



Industrial relations and social dialogue
**Lithuania: Developments in
working life 2022**

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Eurofound reference number: WPEF23019

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Introduction

In 2022, as the COVID-19 pandemic was receding, Lithuania, like other EU countries, started facing new challenges. Russia's war against Ukraine, launched on 24 February 2022, has also highly affected Lithuania. The negative consequences of the war have probably been most evident in the rise in energy prices and the rapid increase in inflation. The energy crisis has hit Lithuania very hard, as Lithuania is one of the countries with the lowest electricity generation in Europe. In Lithuania, approximately two thirds of electricity used for domestic consumption is imported (EC, 2022). According to unofficial data, Lithuania purchased more than €3 billion worth of oil, gas and electricity from Russia in 2021, which means that reducing energy dependence on Russia required considerable efforts and financial resources (Prysmantas et al., 2022). With the spike in prices for energy and raw materials, annual inflation in Lithuania has reached unprecedented heights. According to Statistics Lithuania (SL), the country's annual inflation rate was 24.1% in September 2022, being the highest in the Baltic States (15min.lt, 2022a).

Despite the tense geopolitical situation, the country's economy grew in 2022. According to Statistics Lithuania, Gross Domestic Product (GDP) per capita at current prices increased by more than a quarter in the third quarter of 2022 compared to the first quarter of 2022 (from €5,164.7 to €6,700.5); Lithuania's GDP grew by 3.1% in the first three quarters of 2022 compared to the same period in 2021; average wage before taxes was up by around 4% in the third quarter of 2022 compared to the first quarter of 2022 (from €1,729.3 to €1,799.0) and the unemployment rate decreased from 6.3% to 5.7%. The employment rate in Lithuania during the first three quarters of 2022 was permanently increasing and reached two-year highs in the third quarter of 2022. The surge in employment in Lithuania was mainly driven by a strong growth in the labour force, particularly for women. The large influx of female war refugees from Ukraine led to an increase in the female employment rate (BL, 2022). According to SL, the employment rate for women in the third quarter of 2022 comparing to the first quarter of 2022 increased in Lithuania from 54.1% up to 56.8%. According to the Migration Department (MD), on 14 November 2022, Lithuania had a total of more than 70,000 registered war refugees from Ukraine, with the majority of them being women (LRT.lt, 2022).

Political context

In 2022, the conservative party, Homeland Union – Lithuanian Christian Democrats, which won the 2020 Lithuanian parliamentary elections in October, continued its work together with its coalition partners, the Liberal Movement and the Freedom Party representing the liberal political trend.

Despite rising living costs, no major protests or demonstrations took place in Lithuania in 2022. In June 2021, non-partisan association Lithuanian Family Movement (*Lietuvos šeimų sąjūdis*) was founded in Lithuania, and its activities are supposedly aimed at reducing Government dictatorship and preserving family values (emphasising clear opposition to any strengthening of equal opportunities for LGBT people). In 2022, the Lithuanian Family Movement organised several protests against the policies of the Government, but it did not receive much support from the population. The latter organisation is highly controversial in Lithuania due to its pro-Russian ideology and the undermining of the EU values (Jurcenkaite & Pankune, 2022). In 2022, several protests were also organised by trade unions. On 26 September 2022, a protest near the Government building was organised by the Lithuanian Hotel and Restaurant Association (LHRA), after the Government announced that it did not plan to extend the Value-Added Tax (VAT) relief for catering undertakings for 2023 (15min.lt, 2022b). On 7 October 2022, a symbolic rally to mark the World Day for Decent Work was organised by TU Solidarumas in front of the Government building. The rally was aimed at drawing the Government's attention to the rising prices for energy resources and inflation. After the picket, TU representatives handed over their demands to individual ministers to address the problems of high prices, low wages and labour exploitation in Lithuania (Sagaityte, 2022a).

Political life itself was not quiet in Lithuania in 2022: during this year, the opposition initiated at least three parliamentary interpellations of ministers: the Minister for Agriculture, the Minister for Energy and the Minister for Foreign Affairs. The ministers have been blamed for their incompetence in dealing with important national issues in their respective areas. However, all three interpellations failed and the ministers remained in their positions (Pankune, 2022; Gudavicius, 2022). In addition, in June 2022, the parliamentary opposition boycotted and absented itself from at least several plenary meetings and committee/commission sittings at the Parliament of the Republic of Lithuania (PRL) due to disagreements with the ruling party. On 16 June 2022, opposition representatives handed a list of demands to the Speaker of the Parliament and warned her that failure to address them could lead to a boycott of the parliamentary sessions until the autumn session. A special dialogue group was set up in the PRL to resolve this conflict. The opposition returned to the Chamber only two weeks later, on 21 June 2022. Although the recent conflicts have not had a major negative impact on solving problems in the country, the Speaker of the PRL considered these actions by the opposition as irresponsible. The President of the country has also criticised such disagreements, encouraging not to block and delay important national decisions, but to seek dialogue among themselves (Delfi.lt, 2022a).

Actors, institutions and processes

Social partners

The General Trade Union of the Republic of Lithuania (RJPS, Respublikinė jungtinė profesinė sąjunga) has been operating in Lithuania since 2002 was rather small national level independent trade union. It enlarged in 2021 and became a member of the Tripartite Council of the Republic of Lithuania. At the beginning of 2021 two previously independent industry-level unions affiliated to the RJPS: the Lithuanian Education Employees Trade Union (LŠDPS, Lietuvos švietimo darbuotojų profesinė sąjunga) and the National Unification of Officials Trade Unions (NPPSS, Nacionalinis pareigūnų profesinių sąjungų susivienijimas). The affiliation of these relatively large unions and RJPS's decision to become a member of the European Confederation of Independent Trade Unions (CESI, Confédération Européenne des Syndicats Indépendants) enabled the RJPS to meet the established representativeness criteria and since 1 July 2022 it became a member of Tripartite Council.

Social dialogue bodies or frameworks

On 1 July 2022, Government Resolution No. 651 came into force, approving the new term of office of the Tripartite Council of the Republic of Lithuania (TCRL). According to the Resolution, representation at the TCRL shall be as follows:

- The Government shall be represented by two representatives from the MSSL, MEI and MF each and one representative from the Chancellery of the Government;
- Employer organisations shall be represented by two members from the Lithuanian Confederation of Industrialists (LCI), one member of Investors' Forum (IF), one member of Confederation of Lithuanian Employers (CLE), one member of Association of Lithuanian Chambers of Commerce, Industry and Crafts (ALCCIC), one member of Lithuanian Business Confederation (LBC), and one member of the Chamber of Agriculture of the Republic of Lithuania (CARL);
- Trade union organisations shall be represented by three members of the Lithuanian Trade Union Confederation (LTUC), two members of the General Trade Union of the Republic of Lithuania (GTURL) and two members of the Lithuanian Trade Union Solidarumas.

Other working life related institutions

On 3 January 2022, a Unit for the Prevention of Psychological Violence in the Workplace (UPPVW) was established at the State Labour Inspectorate (SLI) to intensify monitoring of the psychosocial environment in the workplace and to prevent the spread of unethical or discriminatory behaviours. The UPPVW will carry out the prevention of violations of Lithuanian laws and other regulatory acts on psychological violence in the workplace, equal opportunities in the workplace and the monitoring of compliance therewith in undertakings, institutions and organisations. The Unit will have a total of eight inspectors (five of them in local (territorial) units) (Delfi.lt, 2022c).

On 8 September 2022, the State Tax Inspectorate (STI), together with its associated structures, set up an Advisory Council (the Council) to deal with relevant issues of tax administration and other matters falling within the competence of the STI and related to its activities. The Council is composed of five representatives of the STI and seven representatives of business associations: IF, Lithuanian

Association of Accountants and Auditors (LAAA), CLE, LCI, LBC, Association of Lithuanian Trade Enterprises (ALTE) and ALCCIC. During the Council's discussions, business representatives will have the opportunity to comment on envisaged decisions that will have a direct impact on their activities. The term of office of the Advisory Council shall be four years (STI, 2022).

Governmental responses to inflation

On 1 April 2022, the Government announced an aid package of some €2.26 billion to counter the effects of inflation and to strengthen energy independence (the “Package”) for Lithuanian residents and businesses. The Package aimed at achieving three main objectives: (1) to absorb the energy price shock; (2) to increase people’s incomes; and (3) to strengthen Lithuania’s energy independence (MF, 2022a).

With the view to the first objective, the Package provides for the reimbursement of part of gas and electricity prices for households and businesses (€570 million for households and €120 million for businesses), and support for businesses and affected sectors through guarantees (€142 million) (MF, 2022a). As part of this objective, compensations to households for increases in prices for electricity and natural gas were launched on 1 July 2022.ⁱ The energy compensation scheme for business was only approved on 26 October 2022, and it is planned to compensate 50% of the price of electricity which is above the minimum price thresholds (MPT) in the last quarter of 2022 and the first of 2023 (the MPT is 24 cents per kilowatt-hour in the last quarter of 2022 and 28 cents in the first quarter of 2023). Guarantees to loans and leasing transactions for businesses affected by the warⁱⁱ started in Lithuania on 8 June 2022.

Efforts towards the second objective provide for a 5% increase in old-age pensions (€106.3 million), an increase in the monthly tax-exempt amount of income (TEAI) for the employed (€103 million), increased social benefits and heating compensation for low-income earners (€30.3 million), and an increase in the social assistance and State pensions (€75.7 million) (MF, 2022a). In order to meet this objective, from 1 June 2022, the TEAI was increased by €80 in Lithuania (from €460 to €540).ⁱⁱⁱ To reduce the population’s heating and other utility costs, from 1 January 2022 until 30 April 2022, zero VAT rate for district heating^{iv} was applied for households and from 1 June 2022 the amount of the State Supported Income (SSI) was increased from €129 to €147,^v which according to the MSSL, increased the number of recipients of heating compensations by around 21%. The SSI amount in Lithuania is used to determine eligibility for and the amount of cash social assistance for low-income households (social allowances, compensation for home heating costs, hot water and drinking water costs) and other social support. As for the size of pensions in Lithuania, according to the MSSL, the individual and general parts of the pension have increased in the country by a total of 12.71% and 8.47%, respectively, since the beginning of 2022, and both parts have increased by a further 5% since June 2022. According to national legislation, the amount of the basic pension and individual pension (value of the accounting unit (point)) are indexed annually according to changes in the wage fund (MSSL, 2022a).

For the third objective, the Package of measures for households provides for a total of around €677 million. Most of the funds are earmarked for the renovation and modernisation of residential (multi-apartment) buildings in order to accelerate and increase the scale of renovation in the country (around €552 million is provided for the measures). In addition, the acquisition and installation of solar power plants (€60 million) and private charging infrastructure for electric vehicles (€46 million) are to be expanded. As part of the third objective of the Package, from 1 June 2022, the range of households who can participate in the Multi-apartment Buildings Renovation (Modernisation) Programme free of charge has been extended. According to national legislation, for apartment owners who are eligible for heating compensation, the full cost of the renovation shall be covered by

the State (EPMA, 2022a). As mentioned above, with the increase in the amount of the SSI as of 1 June 2022, the number of recipients of heating compensations increased by around 21%. Accordingly, there is a one-fifth increase in the number of households in the country who can participate in the renovation programme free of charge. With a view to promoting acquisition of solar power plants, natural persons who purchased solar power plants (up to 10 kW) from a developer for the production of electricity for household use could apply for State compensation for remote solar power plants from 15 July to 15 August 2022.^{vi} On 7 September 2022, a call was also published for applications for the installation of private electric vehicle charging bays for individual houses/summer houses. Around 53,200 charging points are to be funded by 31 March 2026 (LEA, 2022).

The third objective includes €254 million for business-aimed measures mainly focused on the deployment of solar, wind and electricity storage batteries (€60 million), hydrogen production equipment from renewable energy sources (€70 million), and the “green” renovation of buildings (€50 million). The third objective also includes a whole range of public projects, such as the creation of 200 MW battery parks (€100 million), renovation of public buildings (€40 million), and other measures (€192.8 million in total) (MF, 2022a). Under this objective, businesses could apply for environmentally-friendly and energy-efficient technologies, for the replacement of polluting fossil fuels with renewable energy sources, and many others (EMPA, 2022b). In addition, on 7 October 2022, the Government unveiled a targeted €2.5 billion aid package for businesses aimed at absorbing the rise in energy prices. It includes a range of new measures for businesses and extends the deadline for some existing measures, including subsidies for energy-intensive businesses; possibilities to conclude tax loan agreements at reduced interest rates and the suspension of tax recovery for energy-intensive businesses; extension of VAT relief for accommodation, catering, cultural, recreational and sporting events, and performers’ services, etc. Some of the measures started on 7 October 2022 and some – on 1 January 2023 (MF, 2022b).

It should be noted that Lithuania has neither wages nor social benefits indexed to inflation, and the latter levels depend largely on the ability and willingness of employers and the Government to help mitigate the negative effects of inflation on employees/households. With inflation rising rapidly, Inga Ruginiene, the Chairwomen of the Lithuanian Trade Union Confederation (LTUC), proposed to reopen discussions on wage indexation in Lithuania as early as in May 2022. According to her, as the inflation rate rises, wages for employees should be increased by a corresponding amount (Gaidamavicius, 2022). However, this proposal did not attract attention from either the Government or the Employer organisations (EOs). According to I. Ruginiene, in general, in Lithuania, social dialogue between the Government and social partners is not sufficient when making important decisions for employees. Back in early 2022, the leaders of the country’s peak trade unions signed and sent an address to the Government calling for a return to discussions and cooperation with the TUs. The address focused mainly on the “difficult and limited communication” from the Government regarding measures to manage the pandemic, but also SD on the safeguarding of human and workers’ rights in general was missing (LTUC, 2022). However, there was no substantive criticism of the anti-inflationary measures from the TUs’ side. In contrast, employers’ representatives consider that SD between the Government and business is sufficient, but that “it is the results that are lacking, not the talk” (Budzinauskas, 2022). Since the very beginning of the energy crisis, employers’ representatives have repeatedly participated in meetings with the Government on anti-inflationary measures for business, but concrete measures were only adopted at the beginning of October 2022,

when some companies started putting their employees to downtime due to high energy prices (15min.lt, 2022c). However, the package of measures for business finally presented in October 2022 was welcomed by business representatives. According to Andrius Romanovskis, President of the Lithuanian Business Confederation (LBC), the Government has heard the voice of business and, albeit somewhat late, has proposed a package of support measures that meet business needs (Markeviciene & Budreikiene, 2022).

ⁱ Eurofound (2022), [Compensating households for price increases of electricity and natural gas](#), case LT-2022-27/2898 (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱ Eurofound (2022), [Guarantees to loans and leasing transactions for businesses affected by the war](#), case LT-2022-24/2896 (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2020), [Increase of the tax-exempt amount of income for workers earning below the annual minimum wage](#), case LT-2020-27/918-updated (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

^{iv} Eurofound (2022), [Zero VAT rate for district heating](#), case LT-2022-1/2900 (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

^v Eurofound (2020), [Increasing social assistance for low-income households](#), case LT-2020-21/919-updated (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

^{vi} Eurofound (2022), [Compensating purchasing costs of remote solar power plants](#), case LT-2022-29/2902 (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

Collective bargaining and inflation

How inflation features in wage negotiations

At the Tripartite Council of the Republic of Lithuania social partners discussed issues of interrelation among the high inflation and the need of increasing the minimum wage thereof. In the opinion of trade unions, in the presence of high inflation in Lithuania, the minimum wage should be increased faster. Whereas the employers expressed the opposite position – according to them, a faster increase in the minimum wage could further increase inflation in the country. However, the issue of automatic indexation of the minimum wage in Lithuania has not been discussed by statutory minimum wage setters.

Though there actually is no research on how inflation features in wage negotiations at company level, from the interviews with trade unions we may conclude, that in most cases inflation is taken into account during collective wage bargaining. Social partners usually agree on the wage increase due to inflation referencing to the officially announced calculations of the previous year's inflation rate. In some collective agreements it is agreed that if during a year inflation increases significantly, social partners renew their negotiations and agree on additional wage increase due to the significantly increased inflation.

Again – as there is no comprehensive research on the topic, from interviews with trade unions we may presume, that usually wage increase is lower than inflation rate.

Examples of recent responses

From the publicly available information (Maciulskyte, 2023) and interviews with trade unions the most popular measure in Lithuania aimed at mitigating the negative effects of high inflation was to provide one-off payments for employees. These payments were especially popular at the end of 2022. Due to some uncertainty in the market employers try to avoid significantly increasing wages and salaries and therefore try to use one-off measures – ‘compensations’ for inflation. Usually these payments are not very high – close to few hundred euros. Trade unions are not satisfied with such practice and try to insist on the permanent increase of wages and salaries.

Developments in working time

Changes to legislation

On 1 August 2022, amendments to Labour Code (LC) No. XII-2603 of the Republic of Lithuania came into force, regulating various aspects related to working time:

- The list of cases where the employer is obliged to grant the employee's request for part-time work has been expanded. The following employees have been included into this group: (a) employees with children up to the age of eight (instead of earlier preference provided for employees with children up to the age of three); (b) employees caring for a person living together, where the employee submits a statement from a health care institution to that effect (instead of the earlier preference applied in cases of caring for a family member only);
- The employer is obliged to grant a request to work the working time as requested by the employee, provided that this does not entail excessive costs for the employer due to industrial necessity or the particularities of the organisation of work, when such a request is made by: (a) an employee who is pregnant, who recently gave birth, or who is breast-feeding; (b) an employee who is raising a child up to the age of eight; (c) an employee who is a single parent raising a child up to the age of 14 or a disabled child up to the age of 18; (d) an employee whose request is based on the conclusion of a health care institution on their state of health or the need to care for a family member of or a person living together with the employee.
- Employees with one child up to the age of 12 shall be granted one extra day off per three months (or a reduction of eight working hours per three months); employees with a disabled child up to the age of 18 or two children up to the age of 12 shall be granted one extra day off day per month (or a reduction of two working hours per week); employees with three or more children up to the age of 12 or with two children up to the age of 12, where one or both children are disabled, shall be granted two extra days off per month (or a reduction of four working hours per week), paying them their average remuneration.
- The employer is obliged to grant unpaid time off to the employee whose request is related to a family emergency in the event of sickness or an accident requiring the employee's direct participation.
- Employees caring for a person living together with them shall have the right to take unpaid leave for the time recommended by the health care institution (earlier this right might have been exercised in case of caring for a family member only).

Bargaining outcomes

At the end of 2021, a National Collective Agreement of the public sector was signed for the year 2022. In this agreement the Government and the social partners agreed on additional paid rest/holiday days for training/self-education (up to two days per year) and for education/study leave (up to 10 working days per year, paying them their average remuneration; or up to 20 working days paying them 50% of their average remuneration) or health care (up to five working days) for employees that are members of signatory trade unions.

At the end of 2022, another National Collective Agreement of the public sector was signed for the years 2023-2025. In this agreement Government and social partners also agreed on additional paid rest/holiday days for training/self-education or volunteering (up to two days per year), for education/study leave (up to 10 working days per year, paying them their average remuneration; or up to 20 working days paying them 50% of their average remuneration) and for health care for employees (up to five working days) – members of signatory trade unions.

Debates on duration and organisation

In 2022, perhaps the most discussed issue in Lithuania was the draft amendment to the LC which was initiated by the Speaker of the Parliament of the Republic of Lithuania at the end of 2021, proposing to shorten the working week to four working days (32 hours) for employees of state and municipal enterprises, institutions and organisations who have returned early from parental leave. According to the initiator of the draft, such a legal regulation would encourage employees to return to work earlier, without losing their qualifications and their connection to the workplace, and, at the same time, would allow them to effectively care for a young child. The draft amendment to the LC proposes to introduce a four-day working week for public employees with children up to the age of three, while leaving a fixed salary for the part of the working time not worked (PRL, 2021). This proposal has aroused a strong reaction not only among Members of Parliament but also among employers' representatives. The Government's opposition, while broadly supportive of the idea, argued that the same provisions should be applied in the private sector as well, as this would discriminate against parents working in private sector (Repsyte, 2022). The proposal of the Government's opposition was also supported by TU representatives. According to LTUC Chairwoman Ruginiene, if this is about policies to promote employment or the integration of employees into the labour market after parental leave, we should apply such a regime to all families. Employers' representatives did not support the proposal. Ricardas Sartatavicius, Director General of the Confederation of Lithuanian Industrialists (CLI), stressed his "categorical opposition" to the proposal to introduce a four-day working week in the private sector. According to Aurelija Maldutyte, a member of the Confederation of Lithuanian Employers (CLE) Presidium, such an arrangement in private companies would lead to the hiring of new employees or to colleagues having to work overtime (Sagaityte, 2022b). CLE President Danas Arlauskas also raised the question of how the public sector would cope with such a situation if a large number of employees of public institutions would work shorter hours, and whether the pace of work would not slowdown in these institutions (Delfi.lt, 2022b). Despite the fierce debate, the above-mentioned amendments to the LC were adopted on 21 April 2022 with effect from 1 January 2023. The reduced working time of 32 hours per week will apply to parents (adoptive parents) or guardians (at their choice) working in state and municipal institutions, enterprises and the Bank of Lithuania until the child reaches the age of three in the case of employees' early return from parental leave (PRL, 2022).

At the Tripartite Council of the Republic of Lithuania social partners during 2022 discussed various proposals related to the: shortening of the working week (to four working days/32 hours) for employees who have returned early from parental leave (for more details see next section); granting additional rest days for parents raising children up to 16 years old; granting additional rest days for employees taking care of their elderly or disabled parents or spouses; granting additional days for employees for education purposes.

There were no major debates on other working life issues in Lithuania in 2022.

Labour market shortages and social partners

Despite the energy crisis and the tense geopolitical situation, according to Statistics Lithuania, the unemployment rate in the second quarter of 2022 in Lithuania stood only at 5.2%, reaching its lowest level since the start of the global recession in 2008. In turn, the job vacancy rate (the ratio of job vacancies to total jobs) also reached a record level of 2% in the first quarter of 2022 (such level was recorded only in 2008). This statistics shows that in 2022 labour supply in Lithuania continued to fall short of the growing demand, and the situation on the labour market remains very tight. According to data from the Public Employment Service (PES), 24,400 vacancies were registered in the PES system on average each month in 2022 (PES, 2022a). The highest number of vacancies was registered in March 2022 (31,000) and the lowest was in July 2022 (18,300). In the first half of 2022, 62.5% of all job vacancies in Lithuania were registered by undertakings in the service sector and 20.5% by undertakings in the industrial sector. Compared to the first half of 2021, the most significant increase in the number of job vacancies was in the accommodation and food services sector (up by 80.7%), followed by the electricity, gas, steam and air-conditioning sector (up by 68.5%), and the professional, scientific and technical activities sector (up by 65.7%). The largest decrease in registered job vacancies was observed in the transport and storage sector (47.2%) (PES, 2022b).

In order to address labour shortage problems, the Employment Support Reform was launched in Lithuania in 2022. On 1 July 2022, amendments to Law on Employment No. XII-2470 came into force in Lithuania, tightening the conditions for granting/maintaining unemployed status. The amendments to the Law stipulate that the status of unemployed person shall be suspended for persons who: (a) avoid searching for a job independently/violate the procedure of reporting about independent job search twice within six months; (b) refuse to take part in PES employment enhancement measures; (c) refuse an appropriate job offer twice within 12 months without valid reasons; (d) receive illegal income (the latter shall also be subject to the suspension of health insurance); (e) declare their departure from the country; (f) are recognised as persons preparing for the labour market in the manner provided for by law. The status of a person preparing for the labour market is granted to an unemployed person whose employment is limited by at least one of the following circumstances: (a) lack of social skills/motivation to work; (b) need to look after/care for a family member or a person living with him/her; (c) limited access to money due to debt; (d) lack of possibilities to come to the place of work; (e) addictions. These persons are to be supported in a comprehensive way by the PES and the municipalities in order to address their problems. According to PES data, on 1 November 2022, 18,000 persons (or 9.4% of all PES customers) were registered in the country as persons preparing for the labour market. More than half of them (55.6%) lacked social skills/motivation to work; 25.2% were unable to get to the place of work; one in ten was caring for a family member or had limited access to money (10.9% and 9.9% respectively). The distinction between those who are ready to work and those who are preparing to work is expected to help integrate these people into the labour market more quickly and, at the same time, to solve the problem that employers have been highlighting for the last few years – “there are jobs, but there is nobody to work” (Smirnovaite, 2021).

Despite national reforms, employers in Lithuania rely mainly on facilitating the recruitment of foreigners to address skills shortages. According to ALCCIC President Rimas Varkulevičius, foreign labour is necessary to prevent disruption of business operations in the country (Juozapaitis, 2022). In light of the concerns expressed by employers, in 2022, at least several measures have been

implemented in Lithuania to facilitate the employment of foreigners in Lithuania. On 1 July 2022, amendments to Law on Employment No. XII-2470 came into force in Lithuania, providing for the payment of a one-off entry allowance to highly skilled workers recruited from abroad and employed in Lithuania.^{vii} The aim of the measure is to attract highly qualified professionals from abroad to cover existing deficits and at the same time to encourage Ukrainians who have fled the war to take up employment in Lithuania. In addition, on 1 August 2022, amendments to Law No. IX-2206 on the Legal Status of Foreigners entered into force in Lithuania, facilitating the recruitment of foreign workers with occupations missing in Lithuania (reducing the number of documents required, making it easier for foreigners to change their employer, facilitating the recruitment of highly skilled workers and those who come to work in Lithuania from Ukraine, etc.). Employers' representatives welcomed the recent changes, but said that they are not substantial and do not solve the main problems. According to a representative of the Lithuanian Carriers' Association (LCA), the main obstacle to the recruitment of TCNs in Lithuania is that there still are quotas for the recruitment of shortage skills. According to the head of the Lithuania's International Transport and Logistics Alliance (ITLA), the changes are good and measures proposed by employers for a long time have been finally taken into account, but the effectiveness of the new regime will depend on secondary legislation. According to the head of the ITLA, one of the biggest problems in recruiting foreigners at the moment is the extremely lengthy process which is due to the large number of applicant companies (Butkus, 2022).

Although it is still difficult to judge to what extent the above-mentioned measures will contribute to solving the problem of skills shortages in Lithuania, statistical figures show that the number of foreigners employed in the country in 2022 has been growing. According to MD's data for November, the number of foreigners recruited to Lithuanian companies and institutions grew by 67.2% in 2022 as compared to the same time last year. Every tenth employed foreigner (about 4,000 in total) worked in highly skilled jobs in Lithuania (Vareikaitė-Mills, 2022). According to data from the Public Employment Service, in 2022, the largest number of work permits and decisions on the compliance of foreign work in Lithuania were issued to drivers of international freight transport vehicles (41%), cooks (10%), and preparers of semi-finished meals (3%) (15min.lt, 2022d).

^{vii} Eurofound (2022), [One-off entry allowance for foreign recruits](#), case LT-2022-32/2904 (measures in Lithuania), COVID-19 EU PolicyWatch, Dublin.

Other important policy developments

Labour market shortages

In 2022, a number of legislative changes came into force in Lithuania to address labour shortage issues in the country. For more detailed information on the measures adopted in 2022, see “Labour market shortages and social partners”.

Employment status and contracts

On 1 August 2022, amendments to the LC came into force in Lithuania, extending the list of information that must be included in employment contracts. The amendments provide that the following additional information is required in the employment contract:

- the trial period (if agreed), its duration, and conditions;
- the procedure for the expiration of the employment contract;
- the procedure for the establishment and payment of overtime and, if applicable, the procedure for changing the work/shift;
- the right to training, if such right is granted by the employer;
- the names of the social insurance institutions receiving social insurance contributions in connection with the employment relationship and information on other social insurance-related protection provided by the employer, if the employer is responsible for this.

It is provided that the employer may include in the contract references to the labour law provisions governing these areas.

In addition, the above-mentioned amendments to the LC revise the time limits for giving notice of termination of the employment contract at the initiative of the employer with no fault on the part of the employee who is seriously ill. The period of notice must be tripled for employees who have submitted a certificate for a disease included in the list of serious diseases approved by order of the Minister for Health of the Republic of Lithuania.

The new LC also introduces a shorter trial period for employees working under fixed-term contracts. If a fixed-term contract is concluded for a period of less than six months, the trial period shall be proportionate to the duration of the contract, i.e. correspondingly less than three months (six-month trial period applies in Lithuania to indefinite-term contracts).

On 1 April 2022, amendments to Law No. I-1336 on State Social Insurance of the Republic of Lithuania came into effect in Lithuania, providing that all persons performing construction work on a construction site will be required to have a transparent worker ID number. The ID number is mandatory for those working under employment contracts or self-employed, managers of small partnerships working under civil law contracts, and employees posted to Lithuania. The ID number will encode the following data: the status of the employee, their name, the name of the employer (insurer), the number of the legal entity (or, if there is no legal entity number, the number of the insurer), and, in the case of a natural person who is the employer (the insurer), the name and the last name of the insurer. The duty to verify the ID number will be exercised by the SLI, the STI, the Financial Crimes Investigation Service, the police, as well as by the builder/developer or one of its authorised contractors. According to Code of Administrative Offences No. XII-1869, failure to hold a Transparent

Worker ID number will result in a penalty of €50 to €150 for a worker carrying out construction work, and from €150 to €250 for a repeat offence (MSSL, 2022b).

Self-employed

There were no important developments in this area in 2022.

Wage setting

The Law amending Article 20 of Law No. IX-1007 of the Republic of Lithuania on Personal Income Tax was enacted on 17 May 2022. In accordance with the law, a monthly tax-exempt amount of income (TEAI), which applies to income derived from employment relationships or relations in their essence corresponding to employment relationships, was increased from €460 to €540.

In addition, on 1 November 2022, amendments to the LC came into force, reducing the amount of compensation from 50% to 30% of the basic salary for employees engaged in work of a mobile nature or in work involving travel and transport. According to the legislation, the latter compensation is paid to these employees in Lithuania if they are not compensated for travel expenses. As of 1 June 2023, this type of compensation is to be abolished altogether.

On 1 January 2022, Law No. XIV-435 Amending Article 139 of the LC entered into force in Lithuania, amending Article 139(3) of the LC to provide that wages and other employment-related benefits, including daily allowances and reimbursement of mission expenses, must be paid by bank transfer to the employee's designated payment account. According to the SLI, these amendments are aimed at reducing the informal economy and protecting employees' rights.

Gender pay gap

There were no important developments in this area in 2022.

Health and safety

As of 1 November 2022, amendments to the LC entered into force in Lithuania, introducing important changes to the prohibition of violence and harassment in the workplace:

- The concept of violence and harassment has been defined, including violence and harassment based on gender;
- It is established that acts of mobbing, violence and harassment shall be prohibited: (a) in workplaces, including public and private places, when the worker is at the employer's disposal or performing duties in accordance with the employment contract; (b) during rest and meal breaks or when using staff amenities, sanitary and hygiene facilities; (c) during work-related outings, trips, training, events or social activities; (d) during work-related communication, including through information and electronic communication technologies; (e) in the accommodation provided by the employer; and (f) while on the way to or from work;
- It is provided that from 1 November 2022, an employer with an average number of employees of more than 50, having complied with the I&C procedures, is required to adopt a policy on the prevention of violence and harassment, to publish it in the ordinary course of business in the workplace, and to implement it;

- The employer's obligations to take the necessary measures to prevent violence and harassment and to provide assistance to victims of violence or harassment have been extended;
- It is provided that, in the case of violence and harassment which constitutes a serious breach of employment obligations, the employment contract of the abuser may be terminated at the initiative of the employer at the fault of the employee, without notice and without payment of severance pay.

On 1 May 2022, amendments to Law No. IX-1768 on the SLI and Order No. A1-316 entered into force, establishing the obligation of the SLI to supervise and control the compliance of self-employed persons with the occupational safety and health requirements applicable to them. Previously, the SLI could only exercise such control over employers.

Work–life balance

A number of amendments to the LC entered into force in Lithuania on August 2022, making it easier for employees to combine work and family responsibilities. For more detailed information on this issue, see “Developments in working time”.

Lifelong learning and skills development

There were no important developments in this area in 2022.

Working life of Ukrainian refugees

Employment and working conditions

According to the Migration Department and Statistics Lithuania, from the beginning of the war until the end of November, over 70,000 Ukrainian war refugees were registered in Lithuania; about 60% of them were of working age and some 36% were minors. Women in the working-age group accounted for about 75% of all Ukrainian war refugees.

In general, the integration of Ukrainians both into society and the labour market is quite successful in Lithuania. This success is due to many factors, including the positive attitude of the society and employers towards war refugees, the willingness and motivation of Ukrainians themselves to work, the possibility to use the Russian language, and the Ukrainian Diaspora already established in Lithuania. Lithuanian people “host Ukrainians fleeing the war and speaking no Lithuanian in their teams: they adapt processes, translate them into a language they can understand, and train them to work” (MSSL, 2022c).

On the other hand, there have also been cases of abuses by employers: Caritas Lithuania offices have documented instances of refugees not being paid on time; being paid less than agreed; and not being provided with adequate working conditions (Gruzevskis B., Blaziene I., 2022).

Social partner initiatives to support Ukrainian refugees

As regards the challenges and measures to tackle them, the significant contribution of NGOs, volunteers and local government initiatives first of all should be mentioned. There are many NGOs in Lithuania working in various fields related to the integration of Ukrainians. There is a website <https://suukraina.lt/> in Lithuania, which gathers information for all natural and legal persons who are looking for ways to help Ukrainians or can offer them. NGOs such as the Lithuanian Red Cross, Caritas Lithuania, Maltesers, Maisto bankas (Food Bank), Gelbèkit vaikus (Save the Children) raise funds for humanitarian aid, psycho-social first aid, and first aid for Ukrainians fleeing the war in Ukraine. Residents are invited to volunteer to provide housing or transport services for Ukrainians fleeing the war. Local authorities also provide a wealth of information and support opportunities, with dedicated sections on municipal websites for Ukrainian refugees where they can find all the information they need to live in a particular city or region¹ (e.g. <https://ukraina.vilnius.lt/atvykstantiems-is-ukrainos/>).

Since the beginning of war the main national trade union – Lithuanian Trade Union Confederation – prepared useful information for Ukrainians and posted it on their website. National trade unions keep close contacts with Ukrainian trade unions, invite people to help and donate for Ukraine and are donating themselves. Many sectoral trade unions organise various actions supporting Ukraine as well.

Employers first of all play the most important role by providing jobs for Ukrainians – in mid-November, there were 2,710 job vacancies for Ukrainians all over Lithuania. The greatest demand from employers remained in the largest cities – Vilnius, Kaunas, Klaipėda. The majority of employers

¹ For example, Vilnius municipality, <https://ukraina.vilnius.lt/>; Kaunas municipality, <https://ukraina.kaunas.lt/>

admit Ukrainians to work for an indefinite period of time. During 9 months (from February 24 to November 14), a total of 20,267 Ukrainians were employed in Lithuania – 75% in skilled jobs and 25% - in unskilled jobs. Salaries for Ukrainians working in Lithuania range from the minimum wage to almost €2,000 a month, depending on the type of work. In June, a Ukrainian working in our Lithuania earned around €1,032 gross per month on average (NG, 2022).

Commentary and outlook

Despite the tense geopolitical situation, Lithuania's Gross Domestic Product grew by 3.1% during the first three quarters of 2022 compared to the same period in 2021, and the unemployment rate in the second quarter of 2022 reached its lowest level of just 5.2% since the start of the global recession in 2008. With the increase in the number of war refugees (the majority of whom were women) from Ukraine, the employment rate of women increased from 54.1% to 56.8% in Lithuania in the third quarter of 2022 compared to the first quarter of 2022. According to the data of the Migration Department, a total of more than 70,000 war refugees from Ukraine were registered in Lithuania as of 14 November 2022.

Recent labour market trends have further exacerbated the pressing problem of labour shortages in Lithuania - in the first quarter of 2022, the job vacancy rate (the ratio of job vacancies to total jobs) in the country reached a record high of 2%, a level last seen in 2008 before the global recession hit. In order to address skills shortages, the Employment Support Reform was launched in Lithuania on 1 July 2022, along with a one-off entry allowance to highly skilled workers recruited from abroad and employed in Lithuania; from 1 August 2022, the country facilitated the recruitment of foreign workers with shortage skills.

The tense geopolitical situation and the associated rise in energy prices have led to rapid inflation in the country. According to Statistics Lithuania, the annual inflation rate reached a record high of 24.1% in September 2022. In response to inflation, on 1 April 2022, the Government announced an aid package of some €2.26 billion to counter the effects of inflation and to strengthen energy independence (the "Package") for Lithuanian residents and businesses. The Package aimed at achieving three main objectives: (1) to absorb the energy price shock; (2) to increase people's incomes; and (3) to strengthen Lithuania's energy independence (MF, 2022a). In addition, on 7 October 2022, the Government unveiled a targeted €2.5 billion aid package for businesses aimed at absorbing the rise in energy prices. It includes a range of new measures for businesses and extends the deadline for some existing measures.

In 2022, a number of amendments to the Labour Code came into force in Lithuania, aimed at improving the implementation of workers' rights. The amendments to the Labour Code provide extra days off for employees with young children and for employees caring for a person living with them; the list of cases where the employer is obliged to grant an employee's request for part-time work has been expanded; and there are important changes to the prohibition of violence and harassment in the workplace.

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WPEF23019

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.