

Report on the State of Labor Rights in the Republic of Serbia for 2025

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1. INTRODUCTION

Before you is the new edition of the Report on the State of Labor Rights in the Republic of Serbia for 2025 (hereinafter: the Report), prepared by the Center for Democracy Foundation. As in previous editions, the main goal of the Report is to contribute to the improvement of the protection and realization of labor rights in the Republic of Serbia through the analysis of key economic, institutional and legislative developments that affect the position of employees and the functioning of the labor market. The analysis covers the period from January 1 to December 31, 2025 and is based on available statistical data, relevant legislative acts, public policy documents, reports of international organizations, as well as publicly available analyzes and research related to the state of labor and social rights.

The starting point of this report is the concept of dignified work, which represents one of the key principles of contemporary international labor law and social policy. This concept, developed within the framework of the International Labor Organization (ILO), implies the existence of productive employment that provides adequate income, safety at work, social protection, as well as the possibility of worker participation in decision-making processes that affect their working and social conditions. Decent work also implies the exercise of basic labor rights, including freedom of association, the right to collective bargaining, prohibition of discrimination at work and protection from unsafe and exploitative forms of work. In this sense, the state of labor rights in a country cannot be observed exclusively through the formal existence of legal norms, but above all through their practical application and the actual position of workers on the labor market.

The analysis of labor rights in the Republic of Serbia is particularly relevant in the context of the European integration process. Within the negotiation chapter 19, which refers to social policy and employment, the Republic of Serbia undertook to gradually harmonize its legislation and practice with the legal acquis of the European Union in the areas of labor relations, worker protection, equal opportunities, social dialogue and employment policy. In this sense, the state of labor rights is an important indicator of progress in the process of European integration, but also of the broader development of the social dimension of economic reforms.

The year 2025 is characterized by relatively complex and multi-layered processes that affect the labor market and the position of employees. After a period of strong employment growth during the previous decade, the labor market in Serbia shows signs of stabilization and slowing down of employment dynamics. At the same time, there are certain structural changes that affect the distribution of employment between sectors of the economy, as well as the structure of the workforce. In certain sectors, there is a decrease in employment, while others record growth, which indicates a broader process of restructuring the economy and moving employment towards service activities.

Although statistical indicators indicate a nominal increase in wages and relatively stable unemployment rates, a more detailed analysis shows that a significant part of employees still has income that is limited in relation to the growth in living costs. The difference between the average and median wages indicates an uneven distribution of income among employees, while the minimum wage is still an important instrument of social policy whose level has a direct impact on the standard of living of a large number of workers. In addition, the unemployment structure in Serbia is still unfavorable, bearing in mind the high share of long-term unemployed, persons with low qualifications and older workers among the unemployed.

In addition to economic indicators, a number of legislative and institutional initiatives were launched during 2025, which have the potential to influence the development of labor legislation and social policy in the coming period. Among them, activities on the preparation of the new Labor Law through the process of harmonizing domestic legislation with the legal acquis of the European Union, preparation of the Draft Law on Labor Practice, including the drafting of the Draft Law on Parent-Caregiver stand out. These initiatives indicate the effort of the legislator to respond to the modern challenges of the labor market, but also the need for careful balancing between the flexibility of the labor market and adequate protection of employees.

At the same time, during the year 2025, certain reforms were implemented in the area of fiscal policy that have an immediate impact on the labor market. Amendments to the law in the area of personal income tax and mandatory social insurance contributions are aimed at reducing the tax burden on labor and encouraging employment, especially for young people. These measures are part of a broader strategy of improving the business

environment and encouraging formal employment, but their effects on the long-term development of the labor market have yet to be seen.

An important element of institutional changes during 2025 is the continuation of the digitization of administrative procedures in the field of labor and social insurance. The introduction of the electronic data exchange system on temporary incapacity for work, known as the "e-Sick Leave" system, represents a significant step in the modernization of administrative procedures and the reduction of the bureaucratic burden for employees and employers. This reform is part of a broader policy of digital transformation of public administration and approximation to modern data management standards in the field of social security.

In addition to institutional and legislative changes, the wider social context in which labor reforms are taking place during 2025 is also marked by the intensification of public discussions on social and economic issues. During the year, protests by various social groups were recorded, which, among other things, indicated dissatisfaction with certain aspects of economic and social policies, but also the need for greater transparency of institutions and the inclusion of citizens in decision-making processes. Although these protests were not always directly focused on labor law issues, they opened up space for a wider public discussion about social justice, the economic position of employees and the quality of public policies in the field of labor and social protection.

In this context, the issue of social dialogue takes on special importance. A functional and inclusive social dialogue between the state, employers and trade unions is one of the key elements of stable industrial relations and effective shaping of labor legislation. However, assessments by international institutions and domestic actors indicate that social dialogue in Serbia is still characterized by certain weaknesses, especially with regard to the inclusion of social partners in the processes of drafting and adopting public policies. Strengthening the institutional mechanisms of social dialogue and the transparency of the legislative process therefore remains one of the important challenges of the development of labor law and social policy in Serbia.

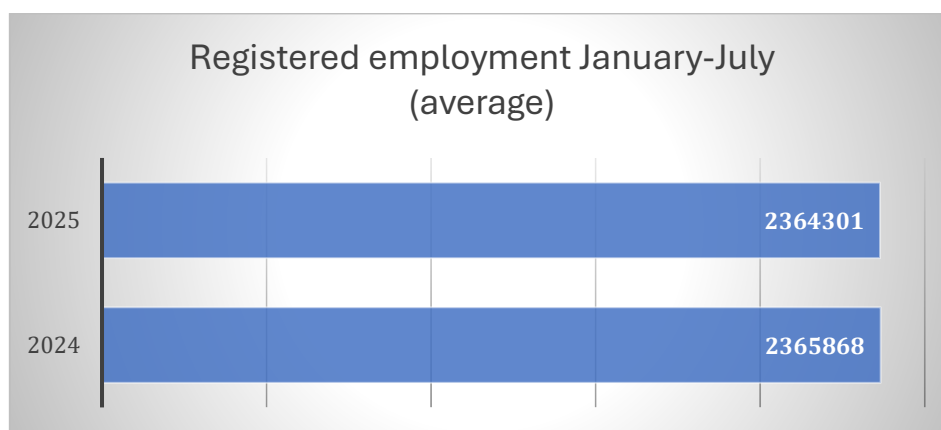
This Report seeks to provide an analytical overview of key trends and challenges in the field of labor rights through several thematic units. The first part provides an overview of

the basic statistical indicators of the labor market, including trends in employment, unemployment and wages, as well as an assessment of their impact on the standard of living of employees. The second part is dedicated to the analysis of the most important legislative initiatives and public policy documents in the field of labor and social protection during 2025. In the following chapters, certain issues of particular importance for the realization of labor rights are considered, including the regulation of labor practices, the reform of labor legislation, the digitization of the sick leave system, as well as other institutional changes that affect the position of employees and the functioning of the labor market.

In this way, the Report strives to provide a comprehensive overview of key trends in the field of labor rights in the Republic of Serbia during 2025, but also to contribute to an informed public debate on the directions of development of the labor market, social policy and the labor rights protection system in the coming period.

2. LABOR MARKET IN SERBIA - BASIC INDICATORS

According to the Republic Institute of Statistics, registered employment in 2025 was 2,364,301, which represents a decrease of 0.2% compared to the previous year.¹



A significant slowdown in the growth of registered employment is noticeable from 2024. In the period from 2015 to 2023, an average of 40,000 jobs were created per year, while in 2024 there were only slightly more than 8,000 new jobs.

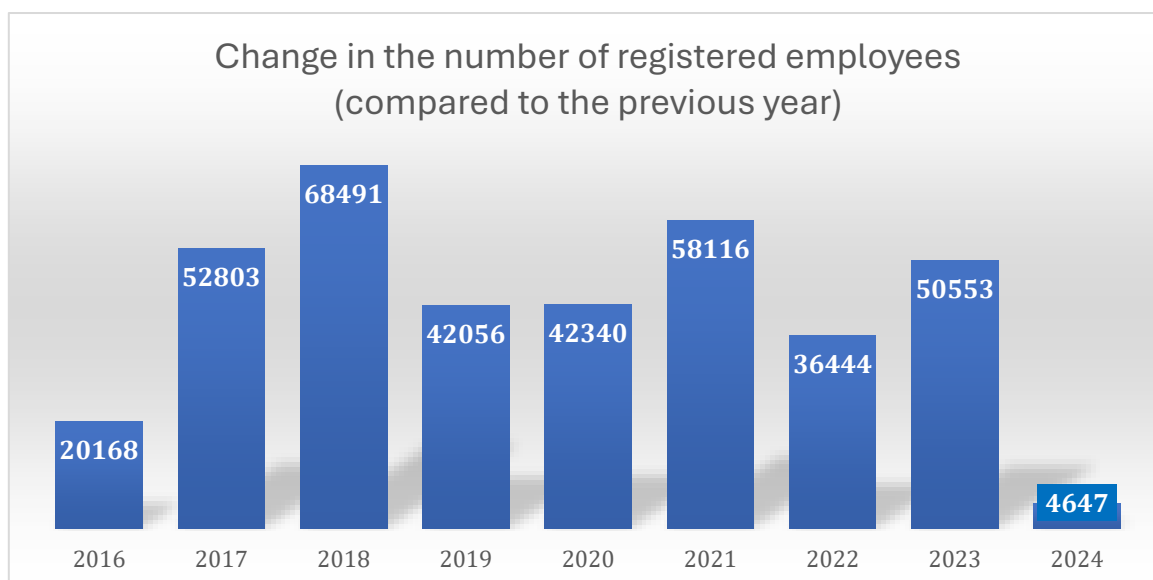
This data is important because it suggests that the period of intense employment growth in Serbia is probably over, that is, that the labor market is entering a phase of slower and more stable movement. This means that future employment growth will no longer depend primarily on macroeconomic recovery, but on: (1) increasing productivity, (2) investments in sectors with high added value, and (3) improving the qualification structure of the labor force.

However, this result can be interpreted in a different way - as an indicator that the labor market is approaching the limit of the available workforce. In other words, employment stagnation does not necessarily mean that the economy does not want to hire, but that there are not enough available workers. One of the key factors is the demographic structure of Serbia. During the last decade, there has been: (1) a decrease in the number of the working-age population, (2) an aging population and (3) an increased departure of

¹ <https://www.stat.gov.rs/sr-latn/vesti/statisticalrelease/?p=17757>, 12.2.2026

workers abroad. In such circumstances, even relatively stable employment may mean that most of the available workforce is already engaged in the labor market.

According to data from the Labor Force Survey, in the fourth quarter of 2025, the number of employed persons was 2,828,200, the number of unemployed persons was 276,900, while the number of residents outside the labor force was 2,493,300. ²Compared to the same quarter of 2024, there was a decrease in the number of employed persons by 66,700, an increase in the population outside the labor force by 31,100, and a slight increase in unemployed persons. for 3,800. The employment rate decreased by 0.9 percentage points, while the unemployment rate increased by 0.3 percentage points, as well as the rate of the population outside the labor force by 0.8 percentage points. The total rate of informal employment was 11.0%, with the rate of informal employment in the agricultural sector being 49.8%, and 6.0% in non-agricultural sectors.



When the employment modalities are observed, the stagnation of the number of employees in legal entities is observed, the number of employees of entrepreneurs increased by 1.4% and the number of individual farmers decreased by 7.6%.³

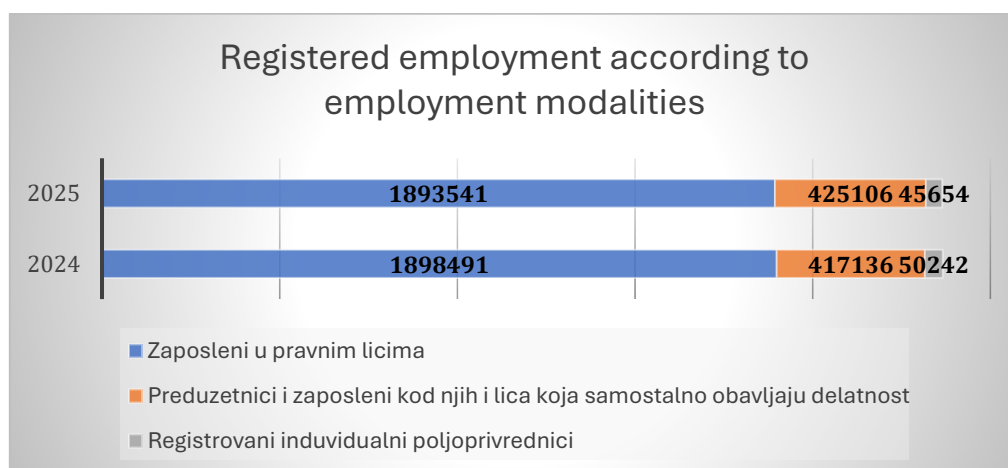
Such movements can be interpreted as a consequence of long-term structural changes in the economy. The decrease in the number of employees in agriculture is part of a wider

² <https://publikacije.stat.gov.rs/G2026/Html/G20261055.html>, 12.2.2026

³ <https://www.stat.gov.rs/sr-latn/vesti/statisticalrelease/?p=17757>, 12.2.2026

process of deagrarianization, while the growth of entrepreneurship may indicate an increase in self-employment and more flexible forms of organizing work. To a certain extent, this trend can be a consequence of institutional incentives for starting entrepreneurial activities, but also the need of individuals to provide a source of income through self-employment in conditions of limited opportunities for employment in the formal sector.

There were 1,893,541 employees in legal entities, which represents a decrease of 0.4% compared to the previous year. There were 425,106 entrepreneurs and their employees, as well as self-employed persons, which represents an increase of 1.4% compared to the previous year. There were 45,654 registered individual farmers, which represents a decrease of 7.6% compared to the previous year.



There are differences in the number of registered employees depending on the sector of activity. In absolute terms, the largest decrease in the number of employees occurred in the manufacturing industry (9,728), and the largest increase in the Administrative and auxiliary service sector (11,702).

Table: Employees of legal entities, self-employed persons, entrepreneurs and their employees by sector of activity, second quarter of 2024 and 2025

Sector of activity	2nd quarter 2024.	2nd quarter 2025.	Change 2025/2024	Index 2025/2024
Total	2317267	2323852	6585	100.3

Agriculture, forestry and fishing	26840	25564	-1276	95.2
Mining	30647	30735	88	100.3
Manufacturing industry	499030	489302	-9728	98.1
Supply of electricity, gas, steam and air conditioning	24590	24009	-581	97.6
Water supply; waste water management, controlling the waste removal process and similar activities	36092	35947	-145	99.6
Construction	128477	129761	1284	101.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	359135	359649	514	100.1
Transportation and storage	130163	129475	-688	99.5
Accommodation and food services	95078	97626	2548	102.7
Information and communications	111352	115088	3736	103.4
Financial activities and insurance activities	43141	42327	-814	98.1
Real estate business	9106	9415	309	103.4
Professional, scientific and technical activities	142440	137986	-4454	96.9
Administrative and auxiliary service activities	104472	116174	11702	111.2
State administration and defense; compulsory social insurance	157575	156707	-868	99.4
Education	151283	152233	950	100.6
Health and social protection	177847	179320	1473	100.8
Arts; entertainment and recreation	44180	45724	1544	103.5
Other service activities	45820	46811	991	102.2

Data on employment by activity sector show that changes in the labor market are not taking place evenly. In certain sectors, there is a decrease in employment, while others record an increase in the number of employees.

The largest absolute drop in employment was recorded in the processing industry, where the number of employees decreased by 9,728 workers. This sector traditionally represents one of the key carriers of industrial production and export activity in Serbia,

and the decline in employment may indicate certain structural problems in industrial production, changes in global value chains or processes of technological modernization that reduce the need for labor.

At the same time, a significant increase in employment was recorded in the sector of administrative and auxiliary service activities, where the number of employees increased by 11,702 persons. This sector includes various business support services, including agency recruitment, cleaning, security and logistics services. The growth of employment in this sector may indicate the spread of flexible forms of work and *outsourcing* business models.

In addition, the information and communication sectors, accommodation and food services, as well as arts and recreation, recorded employment growth. These trends confirm the broader process of tertiarization of the economy, i.e. the shift of employment from the industrial sector to the service sector, which represents a characteristic pattern of development of modern economies.

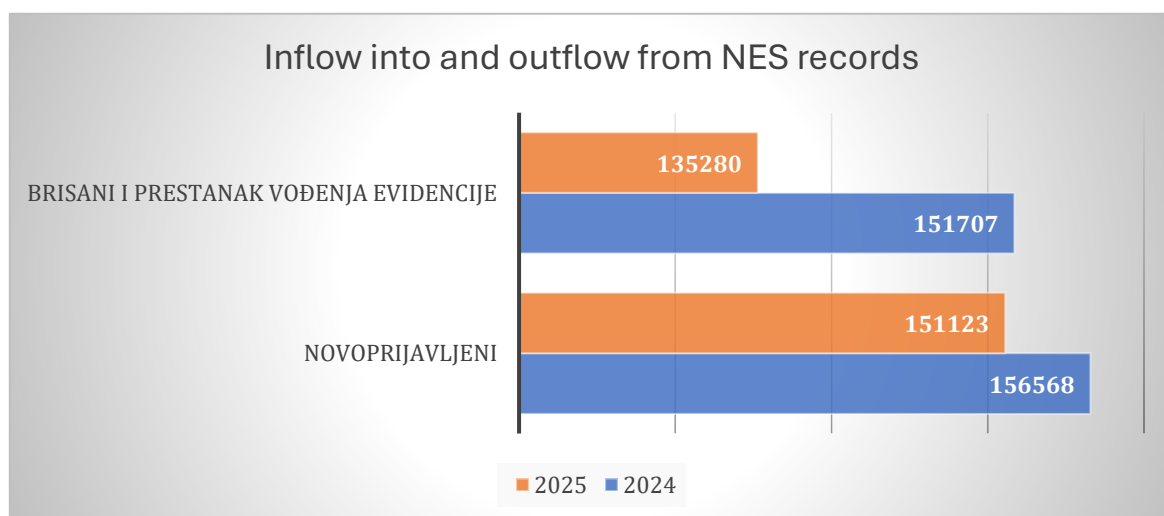
In terms of registered unemployment, 350,853 persons were registered in the NES records in 2025, which is 7.4% less than in the same period of the previous year. The decrease in the number of unemployed cannot be explained on the basis of data on inflow and outflow from the records, which calls into question their credibility.



Also, the number of newly registered persons (inflow) was lower by 5,445 persons than in the same period of the previous year, while the number of unemployed persons who were

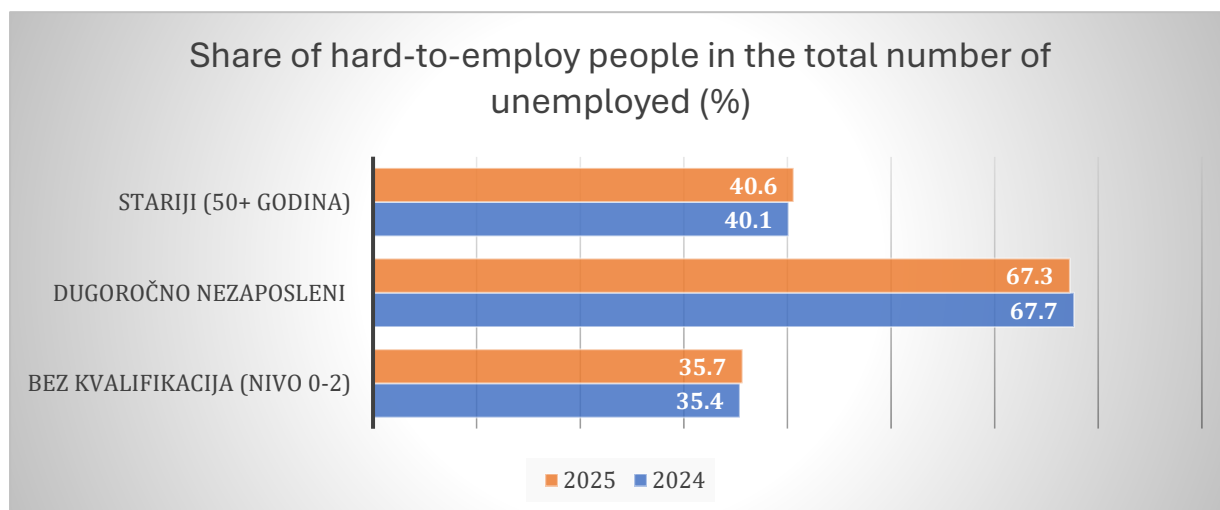
deleted from the records or stopped keeping records (outflow) was lower by 16,427. This does not necessarily mean that these persons are employed, but they could have stopped actively looking for employment, retired, or sought employment in another labor market.

During 2025, 78,694 unemployed persons were employed, which is 18,675 less than the previous year. This means that the employment process is slower than in the previous period, that is, that fewer people lose their jobs, but also that fewer people find jobs. We conclude in this part that the labor market is stable, but without strong employment growth. In other words, the labor market in the observed period is not in a phase of strong employment expansion, but in a phase of stabilization with reduced employment dynamics. Although the number of newly registered unemployed is lower, at the same time the number of unemployed who find work has also decreased, which indicates a slower turnover of labor force in the labor market.



Such developments call into question the possibility that the decrease in registered unemployment can be explained solely by the increase in employment. It is possible that these changes are influenced by other factors, such as labor migration, the demographic decline of the working-age population, as well as administrative changes in keeping records of the unemployed.

The structure of the registered unemployed has not changed compared to previous years and is extremely unfavorable due to the significant participation of people who are less employable: the long-term unemployed (on the register for more than a year) make up over two-thirds of the unemployed on the register, over a third of the unemployed have no qualifications, and two-fifths of the unemployed are over 50 years old.



Such a structure indicates pronounced structural unemployment, that is, a mismatch between supply and demand on the labor market. Long-term unemployment leads to a loss of work skills and a decrease in employability, while the low qualification structure of the labor force further complicates the integration of these persons into the labor market. An aging workforce also poses an additional challenge to employment policies.

The average net salary in December 2025 was 124,089 dinars and compared to the same period last year, it was higher by 11.5% in nominal terms and by 7.4% in real terms ⁴.

Median net earnings for December 2025 amounted to 90,819 dinars, which means that 50% of employees earned earnings up to the specified amount.

Compared to 2024, there was a real increase in both average and median wages during 2025. Average and median wages grew the least in May - 3.6% and 4.9%, respectively. This data has significant implications for assessing the standard of living of employees. Namely, the fact that the majority of employees receive wages closer to the medial than

⁴ <https://www.stat.gov.rs/sr-latn/vesti/statisticalrelease/?p=17787&a=24&s=2403?s=2403>, 12.2.2026

the average means that a significant part of the employees does not have enough income to cover basic living expenses.

The fact that the median salary is significantly lower than the average (by about 33,000 dinars) means that most employees earn income closer to the median than the average level of salary. This implies that a significant part of the employees have incomes that are relatively limited in relation to the cost of living. In practice, this means that, although statistics show an increase in average wages, this growth does not necessarily mean a significant improvement in the standard of living of most employees, because a large number of workers earn incomes that are significantly lower than average wages.

The observed data indicate that during 2025 there was a real increase in wages in Serbia, which represents a positive trend. Nevertheless, the significant difference between average and median wages shows that the distribution of income among employees is uneven and that the majority of employees earn wages that are closer to the median level. Therefore, despite the growth of average wages, the improvement of the standard of living is not equally distributed among the employees, and for a significant part of the workers, it is still a challenge to cover the basic costs of living with their income.

The minimum price of work in Serbia for the year 2025 was determined by the decision of the Government of the Republic of Serbia after consultations within the Social and Economic Council. ⁵During 2025, the minimum labor price was increased twice. In the period from January to September, the minimum labor price was approximately 308 dinars per working hour, while from October to the end of 2025, it was increased to approximately 337 dinars per working hour ⁶. Thus, the lowest wages were increased twice in 2025: the first time it was done in January - 13.7 percent, and the second time in October - 9.4 percent. The proposal of the Government of Serbia foresees another increase of 10.1 percent from January 1, 2026.

On a monthly basis, depending on the number of working hours in a particular month, the minimum salary was approximately between 53,000 and 62,000 dinars net. This increase

⁵ Decision on the level of the minimum labor price for the period January - December 2025, "Official Gazette of RS", no. 74/2024

⁶Decision on the level of the minimum labor price, "Official Gazette of the RS", no. 67/2025, the amount of RSD 337.00 net per working hour was determined, which is applied from October 1 to December 31, 2025

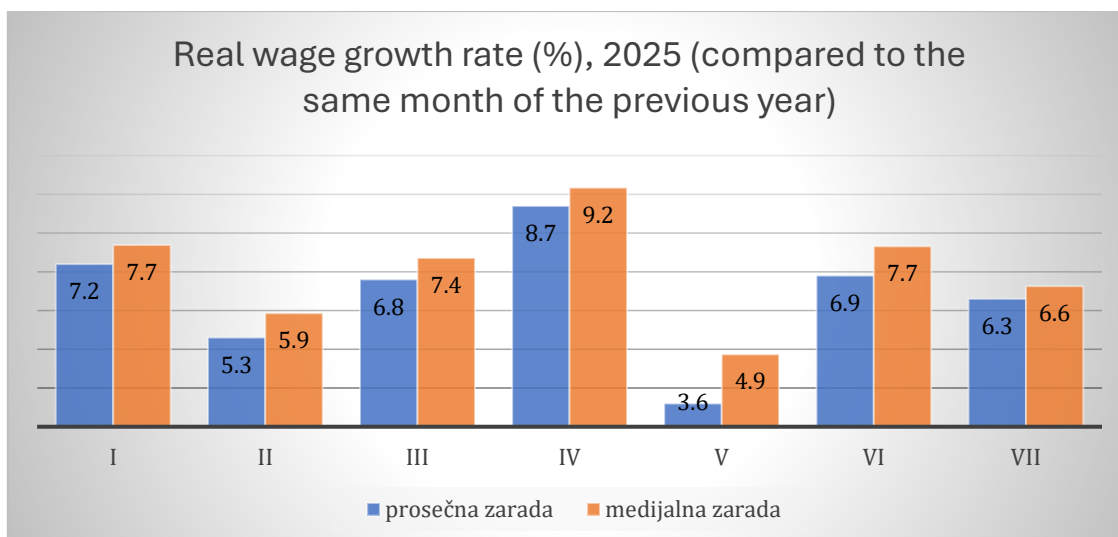
represents the continuation of the growing trend of the minimum wage that has been present in Serbia during the last few years.

Compared to the previous period, the minimum labor price has increased significantly. If we look at the period from 2021 to 2025, the minimum wage has almost doubled, which indicates a relatively fast growth rate of the lowest wages in Serbia. The reasons for this trend lie primarily in the need to mitigate the negative effects of inflation on the living standards of workers, but also in the effort to gradually bring the minimum wage closer to the value of the minimum consumer basket.

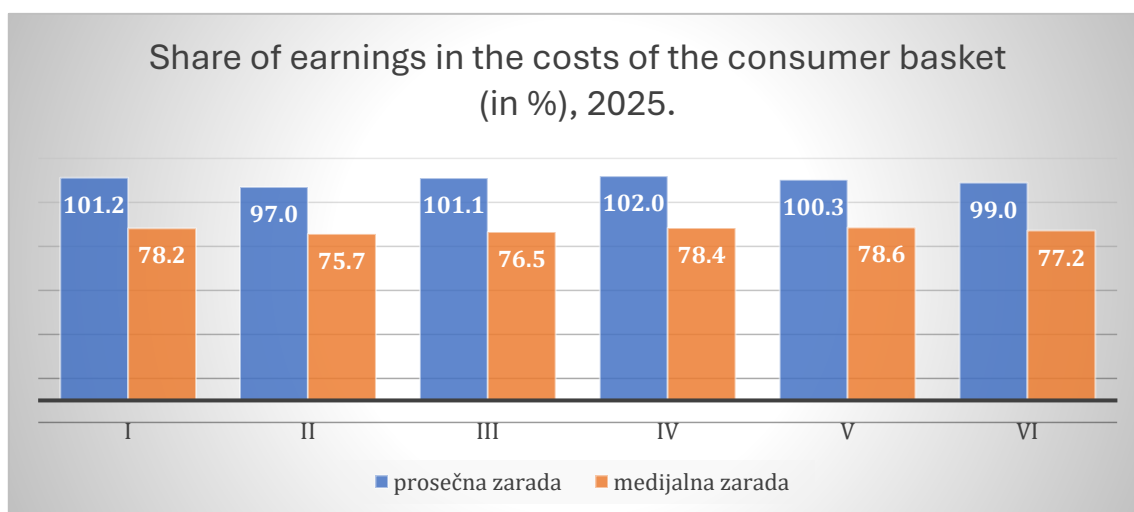
Although the growth of the minimum wage and average earnings represents a positive trend, the analysis of these data also indicates certain limitations regarding the standard of living of employees. Namely, the fact that the majority of employees earn earnings closer to the median than the average means that a significant part of the employees have incomes that are relatively modest in relation to the cost of living.

If the minimum consumer basket is taken as a reference indicator, it can be concluded that the minimum wage in a large number of cases is still not sufficient to cover all basic household living expenses. Although steps have been taken in recent years to increase the minimum wage, its level is still the subject of discussion between the social partners within the social dialogue.

That is why the issue of the minimum wage still remains one of the key issues of the labor market policy in Serbia. Further growth of wages, increase in productivity and improvement of the employment structure are important prerequisites for a sustainable improvement of the standard of living of employees in the coming period.



If we take as one of the indicators of the standard of living of employees and their families the ability to cover the cost of living with their earnings, in 2025 employees with average earnings could cover the costs of the average consumer basket, while employees who received average earnings lacked more than a fifth of the funds for expenses.



Finally, one of the important characteristics of the labor market in the Republic of Serbia is the question of the share and legal position of foreign workers. In the last few years, the Republic of Serbia has recorded a significant influx of foreign workers, hired before others, in the agricultural sector, service activities and construction, and the scope of

their labor rights is often questioned.⁷ This is primarily worth considering the lack of labor among local workers, so the demand for workers from abroad is a solution that many employers resort to. When it comes to numbers, for the sake of comparison, during 2024, a significant increase in the hiring of foreign workers was recorded, whereby approximately 79,000 work visas were issued, while the establishment of the Portal for foreigners enabled the issuance of 41,319 unique permits for temporary residence and work, and already in the first half of the same year, 14,693 special work permits were issued.⁸ These data indicate the intensification of labor force migration and the gradual adaptation of the administrative system to the increased needs of the labor market.⁹ In comparison, projections for the year 2025 predicted the issuance of up to 100,000 work permits, which represents further quantitative growth and confirms the trend of accelerated employment of foreign nationals in sectors with a pronounced labor deficit, such as construction, IT, agriculture and service activities.¹⁰ Viewed comparatively, while the year 2024 reflects the institutional strengthening of the system and the increase in the volume of employment, the plans that were valid for the year 2025 indicate the strategic determination of the state to provide (any) workforce through a continuous increase in the number of permits to fill deficit jobs and thus support the further development of key economic sectors.

On the other hand, cases of non-respect of the basic labor rights of foreign workers were recorded, especially in construction, industry and service activities. According to data from the ASTRA organization, the number of reports related to labor exploitation has increased significantly, with the most frequent violations including non-payment or delay of wages, work without a written contract, overtime work without adequate compensation, as well as limiting the freedom to change employers.¹¹ Cases of inadequate accommodation conditions, retention of travel documents by employers,

⁷ <https://www.danas.rs/vesti/ekonomija/strani-radnici-u-srbiji/>, 23.3.2026 ; <https://n1info.rs/vesti/radna-eksploatacija-stranaca-u-srbiji-raste-migranti-placaju-krijumcarima-radom/>; 23.3.2026

⁸ <https://www.srbija.gov.rs/vest/en/242632/41319-residence-work-permits-issued-to-foreign-citizens-in-serbia.php>, 23.3.2026

⁹ At the time of drafting the Report on the State of Labor Rights in Serbia for 2025, the National Employment Service has not yet published the Labor Report for 2025, so official data on the number of issued work permits are unavailable.

¹⁰ <https://www.blic.rs/biznis/vesti/vucic-velika-potreba-za-novom-radnom-snagom-u-srbiji-trazili-nam-100000-radnih/q792sec>, 23.3.2026

¹¹ <https://astra.rs/en/round-table-on-new-migration-realities-ten-times-more-calls-about-labor-exploitation-in-serbia>, 23.3.2026

excessive working hours without daily and weekly rest, as well as insufficient protection at work, which increased the risk of injuries, were also recorded.¹²In certain situations, it was also reported that high mediation costs were charged, which led workers to debt dependence, which further limited them in exercising their right to a free choice of employment and dignified working conditions.¹³

The analysis of the basic indicators of the labor market in Serbia in 2025 indicates several interconnected trends that determine the contemporary dynamics of employment, unemployment and earnings. The observed data suggest that the labor market is in a transition phase between a period of relatively strong employment growth and a new phase of stabilization, in which structural factors are increasingly important for its further movement.

The first important characteristic of the labor market is the slowdown in employment growth and the almost complete stagnation of the number of employees. The average number of registered employees in the first seven months of 2025 was 2,364,301, which represents a decrease of 0.2% compared to the previous year. This result indicates a significant change compared to the previous period, when the labor market was characterized by continuous employment growth. Based on this, it can be concluded that the phase of intensive expansion of employment is largely over, and that further employment growth will not depend exclusively on general economic growth, but above all on the increase in productivity and the development of sectors with higher added value.

Another important tendency relates to structural changes in the distribution of employment between sectors of the economy. The data show a decrease in employment in the manufacturing industry, which is traditionally one of the key drivers of industrial development and export activity, while at the same time there is an increase in employment in various segments of the service sector, especially in administrative and auxiliary service activities, information and communication activities and tourism. Such developments confirm the process of tertiarization of the economy, that is, the gradual

¹² <https://www.bwint.org/BwiNews/NewsDetails>, 23.3.2026

¹³ <https://serbia-business.eu/serbia-faces-labor-shortage-as-employers-rely-on-foreign-workers-amid-exploitation-concerns>, 23.3.2026

shift of employment from industry to the service sector, which represents the general development pattern of modern economies.

The third important finding refers to the specific dynamics of unemployment. Although the data show a 7.4% decrease in the number of unemployed people on the records of the National Employment Service compared to the previous year, a more detailed analysis of the flows of entry and exit from the records indicates that this decrease cannot be explained by an increase in employment. Namely, the number of people who got employed during the observed period is lower than the previous year. This trend indicates the existence of a statistical paradox in which the decrease in unemployment does not coincide with the increase in employment. Possible explanations include demographic changes, labor migration, and administrative factors in keeping records of the unemployed.

The fourth important characteristic of the labor market is the unfavorable structure of unemployment, which represents one of the key challenges for employment policies. The long-term unemployed make up more than two-thirds of the total number of unemployed, while a significant part of the unemployed do not have appropriate qualifications or belong to older age categories. This structure indicates pronounced structural unemployment, i.e. a discrepancy between the qualification structure of the workforce and the needs of the modern labor market.

Finally, the analysis of wage trends shows a limited improvement in the standard of living of employees. Although there was a nominal increase in average and median wages in the observed period, inflationary pressures largely neutralize the real effects of that increase. In addition, the significant difference between average and median earnings indicates an uneven distribution of income among employees. The data show that employees who earn average wages can cover the costs of the average consumer basket, while workers who receive median wages lack more than a fifth of the necessary funds to cover basic living expenses.

Taken as a whole, the labor market in Serbia is characterized by stabilization of employment, structural changes in the distribution of the workforce, an unfavorable unemployment structure and limited growth in the real income of employees. Such

trends point to the need for active employment policies aimed at improving the qualification structure of the workforce, increasing productivity and developing sectors with higher added value. At the same time, it is necessary to create measures that will enable better integration of the long-term unemployed and other less employable categories into the labor market, as well as improving the economic position of employees through sustainable growth of real wages.

3. CHANGES TO THE LEGAL FRAMEWORK AND PUBLIC POLICY DOCUMENTS IN 2025

3.1. Draft Law on Labor Practices

One of the most significant legislative processes in the field of labor law in the Republic of Serbia during 2025 relates to the preparation and adoption of the Draft Law on Work Practice, the aim of which is to establish a legal framework for the performance of work practices and the acquisition of first work experience. Although the law was not adopted in 2025, its appearance in the legislative process represents an important step in the regulation of an area that has been largely insufficiently regulated until now. The Ministry of Labour, Employment, Veteran and Social Affairs organized a public debate on this draft in the period from November 28 to December 18, 2025, with the participation of representatives of state institutions, social partners, civil society organizations and the professional public.¹⁴In the explanation of the Draft Law, the key reason for its adoption is the unfavorable position of young people on the labor market in Serbia, which is reflected in a relatively high youth unemployment rate of 16.9%, a lower employment rate of 40.7% and a lower level of activity on the labor market compared to the total population over 15 years old.¹⁵

The significance of the adoption of the Draft Law on work practices in Serbia is primarily reflected in the fact that work practices were not regulated by a separate law until now, but were implemented through different models - student practices, professional training programs, volunteering or informal arrangements between young people and employers. Such a situation in practice led to a significant number of informal and often unpaid internships, without clearly defined rights and obligations of the participants. Young workers (15-30 years old) face numerous challenges when entering and surviving in the labor market. In addition to relatively high unemployment, problems include underemployment, work for low wages that do not provide a decent standard of living, and work in the informal economy. Economic pressures often force young people to enter

¹⁴<https://www.minrzs.gov.rs/sr/dokumenti/predlozi-i-nacrti/sektor-za-rad-i-zaposljavanje/javna-rasprava-o-nacrtu-zakona-o-radnoj-praski-28112025-18122025-godine>, 10.2.2026

¹⁵ <https://www.paragraf.rs/dnevne-vesti/231225/231225-vest13.html>, 13.2.2026

the labor market early in order to secure a livelihood, which can negatively affect continued education and the acquisition of additional knowledge and skills. The period of transition from education to the world of work coincides with an important phase of an individual's psychological and social development, which is why negative experiences in that process can have long-term consequences, including job insecurity, social marginalization and a greater risk of working in low-paid and low-quality jobs, which can ultimately lead to poverty. Therefore, one of the basic goals of the Draft Law is to establish clear rules that would define what is considered work practice, under what conditions it can be organized, as well as what rights belong to persons participating in such programs. The proposed Draft Law also aims to harmonize the domestic legal framework with European recommendations on the quality framework for work practices, which emphasize the need for practices to be educational, time-limited and adequately supervised.

According to the Draft Law, work practice is defined as an organized activity that the practitioner performs at the employer with the support and supervision of a mentor, with the aim of acquiring the practical knowledge and skills needed to work in a certain profession and increase employability. An important element of this definition is emphasizing the educational dimension of work practice, that is, the fact that its primary goal is the acquisition of practical knowledge and skills, and not the performance of regular work tasks that would otherwise be the subject of an employment relationship. The draft law also clearly separates work practice from other related institutes. ¹⁶Thus, according to the proposed solutions, the following are not considered work practice:

- dual education,
- student internship,
- internship,
- practical teaching within the educational system,
- volunteering.

¹⁶Within the framework of work practice, learning and training of practitioners are realized through special programs designed to enable the acquisition of practical skills and knowledge. This is important because work itself can contribute to the development of new or improvement of existing competencies, but it is emphasized that work practice does not include an extensive training and learning program. Such a distinction is crucial in order to clearly separate work practice from professional training, which in many legal systems is organized after the completion of a specific educational program or initial training, and which implies a more systematic and extensive training program in a specific field.

The draft law stipulates that work practice can last no longer than six months, and only one work practice contract can be concluded with the same practitioner. It is also envisaged that the intern will be hired by the employer with the support of a mentor who is responsible for monitoring his work and professional development during the internship. The introduction of the obligation of mentoring aims to ensure the educational character of work practice and prevent its misuse as a substitute for regular employment. The draft law foresees the obligation to conclude a special contract on work practice between the employer and the trainee. This contract should contain basic elements such as the duration of the internship, the skills acquisition program, the compensation amount, as well as the rights and obligations of the contracting parties.¹⁷

One of the most discussed issues related to the draft law is related to the amount of compensation that practitioners should receive during their practice. According to the proposed solution, the intern would have the right to compensation amounting to at least 60% of the net basic salary for the same or similar work with the employer. This solution caused different reactions from social partners and civil society organizations. On the one hand, certain youth organizations believe that the introduction of mandatory compensation is an important step in combating unpaid internships, which until now have been a frequent occurrence on the labor market.¹⁸ On the other hand, unions and some experts warn that the relatively low level of compensation could lead to the creation of a new category of cheap labor.¹⁹ United Trade Unions of Serbia Sloga assess that the Draft Law on Labor Practices does not provide adequate protection for young people, but instead opens up space for the introduction of lower paid and insecure forms of work. The stipulated compensation of at least 60% of the basic salary in practice often means receiving approximately 60% of the minimum salary, without establishing an employment relationship and without a guarantee of employment after completing the internship.²⁰ In accordance with such a setting, employers could continuously hire young people through internships instead of establishing an employment relationship and

¹⁷Lj. Kovačević, "The concept of work practice and the legal position of practitioners - more important labor law issues", in: Proceedings of the Kopaonička School of Natural Law - Slobodan Perović, (ed. J. Perović Vujačić), Belgrade, 2022, p. 587.

¹⁸https://koms.rs/2026/02/zakon_o_radnim_praksama/, 13.2.2026

¹⁹See: <https://sindicat.rs/2025/12/16/savez-uputio-svoje-predloge-i-sugestije-na-nakrt-zakona-o-radnim-praksama/>, 12.2.2026

²⁰<https://www.masina.rs/za-i-protiv-zakona-o-radnoj-praksi/>, 13.2.2026

paying full wages. At the same time, the fact that, instead of a comprehensive reform of the labor legislation, a partial regulation is passed that further complicates the system of labor relations and increases legal uncertainty.²¹ At the same time, representatives of employers pointed out in the public discussion the need to introduce certain tax incentives for organizing work practices, in order to encourage employers to participate in youth training programs.²²

It is also important to refer to the issue of termination of the work practice contract, since according to the current text of the Draft Law, the employer may or may not cancel the work contract if the conditions for the practice cease to apply. In this sense, the question of possible abuses arises, because employers could potentially "use" the workforce even if the conditions for establishing a work practice contract fall away, until the expiration of the time for which it was concluded. For example, one of such cases could be a moment of lack of a mentor who was primarily involved in the training of practitioners (going on maternity leave/paid, unpaid leave, sick leave, etc. in the event that there is no person at the employer who would meet the criteria required for engagement as a mentor).

The Commissioner for the Protection of Equality in his opinion on the Draft Law on Labor Practice points to a number of conceptual and normative shortcomings of the proposed solution. First of all, the question of the justification of passing a special law arises, bearing in mind that the existing legal framework already foresees institutes that enable the acquisition of work experience and assessment of work abilities, such as probationary work regulated by the Labor Law, whereby the employee in that regime earns full earnings and a higher level of legal protection. The commissioner also warns that favoring candidates who have previously completed an internship with a particular employer could lead to unequal treatment in the employment process. Special objections refer to the legal nature of work practice as work outside the employment relationship, which, according to the Commissioner, calls into question the declared goal of improving the position of young people, because practitioners have a lower level of protection compared to employees. It is also pointed out to insufficiently precisely regulated issues of termination of work practice contracts, legal protection of trainees,

²¹ <https://sloga.org.rs/zakon-protiv-mladih-sloga-poziva-na-povlacenje-iz-farse-o-radnoj-praksi/>, 13.2.2026

²² <https://biznis.rs/vesti/srbija/poslodavcima-previsoka-naknada-za-radnu-praksu-od-60-odsto-plate/>, 13.2.2026

as well as potential abuse in practice due to power imbalance between employer and trainee. In addition, certain restrictions regarding the age limit and conditions for practice, which could open up issues of discrimination in terms of the Law on Prohibition of Discrimination, are considered problematic. The commissioner also points out that the rights of interns with respect to dignified working conditions, protection against discrimination and safety at work are not sufficiently developed, but rely to a large extent on general regulations, while the level of compensation for the work of interns and the legal effects of work practice contracts on the exercise of social rights, especially in relation to the rights from the system of financial support for families with children, remain insufficiently clearly regulated. Due to all of the above, it is pointed out the need to additionally review the proposed solutions in order to ensure greater legal certainty and adequate protection of persons participating in work practices.²³

3.2. Towards the new Labor Law

During 2025, one of the key institutional and legislative activities in the field of labor law in Serbia was the launch of the EU twinning project "Support for the improvement of working conditions and preparation of the Republic of Serbia for participation in EURES", which officially started on March 17, 2025 and will last until March 17, 2027. This project was financed under the Instrument of Pre-accession Assistance (IPA III) 2021-2027, with a total value of around 2 million euros, and represents a significant component of Serbia's pre-accession reforms in the area of the labor market and labor legislation.²⁴

The main goal of the twinning project is to provide technical and professional support to Serbian state institutions in harmonizing domestic labor legislation with the legal acquis of the European Union and international labor standards. The project is implemented through two components: the first relates to the harmonization of labor legislation with the EU *acquis*, while the second focuses on the preparation of Serbia for joining the

²³Commissioner for the Protection of Equality, Opinion on the Draft Law on Labor Practice, no. 011-00-3/2026-02 from 27.01. in 2026

²⁴ <https://www.ess.gov.si/en/partners/development-projects/ipa-iii-twinning-project-serbia/>, 18.2.2026

network of European Employment Services (EURES), which implies improving the institutional capacity for cooperation and labor mobility within the EU.

Partners in the project are institutions from several EU member states - including Greece, Sweden, France and Slovenia - where the Center of International and European Economic Law (CIEEL) from Greece leads the consortium, while the Employment Agency of the Republic of Slovenia, the French Employment Service and the Swedish Employment Service participate as junior partners. This international mix of partners enables different expertise and comparative practices in shaping labor law and its application in the context of the European labor market.²⁵

During 2025, activities within the first component of the project included an analysis of the compliance of the existing Labor Law with relevant EU directives and standards, as well as the identification of key areas requiring reform. By September 2025, compliance tables for 21 EU directives related to various aspects of labor law and worker protection have been prepared, which is the basis for the preparation of the conceptual framework of the new law.²⁶

An important aspect of the twinning project is the strengthening of the social dialogue and partnership approach in the drafting of legal solutions. As part of this process, activities are planned that include consultations not only with experts from partner institutions, but also with key social partners – trade unions, employers' organizations and civil society. Such an approach aims to improve the transparency and inclusiveness of the reform process, which is especially important for the field of labor law, which directly affects the rights and obligations of workers and employers.²⁷

In the context of the preparation of the Labor Law, the twinning project is of particular importance because through its implementation, intensive compliance with EU standards in the areas of worker protection, working conditions, social protection and equal treatment at work is sought to be established. As it was pointed out and officially at the opening of the project, it is expected that the results of the work will directly

²⁵Same.

²⁶<https://www.ssv.rs/energetika/seminara-ssres-izmene-radnog-zakonodavstva-i-aktuelni-problemi-u-praksi>, 20.2.2026

²⁷ <http://www.cfcu.gov.rs/vest.php?id=796>, 20.2.2026

contribute to the formation of a new legislative framework that will improve the rights of workers and create more favorable working conditions on the domestic market. Also, through this initiative, efforts are being made to strengthen the capacity of state bodies for the implementation and application of future norms, which should ensure the effective implementation of legal provisions after their adoption.²⁸

In addition, the project contributes to Serbia's preparation for more active participation in European employment systems, especially through access to information and worker mobility through the EURES network. This is particularly important because it enables domestic workers to be better informed about employment opportunities within the EU and to improve the harmonization of regulations governing cross-border work and employee mobility, which is one of the strategic components of the European labor market.²⁹

In 2025, only the implementation of the first component of the twinning project, which refers to the creation of tables of compliance of the domestic Labor Law with European directives, was started. After that, in the following year, in 2026, the second component related to the formation of different focus groups depending on the areas to be discussed will be started, in which domestic experts for the given area and civil society organizations will be able to participate. It is expected that the definition of the term "employee" will be extended to persons who work outside the employment relationship.

During 2025, the following were in the center of attention: Directive no. 2019/1152 on transparent and predictable working conditions in the European Union³⁰, Directive no. 2019/1158 on work-life balance for parents and carers³¹, Directive 1999/70/EC on the Framework Agreement on fixed-term work concluded by ETUC, UNICE and CEEP³² and Directive no. 97/81/EC on part-time work.³³ These are strategically important directives that are important for directing further work on the Labor Law. What represents a special problem is the fact that there is still no decision on whether to proceed with the drafting

²⁸<https://www.minrzs.gov.rs/sr/aktuelnosti/vesti/djurdjevic-stamenkovski-pocinje-tvining-projekat-cilj-bolji-uslovi-rada>, 20.2.2026

²⁹Same.

³⁰Available at: <https://eur-lex.europa.eu/legal-content/HR/ALL/?uri=CELEX%3A32019L1152>, 15.2.2026

³¹Available at: <https://eur-lex.europa.eu/HR/legal-content/summary/work-life-balance-for-parents-and-carers.html>, 15.2.2026

³²Available at: <https://eur-lex.europa.eu/legal-content/HR/TXT/?uri=celex:31999L0070>, 15.2.2026

³³Available at: <https://eur-lex.europa.eu/legal-content/HR/ALL/?uri=CELEX:62022CA0184>, 15.2.2026

of a completely new Labor Law, or the drafting of a codification of labor legislation, or finally only amendments and additions to the Labor Law. The latter seems to make the least sense if one considers the range of necessary adjustments.

There are also several new directives that have not been transposed by individual EU members, such as Directive no. 2024/2831 on improving the working conditions of platform workers³⁴ about which even the countries participating in this consortium do not have enough experience, so for now those questions remain open. All these directives go towards more effective exercise of the employee's rights, but on the other hand there are initiatives that do not refer to these directives and concern employers' associations and their interests.

The working group for work on the Labor Law was not formed during 2025. A special problem is that the issue of work on the Labor Law is of interest to the widest possible circle of subjects, so the formation of this working group is complex. Also, it is obvious that the relevant ministry, for which the twinning project is intended, will want to use it until the end, which is March 2027, with the possibility of an extension for another 3 months. Only after this deadline is the process of reconciliation with social partners and the professional public, which will be a particularly complex task. Amendments to the labor law have been on the reform agenda of the Government of the RS for several years, but these are the most concrete steps that have been taken so far.

From all of the above, it is planned that the Labor Law will reach the agenda only in 2028, bearing in mind the political circumstances. What represents a potential problem is the fact that only after the completion of the twinning project will the consideration of other initiatives originating from interested parties be approached, and there will certainly be many of them, given that it is a systemic law that regulates work and labor relations.

3.3. Introducing the e-Sick Leave system in Serbia

³⁴Available at: <https://eur-lex.europa.eu/eli/dir/2024/2831/oj/eng>, 15.2.2026

In 2025, a new Law on the exchange of data, documents and notifications in the event of temporary incapacity for work was passed and adopted in Serbia through the software solution "e-Sick Leave - Employer", the goal of which is the complete digitization of the procedure for opening sick leave for employees and employers.³⁵ On the basis of the above-mentioned Law, a legal framework was created for the introduction of the electronic -sick leave system, which began to be implemented on January 1, 2026.

The new system, " e-Sick Leave - Employer", enables the selected doctor to issue certificates of temporary incapacity for work in electronic form, which are automatically forwarded to the employer and competent institutions without the need for employees to physically deliver paper remittances. This model of data exchange between doctors, employers and the Republic Health Insurance Fund (RFZO) abolishes bureaucratic procedures and significantly reduces the administrative burden for all parties in the process.

Employers are required to register and access the system through the eAdministration portal no later than January 1, 2026, in order to be able to receive and process electronic sick leave certificates. For entrepreneurs who employ workers, an extended deadline for the obligation to register is provided until January 1, 2027.³⁶

The implementation of e-sick leave brings several practical advantages: employees no longer have to carry paper evidence of sick leave to employers, employers receive timely electronic information about the start and duration of sick leave, which facilitates the monitoring of absences and the planning of work duties, and the physical delivery of remittances stops.³⁷

The law also foresees sanctions for non-compliance with the obligation to work in the e- -sickness system: employers who do not use the mandatory system can be fined, which for legal entities amount to about 50,000 to 200,000 dinars, for entrepreneurs from 10,000 to 50,000, while the responsible person at the employer can bear a fine of 5,000

³⁵At the session of the National Assembly of the Republic of Serbia in December 2025, the law was adopted and published in the "Official Gazette of the RS No. 109/2025".

³⁶ <https://www.paragraf.rs/dnevne-vesti/161225/161225-vest7.html?>, 2.3.2026

³⁷ <https://www.ite.gov.rs/tekst/sr/11533/ebolovanje-poslodavac.php>, 2.3.2026

to 25,000 dinars.³⁸These provisions are designed to encourage compliance with legal obligations and ensure full digitization of processes.

The introduction of e-sick leave represents one of the most important steps in the digital transformation of public administration and the social insurance system in the field of work: it enables greater efficiency and transparency in the sick leave process, relieves employees and employers of unnecessary paperwork and harmonizes domestic practices with modern digital data management standards. This creates a legal framework that facilitates the application of social security rights and improves administrative procedures, which is part of the broader policy of modernization of the labor and social protection system in the Republic of Serbia.³⁹

However, the implementation of the system also brings certain challenges. The first is the need for the technical readiness of employers and doctors to use the electronic system, which includes registration, access to the portal and basic IT knowledge. Another challenge is the protection of personal data, because electronic transmission of medical and personal information requires high standards of security and confidentiality. There is also a risk of improper application or delay in registration, which can lead to problems in recognizing the right to sick pay. For smaller employers or entrepreneurs, the obligation to comply with the new procedures can be additional burdensome, especially in the first phase of system implementation.

3.4. The draft law on the caregiving parent in Serbia: implications for labor and social rights

During the year 2025, as part of a broader strategy of improving social protection and fulfilling institutional obligations towards the most vulnerable categories of the population, the procedure of drafting the Law on the parent as -a caregiver was initiated in the Republic of Serbia. This initiative represents a significant step in the long-term

³⁸Article 10 of the Law.

³⁹Digitalisation of sick leave for employers as of 1 January 2026, <https://www.tasiclaw.com/en/news/digitalisation-of-sick-leave-for-employers-as-of-1-january-2026>, 4.4.2026

effort to finally systematize and recognize the legal status and rights of parents who devote their entire working lives to the intensive care of children with severe developmental disabilities or disabilities in accordance with modern standards of social and labor rights.

In December 2025, the Ministry of Labour, Employment, Veterans and Social Affairs launched a public call for participation in the formation of a working group that will work on the Draft Law (open until December 24, 2025), which enabled civil society organizations, parents' associations and other relevant actors to participate in the process of proposing and defining key provisions of the draft law.⁴⁰ After receiving the applications, a working group consisting of 30 members was formed, half of which are representatives of civil associations and representatives of relevant ministries and authorities.⁴¹

In the focus of the work of the working group, there are issues that have a direct implication on the labor and social rights of -caregiver parents. In the announcements of the relevant ministry, it was emphasized that the goal is to realistically determine the scope and criteria of the rights that should be recognized by this law, as well as to harmonize the proposed solutions with other legal frameworks in the field of employment, social protection and family relations. This indicates that the law, when passed, will have to balance between the need for social security of parents who care for children and the economic possibilities of the social protection system, but also to integrate solutions that will be harmonized with other aspects of labor law. One of the key discussions surrounding the Draft Law is how to formally recognize the right of parent-caregivers to income and insurance, given that the current labor law system does not provide enough mechanisms to ensure professional experience or social protection for those who are not employed. There is also the question of the inclusion of parents-caregivers in the labor market under certain, special conditions, which would potentially be significantly different from those regulated by the existing legislative framework. The draft law, once defined, should provide mechanisms by which periods spent in child care

⁴⁰ <https://www.tanjug.rs/srbija/politika/214579/pokrenut-javni-poziv-za-izradu-zakona-roditelj-negovatelj-otvoreno-do-24-decembra/vest?>, 3.3.2026

⁴¹ <https://www.nin.rs/drustvo/vesti/100065/ministarstvo-formirana-radna-grupa-za-izradu-nacrta-zakona-o-pravima-roditelja-negovatelji>, 3.3.2026

will be recognized as periods of work contribution for pension and health insurance, which is important because those who cannot work regularly due to care obligations currently lose those rights and remain economically exposed.⁴²

3.5. Amendments to the Law on Personal Income Tax

During 2025, the legislator in the Republic of Serbia adopted certain changes in the Law on Personal Income Tax, which are aimed at reducing the tax burden on wages and improving incentives for employment, which were adopted in December 2025.⁴³

One of the most significant changes is the increase in the non-taxable amount of earnings, which is used in determining the base for personal income tax. While the previous non-taxable amount was 28,423 dinars per month, with the new changes, that amount will be raised to 34,221 dinars per month from January 1, 2026. This increase has a direct effect on reducing the tax base for wages, which means that workers who earn wages at or slightly above this threshold will actually pay less income tax and thus have a higher net amount of wages available. This is of particular importance for young people and lower-income workers, as an increase in the tax-free amount directly reduces their monthly tax liability and can improve the availability of financial resources for households facing rising living costs.

The increase of the unreserved amount of wages, as part of the fiscal policy, corresponds to the broader goal of making the employment relationship more attractive, especially to young people who are in the phase of entering the labor market, and who often face the situation that the difference between gross and net wages significantly affects the final income available for living expenses. In this regard, the amendments to the Personal Income Tax Law also extend the deadline for the application of existing tax benefits for the employment of newly employed persons until the end of December 31, 2026, instead of those benefits expiring on December 31, 2025. These benefits allow employers to

⁴² <https://www.zavodsz.gov.rs/sr/aktuelnosti/nastavak-rada-na-dono%C5%A1enju-zakona-roditelj-negovatelj>, 11.3.2026

⁴³"Official Gazette of the Republic of Serbia No. 109/2025". Most of the changes take effect on January 1, 2026

refund 65%-75% of taxes and contributions on the wages of new employees, which represents a significant incentive for the creation of new jobs. The extension of this measure can help primarily young people - who often make up the largest part of newly employed people - to enter the employment relationship more easily, because employers have an additional financial motivation to hire them.⁴⁴

3.6. Amendments to the Law on Contributions for Mandatory Social Insurance

Amendments to the Law on Contributions for Mandatory Social Insurance, which were adopted in 2025, represent an important step in the improvement of the social protection system and regulation of the labor market in the Republic of Serbia. The planned changes entered into force on January 1, 2026 and aim to connect fiscal and social policy with the needs of employers and employees, with special attention being paid to young people.⁴⁵

One of the key novelties refers to the release of young people up to 30 years of age from the previous requirements of the minimum duration of records with the National Employment Service when they are included in the "Youth Guarantee" programs. This provision allows employers to hire young people without administrative obstacles, while at the same time young people are entitled to tax benefits and reduced contributions, which contributes to encouraging formal employment and reducing informal work.⁴⁶

The changes seek to create a more favorable framework for the employment of young people, who are often marginalized on the labor market, and open up space for better integration into the formal economy. At the same time, employers have the legal certainty that they can use benefits when hiring young people, which can contribute to increasing the number of jobs and reducing the burden on wages in the first stages of a career.

In addition to the direct effect on young people, these changes have wider implications for the labor market and legal practice. In combination with the previously mentioned

⁴⁴ <https://kpmg.com/rs/en/insights/tax-alerts/2025/12/amendments-to-personal-income-tax-and-social-security-contributions-adopted.html>?, 10.2.2026

⁴⁵"Official Gazette of RS, No. 109/2025"

⁴⁶Article 1, paragraph 3, of the Law on Amendments to the Law on Contributions for Mandatory Social Insurance

personal income tax reforms, the reduction of the total tax and contribution burden contributes to the creation of a more favorable environment for establishing an employment relationship. This not only improves the economic position of employees, but also enables employers to plan employment more flexibly and predictably, which is especially important in sectors that employ a large number of young or seasonal workers. Young people who are involved in employment support programs are now entitled to mandatory health and pension-disability insurance, which provides them with additional security and legal protection. These measures reduce the risk of unsafe work and potential social exclusion, thereby contributing to the realization of rights from labor legislation and the principle of equality in the labor market. In this way, young workers get the opportunity to formally start their career with legally protected rights and adequate compensation, which is crucial for the stability and sustainability of work engagement.⁴⁷

3.7. Public policy documents

During 2025, the system of labor rights and social protection in the Republic of Serbia continues to develop within the existing normative and strategic framework.

Action plan for the period 2025-2026. within the Strategy of deinstitutionalization and development of social protection services in the community is a primary document aimed at improving the conditions for the protection of socially vulnerable persons, but also at strengthening the rights of users of social services, including the right to work engagement and inclusion in active employment measures. This document functions as an operational platform that ensures that the rights to social security and support are realistically realized, with prescribed monitoring and reporting mechanisms, and is an operational document that aims to implement the planning provisions of the Strategy for deinstitutionalization and development of social protection services in the

⁴⁷As the reasons for the adoption of amendments to the Law, it is also stated that "ensuring the conditions for further implementation of the comprehensive reform of the business environment and the fight against tax evasion and the gray economy create conditions for more effective suppression of illegal work by natural persons, employment, inflow of investments and economic growth and overall enabling of more favorable economic conditions by relieving economic entities". See: <https://www.tanjug.rs/ekonomija/srbija/204738/izmene-zakona-o-doprinosima-na-obavezno-socijalno-osiguranje-donosi-poreske-olaksice/vest>, 4.2.2026

community for the period 2022-2026. translate into concrete activities, deadlines and resources. The Action Plan defines a series of measures intended to transform the social protection system, including the development and expansion of services within local communities, such as *home help services, personal assistance, day care centers and counseling services*, which should enable people who use social protection to meet their needs in a natural environment, which is a prerequisite for their greater independence in daily functioning and planning of life activities. It is planned to include professional staff and users in the creation and monitoring of services, as well as encouraging the development of territorially uniform services at the level of the entire country, which ensures that the measures determined by this plan cover a wider range of users of different social profiles and that support is provided in the local context without inappropriate differences between different municipalities and cities.

The action plan also provides mechanisms for the coordination of resources - human, material and financial - which are necessary for the implementation of the activities foreseen in the Strategy, with special emphasis on strengthening the institutional capacities of centers for social work and other service providers. The framework of the plan envisages the professional training of employees in the social protection system, as well as encouraging the inclusion of users, along with the development of services that connect social protection with other public systems, such as health care and education. In this sense, the document not only plans specific types of services and their availability, but also establishes institutional responsibilities and ways of monitoring their application, thus setting the conditions for a more efficient integration of services at the local level.⁴⁸

The agreement on the performance of the National Employment Service for 2025, signed in March 2025, enables the monitoring of the effectiveness of active employment policy measures, including training programs, public works and incentive measures for employers, thereby indirectly strengthening the legal framework for equal employment opportunities and improvement of labor standards. The agreement establishes specific tasks, goals and activities that the National Service should implement in the course of

⁴⁸The text of the Action Plan is available at: <https://rsjp.gov.rs/sr/dokumenti-javnih-politika/>, 10.3.2026

2025 within the scope of its competences provided by the Law on Employment and Unemployment Insurance. This document is based on the provisions of the Action Plan for the period 2024-2026. for the implementation of the Employment Strategy in the Republic of Serbia (2024-2026) and represents a legally established plan for the implementation of active employment policy measures implemented by the service by issuing public invitations and programs for the inclusion of unemployed persons in various forms of employment. ⁴⁹As part of this Agreement, it is planned that more than 15,000 unemployed persons will be included in the measures of the active employment policy, whereby financial measures have been set aside for the implementation of these programs. According to the data from the Agreement, of the total number of persons who will be included in the inclusion, a significant part refers to persons with disabilities (the plan is to include 1,640 such persons), which indicates a focus on supporting categories that are traditionally more difficult to employ. Also, young people who are in the *Youth Guarantee system* should be additionally covered through programs implemented in cooperation with local self-government units, including financial incentives from the IPA 2020 funds.⁵⁰

The program of economic reforms for the period 2026-2028, which was adopted at the end of December 2025, starts from the assumption that the labor market will continue with relatively favorable trends in the coming period, in accordance with the expected growth of economic activity and a stable macroeconomic environment. In this context, special attention is paid to the improvement of the quality of the workforce and investments in human capital, in order to increase the employability of the population and support the development of sectors with higher added value. At the same time, the importance of further encouraging formal employment is emphasized, which not only improves working conditions but also strengthens fiscal stability through an increase in budget revenues based on labor taxation. In the medium term, the positive effects of active employment policy measures are expected to continue, including retraining programs and various forms of support for social entrepreneurship. These measures aim to facilitate access to the labor market for particularly vulnerable categories of the

⁴⁹ <https://www.nsz.gov.rs/sadrzaj/potpisan-sporazum-o-ucinku-nacionalne-sluzbe-za-zaposljavanje-za-2025-godinu/50971>?, 9.3.2026

⁵⁰Same.

population and contribute to more inclusive economic growth. As a result of such policies, a gradual decrease in the unemployment rate is projected, with simultaneous real wage growth. At the same time, it is expected that salary growth in the private sector will follow market trends, while salaries in the public sector will continue to be aligned with fiscal rules, in order to preserve the long-term sustainability of public finances. The program also envisages the continuation of reforms in the area of human resources management and the salary system in the public sector. Within this framework, the existing model of employment control in institutions that use public funds is maintained, whereby institutions in the transitional period can hire new persons up to the level of 70% of employees who leave the institution or retire. In parallel with that, the central information system for calculating the remuneration of employees in the public sector "Iskra" is being developed, the goal of which is to improve the planning and control of salary expenditures, increase transparency and more efficient management of human resources, especially in the conditions of increasingly pronounced competition of the private sector for qualified labor.

An important element of economic reforms also refers to encouraging the creation of new jobs (approximately 15 thousand new jobs) through investments related to the green and digital transition. A special segment of reforms is aimed at improving the employability of young people and reducing the share of young people who are not employed or involved in education or training (NEET). In this sense, it is planned to further strengthen the "Youth Guarantee" program, as well as to improve the legal framework for vocational training programs, with the aim of facilitating the transition of young people from the education system to the labor market. It is planned that by the end of 2027, the program will include a significant part of young people in NEET status, with the expectation that a significant percentage of participants will find employment or continue their education in a relatively short period of time. Estimates indicate that such measures, together with the reduction of skills mismatch in the labor market, could contribute to the creation of approximately 17 thousand new jobs and an increase in total employment.⁵¹

⁵¹Program of economic reforms 2026-2028, <https://rsjp.gov.rs/sr/dokumenti-javnih-politika>, 25.2.2026

Within the **Action Plan for 2026-2027 for the implementation of the Strategy for the Social Inclusion of Roma and Roma Women (2022-2030)**, the area of employment was evaluated as moderately implemented, with a note that the implemented measures did not lead to a significant improvement in the position of the Roma population on the labor market. Although programs aimed at increasing Roma employability were implemented during the observed period, their effects remained limited, which is reflected in the continued low employment rate and marginalized position of this community. Insufficient adaptation of training and retraining programs to the specific needs of the Roma population and changes in the labor market, as well as the existence of discrimination during employment, especially in the private sector, were identified as key challenges. In addition, insufficient coordination between institutions and limited financial resources for the implementation of measures were pointed out, which further reduced their overall effect. In order to improve the position of Roma on the labor market, the Action Plan foresees a series of recommendations related to the development of targeted employment programs and more flexible training and retraining models, aligned with local economic conditions and labor market needs. Special emphasis is placed on strengthening cooperation between competent ministries, local self-governments and the National Employment Service, as well as on the introduction of incentive measures for employers who employ members of the Roma population. At the same time, the continuation and institutionalization of existing mechanisms for supporting employment in the public sector, such as the hiring of coordinators for Roma issues, health mediators and pedagogical assistants, is foreseen, along with the improvement of the monitoring and evaluation system of the effects of implemented measures in order to enable their further adaptation and increase in efficiency.⁵²

Youth Guarantee program in 2025 is one of the more important measures of active employment policy aimed at integrating young people into the labor market. The program has been implemented as a pilot project in certain regions of Serbia since 2024, with the aim of providing young people between the ages of 15 and 29 who are not employed or included in the education or training system (NEET) with an offer for employment, continuing education, practice or training within four months of registration in the

⁵² <https://rsjp.gov.rs/sr/dokumenti-javnih-politika>, 25.2.2026

unemployment register. During 2025, the program was further developed through the announcement of public calls and the implementation of various active employment policy measures aimed at young people and employers. At the same time, the evaluation of the results of the pilot phase so far indicates the significant potential of this instrument in terms of increasing the employability of young people and facilitating their transition from education to the labor market. Accordingly, it is planned to further improve the institutional and financial framework of the program, as well as its gradual expansion, with the aim of becoming one of the central measures of the youth employment policy at the national level in the coming period. In March 2025, eight public calls were announced as part of the program, intended for unemployed young people and employers, with financial support from the Serbian budget (about 200 million dinars per year). These measures include subsidized employment, training, work practices and other forms of active employment policy.⁵³ According to the data presented at the end of 2025, more than 17,000 young people joined the program, while around 12,000 went through various training measures, and more than 7,000 young people got employment or a good job offer.⁵⁴

⁵³ <https://www.tanjug.rs/phono/585>, 10.2.2026

⁵⁴ <https://www.tanjug.rs/ekonomija/srbija/145766/nacionalna-sluzba-za-zaposljavanje-raspisani-javni-pozivi-u-okviru-programa-garancija-za-mlade-za-2025-godinu>, 10.2.2026

4. REFERENCE TO (DIS)RESPECTING LABOR RIGHTS DURING STUDENT PROTESTS AND BLOCKADES IN 2025

The protest wave in Serbia that began at the end of December 2024 continued throughout 2025, covering a wide range of educational institutions, including primary and secondary schools, as well as universities. These protests were manifested through strikes, blockades and other forms of work stoppages, often outside the formal legal framework, which opened the issues of respect for labor rights, disciplinary responsibility of employees and legal security in the education system.⁵⁵

Much of the collective action took place outside of formal procedures, but they often had broad social legitimacy, especially because of the support provided to students, pupils, teachers and professors in the general public.⁵⁶ At the same time, this situation pointed to the limitations of the existing legal framework in the protection of labor rights, since the normative system was not adequately adapted to the complex forms of collective action that appeared in practice.

In the early stages of the protest, the demands of education employees were often linked to broader student demands, which further complicated their legal foundation within the Strike Law, which stipulates that strike demands must refer to the employer, which was absent in this particular case. Over time, however, demands were articulated that directly related to the position of employees in the education system, including issues of student and teacher safety, professional dignity and general working conditions. In that context, the responsibility for solving these issues is not seen exclusively at the level of the formal employer, that is, school principals, but also at the level of the ministry responsible for education as a key actor in the creation and implementation of educational policy. Despite this, the institutional response to the stated demands was primarily aimed at controlling the legality of work and establishing a regular teaching process, and not at opening a broader dialogue about the position of employees and their professional rights. In schools where classes were suspended for safety reasons, in practice the provisions

⁵⁵ <https://www.tanjug.rs/srbija/drustvo/218628/dogadaji-koji-su-obelezili-2025-godinu-u-srbiji/amp>, 12.2.2026

⁵⁶ <https://bebac.com/spisak-skola-koje-strajkuju-u-srbiji-4-02-2025/>, 13.2.2026

of the Law on Safety and Health at Work ⁵⁷ and the Law on the Basics of the Education System were almost always neglected ⁵⁸. Instead of inspectors responsible for safety and health at work, the control in those cases was carried out by the educational inspectorate. In addition, the difficulties in holding a strike within legally defined frameworks, especially due to the application of the minimum work process, led to initiatives that indicated that the existing Law on Strike ⁵⁹ may be in conflict with international labor standards.

The reaction of the competent authorities was mainly reflected in increased inspection supervision and initiation of disciplinary proceedings in cases of complete suspension of work. In practice, different models of teaching organization have been developed, so during a certain period there was a situation in which some teachers worked within the minimum work process, some participated in blockades, while some taught in full. In some schools, an additional problem was the concern of parents for the safety of students, which is why children occasionally missed classes. After the amended Special Collective Agreement in Education was concluded ⁶⁰, part of the school employees contested the legitimacy of the trade unions that participated in the negotiations, considering that at that moment, other requirements related to the safety of students and teachers, as well as the preservation of professional reputation, were a priority. The Ministry in charge of education reacted to the strike and protest activities by sending educational inspectors, who recorded work stoppages and ordered their termination, with the return of employees to their regular duties. The trade unions, however, participated in the drafting of two documents together with the students in the blockade. One related to amendments to the Labor Law, and the other to amendments to the Law on Strikes. ⁶¹ Both documents were symbolically submitted to the Government of the Republic of Serbia, but no one from the authorities responded to them.

⁵⁷"Official Gazette of RS", no. 35/2023

⁵⁸"Official Gazette of RS, No. 88/2017, 27/2018 - other laws, 10/2019, 27/2018 - other laws, 6/2020, 129/2021, 92/2023 and 19/2025"

⁵⁹"Official Gazette of the FRY, No. 29/96 and Official Gazette of the RS, No. 101/2005 - other laws and 103/2012 - decision of the US"

⁶⁰Special collective agreement for employees in primary and secondary schools and student dormitories, "Official Gazette of RS, No. 21/2015, 92/2020, 123/2022 and 13/2025"

⁶¹See: <https://nova.rs/emisije/pet-najvecih-sindikata-dogovorili-saradnju-sa-studentima-u-blokadi-zeljko-veselinovic/>, 14.2.2026; <https://www.masina.rs/studenti-u-blokadi-i-sindikati-za-izmene-zakona-o-radu-i-zakona-o-strajku/>, 14.2.2026

Similar processes took place in higher education, where faculty blockades lasted for most of the academic year and began to weaken only in mid-2025 with the gradual resumption of classes. Although the possibility of organizing a strike was considered at certain moments, such a form of collective action was hampered by the existing rules on the minimum work process, which originate from the period before the introduction of the modern study system based on the Bologna principles.⁶² In practice, it has been shown that the normative framework set up in this way does not enable the effective realization of the right to strike, because the obligation to ensure a broadly defined minimum of the work process significantly limits the possibility of actually exerting pressure to protect the professional and work interests of employees.

Additional controversies were caused by measures related to the financial position of employees in higher education. With the adoption of the decree which reduced the share of scientific research work in the total work norm of the teaching staff, there was actually a reduction in the salary of university teachers, although scientific research activity continued even in periods when teaching was not carried out. Such a normative solution caused serious dilemmas regarding its compliance with the constitutional principles and standards of academic autonomy, but also regarding the protection of the economic rights of employees in higher education.⁶³

A particularly contentious issue related to the payment of wages to employees in institutions that were covered by work stoppages. In schools, the amount of salary was often determined based on the assessment of the volume of teaching, where the circumstances that objectively prevented the teaching were not always taken into account. Such an approach led to a situation in which employees bore the financial consequences of disruptions in the work of educational institutions, although the reasons for the interruption of work did not always depend on their will, nor did the competent authorities take adequate measures to eliminate them. After the end of the school and academic year, a number of procedures were recorded that additionally raised the issue of protection of labor rights, including non-extension of fixed-term

⁶²Regulation on the minimum work process of faculties and universities founded by the Republic of Serbia, "Official Gazette of RS", no. 65/2003

⁶³Regulation on norms and standards of working conditions of universities and faculties for activities financed from the budget, "Official Gazette of RS", no. 15/2002, 100/2004, 26/2005, 38/2007, 110/2007, 17/2025 and 27/2025

employment contracts for employees who participated in protests or blockades. Although the decision to extend such contracts formally falls under the employer's discretion, the time connection with the participation of employees in collective actions indicates the existence of serious indications of discrimination based on trade union or political activity.

The entire period pointed to broader structural weaknesses of the labor rights protection system in situations of pronounced social conflict. The existing legal framework has shown a limited ability to ensure a balance between the interests of the state, employers and employees, especially when it comes to exercising the right to strike. The institute of the minimum work process, which is widely established in certain industries, in practice has often led to the de facto meaningless of this right, thereby reducing its role as a legitimate means of collective protection of labor interests. At the same time, the current regulations do not offer clear solutions for situations in which collective actions go beyond the classic forms of trade union organization and take on a broader social character. This legal uncertainty additionally complicates the position of employees participating in protests, as it exposes them to potential disciplinary and material consequences without a clear normative framework that would guarantee adequate protection of their rights. The observed events additionally opened up the question of the real scope of the protection of labor rights in the education sector, especially in situations when the collective dissatisfaction of employees takes on a broader social character. Although the legal framework formally guarantees the right to strike and various forms of union organizing, practice has shown that the opportunities for employees to effectively use these rights are significantly limited. Normative requirements that precede the legal organization of a strike, as well as the broadly defined institute of the minimum work process, in some industries actually reduce the space for legitimate collective action of employees. In such circumstances, blockades and other informal forms of protest emerged as an alternative way of expressing professional and social dissatisfaction.

At the same time, the manner in which the competent authorities reacted to these processes further deepened the perception of insecurity regarding the protection of labor rights. Instead of resolving open issues related to working conditions, safety in educational institutions and the professional position of teachers through institutional

social dialogue, the dominant response of the state was aimed at establishing the formal legality of the work process. Such an approach led to a situation in which the essential problems that triggered the collective actions remained largely unresolved, while the employees who participated in the protests in some cases suffered individual consequences. In a broader sense, these events pointed to the structural weaknesses of the system of collective labor relations, especially with regard to the effectiveness of social dialogue mechanisms and the ability of the existing legal framework to ensure an adequate balance between the protection of the public interest and the right of employees to collective action.

5. SOCIAL DIALOGUE DURING 2025

The European Commission's Report on Serbia for the year 2025 states: "Social dialogue and the involvement of social partners in the development of policies relevant to them are still weak. In the previous period, which was marked by protests and work stoppages in the education sector, the need to amend the strike law without further delay was confirmed because the current law from 1996 is outdated and does not comply with ILO standards. In this context, the salaries of teachers participating in protests are significantly have been reduced. No new sectoral agreements have been signed. Some complaints to the ILO about the violation of trade union and labor rights have not yet been resolved.⁶⁴"

The assessment of the European Commission that social dialogue in Serbia is still weak refers primarily to the limited influence of social partners on the decision-making process in the field of labor and social policy. Although there is an institutional framework for social dialogue in Serbia, primarily through the work of the Social and Economic Council, in practice the role of this body is often consultative, while key decisions are still taken by the state. This is best seen in the example of consultations during the adoption of laws and the adoption of decisions on the minimum wage, which in the past, except for a few occasions, was the sole responsibility of the Government of the RS.

However, the year 2025 was interesting in that an extraordinary increase in the minimum wage was carried out, which is extremely unusual in relation to the previous practice of determining it in Serbia. Namely, according to the Labor Law, the minimum wage is determined once a year, as a rule, by September 15 for the following year, through negotiations of social partners within the Social and Economic Council. If the social partners reach an agreement, the minimum wage is determined by consensus in that body, and if no agreement is reached, the decision is made by the Government of the Republic of Serbia. As we emphasized, the most common was the second situation. This

⁶⁴Report of the European Commission on Serbia for 2005 available at: https://www.mei.gov.rs/upload/documents/eu_dokumenta/2025/serbia_2025_report_sr.pdf, (February 17, 2025), p. 94.

practice implies that the minimum wage is determined for the entire following year, without changes during the year.

For the year 2025, the minimum wage was initially set at 308 dinars per working hour, but during the year a decision was made on an extraordinary increase to 337 dinars per hour from October 1, 2025. This decision is unusual because the minimum wage was increased in the middle of the year, and this increase was made through an additional round of social dialogue.

There are several key reasons for this decision. The most significant is certainly related to the socio-political context in which Serbia found itself in 2025, which was marked by large student-citizen protests. Also, the extraordinary increase in the minimum wage can be seen as a rather cheap way to score political points for the next elections, referring to the trade union organizations that during the previous negotiations insisted that the minimum wage be increased further to bring it closer to the amount of the minimum consumer basket. Finally, the increase in the minimum wage is part of a broader policy of increasing wages and living standards of employees in Serbia, which has become one of the central themes of economic policies in recent years.

In any case, even with such an increase in the minimum wage, basic costs such as housing, food, education, health and access to culture will not be covered. The growth of inflation, which will certainly move the poverty line upwards in the coming period, is of particular concern here. Nevertheless, this extraordinary increase in the minimum wage has a broader institutional significance as it shows that social dialogue can be a flexible instrument for responding to changes in economic conditions. At the same time, this situation also shows certain characteristics of the social dialogue in Serbia: (1) the state has a dominant role in shaping the final solutions; (2) negotiations between the social partners often end in a compromise and (3) the minimum wage remains one of the key issues of the social dialogue.

Regarding the institutional framework of social dialogue, it continues to take place through the Social and Economic Council as a tripartite body in which representatives of the Government, representative trade union headquarters and representative employers' associations participate. The role of this body is to consider issues of importance for

economic and social policy, including labor legislation, wage policy, employment and collective bargaining.

During the year 2025, the Social and Economic Council remained the central point of consultation between the social partners, especially in relation to the determination of the minimum wage. At the same time, initiatives were launched to improve the functioning of this body through the formation of additional operational structures that would enable more effective consideration of labor market issues and faster adoption of recommendations. In this sense, in the second half of 2025, a decision was made for the Social-Economic Council to establish an Operative Body whose task will be to "more effectively assess the challenges in the economy and the domestic labor market, as well as the possibilities of solving potential problems."⁶⁵ The proposer was the Confederation of Autonomous Trade Unions of Serbia, and the decision was adopted unanimously at the 126th regular session of the Social-Economic Council.

The formation of an operational body within the Social and Economic Council of the Republic of Serbia can be seen as an attempt to institutionally strengthen the social dialogue in Serbia. The operational body was formed on December 18, 2025, with the aim of improving the operational work of this tripartite body and enabling continuous consideration of issues of importance for the labor market and social policy. The introduction of such a mechanism indicates the effort of social partners to overcome certain weaknesses in the functioning of social dialogue, which primarily relate to the relatively infrequent holding of Council sessions and limited capacity for detailed analysis of certain issues. The operative body should ensure more frequent communication between representatives of the state, trade unions and employers, as well as the preparation of specific proposals and analyzes for the Council sessions. In this sense, its formation can be seen as an institutional response to the criticism of international organizations and European institutions that indicate the need to strengthen social dialogue and greater involvement of social partners in the process of creating public policies in the field of work.

⁶⁵ <https://www.minrzs.gov.rs/sr/aktuelnosti/vesti/osniva-se-operativno-telo-socijalno-ekonomskog-saveta>, 15.2.2026

During 2025, discussions on possible changes to labor legislation were also opened. Special attention was paid to issues related to collective bargaining, trade union representativeness and the effectiveness of social dialogue mechanisms.

In parallel with the twinning project, the International Labor Organization is implementing a special project aimed at improving social dialogue in the Republic of Serbia. The project is focused on the provisions of the Labor Law that govern the establishment and operation of unions and employers' associations, the conditions for acquiring and determining their representativeness, as well as issues of collective bargaining, including the conclusion, duration and termination of collective agreements. Special attention was paid to the regulation of the minimum labor price within tripartite institutions.

As one of the activities related to the aforementioned project, a study was carried out under the working title: "Proposals for a new Labor Law - social dialogue and collective bargaining," which represents an analytical and normative review of the key provisions of the Labor Law of the Republic of Serbia that relate to the institutional framework of social dialogue, collective bargaining and the protection of trade union rights. ⁶⁶The study analyzes the existing legal solutions and proposes changes with the aim of harmonizing them with the international labor standards of the International Labor Organization and the relevant law of the European Union.

The study is based on international instruments ratified by Serbia, primarily on ILO Conventions no. 87 on freedom of association and protection of the right to organize, no. 98 on the right to organize and collective bargaining, no. 135 on the protection of workers' representatives and no. 144 on tripartite consultations. In addition, the study relies on the recommendations of the ILO, the views of the supervisory bodies of this organization, as well as the relevant directives of the European Union that regulate issues of minimum wage, informing and consulting employees and protecting the rights of workers in case of company restructuring.

The basic premise of the study is that effective social dialogue is a key element of modern industrial relations and one of the foundations of democratic management in the world of work. In this sense, the proposed amendments to the Labor Law aim to establish a

⁶⁶Study by the author of prof. Dr. Bojan Urdarević, created as part of the project activities, is not publicly available.

more modern and coherent legal framework that will enable the development of collective bargaining, strengthening the role of social partners and improving the protection of trade union rights.

One of the central topics of the study refers to the improvement of the legal framework of collective bargaining. It is proposed that the law more precisely regulates the process of negotiations between unions and employers, including the obligation to conclude a negotiation protocol that would regulate the dynamics of negotiations and the basic rules of the procedure.

Special emphasis was placed on the introduction of the principle of negotiation in good faith. Although this principle is not explicitly formulated in the ILO Convention no. 98, the interpretations of the ILO supervisory bodies indicate that bargaining in good faith is an essential element of effective collective bargaining. It is proposed that the law defines this principle more clearly and foresees the responsibility of the parties who negotiate without the real intention to conclude a collective agreement or who unreasonably obstruct the negotiation process.

The goal of these changes is to improve the institutional framework of collective bargaining and prevent situations in which negotiations formally exist, but do not lead to the actual conclusion of collective agreements.

The study also indicates the need for a more systematic organization of informing and consulting employees. The current Labor Law regulates this matter fragmentarily through several provisions, without a clear and unified normative framework. Harmonization with EU Directive 2002/14 on information and consultation of workers, which establishes a general framework for social dialogue at the company level, is proposed.

In this sense, it is proposed that the law precisely defines the concepts of information and consultation, as well as the obligation of employers to timely deliver relevant information to employee representatives on issues that affect employment, work organization and the economic position of employees.

A significant part of the study is devoted to the protection of trade union and worker representatives. It is indicated that the existing legal framework does not provide strong

enough protection to employee representatives against discrimination or retaliation due to trade union activities. It is suggested that the protection be extended to the period after the termination of the position, in order to prevent possible reprisals by employers. These proposals are based on the ILO Convention no. 135 and relevant directives of the European Union, which emphasize the need for effective protection of employee representatives as a key element of freedom of trade union organization.

Special attention was paid to the issue of freedom of trade union association. It is pointed out that certain provisions of the Labor Law limit the right to organize a trade union only to persons who have concluded an employment contract, which excludes certain categories of workers from application, such as self-employed or workers engaged outside of employment. Such a solution is assessed as inconsistent with the ILO Convention no. 87 and international standards that guarantee the right to union organization to all workers without exception.

The document also analyzes the representativeness criteria of trade unions and employers' associations. The existing criteria are assessed as relatively restrictive, especially in the part that refers to employers' associations. It is suggested to consider more flexible criteria in order to facilitate the formation of employers' organizations and improve the development of sectoral social dialogue.

At the same time, it is pointed out the need to preserve the balance between freedom of association and the need for organizations participating in social dialogue to have real legitimacy and representativeness.

Overall, the study presents a comprehensive analysis of the existing legislative framework in the area of social dialogue and collective bargaining in Serbia. The proposed changes are aimed at harmonizing the Labor Law with international ILO standards and European Union law, as well as strengthening the institutional mechanisms of social partnership.

The proposed solutions are aimed at improving collective bargaining, strengthening the role of social partners in the decision-making process, increasing transparency in relations between employers and employees, and more effective protection of trade union rights. In this sense, the document represents an important contribution to the

debate on future labor legislation reforms in Serbia and the development of a modern system of industrial relations based on the principles of social dialogue and international labor standards.

In addition to the aforementioned study, a number of activities aimed at strengthening the capacities of social partners were implemented within the project during 2025. The creation of a communication strategy for social partners was started, which should be further elaborated through action plans in order to improve their visibility. Finally, as a separate part of the project, assistance to local social and economic councils is foreseen, where only next year should be chosen which 5 local self-governments will represent the target group. As in the case of the twinning project, this project is also scheduled to last until March 2027 with an increasingly certain extension of 3 months, so it coincides with the twinning.

In the part of the law that regulates the right to direct industrial action, the Law on Strike is still one of the most sensitive topics in the field of labor legislation in Serbia, but during 2025 there were no significant normative changes in this area. The current law dates back to 1996, which is why the need to harmonize it with modern standards of industrial relations and international labor standards has been pointed out for a long time.

The last serious attempt to reform this law was made in the period from 2016 to 2018, when a working group was formed with the task of preparing a draft of the new Law on Strikes. During that period, a large number of working group meetings were held, eighteen in total, and the drafting process was accompanied by intensive work and consultations between social partners. After drafting the draft, a public discussion was organized, as well as several round tables where proposals and suggestions from the professional public and interested actors were discussed. After the end of the public discussion, the working group held another meeting where the received comments were analyzed and some harmonization of certain legal solutions was carried out. However, the draft law was not adopted, but after it was submitted to the Government, it was returned to the competent ministry.

During that process, the International Labor Organization also played an important role, which in 2018 submitted a technical memorandum with extensive comments on the

proposed text of the law, with the aim of harmonizing it with international labor standards. However, further work on the law soon stopped, partly due to the circumstances caused by the COVID-19 pandemic, which led to the suspension of the legislative initiative.

One of the main reasons why the adoption of the new law is difficult is the fact that it is a normative matter in which the interests of the social partners are often strongly opposed. Particularly controversial issues related to the determination of the minimum work process during the strike, especially in activities of public interest such as education, as well as the issue of lockouts, which were emphasized by the representatives of employers. Additional controversies arose in connection with the process of drafting the law itself, since some social partners claimed that the final text did not fully reflect the results of the work of the working group, especially after its work was interrupted at one point.

In this context, it should be borne in mind that in the field of regulating the right to strike, there are relatively few comparative legal models that can be directly adopted. That is why the experiences of other countries, as well as the guidelines of international organizations, are of particular importance for finding appropriate solutions.

Within the projects that are currently being implemented in the field of social dialogue, the issue of the Law on Strike was not the subject of immediate analysis in 2025, but it is planned to deal with this topic in more detail in the second quarter of 2026. This could represent an opportunity to re-open the discussion on the reform of this important law and to find a solution that will be harmonized with the standards of the International Labor Organization and the modern needs of the labor market in Serbia, while respecting the views of all social partners.

The situation regarding the Strike Law shows how complex the regulation of collective labor rights is in the system of industrial relations. Although there is broad consensus on the need to modernize the 1996 legal framework, deep differences in the views of unions and employers make it difficult to reach agreement on key issues. This is precisely why the reform of this law represents one of the most demanding tasks in the field of labor legislation. Further progress in this area will probably depend on the ability of the social

partners to find a balance through social dialogue between protecting the right to strike and ensuring the smooth functioning of the economy and public services.

Within the trade union movement, initiatives were launched to change certain legal solutions, including the issue of the criteria of representativeness of trade unions. This topic is of great importance because it affects the possibility of trade union organizations to participate in national institutions of social dialogue and collective bargaining.

Discussions on labor legislation indicated the need for further improvement of the legal framework of social dialogue in order to ensure greater efficiency of negotiations between social partners and to increase the role of collective bargaining in regulating labor relations.

Despite the existence of an institutional framework, social dialogue in Serbia still faces certain challenges. One of the key problems is the relatively limited coverage of collective bargaining, especially in the private sector. In many industries, collective agreements are not widespread, which reduces the influence of social partners on the regulation of working conditions. Also, employers' lack of interest in joining sectoral collective bargaining is ubiquitous, so collective bargaining will continue to take place at the company level during 2025.

Another challenge relates to the fragmentation of the trade union scene and the different interests of individual trade union organizations. This situation can make it difficult to reach unified positions in negotiations with employers and the state. Legislation in Serbia largely guarantees basic trade union rights, but despite a relatively developed legal framework, collective bargaining is not widespread in practice. In many sectors, especially in the private sector, collective agreements have not been concluded or have limited scope.

This means that a large number of employees do not have the opportunity to exercise their rights through collective agreements, but rely exclusively on legal norms or individual employment contracts. This situation reduces the real influence of trade unions on regulating labor relations.

The structure of the labor market has a significant impact on the real influence of trade unions. In Serbia, union organizing is significantly stronger in the public sector than in the private sector. In private companies, especially in small and medium-sized enterprises, union organizing is often limited. This uneven representation means that unions have a relatively strong influence in certain sectors, but significantly weaker in the economy as a whole.

In the system of social dialogue in Serbia, the state still has a dominant role. Although there is an institutional framework for tripartite dialogue, the final decisions in many cases are made by the state. This is particularly evident in processes such as the determination of the minimum price of work or the adoption of certain laws in the field of work. That is why social dialogue sometimes has a more consultative character, while the real negotiation possibilities of social partners are still limited.

Based on the above, we conclude that in Serbia there is a formally developed legal framework for the development of social dialogue, but that this does not necessarily mean a strong influence of social partners in practice. The fragmentation of the trade union movement, the limited scope of collective bargaining, the structure of the labor market and the strong role of the state in decision-making are factors that affect the relatively modest influence of social partners in the process of social dialogue. Therefore, the improvement of collective bargaining and the strengthening of institutional mechanisms of social dialogue remain important challenges for the development of industrial relations in Serbia in the coming period.

6. CONCLUSION

From the aforementioned Report on the state of labor rights in the Republic of Serbia for the year 2025, we can see the complex and multi-layered dynamics of the development of labor rights in the Republic of Serbia. The observed indicators suggest that the labor market is in a stabilization phase after a period of relatively strong employment growth that marked the previous decade. Stagnation in the number of employees, slowing down of employment dynamics and changes in the sectoral structure of employment indicate that the further development of the labor market increasingly depends on structural factors such as labor productivity, the qualification structure of the workforce and the development of sectors with higher added value.

At the same time, the Report shows that despite a certain increase in wages, a significant part of the employees still have incomes that are relatively limited in relation to the cost of living. The difference between the average and median wages indicates an uneven distribution of income among employees, while the minimum wage remains an important instrument of social policy, the level of which is the subject of continuous discussions between social partners.

From a normative point of view, the year 2025 was marked by the launch of several important legislative initiatives that have the potential to have a long-term impact on the development of the labor relations system in Serbia. The preparation of the new Labor Law through the process of harmonization with the law of the European Union, the regulation of work practices as a special form of work engagement, the digitization of administrative procedures in the field of sick leave, as well as initiatives in the field of social protection and tax policy represent steps towards the modernization of the institutional framework of work and social security.

At the same time, the observed period was marked by intensified student and civil protests, which, among other things, pointed to the dissatisfaction of certain social groups with regard to the functioning of institutions, working conditions and the wider socio-economic environment. Although these protests were not always directly related to labor law issues in the narrower sense, they opened up space for a wider public

discussion about the quality of social dialogue and the degree of participation of various social actors in the process of adopting public policies.

In this context, the issue of social dialogue acquires additional importance. Effective functioning of social dialogue institutions, including the Socio-Economic Council and other consultative mechanisms, is an important prerequisite for stable regulation of labor relations and building trust between the state, employers and employees. Strengthening the transparency of the legislative process, greater involvement of social partners and more open public dialogue can contribute to reducing social tensions and improving the quality of labor legislation.

Overall, the development of labor rights in Serbia during 2025 is characterized by a combination of stabilization of the labor market, gradual legislative reforms and new institutional initiatives, but also expressed social expectations regarding the improvement of social justice and participation in decision-making. Further progress in this area will require an integrated approach that will simultaneously include economic policies aimed at increasing productivity and employment, as well as strengthening the legal and institutional framework for the protection of labor and social rights, along with a developed and functional system of social dialogue.

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