

Lithuania Country Study 2010-2012
Fair Wear Foundation



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SUMMARY

Lithuania is considered a low risk country with a well-established and export-oriented garment sector, although several of its neighbouring countries have larger textile export markets. The industry in Lithuania has been in a slow but steady decline over the few last years and was recently hit by the recession. FWF has been active in Lithuania since 2008.

Lithuania's level of development, as measured by the UN human development index (HDI), is among the lowest of the garment producing countries in Europe. Other economic measures, such as the purchasing power parity adjusted GDP, also put Lithuania at the lower end of the scale within Europe. Low wages in the country's garment industry reflect this and the average monthly wages of Lithuanian garment workers are well below the living wage level as set by local stakeholders.

The legal framework in Lithuania is well-developed. The country complies legally as all major ILO conventions are ratified. However, some non-compliance could be noted in relation to the no-discrimination policy, mainly as the wage gap between males and females is significant. There are also some cases of non-compliance of the payment of a living wage, mainly due to the increase of workload/quotas, and some cases of misuse of working hours' calculations, by not paying overtime or forcing people to work longer hours to fulfil quotas.

Stakeholders noted some cases of illegal work or work from home that is usually unaccounted for or partial illegal wage payments.

The main concerns that should be raised are: the overall increase in negative tendencies towards freedom of associations; the current government's and some employers' positions towards trade unions; trade union rights violations; an unwillingness to start negotiations and sign collective agreements.

1. INTRODUCTION

This country study provides a clear and concise picture of labour law, labour conditions and industrial relations within the textile/garment industry in Lithuania. The study is based on information about national laws and local stakeholders' views on labour issues in the garment industry.

HOW TO READ THIS FWF COUNTRY STUDY

For a general overview of the situation in Lithuania, the summary above is the starting point, followed by chapter 2 (General country information). More information on the country's garment industry can be found in chapter 4 (Garment industry), while chapter 5 (Industrial relations) will give an overview of the way the local systems work. The rest of the country study can be used as a reference to find specific information. Below you can find a short description of the content of each chapter.

The summary gives a general picture of the level of development, the outlook for the industry in the country and the major challenges when it comes to implementing the FWF Code of Labour Practices.

Chapter 2, *General country information*, describes the economic, social, political and governance as well as the general human rights situation using international indicators and comparing with other garment producing countries.

Chapter 3, *Stakeholders*, briefly presents the main stakeholders active in the garment/textile industry. The focus is on stakeholders who have actual impact on labour conditions or play an active role in monitoring the situation for workers in the industry. This chapter serves as a reference point for those who want to engage with or consult a local stakeholder to find further information or help regarding their activities in the country.

Chapter 4, *Garment industry*, gives an overview of the situation for the garment industry in the country, areas of production, products and outlook for the industry.

Chapter 5, *Industrial relations*, gives a description of the trade union situation in the country, both in general and for the garment industry specifically. This chapter gives important information essential for understanding the how well challenges regarding working conditions could be and actually are handled through social dialogue in the country.

In Chapter 6, *Implementation of the FWF Code of Labour Practices*, the implementation of every part of the FWF Code of Labour Practices is assessed through official statistics on compliance (where available), laws and regulations, as well as different stakeholders' views on implementation. Text in italics is quotes from relevant laws.

SOURCES USED IN THE COUNTRY STUDY

The information used in this study has been gathered by Mr. Kestutis Salavejus, Lithuanian Labour Education Society. Apart from the stakeholder information, the relevant laws regarding each part of FWF's code of labour practices is presented. Furthermore, internationally recognized figures regarding the economic, social, political and human rights situation in the country are included in this report.

The following stakeholders representing public authorities, employers, trade unions and NGOs were consulted in writing this country study:

I. Government/public authorities

State Labour Inspectorate of the Republic of Lithuania
Vilius Maciulaitis, Deputy Director
www.vdi.lt

The Office of the Equal Opportunities Ombudsman
Valdas Dambrava
www.lygybe.lt

II. Employers

Mr Linas Lasiauskas (President)
LATIA – Lithuanian apparel and textile industry association
www.latia.lt

Dr Ausra Abraitiene (Director), Nacionalinė inovatyvios tekstilės ir aprangos įmonių asociacija (National association of innovative textile and apparel enterprises)
www.lti.lt

III. Trade unions

Ms Jovita Meskauskiene (Chair), Lietuvos pramonės imonių profesinė sąjunga “Solidarumas” (Lithuanian Industry Enterprises Trade Union “Solidarumas”)
www.lps.lt

Mr Algimantas Bujanauskas(Chair until 2011), Lithuanian Trade Union of Manufacturing (Light Industry) Workers (affiliate of LPSK – Lithuanian Trade Union Confederation)

Mr Romas Mazylis (Chair elected in 2011), Lithuanian Trade Union of Manufacturing (Light Industry) Workers (affiliate of LPSK – Lithuanian Trade Union Confederation)

Ms Vilija Bierontiene – Vice-Chair, Lithuanian Trade Union of Light Industry Workers

Irina Judina- Chair, Trade union of hired workers (SAMPRO)
www.sampro.lt

Ramūnas Narbutas (Chair), Kaunas Region Trade Union Center

Sergejus Glovackas(representative, ILO Moscow Sr. Workers Specialist), ITUC Vilnius Office

IV. Labour related NGOs

Romas Turonis (board member, former Secretary General of LLPPS)

Lietuvos Darbo Žmonių Svetimo Draugija, (Lithuanian Labour Education Society)

Center for Equality Advancement (CEA)

www.gap.lt

2. GENERAL COUNTRY INFORMATION

Lithuania is located on the Eastern shore of the Baltic Sea in Europe, neighbouring Latvia, Belarus, Poland, and Russia (the Kaliningrad Region). The country has an estimated population of 3.19 million inhabitants (2012 Q1).

Lithuania pursues a liberal foreign trade policy, which has resulted in the rapid growth of foreign trade turnover. Major exports are mineral products, means of transport, textiles and textile articles, machinery and equipment, and chemicals. The country imports primarily investment goods and raw materials. The largest trade partners are the EU countries.

Source: Ministry of Foreign Affairs

| | |
|------------------------|----------------------------|
| Unemployment rate: | 14.5% (2012 Q1) |
| Minimum monthly wage: | 800 Litas (232 EUR) (2012) |
| GDP at current prices: | 30,705 million EUR (2011) |

2.1 Economic indicators

| Indicator | Interpretation | Lithuania | Comparison countries | Source |
|--------------------------------------|---|---------------------|---|--------------------------------|
| Human Development Index (HDI) | HDI describes the level of human development (standard of living) | 40 | Poland 39 Germany 9 | Human Development Report, 2011 |
| GDP per capita | GDP per capita is the value of goods produced per person in the country | 13,075 US-\$/person | Poland 13,540 Germany 43,742 | IMF 2011 |
| GDP per capita, PPP | GDP calculated by purchasing power parity (PPP) | 18,856 US-\$/person | Poland 20,334 (2011) Germany 37,897 (2011) | IMF 2011 |
| GPD-HDI | A positive figure indicates that resources in a country are effectively used to meet the needs of the population. | 0.810 | Poland 0.813 Germany 0.905 | Human development report, 2011 |
| Industry percentage of | Indications of industrial development in country. | 28% | Poland 33.6% Germany | CIA World Fact-book 2011 est. |

| | | | | |
|---|---|----|-------------------------|--|
| GDP | | | 28.1% | |
| Strength of auditing and reporting standards ranking | Measurement of institutions based on opinion polls amongst business people (1-134). | 47 | Poland 53 Germany 36 | Global Competitiveness Report (World Economic Forum), 2011 |
| Ethical behaviour of firms ranking | Measurement of institutions based on opinion polls amongst business people ranking (1-134). | 66 | Poland 50 Germany 41 | Global Competitiveness Report (World Economic Forum), 2011 |

2.2. Social, political & governance indicators

| Indicator | Interpretation | Lithuania | Comparison countries | Source |
|---|--|------------------|---|--|
| Rule of law | The quality of contract enforcement, the police and the courts, and likelihood of crime and violence. | 0.76 (72.04%) | Poland 0.69 (69.19%) Germany 1.63 (92.42%) | World Bank Institute worldwide governance indicators, 2010 |
| Democracy Index | Focuses on five general categories: electoral process and pluralism, civil liberties, functioning of government, political participation, and political culture. | 41 | Poland 45 Germany 14 | Economist Intelligence Unit, 2011 |
| Corruption Perceptions Index (CPI) | Ranks 180 countries by their perceived levels of corruption. | 50 | Poland 41 Germany 14 | Transparency International, 2011 |
| Government Effectiveness | Measuring the competence of the bureaucracy and the quality of public service delivery. | 74.16% | Poland 72.72% Germany 91.86%. | World Banks governance indicators, 2010 |

2.3. Income and poverty

| Indicator | Interpretation | Lithuania | Comparison countries | Source |
|--|--|-----------|-------------------------------|---|
| Gini Index | The Gini index is a way to measure Income Equality. 0 = absolute equality 100 = absolute inequality According to the global labour survey, less income inequality correlates with effective pro-labour institutions. | 35.8% | Poland 34.9% Germany 28.3% | Human Development Report, 2009 |
| Population in poverty | Poverty line defined as 2\$ per day. | <2% | Poland <2% | Human Development Report 2009 |
| Population living below the national poverty line | Poverty risk level definition in Lithuania Single Person: 701 Litas per month Family (2 adults = 2 children below 14 years): 1472 Litas per month Total number of population living below the national poverty rate: approx. 670,000 persons 32.6% receive a lower salary than the poverty risk level | 20.2% | | Social Exclusion survey 2010; Department of Statistics of Lithuania |

2.4. General human rights situation

According to Amnesty International, the main human rights issues in Lithuania are the discrimination against migrants/racism and homophobic tendencies. In 2010 the situation was mainly related to the Baltic pride and

homophobic laws, while in 2011, a report noted that a criminal investigation into complicity in the CIA-led rendition and secret detention programme was threatened with closure.

The 2009 Amnesty International Country Report

This report states that racist attacks and discrimination persist against non-European migrants and the Romanian minority. No domestic law exists addressing domestic violence against women and the authorities fail to respect the rights of lesbian, gay, bisexual and transgender people. Therefore these groups are sometimes restricted and denied their right to freedom of expression, peaceful assembly and association.

In February 2011, the authorities informed the Council of Europe that Lithuania did not plan to sign Protocol 12 to the European Convention on Human Rights, which protects against discrimination in respect of all rights.

In March 2011, amendments to the Law on the Protection of Minors against the Detrimental Effect of Public Information entered into force. The new law classifies any information which “denigrates family values”, or which encourages a concept of marriage other than the union of a man and a woman, as detrimental to children and bans such information from public places accessible to minors. (2011 Report)

Gender-based equality became a topic in Lithuania in 2009 when the first female Lithuanian president was elected. In the same year, the Seimas (Parliament) of Lithuania elected its first woman speaker. After that, more women were appointed for leading positions within the Ministry of Finance and the Ministry of National Defense.

The world-wide economic crisis which started in 2009 became a great challenge for the most vulnerable groups of society. In 2009 and 2010, the Office of the Equal Opportunities received more complaints than usual, especially from pregnant women and pensioners who filed complaints against possible discrimination.

CIA secret detention programme (from the 2011 report)

In January 2011, following the recommendation of a 2009 parliamentary inquiry, the Prosecutor’s Office opened an investigation into the abuse of power by intelligence officials over the creation of secret detention sites used in the CIA-led rendition and secret detention programme. The inquiry report concluded that secret prisons had existed on Lithuanian territory.

In February, a UN study on secret detention practices confirmed that flights operating under the rendition programme had landed in Lithuania, some under the cover of CIA “dummy” flight plans.

In June, the European Committee for the Prevention of Torture inspected the former CIA detention centres.

In November, concerns arose that the investigation by the Prosecutor’s Office into secret detention sites would be closed prematurely.

There are no specific reports related to the garment sector, although there are complaints in the mass media related to women’s rights (wage gap) and low or unpaid wages.

3. STAKEHOLDERS

This section briefly presents a number of stakeholders that are active in the garment/textile industry. Here, the focus is on those stakeholders that have an actual impact on forming the labour conditions or monitoring the situation for workers in the industry.

GOVERNMENT INSTITUTIONS

The responsibility for the economic sector in Lithuania lies with the Ministry of Economics. The responsibility for the social security and labour policy in the country lies with the Ministry of Social Security and Labour.

Labour inspectors check the compliance of occupational safety and health, labour relations, the prevention of accidents at work, and occupational diseases in enterprises. Approximately 7% of registered enterprises in Lithuania are inspected every year. Apart from checking, the labour inspectors also provide consultation on the above mentioned topics for employees, their representatives, trade unions, employers, and occupational safety and health committees. Furthermore, they also publish educational material for the public.

EMPLOYERS' ORGANISATIONS/ASSOCIATION

Two employers' organizations have a strong representation in Lithuania:

- **The Lithuanian Confederation of Industrialists** (LPK, www.lpk.lt) is an umbrella organisation joining together 35 associations of different industrial branches and nine regional associations. The members are enterprises of various industries (in total over 27,000), mainly large state or private capital companies, but also certain trading, business, and training establishments and finally some scientific research institutes.
- **The Lithuanian Business Employers' Confederation** (LVDK, www.lvdk.eu) was established in 1999 after the merger of the Lithuanian Businessmen Employers' Confederation and the National Businessmen's Confederation. It unites more than 1,800 enterprises and regional and branch organizations, the majority of which are small and medium sized.

TRADE UNIONS

Three national unions are recognised as social partners in the Tripartite Council of Lithuania:

- **The Lithuanian Trade Union Confederation (LPSK)** which was established in 2002 after the merger of two national unions (approx. 65,000 members in 2010).
- **The Lithuanian Labour Federation (LDF)** which was re-established in 1991. In 2010, the union had about 20,000 members.
- **LPS Solidarumas** which was established in 1989 and had about 7,100 members in 2009.

All the unions mentioned are members of ITUC/PERC and ETUC (ITUC is the International Trade Union Confederation. The PERC consists of 89 national centers affiliated to the ITUC) and ETUC (the European Trade Union Confederation). This accounts for approximately 75 to 80 % of the trade unions in Lithuania. There are also some smaller regional, branch, or primary organizations that are not affiliated to any of these unions.

According to the Department of Statistics of Lithuania, in 2009, approximately 115,000 employees were trade union members. Trade union density is about 13 %.

Two branch level trade unions are active in the garment/textile industry:

- Lietuvos pramonės imonių profesinė sąjunga “Solidarumas” (Lithuanian Industry Enterprises Trade Union “Solidarumas”, affiliate of LPS “Solidarumas”).
- Lietuvos lengvosios pramonės darbuotojų profesinė sąjunga (Lithuanian Trade Union of Light Industry Workers, affiliate of LPSK – Lithuanian Trade Union Confederation).

No collective agreement is signed at the sector level, however main collective agreements are signed within bigger companies. Some stakeholders noted that many agreements are formal and repeat the provisions of the Labour Code.

NON-GOVERNMENTAL ORGANISATIONS

In Lithuania, there is no labour NGO that is directly related to the garment industry. Some organizations, such as the Lithuanian Labour Education Society (LLES), work closely with trade unions and monitor labour issues. They also provide training and education and create research documents. Others, like the Center for Equality Advancement (CEA, www.gap.lt), work on equality and discrimination in the work place.

The capacity of NGOs in Lithuania is weak due to unstable project-based support and low recognition within the state institutions. According to the trade unions, workers’ rights issues are promoted within the sphere of trade unions and labour councils (although the labour council numbers are low). NGOs could be a partner in this although most of the stakeholders doubt that NGOs can exert a big influence in Lithuania as population activity is low. However, the situation could be changed with the development of an adult education system and encouraging more active participation.

4. GARMENT INDUSTRY OVERVIEW

Organisation of the garment industry in Lithuania

According to Eurostat data, Lithuania is one of the most specialised countries regarding the clothing and textile industry in the European Union.

According to LATIA (Lietuvos aprangos ir tekstilės įmonių asociacija (the Lithuanian Apparel and Textile Industry Association)), the garment industry generates more than one billion Euros per year. It is one of the largest export sectors in Lithuania, a country which currently exports about 80% of its products and services.

The sector is mainly oriented towards the export of products as the internal consumption is too weak due to the economic crisis or overpriced products, and as a result of the explosion of the second hand goods market.

Before the financial crisis in 2009, Lithuanian clothing and textile companies employed around 40,000 professionals. However, growing labour costs, manufacturing relocation, lower demand, cuts in the workforce, the bankruptcy of some big garment factories (about 15 % between 1993 and 2010) and migration, has led to a reduction in the number of employees to around 27,000 in the sector (Department of Statistics of Lithuania, 2009).

Surprisingly, in 2010 the industry started to recover as demand grew and exports increased and it now seems that there is a lack of skilled workers. Employer organizations are therefore pressuring the government to ease the regulations to allow more migrant workers to come in from non-EU countries, mainly from neighbouring Belarus, Russia (Kaliningrad), and even from as far away as Bangladesh or Sri Lanka.

Main exports from the garment industry

According to LATIA, exports have increased by 20% in the period 2010-2011.

Main areas for garment production

Lithuania's main textile and clothing areas concern the manufacturing of textiles and clothing as well as the manufacturing of leather and leather products.

Before the 1990s, large state-owned companies dominated the manufacturing sector within the country exporting goods to the former Soviet Republics. But, following Lithuanian independence, traditional factories were privatised and restructured.

Today, a few, larger manufacturing factories remain in big cities like Vilnius (AB Lelija) and Kaunas (AB Audimas), or medium cities such as Utena (AB Utenostrikotazas), or smaller towns like Raseiniai (AB Satrija). Cities such as Alytus and Panevezys have lost much of their manufacturing due to bankruptcies (AB AlytausTekstile and AB Linas accordingly), but some

smaller companies are still there (Source: Bujanauskas, Mazyliis). Garment production is in Ignalina (UAB Visatex).

Most of the companies in the sector are small or medium enterprises (over 95 %), and only one enterprise in clothing employs more than 1,000 employees.

State-owned and municipal enterprises, public and private companies, cooperative companies, individual enterprises and natural persons carrying out economic activity (in 2009)

| XX employees | < 9 | 10 - 49 | 50 - 249 | >250 | Total |
|--|---------------|----------------|-----------------|----------------|--------------|
| Manufacture of textiles | 382 | 54 | 35 | 6 | 477 |
| Manufacture of clothing | 1544 | 232 | 93 | 7 | 1 876 |
| Manufacture of leather and related products | 103 | 20 | 6 | - | 129 |

Source: Department of Statistics of Lithuania

% employed in garment industry

The number of employees working at manufacturers of textiles, clothing, leather, and leather-related products, has declined consistently recently, both in comparison to the total number of employees (-3.2% in 2007; -2,7% in 2008; -2.3% in 2009), and in comparison to the whole manufacturing sector (-18% in 2007; -16% in 2008; -15.2% in 2009). The overall annual negative change in the industry is the biggest of all the sectors (Department of Statistics of Lithuania).

However, at the same time, many thousands of workers could be working informally as subcontractors or providing individual services (working without the labour contract or business license). Furthermore, some of the workers that lost their jobs during bankruptcies or restructuring in the sector continue to work from home. Also, some of the sector workers take on extra work at home, performing some specific tasks for business individuals. According to trade employers, such activities were popular before the collapse of the Soviet Union and at the beginning of independence but, with the economic downturn, are now on the increase.

Social composition of the garment workforce

About 80 to 85 % of the workforce in the garment sector is women. Most of them have vocational training and sufficient working experience. Due to lower than average wages, many workers are those of middle –to-older age that gained much needed training back in the old Soviet times. The sector currently does not attract many younger workers, especially following

the lay-offs that occurred during the economic crisis. Now many potential workers choose to migrate to Western European countries where they then usually change their occupation.

According to the Department of Statistics, approximately 50% of the managerial positions in economic entities within the sector in 2011 were occupied by female workers. Many of the bigger companies also have female directors.

5. INDUSTRIAL RELATIONS

Employers organisations in the garment sector

Two employers' organizations that are active in the garment sector in Lithuania are LATIA and NITAA. Neither of them is a member of Euratex.

LATIA (Lietuvos aprangos ir tekstilės įmonių asociacija (the Lithuanian Apparel and Textile Industry Association)) builds professional links among the clothing and textile community, particularly looking for intelligent sourcing solutions, trade opportunities in West and East, Baltic brands and products. Today the association unites 128 member organizations - textile, garment, leather, fur and footwear manufacturing and service companies, and private companies - creating added value services or products such as:

- Intelligent sourcing and supply chain management (SCM);
- Efficient and flexible production;
- Development of original products;
- Agency services;
- Distribution and retail;
- Education, consultancy and training.

The administration and the board of the association consists of 16 pro-active clothing and textile experts. LATIA keeps raising the profile of the Lithuanian clothing and textile sector, promoting Lithuanian fashion and textile brands, and actively takes part in activities such as the: organisation of a networking group in the Baltic countries, Western Europe and CIS; organisation of trade missions; organisation of the annual 'Baltic textile + leather' fair in Vilnius; organisation of seminars and round table discussions; member's training and consultancy, etc (www.latvia.lt).

NITAA (Nacionalinė inovatyvios tekstilės ir aprangos asociacija (the National Association of Innovative Textile and Apparel)) is a limited liability public entity which voluntarily unites Lithuanian textile and clothing sewing, leather, and leather goods companies. The association was established in 2009. The association carries out its members' common goals and objectives, seeking to create favourable conditions for its members to individually develop the textile's business, science and education.

The functions of NITAA include representing and defending its members' rights and interests in the labour and social sectors; submitting proposals to state institutions for the development of science and business development policy for the clothing and textile industries, the commercialisation of research results, professional training, their own training and the adoption or improvement of the associated legislative acts (www.nitaa.lt).

Trade unions in the garment sector

In the garment/textile industry, two trade unions are active:

- Lietuvos pramonės imonių profesinė sąjunga “Solidarumas” (Lithuanian Industry Enterprises Trade Union “Solidarumas”, affiliate of LPS “Solidarumas”) unites industry workers (900 members). According to the chair, about half of the members are directly connected with the garment/textile industry.
- Since 1990, the membership of the second union, the Lietuvos lengvosios pramonės darbuotojų profesinė sąjunga (Lithuanian Trade Union of Light Industry Workers, an affiliate of the LPSK – Lithuanian Trade Union Confederation) has declined rapidly (6,800 members in 2002, 1,300 members in 2010).

In some companies both trade union organizations have active members. Some trade union members do not know exactly to which trade union they are a member. Furthermore, membership fees are partly not collected consistently.

They are nominal members of the ETUF:TCL (European Trade Union Federation of Textiles, Clothing and Leather). According to R. Mažylis, there are few contacts with international organizations.

At the moment it is not clear whether work councils have been established in the garment sector as the information about works councils is not officially collected (occasional surveys are made by the State Labour Inspectorate, but no sector related data is available).

General situation regarding trade union rights

Lithuania has ratified all eight core ILO Conventions, including Conventions 87 and 98.

According to the ITUC’s 2011 Annual Survey of Trade Union Violations report on Lithuania, 2010 was dominated by the state of the economy. Temporary changes were made to the labour code to aid recovery and, as a result, the issue of trade union rights remained in the background but concerns remained, especially over the right for freedom of association. During the crisis, the various social partners acted in solidarity with the government and negotiated amendments to the country’s labour code, including the lowering of some minimum standards in collective agreements. This agreement expired at the end of 2010.

Since then the social dialogue has worsened as the authorities have interfered by refusing to issue permits for 2 trade union demonstrations in 2011 and limiting the numbers of people for demonstrations. Social partners at the Tripartite council (which consist of state representatives, employers and trade unions) had agreed upon the need to increase minimum monthly wage. However, since 2008 the government has not agreed to any increase in the minimum monthly wage without big changes being made to the Labour Code (easier hiring and firing procedures, less redundancy/severance pay). The wage increase has been postponed several times (i.e. for

July 2011, January 2012) and the trade unions have boycotted Tripartite councils meetings several times.

The law recognises the right to form and join trade unions. But despite recent amendments to the Labour Code, a number of restrictions to trade union rights still apply. If workers want to form a union, at least 20 members, or one-fifth of the total workforce, are required to be included in the process to create a union. Workers who are dismissed cannot keep their trade union membership. The right to collective bargaining is secured in both the private and the public sector, except for certain government employees.

In practice, the judicial system is quite slow in dealing with dismissal cases. There are no labour courts or judges specialised in labour disputes. Furthermore, the trade union has to prove that the worker was dismissed due to trade union activities, which is impossible in most cases.

According to the national stakeholders, trade union rights are respected in laws and partly in practice. However, some non-conformity, such as anti-union discrimination does occur (Turonis, Mazylys). Furthermore, trade union representatives noted that by the current trade union law of Lithuania, only employees can be members of the trade unions. Students, the unemployed, pensioners, or workers within the informal sector, cannot be member of trade unions.

Union density in the country

According to the Department of Statistics of Lithuania, in 2009 approximately 115,000 employees were trade union members and trade union density has reached about 13 % (Department of Statistics of Lithuania). About 75-80 % of the trade union members belong to three national trade union centres. There are also some smaller regional, branch or primary organizations that are not affiliated to any of these centres.

The trade union density in the garment industry is among the lowest of all sectors. The LLPPS unites 1,300 members (As at 1 Jan 2010), of which 1,050 members are female. It has 19 primary organisations. Overall, the decline in membership has accelerated recently (7,000 members in 2002). In 2009, the 'Solidarumas' trade union declared it had 450 members working in the textile/garment sector. Both trade unions unite some 1,750 trade union members in total, which is less than seven per cent of those officially employed within the textile/garment sector. And, taking into account that a few thousand people from this sector are employed in the informal economy, trade union density is even lower.

Collective Bargaining Agreement (CBA) coverage in Lithuania

A social partnership may be realised through bargaining and agreements (according to the Labour Code Articles 40-47). In this respect, the Labour Code describes contents, parties, scope, procedures, registration, etc. of national, sector, and territorial collective agreements. However, since 2008, not a single national, territorial or sector-based collective agreement was registered by the Minister of Social Security and Labour. Therefore, at the moment, there is no collective agreement signed by any branch in Lithuania and the main bargaining is done at the enterprise level.

Most sources cite 12-13 % CBA coverage in the country. However, CBAs are not registered by the Ministry and, according to the existing provisions of the Labour Code, collective agreements do not need to be registered and therefore, no valid calculations can be done. Furthermore, the survey by the State Labour Inspectorate is based on only small parts of enterprises that are inspected yearly. Individual labour relations are more popular as trade union influence is weak (Ministry of Social Security and Labour, State Labour Inspectorate).

Finally, the financial crisis might have influenced the decline in numbers of CBAs. In 2008, a total of 903 collective agreements were signed but, according to the 2010 Social Report of the Ministry of Social Security and Labour, only 188 collective agreements were signed in 2009.

CBA coverage in garment industry

As Lithuania has no sector-based CBAs, this also applies to collective bargaining agreements in the garment industry. However, if there is a collective bargaining agreement concluded in an enterprise, this CBA will be applicable to all employees of the enterprise (Article 59 of the Labour Code).

Several attempts were made to sign a collective agreement in the textile sector by the Lithuanian Industry Enterprises Trade Union 'Solidarumas' and the Lithuanian Trade Union of Light Industry Workers (LLPPS) which mainly co-operates with Lithuanian Apparel and Textile Industry Association (LATIA). Basic principles were discussed but the negotiations were never concluded.

In Lithuania, all main negotiations are made at the enterprise level. According to the stakeholders consulted, collective agreements are signed in most of the bigger enterprises where trade unions are present, but the agreements themselves have little positive effect as they simply rewrite provisions from the Labour code.

According to the vice-chair of the Lithuanian Trade Union of Light Industry Workers, wages in the industry are minimal, and it is very difficult to bargain for higher wages as the timing is difficult. Employees usually have little choice but to agree with low wages and unpaid vacations.

The stakeholders in the garment industry were not able to present any data on CBAs. However, they noted that most of the bigger enterprises in Lithuania have signed collective agreements, thus covering somewhere between 15 and 30 % of the employees in this industry. In general, trade unions believe that CBAs lead to higher wages, but stress that some CBAs are simply a copy of the Labour Code principles.

Local grievance mechanisms for workers

If the employee is a member of a trade union, an employee can be represented by an advocate or trade union official.

Labour disputes are resolved by the Labour Disputes Commission (LDC) and the court, according to the Labour Code. In most cases the LDC is the main mandatory body for dispute resolution before it reaches the court.

Employees should first apply to the Labour Disputes Commission about any violation of their rights without the involvement of a third party. The Lithuanian model of the LDC requires that any dispute is resolved by negotiation between the two sides. Therefore, the Lithuanian model of the LDC does not correspond to the concept of arbitration, mediation or conciliation.

Some stakeholders say that LDCs are rather formal and that, without a third party being involved, it is very unlikely for the parties to reach an agreement as Lithuanian employees presumably have very little opportunities to defend their interests. In some cases, like ‘minor’ violations of employees’ rights, such as moral harassment, violation of the employee’s dignity, etc., people often prefer to leave their jobs than to apply to formal institutions and assert their rights. Some legal counsellors say that this reduces the load for the court, although no data or evidence has been provided (LLPPS, Labour Code, Eurofound).

State role in Industrial Relations

The general court system in Lithuania has four tiers:

- first instance;
- regional courts of appeal against first instance judgments;
- the appeal court, which hears appeals from the Regional courts, and;
- the Supreme Court.

According to Article 71 of the Labour Code, Collective labour disputes shall be heard by either the Conciliation Commission, the Labour Arbitration, or a third party court.

Conciliatory mediation in civil disputes is a form of alternative dispute resolution involving a neutral third party, who is a conciliatory intermediary (mediator).

Employees can make complaints to the Labour Inspection of Lithuania in relation to OSH (Occupational Safety and Health), unpaid wages, or other workers’ rights violations. However, the penalties are very low (usually 500 to 1000 Litas) which in general does not prevent employers from making further violations (LPSK, Tripartite Council, State Labour Inspectorate).

6. IMPLEMENTATION OF THE FWF CODE OF LABOUR PRACTICES

In this chapter, the implementation of every part of the FWF Code of Labour Practices is examined by looking at official statistics on compliance (where available), laws and regulations, and various Stakeholders' opinions and analysis on its implementation. Each section starts by quoting the relevant FWF Code of Labour Practices.

EMPLOYMENT IS FREELY CHOSEN

*"There shall be no use of forced, including bonded or prison, labour."
(ILO Conventions 29 and 105)*

Laws and Regulations

Lithuanian laws are generally well in line with the FWF Code of Labour Practices in this case. Lithuania has ratified (No. 29 and No. 105 in 1994) and adopted into legislation all eight core ILO conventions.

The State Constitution and the Labour Code of Lithuania prohibits any kind of forced labour. Employment in general is freely chosen.

Article 184 of the Labour Law specifies when unpaid leave is possible for workers. In general, it is for cases such as maternity or parental leave, taking care of a sick family, for a wedding, etc. Unpaid leave can further be given at the employee's request and with the consent of the employer. In addition, it is possible to take educational or sabbatical leave for trade union purposes and in some specific other cases. Workers do not need their employer's agreement for sick leave providing a doctor fills in the appropriate electronic form.

The Principles of Legal Regulation of Labour Relations, as described in the Article 2 of the Labour Code of the Republic of Lithuania, mention freedom of choice of employment (2) and the prohibition of all forms of forced and compulsory labour (7). Furthermore, Article 86 of the Labour Code mentions that persons shall exercise the right to work by concluding employment contracts directly with employers or through the mediation of employment agencies.

Stakeholders' opinion and analysis on implementation

All of the stakeholders agree that employment is freely chosen and that there is no forced labour in the country.

Some stakeholders mention that employers complain about the restrictiveness of their ability to fire workers. Most of the trade unionists stated that although Lithuania has well described and protective Labour Code, the firing procedures are very easy to overcome by forcing the employee to leave a job 'of his own free will'.

Some slavery cases (from media sources) were mentioned concerning Lithuanian migrants working in other EU countries.

NO DISCRIMINATION

*"Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps."
(ILO Conventions 100 and 111)*

Official statistics on compliance

According to the ranking of wage equality for similar work, Lithuania is ranked 88th in comparison with Poland (124th) and Germany (101st) according to the Global Gender Gap Report 2009.

Lithuania falls behind the EU average in the area of the difference in the remuneration for work performed by men and by women (EU Employment Publications). However, the numbers of males and females in managing positions in the textile industry are about equal (in comparison: less than one % of females are in leading positions in the public sector).

Laws and Regulations

Lithuanian legislation is generally well in line with the FWF Code of Labour Practices in this case. Both 100 and 111 ILO conventions are ratified by Lithuania. Lithuanian law prohibits discriminating against sex, race, nationality, religion, political opinion, trade union activity or age (Article 29 (2)). Following this constitutional provision, the Labour Code lays down the principle of equality of all individuals.

Stakeholders' opinion and analysis on implementation

In 2009, the gender pay gap in the manufacturing industry in Lithuania was 31.5 % according to the Lithuanian Department of Statistics. Many stakeholders admit that women tend to receive lower wages.

With regard to garment sector wages, equality for similar work is difficult to specify due to the specific nature of the work itself. However the Department of Statistics has produced figures for the gender-based wage differences for Q2, 2011. These range from 2,037 Litas for a male employee to 1,383 Litas for female workers within the manufacturing of textiles, clothing, leather, and related products.

Another aspect of discrimination that was pointed out by the Office of the Equal Opportunities Ombudsman and Centre for Equality Advancement (CEA) is that there is discrimination against pregnant women.

NO CHILD LABOUR

"There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years."

(ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals."
(ILO Convention 182)

Official statistics on compliance

Lithuania has no cases of child labour recorded and thus no data is shown in the State of the World's Children 2012 (UNICEF) report.

Laws and Regulations

Lithuanian legislation is generally well in line with the FWF Code of Labour Practices in this case. Both 138 and 182 ILO conventions are ratified by Lithuania. Child labour is forbidden in Lithuania. Labour relations Article 13, Natural Persons' Legal Capacity in Labour Relations, states that a person shall acquire full legal capacity in labour relations and the ability to acquire labour rights and undertake labour duties when s/he reaches the age of 16 years. Exceptions shall be established by this Code and other labour laws.

Article 4 of the Law on Employment Contracts of the Republic of Lithuania, specifically mentions minors below 14 years of age, minors from 14 to 16 years of age, and under-aged persons who are 16 years of age and older. Said law stipulates that permanent residents of Lithuania who are 16 years of age may be legally employed. Only those persons who have reached the age of 14 may be employed for the types of work listed in a special government document. Under-aged persons from 14 to 16 years of age may be employed if that does not interfere with their school studies and then only with a written consent submitted by school authorities, or one of the parents, or another person who is bringing up the child.

In 2003, the Government published a list of jobs that are forbidden to those under 18 years of age.

The annual paid vacation leave for employees under 18 years of age is 35 calendar days (compared to 28 days for adults).

Stakeholders' opinion and analysis on implementation

All of the stakeholders state that child labour is not an issue in Lithuania. There are very few numbers of young workers employed under the age of 18. In 2007, the employment rate reported by the Department of Statistics for those of 15 to 19 years of age was 3.6%, and –3.8% in 2008. The State Labour Inspectorate also reported that in 2007 and 2008 there were no illegally employed workers under 18 years of age. However, there might be some teenage work related to self-employed families or workers that manufacture products from home. Some cases of child labour could also be found in connection with agriculture at family farms.

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

*"The right of all workers to form and join trade unions and bargain collectively shall be recognised." (ILO Conventions 87 and 98) "Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions."
(ILO Convention 135 and Recommendation 143)*

Official statistics on compliance

No violations were mentioned by the Government of the Republic of Lithuania until 01 June 2010.

Several violations were mentioned in ITUC-CSI 2012 report. These included:

Victimisation of a trade union leader: The chair of the trade union at the State Border Guard Service, Vladimir Band, was threatened by his employer with dismissal in December 2010. The union refused to give its consent to this move. In a subsequent court case brought by the employer, the court ruled on 31 March 2011 that Mr Band had been victimised because of his trade union duties. However, state officials were not punished for this violation.

Company director loses job for signing collective agreement: The director of the state-owned company Turto Bankas, Jonas Budrevicius, signed a collective agreement with the trade union which reduced employees' pay for a limited period of one year. A decision was made to dismiss Mr Budrevicius in August 2010 because the collective agreement was not in favour of the company. On 9 June 2011 a court ruled in favour of Mr Budrevicius and awarded him redundancy pay. However, the appeal court overturned this decision on 16 November 2011. Lithuanian trade unions believe that this is indicative of the Lithuanian government's unwillingness to promote collective bargaining. The process of negotiation was meant for achieving acceptable terms and conditions of employment and regulating industrial relations. The parties were, on the one hand, workers' representatives, trade unions and/or trade union centres and, on the other hand, the employer, a group of employers, and/or one or more employers' organisations (Source ITUC-CSI Annual Survey of Violations of Trade Union Rights 2012).

See also the chapter on Collective Bargaining Agreements which demonstrates why the density of collective agreements in the country is so low.

Laws and Regulations

Lithuanian legislation is generally well in line with the FWF Code of Labour Practices in this case. 87, 98 and 135 ILO conventions are ratified by Lithuania.

Pursuant to the Constitution of the Republic of Lithuania Article 1, citizens of the Republic of Lithuania shall be guaranteed the right to freely form societies, political parties and associations; a free establishment and functioning of trade unions is also guaranteed.

Stakeholders' opinion and analysis on implementation

At the end 2010 and the beginning of 2011, Lithuanian trade unions were refused the required permit to organize meetings by the authorities three times in a row on the pretext of important events/anniversaries for Lithuania. The Lithuanian Trade Union Confederation (LPSK) also recently made complaints to the ILO regarding the limited possibilities to strike. Most of the stakeholders mentioned the strike issue as it is almost impossible to organise a strike due to strict legislation. Additionally, some anti-union tendencies are felt in some sectors. The textile/garment stakeholders did not express any bigger concerns related to trade union issues except that of the postponed sector bargaining.

A national agreement was signed on 28 October 2009 (between the Government of the Republic of Lithuania and social partners), and this expired at the end of 2010. The social partners have noted that many of the agreement's provisions have not actually been implemented. Trade unions, by signing the agreement, were trying to keep a status quo regarding the labour law. But after disagreements with the government, the LPSK denounced the national agreement by officially burning it at the end of September 2010.

No national agreement has been negotiated since then. The trade unions disagree with the more flexible approach in the Labour Code and the Government is against the minimum wage increase.

PAYMENT OF A LIVING WAGE

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

"Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage."

Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period."

(ILO Conventions 26 and 131, the Universal Declaration of Human Rights, Art 23(3) and Art 25(1))

Laws and Regulations

Lithuanian legislation is generally well in line with the FWF Code of Labour Practices in this case. ILO convention No. 131 is ratified by Lithuania while ILO No. 26 convention is not ratified.

The Government sets the minimum wage periodically, determining the minimum hourly pay and the minimum monthly wage. The conventions are ratified by Lithuanian officials and the minimum wage is guaranteed by the Labour Code Article 187.

Stakeholders' opinion and analysis on implementation

Since the beginning of the financial crisis in 2008, the minimum wage has not increased. The minimum wage has been 800 Litas for more than three years now, and the risk of reaching the poverty level, at 831 Litas for a single person, had already increased in 2009. According to the Department of Statistics, about 20 per cent of all employees receive a gross wage of 800 Litas. By earning only the minimum wage, this group is living below the poverty risk level. And according to the Department of Statistics of Lithuania, in 2010, the risk of poverty level declined to 701 Litas.

In April 2012, the social partners offered to increase minimum wage to 900 Litas (from July 2012), but the Government agreed on an increase to 850 Litas.

According to State Labour Inspectorate (which controls the wages payments situation), very few cases of the non-payment of the minimum wage were reported. However, some cases have occurred where companies delay wage payments, usually for one to two months, or make part payments with the promise to pay the rest later.

Some trade unions report that violations of minimum wage payments are hidden through part-time employment. Others say that they see the problem in high production quotas which, partly, cannot be reached and therefore lead to wages lower than the minimum. Another issue is that of the deductions being made to the salary due to a poor quality of work. However, no complaints against wage violations have been filed with the trade unions so far. On top of that, it should be noted that average earnings in the manufacturing industry are higher than the minimum.

NO EXCESSIVE WORKING HOURS

"Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate."
(ILO Convention 1)

Laws and Regulations

Lithuanian legislation is generally in line with the FWF Code of Labour Practices in this case. In the legislation 40 hours working week is in place. The convention 1 is ratified by Lithuania in 1931.

Stakeholders' opinion and analysis on implementation

The garment industry officially respects and obeys the laws and regulations of Lithuania. Most of the work is done during regular working hours. However, as high output quotas are introduced at enterprises, employees tend to complete their quota by working longer hours. These hours are not calculated as overtime which, according to a couple of trade unions, is misusing the law.

Similar cases occur for those working at home or as subcontractor. Their working hours are usually not calculated as their salary is based on the number of units produced.

A SAFE AND HEALTHY WORKING ENVIRONMENT

"A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited."

Laws and Regulations

Lithuania has not ratified ILO Convention 155 but strong OSH legislation has been in place since Soviet times. The State Labour Inspectorate, under the Ministry of Social Security and Labour, monitors and collects data on the OSH situation in Lithuania. There are country specific laws on OSH issues.

Stakeholders' opinion and analysis on implementation

Working conditions in the garment industry are less risky than in other sectors (such as construction, transport, etc.) and therefore very few deaths or injuries occur during the working process.

According to the State Labour Inspectorate, about 10 per cent of all accidents at work in the manufacturing industry occur in the textile sector, but only on average very few of these result in fatalities.

In some cases, safety at work is a paperwork exercise where an employee simply signs to say that he is acquainted with the health and safety standards, although no serious training is undertaken.

Experts on Equality have raised concerns about increased discrimination regarding the working conditions of pregnant women and a negative view towards employing pregnant women.

LEGALLY BINDING EMPLOYMENT RELATIONSHIP

"Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected."

Official statistics on compliance

According to Eurostat 2003, the informal sector accounts for 15 to 19 % of workers in Lithuania. However, the 2010 annual report of the State Labour Inspectorate noted that illegal employment is increasing. In 2009, cases of illegal working ran at 2.47 per cent, while in 2010 it had risen to 4.68 per cent. The penalties for illegal employment are quite high, ranging from 3,000 to 10,000 Litass.

According to the State Labour Inspectorate, illegal employment is often not detected in the garment sector and illegal employment in textile sector could be higher as it is also difficult to detect any subcontracting work or work carried out at home.

Laws and Regulations

According to the Ministry of Social Security and Labour, illegal employment includes any commercial, economic, financial or professional activity carried out without setting up an enterprise or obtaining a proper licence according to the procedure laid down in the laws. In the Republic of Lithuania, five bodies are responsible for control and prevention of illegal employment. They are:

- The State Labour Inspectorate under the Ministry of Social Security and Labour. This body draws up methodologies and guidance for the control of illegal employment; organises seminars; defines co-operation procedures between officials of control bodies and institutions regarding the organisation of joint inspections; organises educational activities aimed at combating illegal employment and the promotion of encouraging public involvement in detecting illegal employment cases.
- The Financial Crime Investigation Service under the Ministry of the Interior. At the request of public authorities and institutions, this body is responsible for controlling illegal employment and carries out operational activities and pursues prosecutions in cases of financial crimes.
- The State Tax Inspectorate under the Ministry of Finance. This body investigates any cases of employment without business licences, declarations of self-employment, or the registration of a company.
- The Police Department under the Ministry of the Interior. Within the scope of its competence, this body provides assistance to public authorities, engages in the

prevention of illegal employment, and controls prohibited or unregistered activities, as well as those activities taking place without the required business licence.

- The State Social Insurance Fund Board. This body is responsible for checking that employees have employment contracts and for looking out for any violations of payment of social insurance contributions.

Stakeholders' opinion and analysis on implementation

Another widely popular form of avoiding taxes is through cash payments (black money) above the minimum wage (this could also contribute to the lower average wage in the sector).

The amount of social security contribution paid has little effect on the size of a pension or healthcare services at the hospital and so creates a way for people to hide some income.

As the authorities have recently decided to increase the pension age to 65 while at the same time reducing pensions, many people do not believe that the social security system will continue to survive. Therefore some individuals and employers tend to avoid paying the full tax amounts due. Also, by declaring less income, some employees could receive additional social benefits.

According to the trade unions, even CBAs are not capable of ensuring decent working conditions for workers, because employers are not willing to fulfil their obligations. One example given is AB Lelija where employees were not able to earn the minimum wage even when workloads were increased dramatically. Employees were forced to recall their complaints following threats from the company. Furthermore, workers are often afraid to complain for fear of losing their job, especially as the unemployment rate is still around 14%. When there is no work, some are forced to take unpaid days off, or to choose holiday time that is suitable for the employer but not the employee. Some employers force employees to sign dismissal letters without them receiving redundancy pay. Other workers have complained about longer, unaccounted for, working hours, or coming under psychological pressure to work longer hours.

Some employers think that, with more flexible working process in place, easier hiring and firing process should now be introduced. They welcome the 'summing up' of time thus making the pay process more flexible. However, in the opinion of the trade unions, this simply creates the conditions for employers to avoid paying overtime and it is often misused.