

## Annual Review 2012 on Labour Relations in Ukraine

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### 1.1. Executive Summary

After a significant decline of the Ukraine's economy during the global financial crisis, a gradual economic recovery and growth of population's income is being observed. The President announced a program of economic reforms "Prosperous Society, Competitive Economy, Efficient State», which was supported by the Federation of Trade Unions of Ukraine, the largest trade union association in the country. However, the pension reform at the end of 2011, which increased the retirement age for women, and an attempt to revise the benefits for vulnerable categories of population at the beginning of 2012 led to social protests and confirmed the need to strengthen social dialogue between the government and civil society during the reform process. For this purpose, public councils were established at the executive authorities. A newly introduced in 2011 Law "On Social Dialogue in Ukraine" granted autonomy and a broad range of functions and powers to the National Tripartite Social and Economic Council. A positive tendency toward consolidation is observed in Ukrainian trade union movement. A Joint Representative Body of representative all-

Ukrainian trade unions' organizations was established to meet the new conditions of social dialogue and to start in autumn 2012 negotiations with the government and the employers' associations on the new General Agreement for 2013-2015.

Although, social and labour relations are considered as relatively stable, trade unions constantly raise the question concerning legalization of employment and salaries. In response, the Government initiated several laws, including an updated Law "On Employment", to come into force in 2013. Besides, in order to create a solid legislative and institutional basis for decent work promotion in Ukraine, contribute to collective bargaining development and ensure safeguards for workers, the FTU repeatedly stresses on the need to adopt an updated Labour Code of Ukraine, which is a result of ten-year joint work of tripartite social partners.

## **1.2. Socio-economic developments**

Anti-crisis measures resulted in a gradual restoration of the economy. According to the State Statistics for 2010-2011 GDP grew by 9.5% breaking half of the crisis decline rate; and in the first quarter of 2011 GDP increased by 2% (slow down of growth in the industry and a decrease of 3% in construction after completion of the Euro 2012 sites).

According to the data on balance of payments as of 01.01.2012 the volume of foreign direct investments amounted to \$ 49.4 billion, which is \$ 1,084 per capita. As stated by the National Bank of Ukraine FDI inflows will remain at the level of 2011 and make 2.9% of the total volume of investments to the core capital. The Government has been undertaking measures to improve the investment climate: the Tax Code and the Law on State-Private Partnership have been adopted; benefits have been provided in the framework of the national projects on innovative development and energy saving. However, these processes are negatively influenced by domestic factors, such as a lack of significant achievements in the fight against corruption (in 2011 Ukraine slipped 18 positions in the Corruption Perceptions Index from Transparency International and got 152nd place among 187 countries); a lack of agreement with IMF on mitigation of crediting conditions for the future loans; or a decreasing rating of Ukraine's involvement into the global economy (according to the data of the World Economic Forum it is on the 86<sup>th</sup> place out of 132 countries). Moreover, 2012 Parliamentary Elections held in October being a political factor traditionally influence the investors' business activity.

As a result of procurement of large volumes of oil and gas from Russia, the import of consumption goods (40% in the structure of retail goods turnover) and continuing growth of prices on such goods, Ukraine has negative trade balance: in the first quarter of 2012 it was \$ 1,176 billion. Export to CIS countries has increased, while it has decreased to the EU countries. Opposite tendency is observed in the importing. The reduction in import volumes is mainly determined by a decrease in purchases of Russian gas, the price of which for Ukraine is one of the highest among European countries. The state program of the development of domestic production for import substitution has been implemented. In 2012, a considerable reduction by 1.8 times of the negative payment balance is expected. According to the data of the Ministry of Finances of Ukraine, the current budget deficit is within the limits of the scheduled one (not more than 1.8% of GDP). Gold and foreign currency reserves of the NBU are over \$ 31 bln, which ensures import financing for 3.4 months. As of April 30, 2012 the plain government debt amounts to \$ 46,869 bln, and the government-backed debt is \$14,028 bln. As reported by the Audit Chamber of Ukraine, the total government debt is at the economically safe level of 36% to the amount of GDP, with the maximum allowed level of 60%. The Government has approved the mid-term public debt management strategy for the years 2012-2014 and is on track to debt payments. Within 2 years Ukraine has received only two tranches out of ten. Since March 2011, financing has been stopped because, in the opinion of IMF, Ukraine failed to take agreed actions, such as to increase gas price for the people and utility enterprises. Meeting this requirement in the run-up to the Parliamentary elections would bring to political risks exposure. Moreover, trade unions have expressed their sharp disagreement with the IMF interference in the social

policy of the country, although experts do not exclude the possibility that the Government will come to the terms later on. According to the Privatization Program for 2012-2014, within five months of 2012 UAH 5 bln from the privatization of public real estate objects, especially objects of the power-generating sector, were paid to the state budget. Inflation for the same period was only 100.4%; and there are reasons to believe that it will not exceed the estimated rate of 7.9% at the end of the year. High global prices for foodstuffs and power resources bring immense pressure on the internal Ukrainian market prices that are being mitigated due to good yield and price regulation.

The labour market reacted to positive economic changes with higher employment rate and reduction of the unemployment. In part it happened due to the growth of the informal economy sector, where 23.1% of the employed population was working in 2011. In the first 6 months of 2012 the unemployment rate was 7.8%, while the rate of employment of the population in the age of 15-17 was 59.6%. The level of unemployment among young people remains high (almost 20% according to the results of 2011). Tempo of creating new jobs is slow; the situation with employment in rural areas, where 1/3 of the population resides, is unsatisfactory. There is a misbalance of supply and demand on the labour market. According to the State Statistics the real wage dynamics tends to increase in the first 6 months of 2012, but nominally it is low: 42.3% of workers are paid up to € 190 and 79.6% - up to € 285 per month. Hourly wages in Ukraine amount to € 0.6. 2.3% of workers, who exhaust the full monthly norm of working time, got paid less than the minimum wage amount that is below the poverty line. In early 2012, the minimum wage in Ukraine was € 100.

### **1.3. State policies**

At the initiative of the President of Ukraine a whole range of systemic reforms has been implemented in the country, such as: administrative reform, including civil service reform, tax reform, pension reform, land reform, housing reform, energy sector reform, healthcare reform, reform of labour legislation and labour market, reforms to support entrepreneurship, small and medium businesses. The Tax Code of Ukraine was adopted and came into force in 2011. However, according to trade unions, the fair taxation as one of the factors influencing the reduction of the huge disparities in people's incomes remains in question. In particular, the introduction of a property and wealth tax is inhibited. The introduction of non-taxable minimum incomes of citizens at a subsistence level was postponed until 2015. Within the 2011 pension reform the discriminatory provisions concerning different approaches to the determination of the size of pensions (depending on the place of work, but not duration of service or salary) were not eliminated, although they caused negative reaction of the society. Trade unions believe that to ensure social justice in pension provision, the shift to a pension determination based on the solidarity system under unified rules and regulations should be made. Trade unions have also taken a tough stance, when the Government tried to reform the system of government benefits provided to the population (including for the victims of the Chernobyl disaster, the disabled and the families of the deceased military personnel) that would have led to a decline in living standards of the poorest and socially vulnerable strata.

In 2012, the adoption of the Labour Code, which is the result of a decade of the social partners' joint effort, is expected. Although some controversies still remain, the majority of trade unions support the bill. It retains and expands the powers of trade unions in the implementation and protection of labour rights of employees, enhances labour warranty for a number of positions, and expands the scope of collective bargaining regulation.

According to trade unions' estimations, today, such an important social indicator as the minimum wage is understated by 1.5 times compared to objectively calculated cost of living. The need for effective reform of remuneration is the subject of heated discussions of social partners and the Government. In the real sector of the economy the guaranteed wage amount is determined on the basis of collective agreements.

The issues affecting the development of the economic sectors of Ukraine are the high level of Ukraine's economy shadowing, lack of motivation to work due to low wages, difficulties of

uncompetitive groups (especially young people, people with disabilities) in finding employment, and unsatisfied level of professional qualification of employees. Solution of these issues requires social dialogue oriented on the development of the joint action plan. The Law of Ukraine "On the Professional Development of Employees" and the Decree of the President of Ukraine "On the Strategy of the State Personnel Policy for 2012-2020", which have heeded all the fundamental demands of trade unions, are already adopted.

The new version of the Law of Ukraine "On Employment" was adopted in July 2012. In general it is progressive and aims at strengthening the economic interest of the employers in creation of jobs and legalization of employment. However, according to trade unions, the government should encourage employers to not only create jobs, but stimulate the creation of decent working conditions. The state's full participation in funding the programs on promotion of employment of uninsured persons in the system of compulsory social insurance in case of unemployment remains an open question; as well as the issue of financing of administrative costs for state employment service, which accounts about 16 thousand people and is funded through insurance contributions. The right to hire workers for another employers (the actual labour leasing – the out-staffing) granted to the employment agencies is a particular concern of trade unions, as it significantly reduces social security of employees.

#### **1.4. Industrial relations**

Industrial relations are based on a system of collective agreements, which are widely used on the branch and regional levels, as well as at enterprises. The General Agreement on Regulation of the General Principles and Norms of Socio-Economic Policy in Ukraine for 2010-2012 is effective at the national level. It is jointly implemented by the Cabinet of Ministers of Ukraine, 60 trade unions and national professional centres, together with 26 organizations and associations of employers. Its scope of coverage extends to more than 10 million workers. 93 agreements are implemented on the branch level, 27 – on the territorial level and 98.5 thousand collective bargaining agreements – on the local level, covering 81.6% of workers.

Promotion of collective bargaining in the expanding private sector shall become a national priority. For this reason, trade unions had insisted that the draft Labour Code included provisions allowing application of the norms of general and branch agreements to those enterprises that were not the subjects to collective bargaining. The Government and relevant committee of the Verkhovna Rada of Ukraine supported such requirement of trade unions.

Expert estimates suggest that the agreement implementation rate hovers around 80-90%. Employers and executive authorities are the ones to most often violate agreements, prompting unions and workers to initiate labour conflicts. Thus, in 2011, there were 35 social protests and 12 strikes, which were attended by about 24 thousand workers. In addition, with the National Mediation and Conciliation Service over 1,900 conciliations for settlement of collective labour disputes were held. However, given the high number of violations of workers' rights (such violations were revealed at every 9 out of 10 enterprises inspected by the State Inspectorate of Labour together with trade unions), the overall protest activity is low. Ukrainian law prohibits strikes within 23 spheres and types of activities that, according to trade unions, does not quite correspond to the ILO principles and the constitutional provision on the right of workers to the protection of their rights through such means of last resort as strikes. In the Verkhovna Rada of Ukraine they are initiating the removal of unnecessary restrictions and simplification of bureaucratic procedures for handling labour disputes.

Changes are constantly taking place within the trade union movement in Ukraine primarily due to the rising number of organizations. In 1992, there were 42 All-Ukrainian trade unions and 3 trade unions' associations on the national level, while, as of January 1, 2012, there existed 152 All-Ukrainian trade unions and 16 trade unions' associations (according to the Ministry of Justice of Ukraine). Qualitative changes are not that visible, unlike within the trade

union movement in Western countries, where unification processes have been thriving and higher public activity of trade unions is observed. There are much less of actually acting trade unions in the country than formally registered ones. In particular, this is evidenced by the number of organizations participating in negotiation on agreements at the national level: for a number of years there were not more than 80 of them. At present, the Joint Representative Body of trade unions at the national level incorporates 4 trade unions' associations and 56 trade unions, collectively representing 10.2 million members, which makes over 90% of the total number of full-time employees, including small enterprises numbering 10 or more staffers.

The biggest association is the Federation of Trade Unions of Ukraine (FTU). 2/3 of its representatives are in the social dialogue bodies and social insurance funds. Its Chairman Yury Kulik is also a speaker from trade unions in the National Tripartite Social and Economic Council and the Joint Representative Body of trade unions for collective bargaining at the national level. FTU is also a member of the International Trade Union Confederation and the Pan-European Regional Council of Trade Unions.

Consolidation of Ukrainian trade unions is taking place within their joint work in the social dialogue bodies and social insurance funds, as well as within collective bargaining. In 2009, the national professional centres signed the Memorandum on cooperation. Two trade unions' associations had not joined. Those are the National Forum of Trade Unions and the National Confederation of Trade Unions, which are also not the parties to the General Agreement and have no quota for participation in the social dialogue bodies, as they had not confirmed their representation. Their leaders often have a separate stand within the trade union movement.

Active unification processes are taking place on the employers' side. In 2011, the Unification Congress was held. And thus, the Confederation of Employers of Ukraine (2.5 million workers) and the All-Ukrainian Association of Employers, which represents small and medium business (there is no data on the number of workers on its official web-site) joined the Federation of Employers (the number of workers is 5 million people), when a prominent businessman Dmitry Firtash had taken the lead.

The Union of Employers' Organizations of Ukraine operates independently. It was legalized in 2009, and comprises 3 branch and 17 regional organizations, covering more than 3 million employees (headed by the former Prime Minister of Ukraine, the Head of the Ukrainian Union of Industrialists and Entrepreneurs, MP Anatoly Kinakh). In July 2012 this Union confirmed its representation on the national level.

### **1.5. Tripartite social dialogue**

In December 2010, the "Law on Social Dialogue in Ukraine" was adopted and introduced a number of innovations. Firstly, the National Tripartite Social and Economic Council (NTSEC) became an autonomous body (earlier – consultative and advisory body to the President of Ukraine). Secondly, its status increased (NTSEC suggestions and recommendations are mandatory for consideration by authorities). Thirdly, the representation of trade unions and employers' organizations was introduced, on the basis of which their right to participate directly in collective bargaining, social dialogue bodies and international events is determined. The system of such bodies has been expanding at the regional level and, for the first time, there is an opportunity to create them within branches of industry.

As of June 1, 2012 the representation was confirmed by 5 trade unions' associations and 3 employers' associations at the national level; 38 trade unions and 13 employers' organizations at the branch level; 159 trade union organizations and 36 employers' organizations at the regional level.

In the first reading the Parliament has adopted amendments to the Law "On Collective Agreements", which provides for the conclusion of collective agreements at the national, branch and regional levels on a tripartite basis.

## **1.6. Forecasts**

Ongoing reforms may bring about economic and social risks, at first. In 2012, the Government intended to achieve economic growth of 5% of GDP, but then revised its forecast to 3.9% under the influence of adverse symptoms in the global economy and financial markets. Social expectations of income growth may not be fulfilled because of the need to repay public debts that peaks in 2013. International financial organizations are less optimistic about the growth prospects of the Ukraine's economy. In April 2012, the IMF also lowered the forecast for economic growth in Ukraine from 4.8% to 3%. Under the Global Economic Prospects Report the World Bank assesses its growth in 2012 at the rate of 2.5%, which is the global economy growth rate. However, the World Bank predicts the acceleration of growth in 2013-2014 to 4%, based on the assumed post-crisis recovery of global economy and increasing demand for Ukrainian goods and services.

It is expected that the adoption of the new version of the Law of Ukraine "On Employment" in 2012 will promote the legalization of employment, allow to create about 700 thousand new jobs annually, reduce the unemployment rate to 6.5% in 2015 and attract additional resources to the Social Security Funds.

## **Annex of data**

### **2.1. Collective bargaining system**

Adoption of the tripartite General Agreements at the national level starting from 1991 is the basis for collective bargaining and signing of branch and regional collective agreements, which is in accordance with the Law of Ukraine "On Collective Agreements." There are no incentives for employers to create their organizations or conduct collective bargaining on collective agreements. In many branches of industry negotiations with the organizations of employers are not possible because there are no such organizations. Conclusion of agreements without the participation of employers narrows the scope of their effect; and the employers-non-members of such organizations refuse to follow branch agreements not signed by them. As a result of the administrative reform several Ministries have been abolished or reorganized. Therefore, branch trade unions have lost their traditional state-representing partners in negotiations. A legislated mechanism for the dissemination of collective agreements is needed as an incentive for employers to unite into industry organizations. Trade unions have proposed to enact the effect of the General Agreement and branch agreements, if such agreements are signed by the parties that represent the interests of the majority of employees. The Code of Ukraine on Administrative Offences sets a fine for evasion from participation in negotiations on conclusion or amendment of a collective agreement. For a wilful violation of the collective bargaining terms the fine amount ranges from \$6 to \$21. It is so insignificant for employers that it does not prevent them from breaking legislation. In the Law of Ukraine "On the Procedure for Settling Collective Labour Disputes (Conflicts)" the timeframes for a conciliation commission formation and labour arbitration are unjustifiably prolonged, as well as the terms for consideration of demands put forward by employers. The decision of the labour arbitration is not binding on the parties. Legal frameworks and practice of collective bargaining require further improvements. Some of the changes are set in the draft of the Labour Code of Ukraine, but its adoption is constantly delayed.

### **2.2. System of tripartite social dialogue**

Since Ukraine's independence, the Government, trade unions and employers have been building their relationships based on social dialogue. In 1993, a tripartite National Council of Social Partnership was established and the "Law on Collective Agreements" was adopted. Ukrainian Coordination Committee for Employment Promotion, a special tripartite body, which includes 8 representatives from each party, was created on the labour market to reach

agreements on various issues. Since 2000, as the result of transformations of the employees' obligatory social insurance system, the insurance funds against unemployment, temporary disability, accidents and occupational diseases have been created. They have become autonomous institutions, managed on a parity basis by tripartite social partners – 15 representatives from each party. In the Pension Fund Board, which is a public authority yet, trade unions and employers have 3 representatives.

In December 2010, the Law "On Social Dialogue in Ukraine" was adopted introducing a number of innovations. Thus, the National Tripartite Social and Economic Council (NTSEC) has become an autonomous body (earlier it was a consultative and advisory body to the President of Ukraine). Also, it has obtained a higher status: NTSEC's suggestions and recommendations are mandatory for the public authorities to consider. In addition, the representation indicator has been introduced for trade unions and employers' organizations, on the basis of which their right to participate directly in collective bargaining, social dialogue bodies and international events is determined. The system of such bodies is expending on the regional level, and for the first time, there is an opportunity to create them within branches of industry.

### 2.3. Social security systems

Social insurance coverage in 2012<sup>1</sup>:

	Unemployment and pension insurance	Temporary disability and accident at work insurance
Employees	Almost 100%	Almost 100%
Self-employed	Almost 100%	Insignificant number

### 2.4. Education and vocational training<sup>2</sup>

The public education system in Ukraine suffers from underfunding. Children from poor families often quit school<sup>3</sup>. This trend is confirmed by the decrease of the net ratio of coverage by secondary education. An increase in the number of university students is recorded. Partially, it happens due to the establishment of private universities. The share of ninth-grade graduates, who continue studies to get compulsory general secondary education, increases.

Under quantitative education indicators Ukraine occupies quite prestigious place in the ranking of countries. Adult literacy rate in 2011 was 99.7%, which is rather high in the world. Expected duration of study and getting second or third higher education in median age in Ukraine makes 14.7 years, with the world average of 12.3 years. However, an average vocational training in Ukraine is held once every 11 years, whereas European practice requires conducting it every 3-4 years. In society, there is an urgent need in creation of system for career and professional development, continuing education, professional development and training throughout working life. The system of public order on training of specialists in the education system does not meet the requirements of the labour market and is a subject to reforming, as urged by trade unions. As a result, the supply of labour force in terms of its competences does not meet the demand of the labour market. Jobs provided by employers generally do not conform to the principles of decent work, and in particular because of the level of wages, which are close to the cost of living.<sup>4</sup> As a result, the level of graduates' employability is low, which exacerbates the problem of unemployment, especially among young people.

<sup>1</sup>Report of the Government of Ukraine on the Implementation of the European Social Charter (revised), which Ukraine has not joined, when it was ratified, Kiev – 2012.

<sup>2</sup>ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011.

<sup>3</sup>U.S. State Department, Report on Human Rights Practices in Ukraine, 2008, February 25, 2009.

<sup>4</sup>ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011

## 2.5. Employment rate<sup>5</sup>

	2009	2010	2011	January-June 2012
Employment rate of the population in the age of 15-70,%	57.7	58.5	59.2	59,6%
Men	62.1	63.1	64.4	
Women	53.9	54.4	54.5	
Employment rate of the population in the age of 15-64,%	61.0	61.5	61.9	-
Men	64.8	65.6	66.7	
Women	57.6	57.8	57.5	
Young people, who do not study or work in the age of 15-24,%	18.7	17.6	17.9	-
Men	16.8	15.2	14.8	
Women	20.8	20.2	21.1	
Employment in the informal sector of the economy (according to the national definition),%	22.1	22.9	23.1	-
Men	23.1	24.1	24.1	
Women	21.1	21.7	22.2	

## 2.6. Unemployment rate<sup>6</sup>

	2009	2010	2011	January-June 2012
Unemployment rate of population in the age of 15-70,%	8.8	8.1	7.9	7,8
Men	10.3	9.3	8.8	-
Women	7.3	6.8	6.8	-
Unemployment rate of population in the age of 15-64,%	9.1	8.3	8.0	-
Men	10.5	9.5	8.9	-
Women	7.5	7.0	7.0	-

## 2.7. Average monthly salaries

	2009	2010	2011	January-March 2012
Average monthly salary, UAH	1906	2239	2633	2813
Euro	176.5	230.8	228	262
At constant UAH rate, the year 2000	726.3	779.9	849.2	-
Average wage growth rate in constant UAH, the year 2000	-8.9	7.4	8.9	-
Index of real wages	-9.2	10.2	8.7	-

## 2.8. Gender pay gap

Despite a larger number of women (34.5%) with higher education in comparison to men (27.4%), the gender wage gap remains significant. In 2010, gender pay gap decreased to 22.22%, and in 2011 it increase to 25.14%<sup>7</sup>. The real gender pay gap is probably higher, as statistics present only official salaries of employees, while the number of economically active

<sup>5</sup> State Statistics, <http://www.ukrstat.gov.ua/>

<sup>6</sup> Here and further the State Statistics data, unless stated otherwise. <http://www.ukrstat.gov.ua/>

<sup>7</sup> ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011.



population is twice higher. There exists significant gender segregation at the legal labour market, where men are traditionally employed in industries with complex and dangerous working conditions and higher wage rate or on high positions in authorities. The employment rate of women aged 15-64 in Ukraine remains low – 57.8%. Women have influence on 5-10% of economic resources. In 99% of the cases, they leave their paid work to look after a child, while the state pays only UAH 130 per month for this socially important work. A woman works 4-6 hours longer every day, but the work in the household is not paid and is not included in pension calculations. Ukrainian legislation, the ratification of core ILO Conventions and the European Social Charter are aimed at providing equal opportunities and equal treatment. However, their implementation requires an integrated gender approach, both at the level of concrete enterprises, and at the state level.

## 2.9 Monthly minimum wage

	2009	2010	2011	January-March 2012
Minimum wage (average), UAH	643	888	963	1083
Euro	59, 5	91.5	83.6	100.9
Minimum wage in % of average monthly salary	33.7	39.7	36.6	38.5
Minimum wage in % of the cost of living	94.4	100.0	100.0	100, 0
Low wage rate (less than 2/3 of the median hourly earnings) <sup>8</sup>	28.9	27.5	22.3	-

The minimum wage does not fulfil its function and has become a unit of account in the determination of social benefits, fines, state fees, etc.

## 2.10 Actual weekly working hours

Under the law the normal number of working hours is 40 h per week, as also provided by the draft Labour Code, which is pending in the Parliament. Such working time may be reduced without wage level reduction as a result of collective bargaining of trade unions and employers. The actual number of working hours (more than 40 h per week) may increase due to overwork and working time tracking, when the normal working system is not applicable (continuous production and seasonal works, shifts). Or they may decrease due to part-time employment or underemployment. Share of the employed persons working long days in 2009, 2010 and 2011 was small (4.1%, 3.7% and 3.7% respectively) and it was significantly bigger among men than women (in 2011, these figures differ by 2.2 times – 5% and 2.3 % respectively). The most important reason of exceeding the working time norm is workers' desire to increase earnings. In 2009, one in five employees in Ukraine worked fewer hours than he/she would like to. In 2010 that was one in seven and in 2011 almost one in twelve. This indicates a significant reduction in the number of the underemployed.<sup>9</sup>

## 2.11 Normal work /atypical work

	2009	2011
Employment in the informal sector, %	22,1%	23,1%
Including in agriculture	66%	65,4%

<sup>8</sup> No statistics on women and men available.

<sup>9</sup> ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011.

## 2.12. Migration

The number of citizens of Ukraine, officially employed abroad (ths pl)<sup>10</sup>

	2009	2010	2011
Totally	74.5	80.4	84.5
Russia	1.8	2.0	1.6
Belgium	1.8	1.7	1.9
United Kingdom	4.1	4.9	5.0
Greece	9.5	9.0	9.3
USA	2.8	4.1	4.1
Poland	1.9	2.4	3.1
Netherlands	1.2	1.8	2.1
Cyprus	20.9	20.0	21.0
Germany	3.7	4.0	4.1
Latvia	2.7	3.3	3.3
Malta	1.6	2.2	2.6

Official statistics do not reflect the depth of the issues with Ukrainian labour migration.

Information from the countries that have legalized Ukrainian labour migrants (ths pl)

Poland	Belorussia	Czech Republic	Italy	Portugal
200	158	150	500	75

The number of migrants from Ukraine in 2011

According to the data of IOM in Ukraine	5,25 mln	11.6% of the population
According to IMF data	7,00 mln	15.0% of the population

The data of IOM in Ukraine on labour migration from Ukraine, 2011<sup>11</sup>

By activities		Men	67%
Construction industry	54%	Women	33%
Home care	17%	Level of education	
Agricultural sector	9%	Complete secondary education	59%
Trade	9%	Basic or incomplete higher education	17%
Industry	6%	Higher education	14%
Other activities	5%	Basic or incomplete secondary education	10%

## 2.13. Human Development Index (HDI)

	2009 <sup>12</sup>	2010 <sup>13</sup>	2011 <sup>14</sup>
Ukraine's ranking	85 (out of 82 countries)	69 (out of 169 countries)	76 (out of 187 countries)
HDI value in Ukraine	0.796	0.710	0.729
Life expectancy at birth, years		68.6	68.5
Expected duration of schooling, years		14.6	14.7
Average duration of schooling, years		11.3	11.3
GDP per capita in US dollars		6535	6175

<sup>10</sup> According to data of the State Employment Service, [www.dcz.gov.ua](http://www.dcz.gov.ua).

<sup>11</sup> Data for IOM in Ukraine. <http://iom.org.ua>.

<sup>12</sup> The UNDP human development report. 2009.

[http://www.un.org/ru/development/hdr/2009/hdr\\_2009\\_complete.pdf](http://www.un.org/ru/development/hdr/2009/hdr_2009_complete.pdf).

<sup>13</sup> The UNDP human development report. 2010. <http://hdr.undp.org/en/reports/global/hdr2010/>

<sup>14</sup> The UNDP human development report. 2011.

[http://hdr.undp.org/en/media/HDR\\_2011\\_RU\\_Complete.pdf](http://hdr.undp.org/en/media/HDR_2011_RU_Complete.pdf).

## 2.14. Gini-coefficient on assets and income<sup>15</sup>

	2009	2010	2011
Gini coefficient	0.26	0.25	...

### Poverty Rate

	2009	2010	2011
Share of the working poor (relative poverty line) <sup>16</sup>	20.6	23.5	19.7
Poverty rate under national relative indicator <sup>17</sup>	26.4	24.1	24.3
Poverty rate in rural areas, %		32.2%	
Share of the population with average monthly incomes below the cost of living <sup>18</sup>			
mln. pl.	6.9	9.7	
% of the total population	15.5	21.8	24.3
Poverty rate in the capital, %		5.6%	
Poverty rate in the country's western regions, %		39%	

## 2.15. Collective agreement coverage<sup>19</sup>

	2009	2010	2011
Rate of collective agreement coverage, % (formal sector)	83.9	81.6	81.6
Number of concluded and registered collective agreements by the end of the year, ths.		105.0	98.5
Number of full-time employees covered by collective bargaining agreements, ths. pl.		8968	8767

### Coverage by collective bargaining agreements at enterprises (% of employees)<sup>20</sup>:

State-owned enterprises	more than 80%
Privatized enterprises	a little more than 60%
Private enterprises	less than 10%

## 2.16 Ongoing important collective bargaining agreements

Potential of social dialogue should be used more effectively to address the following social and work-related issues: advancing employment competitiveness, employees' professional development, life standards and social stability in the country. Remaining legal obstacles hamper the full-scale exercise of the right to freedom of association, which are still reflected in the Ukrainian legislation. This is the case of the Tax Code of Ukraine and the Law of Ukraine "On Public Organizations." Conclusion of a new General Agreement may be a solution. In autumn 2012, at the initiative of the FTU representatives of social dialogue parties began consultations to prepare for collective bargaining on conclusion of a new General Agreement. Growth of economic indicators allows trade unions to forecast the increase of budget revenues, which should be used to increase wages in the public sector, to scale up state minimum social securities, and to address the most important social issues. Within collective bargaining held in the course of consultations on a new General

<sup>15</sup> ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011.

<sup>16</sup> The World Bank estimate based on the relative poverty indicator (75% of median household cost for 1 adult). There is no breakdown by gender.

<sup>17</sup> The same.

<sup>18</sup> State Statistics, the population with an average total income per capita below the average annual cost of living.

<sup>19</sup> It should be noted that the indicated coverage by collective agreements applies only to employees of large and medium-sized enterprises, or only those enterprises that submit statistical reports in this regard. Small businesses do not submit statistical reports on collective bargaining regulation.

<sup>20</sup> ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011.

Agreement, specific indicators of further wage, labour and social security growth algorithm are elaborated.

## 2.17 Trade union density

According to the State Statistics, in 2011 the average number of full-time employees amounted to about 10.6 million people. The total number of members of trade unions being part of Joint Representative Body of trade unions at the national level was more than 10 million people, including non-working pensioners and students. Estimated coverage of regular employees by union membership was 80% (the author's estimate); while in FTU organizations, which carry out statistical accounting on the permanent basis, the percentage rate is higher – 90.6%. In 2011-2012, five trade unions confirmed their nationally representative status: FTU (6,846,555 employees<sup>21</sup>), the Federation of Trade Unions of Transport Workers of Ukraine (FPTU), Confederation of Free Trade Unions of Ukraine (CFTU), Association of All-Ukrainian Autonomous Trade Unions (OVAP), the Association of All-Ukrainian Trade Unions and Trade Unions' Associations "Unity" with the following number of active members respectively: FTU – 6,206,196, FPTU – 550,558 (including FTU members – 761,631), CFTU – 252,000, OVAP – 204,100, and "Unity" – 160,000.

## 2.18 Employer's organizations density

In 2008<sup>22</sup>, the share of enterprises related to employers' organizations<sup>23</sup> was 6.8%, and the share of the employees<sup>24</sup> in such enterprises was 14.3%. In May 2012 the number of employees in enterprises of the biggest employers' organizations totalled more than 10.5 million people, including: Federation of Employers of Ukraine (FEU)<sup>25</sup> – more than 5 million people, Confederation of Employers of Ukraine (CEU)<sup>26</sup> – more than 2.5 million people, Union of Employers' Organizations of Ukraine (UEOU)<sup>27</sup> – more than 3 million people. Membership of those associations at that time was as follows: FEU – 82 branch and regional associations, CEU – 12 associations, UEOU – 3 branch and 17 regional employers' associations. Insufficient structuring of employers' organizations by branches leads to the fact that they are not a party to most branch agreements concluded in 2010-2012.

## 2.19 Workplace representation

According to the Code of Labour Laws of Ukraine, Laws of Ukraine "On Trade Unions, Their Rights and Guarantees", "On Collective Bargaining Agreements", "On the Procedure for Settling Collective Labour Disputes (Conflicts)" the socio-economic interests of workers in different branches of industry are represented by trade unions and, if there are none, by freely elected representatives of workers (staff), but only for the purpose of collective bargaining.

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<sup>21</sup> As of January 1, 2011 the total number of trade union members in FPU organizations, including the non-working pensioners and students was 8,478,000.

<sup>22</sup> ILO study "Decent Work Country Profile – Ukraine", Geneva – 2011. No information available for 2009-2011.

<sup>23</sup> Calculated as part of the division of the total number of enterprises-members of employers' organizations by the total number of the registered enterprises, in %.

<sup>24</sup> Calculated as part of the division of the total number of the employees at enterprises that are related to employers' organizations by the total number of the employed (reported in the household survey of the activity of the population in Ukraine), in%.

<sup>25</sup> Data from the FEU web-site, <http://ua.fru.org.ua/>

<sup>26</sup> Data from the CEU web-site, <http://www.confueu.org/ru/home.html>

<sup>27</sup> Data from the UEOU web-site, <http://www.ooru.org.ua/>

## 2.20. Trade union mapping<sup>28</sup>

Name of TU Federation/ Confederation/Trade Union	Federation of Trade Unions of Ukraine (FTU)		Федерація профспілок України (ФПУ)
Founding Year	2000		
Sector/Branch	Diversified		
Cycle of Congresses/ Last Congress	Congress every 5 years/2011		
Important Functionaries	Name	Function	Contacts
(Chairman, President, International Secretary, Youth Leader, etc.)	Yuri Kulik	Chairman	Kiev, Independence Square, 2 +38-044-278-87-88 fpsu@fpsu.org.ua www.fpsu.org.ua
Number of Members	8,478,000		
Finance	Membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	Information not available		
Cooperation in national committees	Committee on Reforms under the President of Ukraine, Committee on the Development of Civil Society, Constitutional Assembly, Joint Representative Body of trade unions in the Cabinet of Ministers of Ukraine, NTSEC, Collegiums, State Funds		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	General Confederation of Trade Unions, Pan-European Regional Council of Trade Unions	ITUC, ECOSOC	
Name of TU Federation/ Confederation/Trade Union	Federation of Trade Unions of Transport Workers of Ukraine		Федерація професійних спілок транспортників України (ФПТУ)
Founding Year	2003		
Sector/Branch	Railway transport, motor transport, maritime transport		
Cycle of Congresses/Last Congress	Conference every 5 years/ 2011		
Important Functionaries	Name	Function	Contacts
(Chairman, President, International Secretary, Youth Leader, etc.)	Vadim Tkachov	Chairman	Kiev, Pobedy av., 14 +38-044-465-00-79 tkachov@uz.gov.ua
Number of Members	735,242		
Finance	Membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	Information not available		
Cooperation in national committees	NTSEC, Collegiums, State Funds		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	No data	No data	
Name of TU Federation/ Confederation/Trade Union	Confederation of Free Trade Unions of Ukraine (CFTU)		Конфедерація Вільних профспілок України (КВПУ)

<sup>28</sup> Data on the number of TU members' are based on the information submitted by trade unions' associations of the National Mediation and Conciliation Service in 2011 – early 2012 and may vary as of September of the current year.

Founding Year	2006		
Sector/Branch	Coal mining, medicine, education, metro construction		
Cycle of Congresses/Last Congress	Congress every 5 years/2008		
Important Functionaries	Name	Function	Contacts
(Chairman, President, International Secretary, Youth Leader, etc.)	Mykhail Volynets	President	Kiev, 65 Bolshaya Vasilkovskaya, str. +38-044-287-33-38 info@kvpu.org.ua www.kvpu.org.ua/
Number of Members	181,600		
Finance	membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	Information not available		
Cooperation in national committees	Collegiums, foundations		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	Pan-European Regional Council of Trade Unions	ITUC	
Name of TU Federation/ Confederation/Trade Union	Association of All-Ukrainian Autonomous Trade Unions	Об'єднання всеукраїнських автономних профспілок (ОВАП)	
Founding Year	2012		
Sector/Branch	Diversified (science, army, transport, food and processing industry, tax service)		
Cycle of Congresses/Last Congress	Congress every 5 years/2011		
Important Functionaries	Name	Function	Contacts
(Chairman, President, International Secretary, Youth Leader, etc.)	Anatoly Shyrokov	Chairman	Kiev, 39/41 Shota Rustaveli str., +38-044-289-01-69 office@centrecom.kiev.ua
Number of Members	204,124		
Finance	membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	Information not available		
Cooperation in national committees	-		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	No data	No data	
Name of TU Federation/ Confederation/Trade Union	Association of All-Ukrainian Trade Unions and Trade Unions' Associations "Unity"	Об'єднання всеукраїнських профспілок і профоб'єднань «Єдність»	
Founding Year	2012		
Sector/Branch	Police, penitentiary system, power industry, seafarers)		
Cycle of Congresses/Last Congress	Congress every 5 years/2011		
Important Functionaries	Name	Function	Contacts
(Chairman, President, International Secretary, Youth Leader, etc.)	Anatoliy Onischuk	Chairman	Kiev, 10 Bogomoltsia str. +38-044-256-10-18 pap.ovs @ gmail.com
Number of Members	153,562		

Finance	membership fees	
Political Orientation (Right/Left/Centre/Christian etc.)	Information not available	
Cooperation in national committees	-	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	No data	No data

## 2.21. Employer Association Mapping <sup>29</sup>

Name of Employers' Federation/ Confederation	Federation of Employers of Ukraine (FEU)	Федерація роботодавців України (ФРУ)	
Founding Year	2002		
Sector/Branch	Diversified		
Cycle of Congresses/Last Congress	Congress every year/2011		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Contacts
	Dmitry Firtash	Chairman of the FEU Board	Kiev, 1 Kotsyubinskogo str. +38-044-251-70-30 fpu@fru.org.ua <a href="http://ua.fru.org.ua/">http://ua.fru.org.ua/</a>
Number of Members	82 branch and regional associations of employers, which cover more than 5 mln employees		
Finance	membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	No		
Cooperation in national committees	NTSEC		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
		International Organization of Employers (IOE), International Organizing Committee of the Eurasian Business Congress, International Coordinating Council of Employers' Union	
Name of Employers' Federation/ Confederation	Confederation of Employers of Ukraine (CEU)	Конфедерація роботодавців України (КРУ)	
Founding Year	2006		
Sector/Branch	Diversified		
Cycle of Congresses/Last Congress	Congress every year/2011		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Contacts
	Oleg Shevchuk	President	Kiev, 42-b Ivan Franko str. +38-044-428-75-01 info@confeu.org www.confeu.org
Number of Members	12 associations covering more than 2.5 million employees		

<sup>29</sup> Data on the number of employees at enterprises-members of the employers' organizations were found at the web-sites of representative employers' associations, which were used to confirm the representation and may currently differ.

Finance	Membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	No		
Cooperation in national committees	NTSEC		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
		UBCCE	
Name of Employers' Federation/ Confederation	Association of Employers' Organizations of Ukraine (AEOU)	Об'єднання організацій роботодавців України (ООРУ)	
Founding Year	2009		
Sector/Branch	Diversified		
Cycle of Congresses/Last Congress	Congress every year/2011		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Contacts
	Anatoly Kinakh	Chairman	Kyiv, 34 Khreschatyk str., +38-044-278-30-69 orgdep@ooru.org.ua www.ooru.org.ua/
Number of Members	17 regional and 3 branch associations covering more than 3 mln. employees		
Finance	Membership fees		
Political Orientation (Right/Left/Centre/Christian etc.)	No		
Cooperation in national committees			
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	No data	No data	