



Industrial relations and social dialogue
**Estonia: Developments in
working life 2023**

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Introduction

In 2023, there were signs that the economic recession is slowing down. However, there is still no certainty that the economic recession has ended, and the difficult conditions continue to impact the working and living conditions in Estonia. According to Estonian Bank, in 2023 inflation has been slowing down. The decline of GDP has stabilized since the sharpest drops observed in 2022 but remains in the negative with the current annual GDP growth standing at -3.9%. The purchasing power of Estonian people, which decreased by more than 10% in 2021-2022 due to rapid price increases, has been on the road to recovery in 2023. While the consumer price index has increased by 9.2% within the year, the average gross salary has increased by 10.4%. The average gross salary in the third quarter was €1,812.

In 2023, the labour market experienced a series of job reductions. Statistics Estonia indicates an increase in collective job reductions compared to 2022, with 5% of terminated employment relations in autumn attributed to this factor. In contrast, during the same period last year, the percentage of employment terminations due to collective job reductions was below 3% (ERR, 2023a). Consequently, unemployment levels have also increased. According to Estonian Statistics, the unemployment rate in 2023 has risen to 7.3%, with 54,800 individuals registered as unemployed in the third quarter of the year. This marks an almost one-third increase compared to the unemployment levels during the same period last year.

There have been no major developments in employment legislation or industrial relations. Collective bargaining and social dialogue have remained modest, as is historically characteristic for Estonia, with an exception of the notable educational personnel collective labour dispute that began in late 2023 and continued in January 2024.

Political context

In 2023, two governments held power. The initial coalition, comprising of the Reform Party (liberal centre-right), Isamaa (conservative right), and the Social Democratic Party (liberal centre-left) and led by Kaja Kallas, governed until 17 April 2023. Subsequently, following parliamentary elections in March 2023, an ensuing month of negotiations culminated in the establishment of a renewed government and the coalition agreement signed on April 17, 2023. This new coalition, also under the leadership of Kaja Kallas, consists of the Reform Party, the Social Democratic Party, and Estonia 200 (liberal centre), a party new to parliament.

While some measures to alleviate the cost-of-living crisis were approved before elections (see chapter [Developments in governmental responses to inflation](#)), the new [Coalition Agreement 2023-2027](#) did not offer many immediate measures to tackle the crisis. On the contrary, the agreement promised to raise VAT, eliminate income tax allowances for specific groups, introduce new taxes, and revoke the earlier approved increase in benefits for larger families. This brought about obstruction from the opposition, one of their demands being the preservation of the family benefit without planned decreases (ERR, 2023b). The coalition, however, approved all the planned changes in a vote of confidence in June 2023 (ERR, 2023c). Obstruction by opposition continued on in autumn and as a result, once again multiple legislations were passed using the confidence vote (ERR, 2023d; ERR, 2023e). President Alar Karis has criticized the coalition's frequent use of confidence votes even in the light of opposition's obstruction (ERR, 2023f; ERR 2023g).

Outside of obstruction in the parliament, there has been limited social unrest. There have been no public demonstrations directly tied to the cost-of-living crisis, outside of those related to labour disputes (see chapter [Labour disputes and industrial action](#)).

Actors and institutions

Social partners

In October 2023, the Trade Union Confederation (peak level social partner) elected a new leader, Kaia Vask, who has been highlighting the importance of increasing membership and visibility of the trade unions, which can be achieved by better collaboration (Aaspõllu, 2023).

Social dialogue bodies or frameworks

There were no developments or changes in legislation of social dialogue bodies or frameworks.

Other working life related institutions

In July 2023, Ministries in Estonia were heavily reorganised. With those reorganisations the Employment Department, Work Relations and Working Environment Department, and Equality Policy Department were transferred from the Ministry of Social Affairs to the Ministry of Economic Affairs and Communication. Additionally, the Estonian Unemployment Insurance Fund and the Labour Inspectorate were realigned under the jurisdiction of the Ministry of Economic Affairs and Communication.

Developments in collective bargaining

Changes to the collective bargaining structures and frameworks

In November 2021, changes in the Collective Agreements Act entered into force, establishing criteria to extend collective agreements. The new criteria are more restrictive than the previous situation. Following the amendment, extension of a working time, rest or wage conditions of a collective agreement may be agreed upon by:

- 1) a federation of trade unions or an industry trade union whose members account for 15% of the employees in that industry or who have at least 500 members; and
- 2) an association or federation of employers whose members employ at least 40% of the corresponding industry's employees covered by the extended condition of the collective agreement (including those companies, who are not members, but wish to implement the contract in their companies).

Data on collective bargaining

There are two databases in Estonia that have data on collective agreements: the national database of collective agreements and Statistics Estonia. According to the national database of collective agreements, there are currently 672 valid collective agreements. The most recent update to the database occurred in 2022. While it is mandatory for companies to input collective agreements into the database, it is possible that not all entities comply, or they may neglect to update the information. There is no penalty for non-compliance. We have no way of estimating how many may be missing from the database. Consequently, the database may not be comprehensive, and the information within it may not be entirely accurate.

The latest data on Statistics Estonia databases is from 2021. The number of workers covered with collective agreements in 2021 was 100,000 and the number of companies was 800 (Tables [TKU63](#) and [TKU64](#)). There is no data available for years 2018 to 2020.

There are only two sector level collective agreements in Estonia: in bus transport and in healthcare.

There is an ongoing negotiation for a sector-level collective agreement for education between Estonian Educational Personnel Union and the Ministry of Education and Research (for more detail see chapter on Collective labour disputes in 2023).

Collectively agreed pay outcomes and wage-setting mechanism

As usually, the most important wage-setting mechanism, the negotiations over the national minimum wage level were carried out by the peak level social partners – the Estonian Trade Union Confederation and the Estonian Employers Confederation. Unlike in previous years, in addition to agreeing on the statutory minimum wage for 2024, the peak level social partners and Minister of Economy and Information Technology signed a good will agreement which agreed on the growth rate of the minimum wage until 2027. The aim of the agreement is that by 2027, the minimum wage reaches the level of 50% of the average wage. The agreement includes a clause that sets the conditions or risks which, if they were to become reality, the increase of minimum wage would not be enacted. Thus, minimum wage for the subsequent year will continue to be agreed upon each

autumn. According to the agreement, the minimum wage increase should be a progressively growing proportion of the average wage, with targets set at 42.5% in 2024, 45% in 2025, 47.5% in 2026, and 50% in 2027.

One notable development is the good will memorandum for rescuers and police officers agreed upon by Minister of Internal Affairs and Trade Unions of State and Municipal Agencies Employees (Riigi- ja Omavalitsusasutuste Töötajate Ametiühingute Liit, ROTAL). It was jointly agreed that by 2025, the goal for minimum salary of police officers and rescuers should increase to at least 1.2 of the Estonian average salary. It also includes that in 2023 rescuers minimum wage would increase by 430 euros from €1,190 to €1,620 and police officers minimum wage would increase by 275 euros from €1,575 to €1,850. The good will memorandum also includes a goal that collective agreements between the workers and Ministry of Internal Affairs should be concluded.

Collective bargaining and inflation

There is no agreed measure for inflation for collective bargaining or social dialogue in Estonia. The way inflation is considered in collective wage negotiations differs by case. The most important collective wage negotiation is the statutory minimum wage setting by peak-level social partners. In general, when negotiating the national minimum wage, social partners take into account economic forecast conducted by the Ministry of Finance and the Estonian Bank, which includes national inflation rate as one of many indicators. In this year's negotiation, inflation was also one of the topics they discussed, but there were no specific clauses related to inflation in the minimum wage agreement made. There were also no notable debates related to this issue. The representative of Trade Union Confederation mentioned, that for them what is important is the relation of minimum wage to average wage and emphasised that they have concluded a good will agreement for increasing the proportion of SMW. According to the agreement, the minimum wage increase should be a progressively growing proportion of the average wage, with targets set at 42.5% in 2024, 45% in 2025, 47.5% in 2026, and 50% in 2027. However, the determination of the minimum wage will continue to be subject to social partner discussions, with an agreement reached each autumn. Consequently, every autumn, an assessment of the economic outlook and unemployment indicators must be conducted and considered when finalising the agreed-upon minimum wage rate.

Inflation was discussed in the labour dispute between Elron and Estonian Railway Workers' Union. The trade unions' demand was that the wage increase should compensate for the decrease in the purchasing power of wages caused by high inflation. The wage dispute was referred to the National Conciliator and eventually wages were increased (Ärileht, 2023e).

In Estonia, there are only a few sectoral collective agreements and inflation has not been a subject in any of these. These sectors are bus transport, healthcare and education.

Developments in governmental responses to inflation

The government responded to high inflation by increasing several social benefits. Additionally, existing measures already in place played a role in assisting individuals in coping with the cost-of-living crisis.

Since January 2023, several family benefits have undergone significant increases. Notably, the child allowance for the first and second child was raised from €60 to €80 per month, while the single-parent's child allowance experienced a substantial increase from €19.18 to €80 per month. The most substantial increment was implemented for benefits for families with many children. In 2022, families with three to six children received €300 per month, but due to the amendment, from January 2023 they were entitled €650 per month. Families with seven or more children saw their benefit rise from €400 to €850. Family benefits are regulated by the [Family Benefits Act \(2017\)](#). According to the explanatory note for the draft act, the purpose of the increased in benefits was to improve the livelihood of families with children in the context of high inflation. The changes concerning the benefit for families with many children faced significant opposition due to the substantial increases. This resistance led to the new coalition revoking the changes, effective from January 2024. The legislative modification for this decision was approved in June 2023. The amounts of the benefit for families with many children were lowered by €200, making the new benefit amounts €450 per month for families with three to six-children and €650 for families with seven or more children. The reasoning for revoking the changes made in the beginning of 2023 was justified in the explanatory letter for the draft with the notion that the previous changes put the families with many children to an advantage compared to other families. No social partners were involved in the modifications of family benefits.

From 30 June 2023, the duration of unemployment insurance benefit is determined by the state of the labour market. The Estonian Unemployment Insurance Fund compares current unemployment rates with previous years' averages before the end of the base period. If there is a challenging labour market situation or a significant increase in unemployment, individuals with over five years of service can receive an extension up to two times for either 60 days or once for 120 days. Those with less years of service can have their benefits extended once by an additional 60 days during periods of severe decline. This measure is regulated by the [Unemployment Insurance Act \(2002\)](#). According to the explanatory letter for the draft, representatives of the Estonian Trade Union Confederation and the Estonian Employers Confederation were a part of the working group to design this measure.

Benefits, other than pensions, are generally not indexed in Estonia. Some benefit or allowance rates, however, are increased almost yearly and some are tied to the minimum wage. On 1 January 2023, the daily rate of the unemployment allowance was increased from €9.42 to €10.55. The unemployment allowance was until 31 December 2023 regulated by the [Labour Market Services and Benefits Act \(2006\)](#). The daily rate increase is decided annually as part of the state budget. In 2023, the minimum rate of the unemployment insurance benefit also increased due to increase in minimum wage the previous year. The lower limit of the benefit amount is equal to 50% of the minimum wage of the previous year. The unemployment insurance benefit is regulated by the [Unemployment Insurance Act \(2002\)](#). Pensions, i.e. old-age pension, disability pension, survivor's

pension, are recalculated and increased yearly in April. The size of the increase depends on the pension index. The calculation of the index is based on 20% of the annual increase of the consumer price index and 80% of the annual increase in receipt of the pension insurance part of social tax. The purpose of the indexation is keeping the pensions in balance with changes in wages and prices. Additionally, the flat rate component of the pensions was increased by €20 in January 2023. Pensions and their indexation are regulated by the [State Pension Insurance Act \(2002\)](#).

In December 2023, parliament passed an amendment to [Salaries of Higher State Servants Act \(2009\)](#) that halves the pay rise for many senior civil servants for the period of 2024-2027. According to the explanatory letter for the draft, this proposal was made in order to save state budget funds in conditions of slowed economic growth. In 2028, the civil servants will be retrospectively repaid their missed salary increases. Earlier in October 2023, the Estonian Association of Judges wrote a [proposition](#) to leave judges out of this amendment, citing it as important for the sustainability of the judicial system. The amendment to the act remained unchanged and the salary rises for judges will be halved until the end of 2027.

Labour disputes and industrial action

There were no major changes to the legislation between 2018 to 2023. The major dispute and actions concerned salaries of educational workers.

Changes to the right to strike

There were no significant changes to the legislation between 2018 to 2023 concerning the right to strike. The right to strike is regulated in the [Collective Labour Dispute Resolution Act](#). A decision to organise a strike is made by the general meeting of employees or an association of employees. Employees and the associations representing them can organise a strike to solve a labour dispute after having turned to the Public Conciliator with no agreement achieved. Employees and the associations representing them have right to organise warning strikes that last up to one hour. Officials working under the Civil Service Act are not allowed to strike or participate in other collective pressure actions which interfere with the performance of functions of an authority that has recruited the official. Strikes are prohibited in governmental authorities and local governments, Defence League, courts and rescue service agencies.

From July 2018, legal persons, alike natural persons, can be punished for hindering the hearing of collective labour disputes with a fine stipulated at the same amount as foreseen for natural persons (€3,200). Hindering can be for example refusing to submit documents or data that is necessary for the hearing of collective labour disputes or not attending the conciliation proceedings. With the same amendment legal persons can also be fined for resuming an unlawful strike.

Data on industrial action

There is no official statistical data on industrial actions, except for 2018. Information on industrial action from 2019 to 2023 is based on media reports and homepages of associations of employees (see Table 1).

The number of strikes and lockouts in Estonia have historically been low. The majority of strikes between 2018 to 2023 were associated with wage negotiations, with the exception of a lockout initiated due to a government reform in a specific sector. Year 2023 stood out with several strikes taking place, including one in a platform work company lacking employee association. The most significant impact was observed in the warning strike conducted by educational workers, having the largest number of participants.

In total, there were one strike and two warning strikes in Estonia during 2023. In January 2023, a one-hour warning strike occurred at the marine company Tallink. The strike, involving 150 employees in three ships, was related to collective bargaining (EMSA, 2023). In March 2023, platform work company Wolt couriers in Tartu city started a work break. The break lasted from 16.30 pm up to the end of the workday, with 50 participants registered (Ärileht 2023a). In November 2023, 18,715 education workers participated in a one-hour warning strike (see Collective labour disputes 2023). The strike encompassed 360 general education and vocational schools, and 285 preschool institutions with 18,715 participants (EHL 2023b).

Between 2020 and 2022, there is no available information on strikes in Estonia.

In 2019, several pharmacy chains hold a half-a-day lockout in protest against a major reform that separated retail and wholesale parts of medicine distribution (Sakala, 2019). There is no information available on the number of pharmacies or employees involved.

In 2018, a strike was conducted in Rakvere Lihakombinaat (Rakvere Meat Factory) involving 25 employees. The strike endured for 42 working days, with 8 hours not worked per employee per strike day (Statistics Estonia, table [PAS01](#)).

Table 1: Data on industrial actions in Estonia 2018-2023

	Number of strikes/lockouts	Sector	Number of participants	Duration
2018	1	Manufacturing	25	42 working days
2019	1	Wholesale and retail	N/A	N/A
2020	0			
2021	0			
2022	0			
2023	3	Marine transport Other service activities (platform work) Education (warning strike)	150 50 18,715	1 hour N/A 1 hour

Note: The table does not include data on sympathy strikes.

Source: Statistics Estonia, EHL, media overviews.

Collective labour disputes in 2023

In January 2023 a labour dispute between the management of a marine company Tallink and Estonian Seamen's Independent Union (EMSA) led to a warning strike. The dispute related to collective bargaining dealing with wage increase of the employees. According to EMSA representative, the pay rise was suspended in 2020 due to Covid-19 crises and the rise offered did not align with the increase of prices (Ärileht 2023b). The new four-year collective agreement signed in February foresaw a 13.5 per cent wage increase compared to last agreement for service personnel and 16.1 per cent for technical personnel. The wage increase model takes into account increase of average salary and the prognosis of it (Ärileht 2023c).

In March 2023, platform work company Wolt couriers expressed a grievance against low wages. The conflict peaked with a work break of about 50 couriers in Tartu city. There are no associations representing platform workers in Estonia and the event was initiated through social media. According to the management of the company no proposals were submitted by the couriers' representative, no demands were made by the couriers, so in the end, nothing changed, and the objective of the strike remained unclear (Kaaver, 2023).

After seven months of collective bargaining, a wage dispute between rail company Elron and Estonian Railway Workers' Union was escalated to the National Conciliator. The wage increases initially offered by the employer did not meet the expectations of the employees as the offered rise

was insufficient to cover inflation. The employees' representative argued that the prevailing low wages compelled them to perform overtime work, resulting in overburdening and stress in their private lives. A collective agreement was eventually signed in March, leading to an increase in the wages of locomotive drivers (Ärileht 2023e).

Following five months of collective bargaining between Estonian Transport and Road Workers Trade Union and the Union of Estonian Automobile Enterprises, bus drivers in Pärnu city organised a picket and issued a strike warning (EAKL 2023a). By the end of February 2023, the parties reached an agreement on bus drivers' minimum wage. The agreement outlined the minimum wage for bus drivers, effective from October 2023, set at €1,300. Subsequent adjustments were agreed upon, with new minimum wage rates of €1,350 to be applied from April 2024 and €1,400 from October 2024. Notably, starting in February 2025, bus drivers whose bus lines fall under new public procurement contracts will receive the average wage of Estonia (EAKL 2023b). The agreement concluded extends to cover the whole sector.

In July 2023, the Estonian Educational Personnel Union (EHL) and the Ministry of Education and Research started wage negotiations on teachers' wages. EHL requested minimum wage of €1,942 for the year of 2024, aligning it with the projected average wage. The EHL, supported by several political parties, aspires to equalize teachers' salaries with the average salary of professionals holding higher education qualification in Estonia. This average salary for such specialists represents approximately 120% of the overall average wage. In 2023, there was an increase in teachers' wages, with the minimum wage reaching €1,749. However, teachers' average wage constituted 92% of the average wage earned by professionals with higher education qualifications (EHL 2023a). Although the Coalition Agreement 2023 – 2027 foresees increasing teachers' salaries up to 120% of average salary within four years,, the pace of wage increase did not satisfy EHL. The arguments presented by EHL in favour of pay rise include little interest in the teaching profession among young people due to low salary level and young teachers leaving the profession, whereas 54% of the teaching personnel is over 50 years old.

Following the breakdown of the collective bargaining process, the dispute was taken to the State Conciliator, however with no resolution achieved. The Conciliator offered 4.3% minimum pay increase for teachers with qualification and 1.77% for those without qualifications. The proposal did not satisfy EHL, advocating for a rise of 8% for all teachers, nor the Ministry of Education and Research. The Ministry of Education and Research aims expanding the negotiations to include local governments and private school owners. Their objective is formulating a long-term plan for the increase in teachers' salaries spanning the years 2025 to 2027.

During the dispute, the EHL engaged in discussions with both the Prime Minister and the Culture Commission of the Parliament. In November 2023, a one-hour warning strike was conducted. The strike has been supported by several organisations, including Estonian Trade Unions Confederation, Estonian Physicians' Union, Chamber of Commerce and Trade, Social-Democratic Party, Students' Union, Parents' Union, Employers' Confederation, and other organisations (EHL 2023b). As no agreement has been reached, on 22 January 2024 an indefinite strike started.

Developments in working time

Changes to legislation

There were no temporary nor permanent legislative developments concerning working time duration and/or organisation in 2023.

An assessment of the impact and efficiency of the implementation of variable hours agreements by the Ministry of Economic Affairs and Communication in collaboration with social partners is foreseen no later than in 2024. The variable hours agreement was stipulated in Employment Contracts' Act in December 2021.

Bargaining outcomes

There were no collective bargaining outcomes related to working time duration.

Debates on duration and organisation

There were no major debates around working time organisation in 2023.

Tripartite discussions between Estonian peak level social partners and Ministry of Economic Affairs and Communications on the decision of the European Court of Justice and its impact on the work and rest time requirements began in December 2023. The Estonian Employment Contract Act stipulates that an employee must have a daily rest period (at least 11 consecutive hours) and a weekly rest period (at least 48 consecutive hours in the case of normal working hours or at least 36 consecutive hours in the case of cumulative working hours). According to the Court decision, the daily rest period must precede the weekly rest period, which means that the employee must be guaranteed consecutively both daily and weekly rest periods at least once a week (11 hours + 36 or 48 hours = a total of 47 or 59 hours).

The debate around implementing the longer rest time required by the European Court of Justice decision, has not been intense, but social partners have raised some concerns. The Employers Confederation has expressed that establishing longer rest time will be a challenge for employers as they have to ensure uninterrupted work organization and availability of services. There's also concern that longer breaks may not necessarily improve employee health, as it might lead them to take on additional side jobs instead of genuinely resting from their main responsibilities.

Trade Union Confederation on the contrary sees the longer rest time as a welcome change towards improvement of working and living conditions of Estonians, arguing that the 40-hour workweek and very few public holidays contribute to the fact that Estonians have fewer healthy life years than elsewhere in Europe (Laaster, 2023). Despite some disagreement, the changes in working and rest time take effect from January 1st 2024.

Other important policy developments

Policies to reduce the gender pay-gap

The new [Welfare Development Plan 2023-2030](#) was approved by the Estonian Government in February 2023. The plan includes policies on gender equality and equal opportunities, and also mentions lessening the gender pay gap as one of the ways in increasing economic equality between men and women. Furthermore, the plan employs the gender pay gap as a metric to gauge its effectiveness, establishing a target of 8.5% by 2030. The initial level for the pay gap stands at 14.9%, reflecting the 2021 figure. The plan aims to enhance economic equality between genders through various measures. These include ongoing efforts to identify the root causes of the pay gap, developing strategies to enhance pay transparency, providing employers with tools and knowledge to identify and mitigate the pay gap, strengthening initiatives to improve the work-life balance for both women and men, reducing caregiving burdens, promoting a more equitable distribution of caregiving responsibilities, implementing measures to decrease gender segregation in education and the labour market, and enhancing gender balance in science, technology, STEM, and EHW subjects.

Health and safety regulations and policies

The sickness benefit rules applied during COVID-19 pandemic were amended in 2023 leaving the first three sickness days unpaid. From 1 July 2023 an employer pays sickness benefit from fourth until eighth calendar day of sickness or injury of the employee. From ninth sickness day the benefit is paid by the Health Insurance Fund. From 1 May 2022 to 30 June 2023 sickness benefit was paid by employer from second to fifth day of sickness and by Health Insurance Fund from sixth day on. The replacement rate of 70% of the employee's salary has not changed.

The amendments to [Occupational Health and Safety Act](#) that took effect from 1 January 2023 aimed to achieve a systematic approach towards occupational health in companies, improve working environment, protect employees' health, and prevent health deterioration. Analysis of occupational safety in a company is stipulated as a new occupational health service. As a result of the amendment, the occupational health physician has to analyze the company's occupational health situation and make proposals to improve working conditions, as well as advise employers on working environment. The employer has to arrange the analysis on a regular basis, at least once per three years.

The Act also foresees the obligations of the employer and the employee in ensuring a safe working environment in case of telework. The employer's obligations include setting out the possible risks arising from the nature of work and in the context of teleworking and offering guidance to the employee how to tackle remote workplace risks. The employee is obliged to follow the guidance and guarantee workplace safety while teleworking. Thus, the responsibility for working conditions and safety shifted towards the employee in case of remote work.

Starting from 1 January 2023, illnesses derived from psychosocial hazards were included in the [list of occupational diseases](#) as these can evoke deterioration of health.¹

In February 2023, the parliament passed the changes to Acts regulating Superannuated Pensions and Pensions under Favourable Conditions. Both types of pensions enable leaving the labour market significantly earlier than the state pension age. These types of pensions will be annulled after a long transition period. The required length of service can be acquired until end of 2030 (in cases the required length of service is up to 12 years and six months); or end of 2036 (in cases the required length of service is longer). A longer transition period is applied to workers in underground and surface mining operations in oil shale mining, processing, or beneficiation. The changes do not affect people already receiving superannuated pensions or pensions under favourable conditions.

Work-life balance related policies

Major changes to parental leave system took effect in 2022. Instead of the previous system of two separate parental leave days and benefits for mothers and fathers, there is now a system of joint parental leave, and a benefit where a part of it is intended individually for the mother and part individually for the father and the rest is to be shared between the parents. Mother and father can take 30 days of parental leave simultaneously. Also, a parent can claim parental benefit by calendar days until the child attains three years of age. Thus, for example, a parent can partially continue working by dividing the parental benefit over a longer period, or both parents can take turns staying at home with the child. This allows for more flexibility in combining part-time work and rest and in sharing the parental burden of care.

From 1 February 2023 both parents have right to get 30 consecutive days of parental leave in case of death of a child under three years of age.

Life-long learning and skills development

Several long-term measures to provide access to skills development were ongoing in 2023. This includes annual provision of non-formal training courses free of charge for the participants. In 2023, the courses focus on developing digital skills. More than 60 training providers from all over Estonia (e.g. vocational education schools and higher education institutions) are participating in the project. The Unemployment Insurance Fund also provides training to both unemployed and employed individuals who are considered at risk in the labour market. Provision of training is continuously based on OSKA sectoral labour force and skills forecasts that are published and revised regularly. In 2023 forecasts in forestry and wood manufacturing, agriculture and food processing industry and metal, machinery and electronics industry and vehicle repair were renewed. In addition, several local level initiatives have been implemented to guide municipalities in supporting adult education in local communities or support professional development of adult educators facilitated by the Association of Estonian Adult Educators Andras. Also, several events took place in the framework of the European Year of Skills in 2023. With the implementation of Recovery and Resilience Plan in Estonia, measures are planned to implement green skills and digital skills in enterprises the implementation of which started in 2023. All this has led to a rapidly increasing participation in education and

¹ Eurofound (2023), Psycho social impacts of work conditions categorised as occupational diseases, case EE-2023-1/3106 (measures in Estonia), EU Policy Watch, Dublin

training, which has increased from 12.6% in 2013 to 21.1% in 2022 and has been even higher in the first quarters of 2023 (reaching 27%). This has taken Estonia from an average performer to one of the top performing countries in terms of adult learning participation according to Eurostat.

A major reform, the skills system reform, started in 2023 and will have a large impact on adult education. The reform aims to improve the linkages between the education system and the labour market, and to provide individuals with digital tools to identify the necessary skills for their jobs and how to obtain them. The digital skills solution will be a tool for individuals making career or education choices, but also for employers, training providers, curriculum developers and career advisors. This tool will provide information on different types of learning, including formal and non-formal education, and micro credentials, which will give an overview of an individual's skills profile and suitability for different professional careers, as well as recommendations for obtaining the necessary skills for desired professions.

The skills reform is being implemented in three phases. The first phase involves the finalization of the description of skills profiles by the end of 2023 with a pilot version already published by Kutsekoda. The second phase, set for 2024, involves the development of services related to skills profiles, including the development of skills evaluation principles and personalised profiles. The final phase of the reform, set for 2025, will involve the analysis of skills based on first, with skills evaluation and validation starting in 2024. The development and implementation of the reform are financed by the European Social Fund during 2022-2029.

Other topics

On July 1st, 2023 long term care (LTC) reform took effect in Estonia. With the reform the cost of LTC, previously bared by the person in need of LTC and his/her family, was divided between the person and the local government with €40 million allocated for implementation of the reform. The local government pays for care work in care homes whereas the person pays for accommodation, catering and other personal costs. The requirements on service and number of clients per care worker have been specified. The reform aims to raise the quality of LTC, improve access to home care and allow home carers return to the labour market.

Another policy change that entered into force on July 1st 2023 was the reorganisation of tasks by ministries which resulted in a formation of two new ministries – the Ministry of Climate and the Ministry of Regional Affairs and Agriculture. Prior to this upgrade, there was a Ministry of Environment but due to the increased attention on climate change and green transition, the changes were made. The new ministry has introduced a green reform that includes an action plan. The Ministry of Climate is responsible for energy management, promotion of circular economy and improvements in transportation. Ministry of Climate concludes [voluntary environmental agreements](#) with companies and organisations, such as business organisations, trade unions or professional associations. The agreement means that:

- 1) the Ministry informs companies/organisations about future changes in environmental legal and normative acts as well as involves companies in the development of legislation in the field where the organisation is involved
- 2) the company or organisation undertakes environmental obligations that are not directly required by current legislation, but which significantly improve the state of the environment.

The Ministry of Regional Affairs and Agriculture was previously called the Ministry of Agriculture but thanks to the transformation the new ministry deals with rural, agriculture and fisheries but now also with regional policy (Riigikantselei, 2023).

Commentary and outlook

In 2023, spring parliamentary elections established a government comprising the Reform Party (centre-right), the Social Democratic Party (centre-left) and Estonia 200 (liberal centre). While inflation remained lower than in previous years and the decline in gross domestic product (GDP) slowed down, the impact of these factors persisted, resulting in a rise in the unemployment rate. Government responses to inflation primarily focused on social benefits, such as increasing family benefits and introducing a system whereby the duration of unemployment insurance benefit is determined by the state of the labour market. There were no new developments on working time. At the end of 2023, discussions began on increased rest time requirements, which take effect in 2024.

Unprecedentedly, the 2023 coalition agreement included an increase in the minimum wage, reflecting a political commitment to this initiative. Another important development is that a goodwill agreement for raising the minimum wage proportionate to the average wage was signed by the peak-level social partners and the Minister of Economy and Information Technology.

Historically, Estonia has experienced a low incidence of labour disputes and strikes, so 2023 stood out as several labour disputes and warning strikes took place. Most notable is warning strike that began the education workers' collective wage negotiations, which led to a strike in 2024.

The government is not actively promoting social dialogue. Collective bargaining coverage remains low, and interest in the topic appears marginal, aside from sporadic mentions in media articles. There is no clear agenda or action plan by the government or the social partners on either how to take account of inflation in wage negotiations or to promote social dialogue. The general lack of interest in collective bargaining is something to be improved upon, as emphasised by the newly elected leader of Trade Union Confederation.

There has been some progress in workplace health and safety via legislative changes by the government. In a positive move, going beyond mandatory medical examinations for employees, employers are now legally required to organise a more comprehensive occupational health service. This service includes a consultation with an occupational health doctor, who reviews the company's risk assessment, analyses risks holistically, conducts medical examinations and proposes improvements to working conditions. The increased policy and public attention on mental health in recent years resulted in the official inclusion of work-related stress in the list of occupational diseases in 2023.

The skills system reform, started in 2023, will significantly impact adult education. The reform aims to enhance linkages between the education system and the labour market, providing individuals with digital tools to identify the necessary skills for their jobs and how to acquire them. While the social partners have opportunities to participate in activities within the reform and express their opinions, they do not hold a significant or leading role in implementation.

Lastly, due to a substantial reorganisation of government ministries in Estonia, policy fields related to employment, employment relations and employment conditions moved under the jurisdiction of

the Ministry of Economic Affairs and Communication from the Ministry of Social Affairs, along with the Estonian Unemployment Insurance Fund and Labour Inspectorate. Furthermore, the Ministry of Climate and the Ministry of Regional Affairs and Agriculture were created as a result of the reorganisation of the Ministry of Environment and the Ministry of Agriculture. The impact of these changes on policy direction will be observed in the coming years.

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