationalised through links with their Western European counterparts and organisations in Brussels and that this had broadened their knowledge of the Semester process. The representative of the LVSADA also remarked on the change of leadership at LBAS which he felt had helped with cooperation and coordination.

LBAS TUSLOs7 confirmed their strong links with Brussels. In addition to the fact-finding mission, they usually attend a meeting with ETUC and participate in EMCO hearings. They provide a written report for ETUC, which summarises the European confederations’ views before passing it on to the European Commission for the Country Reports. This information is usually prepared in November and, subsequently, forwarded to the Commission in late November or December.

LBAS and LDDK were said to have positive relations and worked together to influence government. However, it was noted that collective bargaining was previously almost non-existent at the sectoral level. Collective bargaining has been a policy priority area for the social partners over the past few years. Other areas of concern were tax reform

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7 Please note that there is officially only one TUSLO per confederation. However, a second employee also acts as a TUSLO when required for the purposes of coordination of European Semester activities.
(which included an additional contribution to healthcare), salaries in the education and healthcare sectors, and the missing labour force. In terms of the latter, the healthcare sector was considered to be particularly affected by the recruitment of third country nationals. LBAS had brought this up in meetings with the European Commission and communication with a Latvian delegation which was responsible for writing the Country Report. Consequently, this issue appeared in the Country Report and the CSRs. Further, in cooperation with LVSADA, LBAS had managed to cancel a reform related to the recruitment of third country nationals to the healthcare sector. They had felt it might lead to a reduction in salaries for healthcare workers.

LBAS uses the Semester documents as a source of data. The TUSLOs believed that the Semester had helped with social dialogue at the national level and, through education, training and events with ETUC and the Commission, capacity building. As one TUSLO remarked, ‘they have improved a lot our understanding of the Semester and how we can use it’.

The Ministry of Economics ‘owns’ the Semester process in Latvia and a senior economist is responsible for the National Reform Programme (NRP). LBAS highlighted the significance of the NRP. In previous years, LBAS had been critical of the process of production of the NRP. They had felt they were not involved in its production and had little time to turn around requests for information. In the 2017-2018 cycle, however, they noted some improvements and felt they had real influence. There were meetings at the Ministry of Economics and stakeholders were consulted. One TUSLO asserted, ‘last year our criticism was heard, and we had much more time and participation’. However, it was pointed out that this meeting does not discuss the wider Semester process.

The ESOs commented that LVSADA, an affiliate of LBAS, was one of the most active trade unions, asking for meetings with the ESOs and arranging consultations with colleagues in Brussels. It was recognised that LVSADA used Semester documentation to good effect at the national level ‘so, they can use the process to lobby for their own ends’.

LVSADA represents about 8000 members and is the largest trade union in the healthcare sector. It also represents members of the social care sector. The LVSADA representative felt that its key priorities were salaries for doctors and nurses, arguing that many Latvian healthcare professionals had moved overseas for better pay. He noted the recent pay rise for healthcare staff of 21%. However, at the time of the fieldwork, the Ministry of Health’s promised salary increase of 20% over the next three years did not have the agreement of the government. It was clear from the Stability Programme (SP) of 2018 that there were no plans to increase the basic salary or overtime payments:

‘Also, in the Country Report, it is quite clearly stated that the shortage of doctors and nurses hampers the access to healthcare, and this is mainly due to low salaries. Everything is pretty clear, and it seems to be logical to follow these clear steps to resolve the problem. But the government do not respond. For one single year just before elections, yes, we have some money but, after that, nobody wants to do the things that need to be done.’
The LVSADA representative had informed the Commission of the discrepancies between the CSR and the SP. He had also written to the Prime Minister and remarked, ‘so we are not silent; we are trying to do as much as we can to improve the situation, but this is not easy’. He felt that the Semester had helped the union to constitute the law on healthcare funding because there was clear support from the EU to increase government expenditure based on WHO recommendations. He started using the Semester to frame his national level advocacy work in 2016. This started with support from EPSU. He described his engagement thus: ‘so first of all knowledge and after that activities and finally involvement and experience’.

The ESOs remarked that the main policy priorities of LIZDA and LVSADA were salaries and working conditions. While this was largely in response to members’ concerns, it was deemed that the focus on traditional industrial issues could be counterproductive because education and healthcare reforms were much broader than that. The ESOs felt that both LIZDA and LVSADA were not so willing to talk about optimisation (of schools and hospitals) and quality assurance in their respective sectors. However, LIZDA argued that it supports a thoughtful and well-considered approach to the optimisation of the school network. This should take into account i) the proximity of primary schools to pupils’ place of residence and ii) the number of pupils and quality indicators in secondary schools.

1.5 Country performance in relation to the European Pillar of Social Rights/Social Scoreboard

In 2017-18, country performance in relation to the European Pillar of Social Rights (EPSR) was published in the Joint Employment Report and discussed further in each Country Report. In 2017-18, data were published in relation to 12 of the 20 indicators featured in the EPSR, with Latvia's performance reflecting many of the issues identified in previous years’ Semester documentation.

Latvia’s relatively strong economic performance following the economic crisis has resulted in good growth indicators, with those EPSR most closely linked to economic cycles showing the more positive outcomes. For example, growth in disposable household income is better than average and employment and unemployment rates are ‘average’. Half of the twelve indicators are identified as average or above. However, in those areas identified as below average, a number of issues emerge clearly. The inadequacy of the social safety net, that is identified over several years in Semester documents, is reflected in a high risk of poverty and a weak impact of social transfers on poverty reduction (both ‘weak but improving’). It is almost certain that these issues in turn feed into the high level of income inequality that is categorised as ‘to watch’.

Within Latvia’s Semester documents, concerns have frequently been raised over the performance of the vocational education system and, more recently, over access and quality of healthcare. Both these issues are identified as problematic in the EPSR with the youth NEET rate categorised as ‘to watch’ and health outcomes rated as ‘weak but improving’.
Table 2 Latvia’s performance on the 2018 Social Scoreboard

<table>
<thead>
<tr>
<th>RATING</th>
<th>INDICATORS</th>
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<tbody>
<tr>
<td>Best performer</td>
<td>Gender employment gap</td>
</tr>
<tr>
<td>Better than average</td>
<td>GDHI per capita growth</td>
</tr>
<tr>
<td>Average</td>
<td>Early leavers from education and training</td>
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<td></td>
<td>Employment rate</td>
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<td></td>
<td>Unemployment rate</td>
</tr>
<tr>
<td></td>
<td>Children aged less than three years in formal child care</td>
</tr>
<tr>
<td>Good but to monitor</td>
<td>None</td>
</tr>
<tr>
<td>Weak but improving</td>
<td>At risk of poverty or social exclusion</td>
</tr>
<tr>
<td></td>
<td>Impact of social transfers on poverty reduction</td>
</tr>
<tr>
<td></td>
<td>Self-reported unmet need for medical care</td>
</tr>
<tr>
<td>To watch</td>
<td>Income quintile ratio</td>
</tr>
<tr>
<td></td>
<td>Youth NEET rate</td>
</tr>
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<td></td>
<td>Individuals’ level of digital skills</td>
</tr>
</tbody>
</table>

Critical situation

European Commission, 2018

2. The 2018-2019 European Semester Cycle

2.1 The European Semester process and participation of trade unions

The 2018-2019 European Semester cycle commenced formally in September 2018 when President Juncker presented his ‘State of the European Union' address to the EU Parliament (European Commission, 2018b). Much of the focus of the address was on key political questions facing the future of the European Union, although there was also a clear reaffirmation of the Commission’s commitment to ‘take better care of the social dimension’ and to renew the goal of a more social Europe.

In the Autumn package, published shortly after in November 2018, a generally optimistic note is struck in relation to economic growth and job creation, although it is noted
that growth patterns remain uneven. The 2018-2019 Annual Growth Survey indicates a number of persistent and emergent challenges exist, and these are identified as follows:

- Persistent income inequalities and levels of poverty that have proven enduring
- Weak productivity growth
- High levels of public and private debt
- Sustainability of welfare systems
- Skills mismatches and shortages
- The impact of digitisation
- Migration
- Withdrawal of Central Bank stimulus packages

Certain factors feature prominently in the Semester documents in specific relation to Latvia, including income inequalities and levels of poverty and skills shortages.

To all intents and purposes, the 2018-19 Semester cycle commenced in Latvia with the fact-finding visit of the European Commission which took place in Riga from the 22th to the 24th October 2018. At the time of this visit, the coalition government had not yet been formed. Therefore, for the Ministry of Economics, there was some uncertainty on the political direction and how this might affect economic and social policies at the national level. Equally, civil servants were somewhat reluctant to speak about larger reforms. By contrast, the two European Semester Officers (ESOs), at the European Commission Representation in Riga, noted that new governments tended to respond positively to the Semester documents since they were often critical of the previous administration. It was argued that ‘there will be a new dynamic and we expect more enthusiasm for the European Semester’. However, the LVSADA representative was concerned that one of the candidates for Prime Minister was keen to abolish tri-partite negotiations.

The two ESOs organised the programme and draft agenda based on recommendations from colleagues in Brussels. Questions were forwarded to the stakeholders in advance of the meetings so that they could come prepared. These questions were specific to each stakeholder. There were twenty-two different kinds of meetings and all were held at ‘EU House’, the premises of the European Commission Representation in Riga. These involved more than seventy organisations and over two hundred people. Stakeholders invited to meet Commission delegates included government ministers, civil servants, trade unions and employer organisations. The senior economist at the Ministry of Economics responsible for the Semester process in Latvia reviewed the list of participants and the agenda and made further suggestions. He provided delegates with information about ongoing reforms and attended all the other meetings as he wanted to
hear the different perspectives, including those of the social partners. In his view, the fact-finding mission had improved over the years due to the fact that ‘more people are aware of this European Semester process’. In particular, he felt that LBAS and LDDK had greater understanding and actively worked together.

Prior to the fact-finding mission, Semester experts from LDDK and LBAS met to discuss the Commission visit. At the fact-finding mission meeting, the LBAS delegation included the President, the two TUSLOs (one legal and one economic representative) and a representative for education and employment. One LBAS representative felt that the format of the meeting differed this year; namely, the Commission delegates only asked questions and there was less actual ‘dialogue’. The employers’ representative, LDDK, felt that the fact-finding mission was very valuable for the social partners, remarking ‘we have a quality debate’. During their meeting, the Presidents of LDDK and LBAS gave a presentation on social dialogue. In addition, LDDK and LBAS invited delegates from DG Employment, Social Affairs and Inclusion to visit their offices, while LDDK met the European Commission Vice-President, Dombrovskis, to explain the situation in Latvia.

According to one ESO, LVSADA and LIZDA were both invited to the fact-finding mission. Only LVSADA participated in the meeting to provide its views on health reform. LIZDA provided a position paper for the European Semester Officers. It was noted that a major issue for the education union this year was investment in science and innovation. By contrast, one ESO remarked that the Prime Minister wanted to focus on optimisation of the school network and have this included in the CSRs because ‘if they manage to get something onto the CSR, it is always easier for the government to do it because they can say that even the EU in Brussels wants to do it’.

The LVSADA representative did not think that his meeting during the fact-finding mission had been effective for his union. He delivered a presentation to the Commission representatives and raised concerns over the methodological approach to the analysis of total public expenditure on health (in particular, the inclusion of data on out-of-pocket payments in total public expenditure) in the 2018 Country Report. He was not able to amend that Country Report. However, this component was removed from the 2019 Country Report. In addition, the report writers included a graph which compared government expenditure on different sectors in Latvia, Lithuania and Estonia with the EU average. He was therefore satisfied with the format of the 2019 Country Report which, he believed, was a result of successful lobbying at the fact-finding mission: ‘in part, we can be sure that it’s thanks to our voice’.

Beyond the contribution made by stakeholders during the fact-finding mission, the ESOs incorporate social partner position papers and note the discourse on topical issues such as sectoral framework contracts. The trade union position papers tend to come jointly from LBAS. However, these papers can also be sectoral, for instance, both the health and education unions submitted their own this year.

LBAS also attended a meeting with ETUC. Additionally, the TUSLOs provided a written report for ETUC. This had to be completed by 5 November 2018. ETUC then collated all
the reports and forwarded its summary to the European Commission in the final week of November. Beyond this, LBAS participated in the EMCO hearing on Latvia where it was asked for input on the Country Report and, specifically, social dialogue and the involvement of social partners in the Semester process.

In addition to these formal policy cycle meetings, several other meetings took place. For example, LBAS was invited to a short meeting at the Ministry of Economics in February 2019. This was considered useful. It provided information on upcoming activities in the Semester process, including the imminent publication of the Country Report, a meeting with a delegation from Brussels in April which would focus on Country Reports and Annex D (focused on investment), and the publication of the draft Country Specific Recommendations. The Ministry also apologised in advance for the limited period of time, which the social partners and other stakeholders would have, to respond to the draft National Reform Programme.

As is common practice, the draft Country Report was distributed to government ministries, largely to allow for errors to be identified and corrected. However, there is little scope to challenge the substantive content. Notably, social partners were not able to comment on the draft. Both LBAS and LDDK raised this as a concern during their interviews. As the LDDK representative stated, ‘it’s not good governance.’ A senior economist at the Ministry of Economics explained that this policy was at the request of the European Commission which was concerned that a working document could be distributed to the mass media. He felt it would be good for the social partners to comment on it. However, one ESO maintained that the decision to allow social partners to comment on the Country Report was at discretion of the national government and not a directive from the Commission.

### 2.2 The Country Report 2019

The Country Report (European Commission, 2019a) was published on 27th February 2019 and the Ministry of Economics immediately distributed a link to the online report.

Latvia’s 2019 Country Report raises many themes that have featured in previous years’ reports, highlighting the persistent nature of some problems, despite an improving economic situation. Latvia is described as enjoying significant economic growth and is identified as ‘one of the countries that is catching up fastest with the EU average.’ However, the country faces significant population issues (a projected 1% population decline for each of the next 20 years) and a failure to tackle the inequalities that were a feature of Latvia’s emergence from the Soviet era and which have accelerated since the economic crisis. Although many in work have benefitted from labour supply issues and secured strong wage growth, the poor redistributive elements of the tax and benefits system mean that ‘income inequality remains high.’

The Country Report points to variable progress in relation to the CSRs in 2018. ‘Some’ progress is identified in relation to CSRs focused on governance, healthcare reform and
vocational education policy, although only ‘limited’ progress is reported in relation to CSRs focused on public sector accountability and tax reform. The Country Report indicates there has been no progress in relation to the CSR focused on addressing the adequacy levels of minimum income guarantees.

The education service is described as relatively well-performing in terms of achievement outcomes, although several problems are identified across all sectors. For example, access to quality provision in the school sector has significant regional variations but, while vocational education has experienced substantial reform, recruitment rates remain low. Higher education is described as fragmented, with an inadequate focus on graduates in STEM subjects. The report acknowledges that recent improvements in healthcare funding were starting to feed into the system but that underfunding in this area continued to be a major problem.

‘Additional public financing has resulted in tangible improvements in the availability of health services and reduced waiting times in some areas. However, public spending plans for 2020 remain well below the EU average’ (European Commission, 2019a, p.6).

The report goes on to argue that proposed reforms to health insurance are likely to reduce impact for the poor and further contribute to societal inequalities.

The socio-economic issues presented in the Country Report – of strong growth but widening inequality in terms of both income and access to services – are clearly reflected in the 2019 Social Scoreboard for Latvia. Here, the Commission describes the picture in the Country Report as ‘mixed’, with three issues relating to inequality, poverty and access to health care identified as ‘critical situations’.

Table 3 Latvia’s performance on the 2019 Social Scoreboard

<table>
<thead>
<tr>
<th>RATING</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best performer</td>
<td>Gender employment gap</td>
</tr>
<tr>
<td>Better than average</td>
<td>Early leavers from education and training</td>
</tr>
<tr>
<td></td>
<td>Youth NEET rate</td>
</tr>
<tr>
<td>Average</td>
<td>Employment rate</td>
</tr>
<tr>
<td></td>
<td>Unemployment rate</td>
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<tr>
<td></td>
<td>Long term unemployment</td>
</tr>
<tr>
<td></td>
<td>GDHI per capita growth</td>
</tr>
<tr>
<td></td>
<td>Children &lt; 3 years in formal childcare</td>
</tr>
<tr>
<td>Good but to monitor</td>
<td>None</td>
</tr>
<tr>
<td>Weak but improving</td>
<td>Net earnings of a full-time single worker</td>
</tr>
<tr>
<td>To watch</td>
<td>At risk of poverty or social exclusion</td>
</tr>
<tr>
<td></td>
<td>Individuals’ use of digital skills</td>
</tr>
<tr>
<td>Critical situation</td>
<td>Income quintile ratio</td>
</tr>
<tr>
<td></td>
<td>Impact of social transfers on poverty reduction</td>
</tr>
<tr>
<td></td>
<td>Self-reported unmet need for medical care</td>
</tr>
</tbody>
</table>

European Commission 2019b
On publication of the Country Report, one ESO noted that LIZDA spoke to the media about concerns with the Country Report. It was noted that the CSRs, which relate to an increase of public investment in education and research and an increase in teachers’ salaries, were not being followed by the government.

Beyond this, the ESOs invited direct feedback from all the stakeholders and organised meetings with social partners. At these meetings, the ESOs presented the main points and asked the social partners for their perspectives. LBAS and LDDK were generally positive about the Country Report. As one LBAS representative remarked, ‘it basically reflected most issues that we were concerned about’. The ESO noted that the health and education sector unions also participated in the meeting or gave written contributions since they have ‘established their own connection’. LVSADA felt that the Country Report was quite well-balanced and ‘reflecting reality’. LIZDA raised similar concerns to the Ministry for Education on the concept of ‘inclusive’ education and promotion of privatisation in early years’ education in Annex D. They were frustrated that they had not been able to see the draft. On the 22nd March 2019, LIZDA was invited to the Parliamentary Commission of European Affairs to discuss the Country Report.

The Country Reports were generally considered to be useful documents at the national level. This year, Annex D was deemed particularly important to LBAS and LDDK, given its emphasis on future investment, including social dialogue. In addition, LBAS was satisfied with the inclusion of the EPSR Social Scoreboard in the country report. Still, while valuable information, it was felt that collective bargaining should be included as a social indicator because ‘the European Commission notes that Latvia is lacking dynamic bipartite dialogue’.

### 2.3 The National Reform Programme

The National Reform Programme of Latvia for the Implementation of the “Europe 2020” Strategy and the Convergence Programme of Latvia for 2011-2014 were approved simultaneously by the Cabinet of Ministers on 26 April 2011 and submitted to the European Commission on 29 April 2011. Since this date, Latvia has prepared, and submitted to the European Commission, Progress Reports on the Implementation of the NRP in Latvia. Progress Reports also serve as an annual update of the NRP.

The eighth Progress Report on the Implementation of the National Reform Programme (NRP) was published and submitted to the European Commission on 15 April 2019 (Online, 2019). It is a dense and highly detailed report which sets out the national response to the Country Report, the previous year’s CSRs and progress in relation to the EU2020 targets. It also includes information on the use of the EU funds and Latvia’s investment needs in the 2021-2027 programming period. Although written at a time of political uncertainty, the report in large measure functions to present a positive record of the steps taken by government to address the areas identified above with a strong focus on past record, rather than future action. The representative from the Ministry of
Economics recognised the limited utility of the NRP, and that it functioned mostly as an information dissemination mechanism.

Latvia’s NRP makes an early reference to discussions on the drafting of the NRP and this indicates the involvement of the trade union confederation. However, there is no specific chapter providing details of stakeholder engagement and no systematic listing of the submissions received. It follows therefore that there is no summary of the contents of submissions and no attempt to make submissions available online. According to a senior economist at the Ministry of Economics, this is a deliberate omission which relates to strict requirements in the drafting of policy planning documents submitted to the Cabinet of Ministers.

A senior economist at the Ministry of Economics described a working group set up to focus on the content of the National Reform Programme (NRP). LBAS and LDDK are two members of this working group. All stakeholders can see a draft of the NRP and make comments on it. In addition, LBAS and LDDK attended one meeting on the draft NRP. By contrast, trade unions are only involved through a written contribution. Latvian legislation requires the Ministry to give stakeholders seven working days for feedback. However, the deadlines were so tight that this could not be guaranteed.

In general, LBAS believed that the confederation was encouraged to engage with the NRP. However, this year, the document arrived very late and many stakeholders – not only social partners – felt that there was inadequate time to respond. Although they had been warned of the delay, as one TUSLO noted, ‘it’s a matter of coordination. Because the specific parts of it had to be sent to our affiliates who had to also have time to make comments.’ On publication, there was a stakeholder meeting and LBAS was given two more days to comment. LBAS representatives reflected positively on the fact that their views were largely incorporated into the final draft. However, it was argued that the document could be a little more critical of progress at the national level (see the comments in the Country Report about progress on the CSRs). The LDDK representative noted that the employers’ confederation and the ministries had divergent views on the NRP this year. She felt that it would be beneficial if the Commission received separately the views of social partners on the NRP. This was echoed by the LVSADA representative:

‘According to my experience, it is important for transparency of dialogue and for quality of documents, drafts created, that information is coming not only from governmental institutions but also from social partners. Because they have their own opinions, their own facts. And, as you can see, governmental institutions are reluctant to speak about discrepancies. While social partners can do that with enthusiasm.’

LIZDA wrote to the Ministry of Finance in relation to the Stability Programme (SP) and made a specific request for increased investment in education and science. They did not know whether their intervention would have any impact. LVSADA presented its views on the draft of the NRP and the SP at Parliament during a Commission of European Affairs meeting in

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8 This refers specifically to social dialogue on the NRP not social dialogue in general re reforms to VET for instance.
April 2019. The healthcare union was invited by LBAS. The LVSADA representative stated that his main criticism was in relation to the SP in which he noted the low percentage of GDP allocated to health in 2022 (the same as 2017). He was not able to have any influence on this. He expressed the need for clear and unanimous recommendations from the Commission.

2.4 The Country Specific Recommendations

The Country Specific Recommendations (CSRs) were published on 5 June 2019 (European Commission, 2019c) and adopted in July unamended. In the important recital section (the text that precedes the actual recommendations), the Commission makes some powerful points in relation to the slow progress on several key issues, most notably those concerning income inequality and exposure to poverty. In the recitals, it is noted that the minimum income level reforms, that were announced in 2014, have still not been implemented, affecting the poorest most adversely. A range of healthcare concerns are also raised, recognising that underfunding continues to be a problem, that future reforms threaten to further increase inequalities, and that growing staff shortages pose a threat to delivery and improvement targets. Many of the concerns about public services are reflected in Latvia’s second CSR which highlights a range of issues:

‘Address social exclusion notably by improving the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. Increase the quality and efficiency of education and training in particular of low-skilled workers and jobseekers, including by strengthening the participation in vocational education and training and adult learning. Increase the accessibility, quality and cost-effectiveness of the healthcare system’

(European Commission, 2019).

At the time of fieldwork, the ESOs were in the process of gathering feedback on the CSRs from social partners and government ministers. In this regard, views are collated as a ‘Latvian opinion’. LBAS had requested feedback from the healthcare and education trade unions and included their responses in LBAS proposals. This is the first time they had participated in this exercise.

There were no formal meetings on the CSRs. Although LBAS representatives felt such a meeting might be helpful, they raised capacity concerns, noting that the CSRs are published during a particularly busy period.

LIZDA worked with LBAS on the formulation of two further statements for the CSRs. These related to public investment in research and development and teachers’ salaries. LVSADA prepared a response which noted the discrepancy in public investment in the Stability Programme. The LVSADA representative would like to see greater consistency between OECD and EU recommendations, for instance, ‘increase spending on healthcare to reduce out-of-pocket payments.’ He also felt there should be greater consistency in the use of language between the Country Report analysis and the CSRs.
2.5 Facilitating effective trade union involvement – what helped and hindered

In Latvia, it is recognised that social dialogue has often been difficult as the country emerged from the post-Soviet era. The trade union movement has often found it difficult to carve out a clear identity in the new environment and its capacity has been limited by low density levels, especially in the private sector. Since 1991, centre-right governments have dominated politics, and these have tended to favour market-led over more collectively focused solutions. Within the Semester, European Commission documents have highlighted the fragile nature of social dialogue in the country. Against this background, Latvian trade unions, both at confederation and individual/sectoral level, have sought to engage positively with the Semester, in part to re-balance and compensate for the deficit in national level social dialogue. Identified below are a number of factors that have supported or undermined this process.

2.5.1. Interactions with European and national authorities

In the Latvian context, sectoral unions had a greater involvement in Semester processes than was common in other countries. However, it was felt that there was insufficient communication between LVSADA and LIZDA and their respective ministries in Latvia in relation to Semester documents.

One LIZDA representative highlighted the formal, normative pacts on social dialogue but remarked, ‘in real life, we are playing democracy’. For although LIZDA is invited to comment on reforms, they recognise their influence is dependent on the Minister of Education. It was noted that LIZDA is not always invited to the table or can receive information from the Ministry too late. One LIZDA representative argued that it is difficult to improve social dialogue, generally, but also within the Semester, if the relevant Minister is antagonistic to trade union involvement. The NRP, for example, remains a government document and it can be difficult to influence the content if the relevant Ministry is not receptive to the issues being raised. It was suggested that certain government perceptions of trade unions were a legacy of the Soviet era.

The above perspective was challenged by a representative of the Ministry of Education who felt that the social partners, especially the employers, had been involved significantly in recent VET and adult education reforms. Indeed, this was highlighted as an area of best practice for Latvia in the 2017 Draft Joint Employment Report.

The LVSADA representative recognised the issues experienced by LIZDA but felt that social dialogue at the national level was improving over time. He noted the growing capacity of trade unions in the NTSP. He believed that, where it had been possible to build alliances with employers, this had contributed to progress.

The affiliates mainly dealt with their confederation and there were no ‘horizontal consultations’. As the representative for LVSADA noted:
‘we would be happy to have some discussions with the Ministry for Health, for instance, and also with the Ministry of Welfare regarding information, what is the state of play, in sector, what could be done, first of all, to improve the situation, are we consistent in our expectations, in our evaluations or not. If not, why not?’

Despite the above concerns, it was the involvement of sectoral unions that appeared to have the most impact. The LVSADA representative indicated that the government had been unwilling to respond to union concerns until the scale of the problems were also identified in the European Semester. He was clear that the prominent profile of health-care issues in the Semester was in part due to union input but had also helped the union make progress with government that was otherwise not forthcoming:

‘Now we are more informed. We are more prepared. We can discuss problems at international level. Use international knowledge, arguments. Which is important for politicians also.’

It was noted that in Latvia there had been few changes in relevant personnel over the years and that this stability had allowed good relations to develop as well as expertise to build. Within the study, a number of important relationships emerged. The European Semester Officers were viewed positively by trade unions. The ESOs are regularly invited to participate in social partners’ events, discussions, public events, conferences and seminars. These are generally information-sharing exercises where ESOs talk about the European Semester, EU analysis and recommendations. At the time of fieldwork, a social dialogue and collective agreements event had taken place three weeks previously. The ESO attended on behalf of the European Commission and gave her perspective on the CSRs and the Commission perspective on investment priorities.

TUSLOs were also considered key personnel in the confederations. They were seen to understand the Semester process due to their deeper involvement. The ESOs tended to meet with the TUSLOs of LBAS rather than its affiliates. This did not exclude the opportunity for meetings with the political leadership of sectoral trade unions. In addition, LBAS TUSLOs tried to travel to Brussels as much as possible to get relevant information and updates.

Social dialogue was noted at multiple levels: at the European level with the Commission, at national level with government and at the sectoral level with ministries. Interview participants referred to the need to intervene at all these levels, and to be able to co-ordinate and connect between them. In this cycle, LBAS felt that they had had most influence on the Country Report. In their view, this was in part due to the coordination by ETUC. However, the analysis would not have been as in-depth without a multi-level approach:

‘The key success is attaching all these processes together. Because before there was European Commission fact-finding mission separately. ETUC asking for input separately. Ministries not aware of these two processes because we are invited separately. So, European Commission, fact-finding mission, meeting Ministry of Economics
separately, social partners separately. This year, we had a meeting with social partners and Minister for Economics was invited to the meeting. So, processes are better coordinated and shared. This is the key success’

2.5.2. Timeliness of interventions

Although it was felt that some improvements had been made, all the participants raised concerns over the timing and appropriateness of documents in the process and the time given to provide feedback. This was recognised by ministry officials and social partners alike. A senior economist at the Ministry of Economics commented particularly on the timing of the NRP and its utility to the process. The ESO saw the timing and content of the NRP as a weak point because it is retrospective and follows the Country Report, which is also retrospective. She felt the NRP could include more future proposals. Despite its focus, she saw this as a point at which the social partners could ‘jump in’ and have influence. Indeed, during the 2018 cycle, LBAS felt they had most influence at the NRP stage. However, this year, the representatives felt they had greater impact on the Country Report.

The senior expert at the Ministry of Education and Science felt that the time frame and order of certain processes could be improved. She and the ESO noted the administrative burdens at certain key points; spring was particularly overloaded. LBAS remarked on the need to adapt to changes in the Semester process as new things were introduced at the European level. LVSADA argued that it was important to understand the interaction between and hierarchy of documents. He noted that they are expected to respond quickly to requests for feedback on documents but that ‘we need more time to construct a good response’. For the ESO, the Country Report was the most useful document because of its content. LIZDA commented that the Semester created more work for the union but that this varied throughout the year. It was understood that several institutions at multiple levels are involved that this could affect the timing of processes: ‘that is, you know, the public sector.’

2.5.3. Capabilities and resources

Trade union resources are limited. The capacity of the confederation is particularly limited by low density levels in the private sector, and the consequences for resourcing that flow from this. The ESO highlighted the time and effort required to provide responses to ministry questions:

‘the people who are there, they are good in analytical capacities, but there are few. And there are few because that’s the capacity that they have. Having a limited number of people, how much they can get involved in things is also limited.’

The Semester was only one part of the LBAS TUSLO job description. One interviewee felt that it was too much work for one person and that ‘you really need someone to share this
position’. At the sectoral level, each union organises the Semester work as it chooses. The LVSADA representative commented that two staff at the union worked on the Semester and that their ability to cover the field of discussion is limited. It is hard for them to comment in detail and they tend to concentrate only on the main documents and bullet points.

Several interviewees referred to the training available to support capacity building. It was noted that the Commission provides regular training events in Brussels, while European-level confederations such as EPSU were highlighted for providing high-quality support. The work of EPSU and ETUCE was seen as central to promoting the participation of sectoral unions in the process although, in all cases, participants identified problems of being able to access training, rather than simply its availability. As one interviewee commented, ‘it’s people and timing and other engagements.’

One LBAS representative noted that European Commission representatives for Eurofound visited on 27 November 2018 to speak with LBAS management about capacity building.

2.5.4. Alliances and collaboration between trade unions

In general, LBAS has positive relations with LDDK. LBAS representatives felt that there was good communication between the management of both social partners and noted their cooperation agreement was renewed regularly. Although LDDK only represents private employers, it was argued that finding common ground with the employers’ organisation strengthened the combined voice of LBAS and LDDK within the Semester across all issues. For example, private sector employers have a strong interest in high-quality education and health care. Although there existed some disagreement on certain policy areas, LBAS felt they were stronger as social partners when they adopted a united position with government.

The LVSADA representative commented on the success of the social partnership in Latvia. As a result of pressure from the social partners at the NTSP, the law on healthcare finance was changed. It was concluded that the shortage of healthcare personnel was so serious that, without an agreement on overtime, hospitals and emergency services would not cope. The trade unions agreed on changes to overtime in return for incremental rises in salaries. It was decreed by Parliament on 13 December 2018 and confirmed in legislation. The LVSADA representative noted the intense collaboration between his union and the Latvian Society of Hospitals, an affiliate of LDDK – ‘this is a good example about the effectiveness of social partnership.’
References


Appendix A: Latvia Country Specific Recommendations 2019

- Ensure that the nominal growth rate of net primary government expenditure does not exceed 3.5% in 2020, corresponding to an annual structural adjustment of 0.5% of GDP. Reduce taxation for low-income earners by shifting it to other sources, particularly capital and property, and by improving tax compliance. Ensure effective supervision and the enforcement of the anti-money laundering framework.

- Address social exclusion notably by improving the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. Increase the quality and efficiency of education and training in particular of low-skilled workers and jobseekers, including by strengthening the participation in vocational education and training and adult learning. Increase the accessibility, quality and cost-effectiveness of the healthcare system.

- Focus investment-related economic policy on innovation, provision of affordable housing, transport notably on its sustainability, resource efficiency and energy efficiency, energy interconnections and on digital infrastructure, taking into account regional disparities.

- Strengthen the accountability and efficiency of the public sector, in particular with regard to local authorities and state-owned and municipal enterprises and the conflict of interest regime.
Appendix B: Timeline of social dialogue interventions

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DETAILS</th>
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<tbody>
<tr>
<td>Coordination meeting between LBAS and LDDK</td>
<td>To prepare a common approach for the fact-finding mission</td>
</tr>
<tr>
<td><strong>22-24 October 2018</strong> Fact-finding mission</td>
<td>At the offices of the Representation of the European Commission in Latvia.</td>
</tr>
<tr>
<td><strong>22 October 2018</strong> Fact-finding mission meeting for LBAS and LDDK</td>
<td>Official meeting between LBAS, LDDK and European Commission delegates during the fact-finding mission. Presentations by the Presidents of LDDK and LBAS on social dialogue in Latvia. Additional (official and unofficial) meetings are held during the fact-finding mission. These involve social partners and European Commission delegates. For instance: DG Employment delegates visit LDDK and LBAS offices; LDDK meet Vice-President Dombrovskis. Separate meetings for LVSADA and LIZDA with the European Commission delegates.</td>
</tr>
<tr>
<td><strong>20 November 2018</strong> LBAS attends coordination meeting with ETUC in Brussels</td>
<td></td>
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<tr>
<td><strong>21 November 2018</strong> LBAS attends EMCO peer review hearing in Brussels</td>
<td></td>
</tr>
<tr>
<td><strong>5 November 2018</strong> LBAS sends written report to ETUC</td>
<td></td>
</tr>
<tr>
<td><strong>27 November 2018</strong> Visit by Eurofound to LBAS management</td>
<td>Discussions on capacity building</td>
</tr>
<tr>
<td><strong>End of November 2018</strong></td>
<td>ETUC written report published</td>
</tr>
<tr>
<td><strong>26 February 2019</strong> LBAS, LDDK and LTRK attend meeting at the Ministry of Economics</td>
<td>Meeting included information on upcoming activities in Semester process, drafting of NRP, publication of Country Report, meeting with a delegation from Brussels in April, Country Report and Annex D and publication of draft CSRs.</td>
</tr>
<tr>
<td><strong>27 February 2019</strong> Publication of Country Report</td>
<td>Ministry distributed link online.</td>
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## COUNTRY CASE STUDY: LATVIA

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DETAILS</th>
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<tbody>
<tr>
<td><strong>LIZDA interview with media on</strong> Country Report</td>
<td>Commented that the CSRs which relate to an increase of public investment in education and research and an increase in teachers' salaries were not followed by the government. LIZDA works with the media all the time.</td>
</tr>
<tr>
<td><strong>ESOs request feedback from stakeholders on content of Country Report</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4 March 2019</strong></td>
<td>ESOs hold dedicated meetings with social partners on Country Report</td>
</tr>
<tr>
<td><strong>22 March 2019</strong></td>
<td>LIZDA meet the Parliamentary Commission of European Affairs to discuss the Country Report</td>
</tr>
<tr>
<td><strong>10-12 April 2019</strong></td>
<td>LBAS attend ETUC meeting to discuss Country Report</td>
</tr>
<tr>
<td><strong>Various dates</strong></td>
<td>Ministry of Economics organises several working group meetings on the content of National Reform Programme</td>
</tr>
<tr>
<td><strong>Various dates</strong></td>
<td>Draft copy of National Reform Programme is sent to social partners and other stakeholders</td>
</tr>
<tr>
<td><strong>29 March 2019</strong></td>
<td>Ministry of Economics meeting with LBAS, LDDK and other ministry representatives on the content of the NRP</td>
</tr>
<tr>
<td><strong>April 2019</strong></td>
<td>LIZDA write to Ministry of Finance in relation to the content of the Stability Programme and a request for increased investment in education and science</td>
</tr>
<tr>
<td><strong>12 April 2019</strong></td>
<td>LVSADA presents views on NRP and SP to the Parliamentary Commission of European Affairs.</td>
</tr>
<tr>
<td><strong>15 April 2019</strong></td>
<td>Publication of National Reform Programme and submission to the European Commission.</td>
</tr>
<tr>
<td><strong>15 May 2019</strong></td>
<td>Social dialogue and collective agreements event. The ESO attended on behalf of the European Commission</td>
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</table>
### Event Details

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<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 June 2019</td>
<td>Publication of Country Specific Recommendations</td>
<td>LBAS requested written feedback from LVSADA and LIZDA on CSRs. LBAS and LIZDA cooperate on formulation of two further statements for the CSRs in relation to public investment in research and developments and teachers' salaries. LVSADA writes a statement in relation to the discrepancy between Country Specific Recommendation and the Stability Programme.</td>
</tr>
<tr>
<td>12 June 2019</td>
<td>Ministry of Education and Science presentation on European Semester process and CSR in education to PINTSA</td>
<td>Tripartite Cooperation Sub-committee on Vocational Education and Employment to inform about developments and recommendations.</td>
</tr>
<tr>
<td>19 June 2019</td>
<td>LBAS and LDDK meeting with Acting Director of DG ECFIN, Benjamin Angel, responsible for CSRs in Latvia.</td>
<td>Informal meeting focused on CSRs for Latvia and CSR priorities for social partners.</td>
</tr>
</tbody>
</table>

### Appendix C: Interview participants

<table>
<thead>
<tr>
<th>Position</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Semester Officer</td>
<td>European Commission Representation in Riga</td>
</tr>
<tr>
<td>European Semester Officer</td>
<td>European Commission Representation in Riga</td>
</tr>
<tr>
<td>Lawyer/TUSLO</td>
<td>LBAS</td>
</tr>
<tr>
<td>Economic Adviser/TUSLO</td>
<td>LBAS</td>
</tr>
<tr>
<td>Senior Expert</td>
<td>Ministry of Education and Science</td>
</tr>
<tr>
<td>Senior Economist</td>
<td>Ministry of Economics</td>
</tr>
<tr>
<td>DDG for International Affairs, EU</td>
<td>LDDK</td>
</tr>
<tr>
<td>Chair Project Management</td>
<td></td>
</tr>
<tr>
<td>Chairman</td>
<td>LVSADA</td>
</tr>
<tr>
<td>Chairman</td>
<td>LIZDA</td>
</tr>
<tr>
<td>Higher Education Representative</td>
<td>LIZDA</td>
</tr>
</tbody>
</table>

**In addition to the above, the following participants were interviewed in November 2018:**

- Adviser on Finances and Economics
- Member of the Board
- Secretary of State for Education
- Ministry of Education and Science