

Prime Minister of the Republic of Latvia
Mr. Maris Kucinskis

Ombudsman of the Republic of Latvia
Mr. Juris Jansons

Minister of Welfare of Republic of Latvia
Mr. Janis Reirs

Minister of Justice of the Republic of Latvia
Mr. Dzintars Rasnacs

Secretary of National Trilateral Cooperation Council
Ms. Zane Legzdina-Joja

Rīga, November 22, 2017

Regarding the necessary amendments to the Labor Law

On behalf of the Labor Force working group (founded on November 8, 2017), the American Chamber of Commerce in Latvia (AmCham) would like to draw your attention to the amendments to the Labor Law, which has been decided not to put to the Cabinet of Ministers for subsequent consideration in the Saeima during the Cabinet Committee meeting on June 5, 2017, but to direct for consideration at the meeting of the National Trilateral Cooperation Council. The part of the draft law, which was referred to a retrial at the National Tripartite Co-operation Council meeting, contains three significant proposals that would improve the business environment in Latvia:

- (1) amend the Labor Act, a trade union consent to the termination of employment would only be necessary if the employee is officially authorized by the trade union;
- (2) cancel the Labor Law restrictions to terminate employment legal relations with the employee who has been recognized as a disabled person;
- (3) amend the Labor Act, providing that a staff member in overtime, for the first two hours of overtime receives an allowance of not less than 50%.

AmCham represents more than 150 companies, foreign investors and local businesses, and it is already 25 years working to improve the business and investment climate in Latvia. We want to ensure that provided investment will remain in Latvia and efforts to attract new investors are crowned with success. Well-organized and encouraging legal environment, if not surpassing, then at least based on the best practice standards of other European neighboring countries, are essential for entrepreneurs to choose their own business development in Latvia.

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AmCham would like to draw your attention in particular to the proposal to amend Article 110 of the Labor Law, which is a unique for Latvia and such a framework does not exist in other European countries. The law has been in force for more than 15 years, and from the very first versions, it foresees that the employer, who is a member of a trade union, should receive the consent of a trade union, if the labor contract is terminated. If the trade union does not give a consent, the only possibility for the employer is to bring an action in a court regarding the termination of the contract or concluded an agreement with the employee regarding the termination of employment.

Article of the Labor Law puts employers in an untenable situation. Employers are often forced to pay abnormally high compensation for termination of the proceedings or suffer losses, although the planned termination of the legal relationship with the employee (a trade union member) was an urgent organizational measure in the company or the employee committed significant irregularities.

AmCham supports all the above-mentioned amendments to the Labor Law which balance the interests and rights of employers and employees in the employment relationship. AmCham members and partners are not only foreign investors, but also companies that advise investors, and these issues have come to our forefront as a significant barrier to investment attraction.

On the basis of the concerns expressed above, we ask you to give an overview of the possibilities to push forward these long-discussed and already developed amendments to the Labor Law for viewing at the Cabinet of Ministers and Saeima in the nearest future.

Sincerely,

Ēriks Eglītis

Chairman of the Board and President

The American Chamber of Commerce in Latvia

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