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"Law on informing and consulting employees of Community-scale undertakings and Community-scale groups of undertakings" of 19.05.2011 ("LV", 82 (4480), 27.05.2011.) [enters into force on 06.06.2011]

In force.

Contents

The Saeima has adopted and the President has proclaimed the following Law:

Law on informing and consulting employees of Community-scale undertakings and Community-scale groups of undertakings

Chapter I

General provisions

Section 1. Terms used in this Law

The following terms are used in this Law:

- 1) **central management** — the executive body of a Community-scale undertaking or the executive body of the controlling undertaking of a Community-scale group of undertakings;
- 2) **Member State** — a Member State of the EU, as well as the Republic of Iceland, the Kingdom of Norway and the Principality of Lichtenstein;
- 3) **Community-scale undertaking** — a undertaking with at least 1000 employees in the Member States and at least 150 employees in each of at least two Member States;
- 4) **Community-scale group of undertakings** — an aggregate of a controlling undertaking and one or several controlled undertakings, with the following characteristics:
 - a) The group includes undertakings with at least 1000 employees in the Member States,
 - b) At least two of the group undertakings are in different Member States,
 - c) at least one group undertaking with at least 150 employees in one Member State and at least one other group undertaking with at least 150 employees in another Member State;
- 5) **information** — a process, whereby the employer provides information to the employees' representatives in order to enable them to acquaint themselves with the subject matter and to examine it;
- 6) **consultation** — the exchange of views and the establishment of dialogue between employees' representatives and central management or any more appropriate level of management.

Section 2. Purpose of this Law

The purpose of this Law is to ensure the right to information and to consultation of employees in Community-scale undertakings and Community-scale groups of undertakings.

Section 3. Scope of application of this Law

(1) This Law shall be applied to Community-scale undertakings registered in Latvia, establishments of Community-scale undertakings registered or located in Latvia, as well as undertakings registered in Latvia belonging to a Community-scale group of undertakings.

(2) With the exception of Section 31, the provisions of this Law shall not be applied to a Community-scale undertaking or Community-scale group of undertakings if:

1) An agreement for the establishment of a European Works Council or a different procedure for the purposes of informing and consulting employees has been made prior to 22 September 1996 and it applies to all employees, as well as provides for the transnational information and consultation of employees, or if this agreement is adapted to changes in the structure of a Community-scale undertaking or Community-scale group of undertakings, and also, upon the expiry of the agreement, the parties to the agreement have decided to renew it;

2) An agreement for the establishment of a European Works Council or a different procedure for the purposes of informing and consulting employees has been made or amended between 5 June 2009 and 5 June 2011, due to changes in the structure of a Community-scale undertaking or Community-scale group of undertakings, and also, upon the expiry of the agreement, the parties to the agreement have decided to renew it.

(3) The provisions of this Law shall not apply to crews employed on ships carrying out commercial activities.

Section 4. General provisions for information and consultation

(1) The right to information and consultation of employees in Community-scale undertakings and Community-scale groups of undertakings shall be implemented by setting up a European Works Council or specifying a different procedure for the purposes of informing and consulting employees in a Community-scale undertaking or a Community-scale group of undertakings.

(2) Measures concerning the information and consultation of employees shall be specified and implemented so as to ensure their efficiency, as well as effective decision-making in a Community-scale undertaking or a Community-scale group of undertakings. The central management and the European Works Council or employees' representatives shall cooperate as part of a different procedure for the purposes of informing and consulting employees with due regard to their reciprocal rights and obligations.

(3) The information and consultation of employees shall be carried out at the relevant level of management and representation, according to the subject under discussion. The competence of the European Works Council or scope of a different procedure for the purposes of informing and consulting employees shall apply only to issues affecting a Community-scale undertaking or an entire Community-scale group of undertakings, or at least two undertakings or establishments of undertakings in at least two Member States (hereinafter – transnational issues).

(4) Information shall be provided to employees' representatives at such time, in such fashion and with such content as appropriate to enable them to undertake an in-depth assessment of the possible impact and, where appropriate, prepare for consultations with the management body of the Community-scale undertaking or Community-scale group of undertakings.

(5) Consultation with employees' representatives shall be carried out at such time, in such fashion and with such content to enable them to express an opinion on the basis of the information provided during the consultation, without prejudice to the responsibilities of the management, and within a reasonable time.

(6) The members of the European Works Council are obliged to inform employees' representatives of establishments of a Community-scale undertaking or a Community-scale group of undertakings, or in the absence of representatives, the workforce as a whole, of the content and outcome of the information and consultation procedure carried out.

Section 5. Controlling undertaking

(1) For the purposes of this Law a controlling undertaking is an undertaking of a Community-scale group of undertakings which can exercise a dominant influence over one or more undertakings of a Community-scale group of undertakings (controlled undertakings).

(2) A dominant influence exists when an undertaking, in relation to another undertaking either directly or indirectly:

- 1) holds a majority of that undertaking's subscribed capital;
- 2) controls a majority of the votes attached to that undertaking's issued shares (share capital);
- 3) can appoint or dismiss more than half of the members of that undertaking's executive or supervisory body.

(3) Where several undertakings of a Community-scale group of undertakings concurrently meet one or more of the criteria referred to in Paragraph two of this Section, the undertaking meeting the criteria referred to in Paragraph two, Clause 3 of this Section shall be considered to be the controlling undertaking.

(4) A controlling undertaking's rights as regards voting, and appointment or dismissal of members of an executive or supervisory body, in accordance with Paragraph two of this Section, shall include the rights of any other controlled undertaking and those of any person or body acting in his or its own name but on behalf of the controlling undertaking or of any other controlled undertaking.

(5) Notwithstanding Paragraphs one and two of this Section, an undertaking shall not be deemed to be a controlling undertaking with respect to another undertaking in which it has holdings where the former undertaking is a company referred to in Article 3(5)(a) or (c) of Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings.

(6) A dominant influence shall not exist if liquidation of the undertaking has begun or if insolvency proceedings have been declared.

(7) The law applicable in order to determine whether an undertaking is a controlling undertaking shall be the law of the Member State in which the undertaking in question is registered. If the undertaking is registered outside the Member State the law applicable shall be the law of the Member State within whose territory the representative of the undertaking or, in the absence of such a representative, the undertaking of the Community-scale group of undertakings which employs the greatest number of employees is situated.

Chapter II

Establishment of a European Works Council or specifying a different employee information and consultation procedure

Section 6. Responsibility of the central management

- (1) The central management shall be responsible for establishing a European Works Council or a different employee information and consultation procedure in a Community-scale undertaking or a Community-scale group of undertakings.
- (2) Where a Community-scale group of undertakings includes one or more Community-scale undertakings or groups of undertakings, the European Works Council shall be established only for the controlling commercial company unless agreed otherwise.
- (3) If the central management is not situated in a Member State, the responsibility referred to in Paragraph one of this Section shall be performed by its designated representative in Latvia. In the absence of a representative, the responsibility specified in Paragraph one of this Section shall be carried out by the management of the establishment of the undertaking in Latvia or the executive body of the undertaking registered in Latvia belonging to a Community-scale group of undertakings, if the establishment or undertaking in question has the greatest number of employees in any one Member State.
- (4) The representative referred to in Paragraph three of this Section, or, in the absence of any such representative, the management of the establishment or of the undertaking registered in Latvia belonging to a Community-scale group of undertakings shall be regarded as the central management.
- (5) In order to ensure effective information and consultation, the central management shall, where necessary, provide employees' representatives with training in so far as this is necessary for the exercise of their representative duties in an international environment. The need for and content of training shall be determined by mutual agreement of the central management and the special negotiating body or the European Works Council.

Section 7. Provision of information

- (1) The central management, as well as the executive body of each undertaking registered in Latvia belonging to a Community-scale group of undertakings shall be responsible for obtaining and transmitting to the parties concerned the information required for commencing the negotiations referred to in Section 8 of this Law, and in particular the information concerning the structure of the Community-scale undertaking or the group of undertakings, its workforce and the number of employees, as well as their location in the Member States.
- (2) The number of employees shall be based on the average number of employees, including part-time employees, employed during the previous two years calculated.

Section 8. Establishing a special negotiating body

- (1) In order to organise negotiations with the central management regarding the establishment of a European Works Council or an information and consultation procedure, a special negotiating body shall be established on the initiative of the central management or at the written request of the employees or their representatives. The request shall be signed by at least 100 employees or their representatives in at least two Community-scale undertakings or establishments of Community-scale undertakings in at least two different Member States. If several requests are submitted the signatures shall be counted together.
- (2) If such a request is submitted to the management of an establishment of a Community-scale undertaking or the executive body of an undertaking situated in Latvia belonging to a Community-scale group of undertakings, it shall

immediately hand the request to the central management and inform the employees or their representatives thereof.

(3) The special negotiating body shall immediately notify the central management of the composition thereof.

(4) The central management shall inform the management of the establishment of the Community-scale undertaking or the executive body of the undertaking belonging to a Community-scale group of undertakings of the establishment and composition of the special negotiating body and of the start of the negotiations. The central management shall also provide this information to the relevant European employers' and workers' organisation, unless the central management and the special negotiating body have agreed that the special negotiating body will provide this information.

Section 9. Composition of the special negotiating body

(1) The members of the special negotiating body shall be appointed in proportion to the number of employees employed in each Member State by the Community-scale undertaking or Community-scale group of undertakings.

(2) Employees employed in a Member State amounting to 10% (or a fraction thereof) of the number of employees employed in all the Member States taken together, shall be represented by one representative in the special negotiating body.

Section 10. Election of employees' representatives to the special negotiating body

(1) The interests of employees of Community-scale undertakings or their establishments, or of an undertaking registered in Latvia belonging to a Community-scale group of undertakings, shall be represented on the special negotiating body by the current employees' representatives, unless the employees decide otherwise.

(2) In the absence of such employees' representatives, or if the employees have decided to elect different representatives to the special negotiating body, the employees shall elect representatives to represent their interests in the special negotiating body in accordance with the procedures set out in the Labour Law.

(3) If employees are represented both by a trade union and employees' representatives, the employees shall authorise their representatives to select the members of the special negotiating body in proportion to the number of employees represented, but with a minimum of one member for each Community-scale undertaking or establishment, or each undertaking belonging to a Community-scale group of undertakings.

(4) The special negotiating body shall include at least one employee representative from each Community-scale undertaking or establishment registered in Latvia, or from each undertaking registered in Latvia belonging to a Community-scale group of undertakings. The number of members of the special negotiating body elected from Latvia shall not exceed the number of employees' representatives specified for Latvia under Section 9 of this Law.

(5) If the number of Community-scale undertakings or establishments registered in Latvia, or undertakings registered in Latvia belonging to a Community-scale group of undertakings exceeds the number of employees' representatives appointed to the special negotiating body from Latvia, the employees' representatives shall agree upon a joint employees' representative on the special negotiating body. If no agreement is reached the employees in Latvia shall be represented by the trade unions of the Community-scale undertaking or establishment, or undertaking belonging to a Community-scale group of undertakings, or, in their absence, by an authorised employee representative of the undertaking with the greatest number of employees.

Section 11. Concluding an agreement between the special negotiating body and the central management

(1) The special negotiating body and central management shall conclude a written agreement regarding the establishment of a European Works Council or for determining a different procedure for the purposes of informing and consulting employees.

(2) The central management shall duly provide the special negotiating body with the information and documents required for the performing its duties.

(3) In order to conclude the agreement referred to in Paragraph one of this Section, the central management shall organise negotiations with the special negotiating body and notify the management of the establishments of the Community-scale undertakings or the executive bodies of the undertakings belonging to a Community-scale group of undertakings thereof. The special negotiating body may invite experts of its choice, which can include representatives of competent recognised Community-level trade unions. Such experts and such trade union representatives may be present at negotiation meetings in an advisory capacity at the request of the special negotiating body.

(4) The special negotiating body may decide, by at least two thirds of the votes, not to open negotiations in accordance with Paragraph three of this Section, or to terminate the negotiations already opened. Such a decision shall stop the procedure to conclude the agreement referred to in Paragraph one of this Section. The central management or the special negotiating body may make a new request to organise negotiations with the special negotiating body at the earliest two years after the abovementioned decision, unless the parties concerned lay down a shorter period.

(5) The special negotiating body and the central management shall mutually agree on detailed negotiation rules. If such agreement has not been made, the special negotiating body and the central management shall set out the procedures for organising further negotiations in the minutes of the first meeting. The minutes of the meetings of the special negotiating body and the central management shall be signed by authorised representatives of both parties.

Section 12. Activities of the special negotiating body and related costs

(1) The special negotiating body shall take decisions by a simple majority, with the exception of the case referred to in Section 11(4) of this Law.

(2) The special negotiating body shall elect a chairperson of the special negotiating body from among its members.

(3) Before and after each meeting with the central management, the special negotiating body shall be entitled to meet without representatives of the central management being present, using any necessary means for communication.

(4) Costs relating to the establishment and operation of the special negotiating body, as well as to the election of its members, organisation of negotiations (premises, materials, staff required, interpreting), as well as to insurance for

members of the special negotiating body, on which the parties have agreed, and travel and the inviting of one expert to perform the duties of the special negotiating body, shall be met by the central management.

Section 13. Content of the agreement on establishing a European Works Council

(1) A written agreement concluded on a voluntary basis between the special negotiating body and the central management shall set out the following:

- 1) the undertakings of the Community-scale group of undertakings or the establishments of the Community-scale undertaking which are covered by the agreement;
- 2) the composition of the European Works Council, the allocation of seats, the number of members and term of office, and, where relevant, the composition, the appointment procedure, the functions and the procedural rules of the select committee set up within the European Works Council, taking into account where possible the need for balanced representation of employees with regard to their activities, category and gender;
- 3) the functions and the procedure for information and consultation of the European Works Council by the central management, and the arrangements for linking information and consultation of the European Works Council and national employee representation bodies, in accordance Section 4(3) of this Law;
- 4) the venue, frequency and duration of meetings of the European Works Council;
- 5) the financial and material resources to be allocated to the European Works Council;
- 6) the date of entry into force of the agreement and its duration, the arrangements for amending or terminating the agreement and the cases in which the agreement shall be renegotiated and the procedure for its renegotiation, including, where necessary, where the structure of the Community-scale undertaking or Community-scale group of undertakings changes.

(2) If the terms of the agreement do not include the procedure referred to in Paragraph one, Clause 3 of this Section for linking information and consultation of the European Works Council and national employee representation bodies, it shall be undertaken both by the European Works Council and the national employee representation, if the proposed decisions may significantly alter the organisation of work or legal relations.

Section 14. Determining a different information and consultation procedure

If the special negotiating body and the central management conclude a written agreement not to establish a European Works Council, but to determine a different information and consultation procedure, the terms of said agreement shall specify the method to be employed by the employees' representatives in order to hold meetings and examine the information obtained, in particular information on transnational questions that have a significant impact on employees' interests.

Section 15. Applying the terms of the agreement

An agreement concluded between the central management and the special negotiating body shall be binding on all the establishments of the Community-scale undertaking, but for a Community-scale group of undertakings, to all the group undertakings located in the Member States, unless a wider scope is provided for in the agreement to establish a European Works Council or determine a different information and consultation procedure.

Section 16. Other terms relating to the application, extension and termination of the agreement, and concluding a new agreement

Where the agreement referred to in Section 11 of this Law does not include provisions regarding its application, extension, termination and concluding a new agreement, the following terms shall apply:

- 1) it shall be presumed that the agreement concluded shall be valid indefinitely;
- 2) the central management and the European Works Council, or employees' representatives acting in accordance with the different procedure for the purposes of informing and consulting employees, may terminate the agreement at least six months before the expiry date, by notifying the other party accordingly;
- 3) if this agreement is valid indefinitely or it does not include a provision regarding the term of validity of the agreement, the central management and the European Works Council, or employees' representatives acting in accordance with the different procedure for the purposes of informing and consulting employees, may terminate it at least six months before the end of each four-year period counting from the date of entry into force of the agreement;
- 4) if the term of the agreement has expired and neither party has proposed concluding a new agreement, the term of the agreement shall be deemed to be extended for the same period of time for which it was concluded;
- 5) if the term of the agreement has expired or the agreement has been terminated, the terms thereof shall apply until a new agreement is concluded or until the provisions of Section 17 of this Law have been applied;
- 6) if the term of the agreement has expired or the agreement has been terminated, the European Works Council is entitled to conclude a new agreement, in place of the special negotiating body, as well as make the decisions referred to Section 11(4) of this Law. A new special negotiating body shall be established in accordance with Section 8 of this Law if a new agreement is to be made in order to set up a different information and consultation procedure.

Chapter III

Special provisions for the establishment and operation of the European Works Council

Section 17. Application of special provisions

Special provisions for the establishment of the European Works Council shall apply if:

- 1) the special negotiating body and the central management have agreed on the application of such provisions;
- 2) the central management refuses to open negotiations within six months following the date on which the request is submitted, as referred to in Section 8(1) of this Law;
- 3) the parties have failed to conclude the agreement referred to in Section 11 of this Law within three years following the date on which the request in question has been submitted.

Section 18. Composition of the European Works Council

(1) The European Works Council shall be composed of employees of the Community-scale undertaking or the Community-scale group of undertakings, elected by employees' representatives from among their number or, in the absence of such representatives, by the employees.

(2) The number of members of the European Works Council shall be determined in proportion to the number of employees employed in each Member State by the Community-scale undertaking or Community-scale group of undertakings.

(3) Employees employed in a Member State amounting to 10% (or a fraction thereof) of the number of employees employed in all the Member States taken together, shall be represented by one representative in the European Works Council.

Section 19. Foundation meeting of the European Works Council

(1) Following election of the members of the European Works Council, the central management shall immediately organise a foundation meeting where the regulations for the operation of the European Works Council shall be adopted, and a chairperson and a deputy chairperson of the European Works Council shall be elected from among its members.

(2) The European Works Council shall be represented by the chairperson, but during his absence, by the deputy chairperson.

(3) The European Works Council shall make decisions by a simple majority.

Section 20. Opening negotiations to conclude an agreement

Four years after the foundation meeting, the European Works Council shall by a simple majority decide whether to open negotiations with the central management regarding the conclusion of the agreement referred to in Section 11(1) of this Law, or, to continue to apply the special provisions of this Chapter. If the European Works Council decides to open negotiations to conclude an agreement, it shall have the same rights and obligations as the special negotiating body.

Section 21. Term of office of European Works Council members

(1) The term of office of European Works Council members shall be four years unless it is discontinued prior to the end of said term on the initiative of a member of the Council or for other reasons (refusal to perform duties, long-term illness, violation of the provisions of this Law and other cases).

(2) Once every two years, as from the foundation meeting of the European Works Council, the central management shall seek assurance as to whether the number of employees in any of the Member States has changed substantially and whether any alterations should be made to the composition of the European Works Council, in accordance with the provisions of Section 18 (2) and (3) of this Law. The central management shall inform the European Works Council of the information obtained.

Section 22. Meetings of the European Works Council with the central management

The European Works Council shall hold a meeting with the central management at least once a year in order to obtain information and consult on the basis of the report drawn up by the central management on the development and prospects of commercial activities of the Community-scale undertaking or the group of Community-scale undertakings. The place and time of the meeting shall be agreed with the central management. The European Works Council shall organise an additional meeting if the central management so agrees. Meetings of the European Works Council and the central management shall be closed.

Section 23. Information on European Works Council members

The European Works Council or the special negotiating body shall immediately inform the central management or another appropriate management body concerning members of the European Works Council. The central management shall forward this information to the management of the establishments of the Community-scale undertaking or the executive bodies of the undertakings belonging to a Community-scale group of undertakings.

Section 24. Electing employees' representatives to the European Works Council

(1) The European Works Council shall be composed of employees elected by the employees' trade union, if it represents at least 50% of the employees of the Community-scale undertaking or establishment, or of the undertaking registered in Latvia belonging to a Community-scale group of undertakings, or, if the employees are not represented by a trade union, by the employees' authorised representatives.

(2) If there are no employees' representatives in the Community-scale undertaking or establishment, or in the undertaking registered in Latvia belonging to a Community-scale group of undertakings, the members of the European Works Council shall be elected by all the employees in accordance with the procedures for electing employees' authorised representatives set out in the Labour Law.

Section 25. Competence of the European Works Council

The competence of the European Works Council shall only apply to transnational issues.

Section 26. Competence of the central management

(1) The central management shall meet with the European Works Council to provide information and consult on the commercial activities of the Community-scale undertaking or the Community-scale group of undertakings.

(2) The information provided in Paragraph one of this Section shall apply to:

- 1) the structure, as well as economic and financial position of the Community-scale undertaking or the Community-scale group of undertakings;
- 2) the potential development of the Community-scale undertaking or the Community-scale group of undertakings, as well as production and sales activity;
- 3) the situation in the area of employment and its possible development;

- 4) investments (investment programmes);
 - 5) significant organisational changes;
 - 6) the introduction of new working methods or production processes;
 - 7) the transfer of production to a different site;
 - 8) the merger of undertakings, establishments or a significant part thereof, as well as a reduction or closure of operations;
 - 9) collective redundancies.
- (3) Consultation with the European Works Council shall be undertaken for the issues referred to in Paragraph two, Clauses 3, 4, 5, 6, 7, 8 and 9 of this Section. The consultations shall be conducted in such a way that the employees' representatives can meet with the central management and receive a justified response to the opinions they may express.

Section 27. Select committee of the European Works Council

(1) To ensure that it can coordinate its activities, the European Works Council shall elect a select committee from among its members (hereinafter – select committee), comprising at most five members, which must benefit from conditions enabling it to exercise its activities on a regular basis. The European Works Council shall elect a chair of the select committee.

(2) The Committee or, in the absence thereof, the European Works Council shall hold meetings with the central management or with another management body, in order to obtain information and consult on the circumstances referred to in Section 28(4) of this Law. Those members of the European Works Council who have been elected or appointed by the undertakings to which the aforesaid measures apply, are entitled to take part in the meetings together with the select committee. They shall be organised as soon as possible on the basis of the report drawn up by the central management or another executive body of the Community-scale undertaking or Community-scale group of undertakings of the appropriate level, and in respect of which the members of the select committee shall provide an opinion after the meeting, but no later than within seven days.

(3) The provisions of Section 11(5) of this Law shall be applied to meeting and members of the select committee referred to in Paragraph two of this Section.

Section 28. Operation of the European Works Council and the select committee

(1) Prior to any meeting with the central management the European Works Council and the select committee are entitled to meet without the participation of the central management.

(2) Costs relating to the operation of the European Works Council and the select committee, as well as to the election or appointment of their members, organisation of meetings (premises, materials, staff required, interpreting), as well as to insurance for members of the European Works Council and the select committee, on which the parties have agreed, and travel and the inviting of one expert, shall be met by the central management by providing these bodies with the financial and material resources required.

(3) The central management shall inform the management of the establishments of the Community-scale undertaking or the executive body of the undertakings belonging to a Community-scale group of undertakings of any meetings to be held between the central management and the European Works Council.

(4) Where there are exceptional circumstances or decisions concerning the relocation of an undertaking's or establishment's property, or the largest part thereof, the liquidation closure of undertakings or establishments, collective redundancies and other actions which significantly affect the employees' interest, the central management shall duly inform the select committee, or, where no such committee exists, the European Works Council of these circumstances, and shall provide it with the necessary information and consultations.

(5) The select committee or the European Works Council shall utilise the assistance of experts selected at its own discretion, where this is necessary in order to perform its duties.

Chapter IV. Closing provisions

Section 29. Confidential information

(1) Within the limits of a different information and consultation procedure, members of the European Works Council and the special negotiating body and employees' representatives, as well as experts and interpreters who provide services to them, shall not disclose confidential information to third parties.

(2) The prohibition specified in Paragraph one of this Section as regards the disclosure of confidential information to third parties shall continue to apply irrespective of whether a person is performing his duties or has completed the performance thereof.

(3) The central management may refuse to provide information, where the disclosure or use thereof, given its nature and objective reasons, would seriously harm or cause losses to a Community-scale undertaking or Community-scale group of undertakings.

(4) The right set out in Paragraph three of this Section shall not apply to information concerning the number of employees in an undertaking.

Section 30. Protection of employees' representatives

(1) Members of special negotiating bodies, members of European Works Councils and employees' representatives exercising their functions under the different information and consultation procedure shall, in the exercise of their functions, enjoy protection and guarantees similar to those provided for employees' representatives by the national legislation or practice in force in their country of employment.

(2) The representatives from Latvia referred in Paragraph one of this Section shall be granted leave so that they may attend meetings of the special negotiating body or the European Works Council, or any other meetings organised as part of the agreement referred to in Section 11(1) of this Law, by retaining the employee's wages if they are employed by the hour, or average earnings, if they receive an accord salary.

(3) If the representatives from Latvia referred to in Paragraph one of this Section take part in training that is necessary for the exercise of duties in an international environment, they shall retain their wages during the training period if they are employed by the hour, or their average earnings, if they receive an accord salary.

(4) The parties may agree upon more favourable conditions for the protection of employees' representatives than set out in this Section.

Section 31. Application of the agreement that is in force

(1) Where the structure of a Community-scale undertaking or Community-scale group of undertakings changes significantly as a result of reorganisation (merger, division or transformation) or other measures (take-over, transition etc), and where the agreement that is in force to establish a European Works Council does not contain any terms as regards adapting the composition and operation of the European Works Council, or if contradictions are identified in two or more of the terms of the agreement that has been concluded, the central management shall commence the negotiations referred to in Section 8(1) of this Law on its own initiative or at the written request of at least 100 employees or their representatives in at least two undertakings or establishments in at least two Member States. These terms shall also apply where a different information and consultation procedure has been set up instead of a European Works Council.

(2) With respect to the case referred to in Paragraph one of this Section, if a special negotiating body is established to organise negotiations with the central management, the special negotiating body shall, in addition to those members of the special negotiating body elected in accordance with Section 9 of this Law, include at least existing members of the European Works Council. During the negotiations, and until a new agreement is concluded, the existing European Works Council shall continue its work according to the terms of the agreement between the central management and the European Works Council.

(3) The provisions of Paragraphs one and two of this Section shall also be applied to a Community-scale undertaking or a Community-scale group of undertakings in which the agreement referred to in Section 3(2)(1) and (2) of this Law has been concluded and which is undergoing significant structural changes.

Section 32. Resolution of disputes

Any disputes that may arise with respect to the rights of employees of Community-scale undertakings or Community-scale groups of undertakings to information and consultation shall be considered in accordance with the procedures set out in the Law on Labour Disputes.

Transitional provisions

1. With the entry into force of this Law the "Law on Informing Employees of European Community-scale Commercial Companies and European Community-scale Groups of Commercial Companies and Consulting Such Employees" is repealed (official publication *Ziņotājs* of the Saeima and Cabinet of Ministers, 2001, No 10; 2008, No 5).

2. The provisions of the "Law on Informing Employees of European Community-scale Commercial Companies and European Community-scale Groups of Commercial Companies and Consulting Such Employees" shall continue to be applied to a Community-scale undertaking or Community-scale group of undertakings where the agreement referred to in Section 3(2)(2) of this Law has been concluded or amended.

Informative reference to EU Directives

This Law contains legal provisions arising from Directive 2009/38.EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.

This Law shall enter into force on 6 June 2011.

This Law has been adopted by the Saeima on 19 May 2011.

Acting on behalf of the President –

Riga, 27 May 2011.

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Speaker of the Saeima, S. Āboltiņa.