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**EU-ILO Project
ENHANCING THE LABOUR ADMINISTRATION CAPACITY
TO IMPROVE WORKING CONDITIONS AND TACKLE UNDECLARED WORK**

**Tripartite workshop
Ukrainian labour inspection legal framework**

**Kyiv, Ukraine
21 June 2018**

Welcome speech of Mr. Martin Schroeder, EU Delegation to Ukraine

Ladies and Gentlemen, Colleagues

I am very happy to be here today on behalf of the EU Delegation and the European Commission Directorate General on Employment, Social Affairs and Inclusion.

Thank you, to Antonio and the ILO project team for the invitation and the organization of this workshop on the Ukrainian labour inspection legal framework.

Over the last month a lot of efforts have been invested to develop a comprehensive analysis of Ukrainian legislation. So first of all I want to congratulate the Ministry of Social Policy, the State Labour Service and our EU-ILO project as well as social partners, who were involved in this exercise, for the impressive work undertaken.

For the EU, labour inspections are a key element to guarantee the observance of workers' rights and working conditions. This is above all a social concern:

People have the unequivocal right to a safe working environment and protection at the workplace. This is laid down in a vast body of legislation on occupational safety and health. Additionally, there is also the right to a respect of employment protection rules, such as on working time or the payment of social contribution and a formal working contract.

But I strongly believe that the matter of labour standards, beyond its social dimension, also has an economic one. These standards are also beneficial for the employer. Companies with high OSH and labour standards have more satisfied and productive workers, a lower turnover of staff and deliver higher quality output. In particular for export-oriented firms, ultimately decent labour standards also become an issue of image and policy, with potentially large impacts on the ability to sell their products abroad. Undeclared work and wage arrears are severely distorting competition. Quality jobs – respected rules, laws, rights – help attracting talents and skills – which is also an important aspect for Ukraine to curb "brain drain". A systematic respect for labour standards would empower Ukraine's economy and make its development more sustainable. This is exactly the logic of the social provisions in the EU-Ukraine Association Agreement.

This Agreement entered fully into force last year. It has a dedicated chapter on social policies and contains a commitment by Ukraine to approximate more than thirty EU directives in the field of OSH and labour relations into Ukrainian law, with the aim to improve standards for workers in the country.

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The Association Agreement is based on core common values, shared by the EU and Ukraine, notably respect for democratic principles, rule of law, good governance, human rights and fundamental freedoms. Labour standards, if you will, are the "rule of law" for work and the Labour Inspection is its law enforcement agency.

Indeed, to guarantee labour standards, a professional, credible and efficient labour inspection scheme is crucial. Only with sufficient capacity and responsibilities, the inspection can effectively uncover and punish breaches of regulations or, ideally, prevent them from occurring in the first place through its mere existence. A strong labour inspection also acts as a guarantor of a level playing field among companies, ensuring that standards are respected by all, preventing distorted competition on the market. Evidently, informal work is of course an issue that cannot be solved through labour inspections alone and also underpinning factors have to be addressed in parallel.

In this context I would like to refer to two specific EU documents that explicitly target the need for an effective inspection scheme.

Firstly, the EU Framework Directive on OSH (89/391/EEC – which is incidentally also part of the directives that Ukraine committed to approximate). It says in Article 4(2) that Member States shall ensure adequate controls and supervision.

Secondly, and in much more detail, in 2014 the European Parliament issued a resolution "on effective labour inspections as a strategy to improve working conditions in Europe". This resolution spells out the overall need for labour inspections and discusses principles for effective labour inspection, undeclared work and occupational safety and health. It also issues some policy recommendations, and, even though these are targeted primarily at EU Member States, I would encourage you to take note of this document also in your discussions on the labour inspection scheme in Ukraine.

Let me quote just one sentence from this resolution that again underlines the importance we see in the work of the labour inspection:

"...labour inspection plays an important role in protecting employees' rights, ensuring health and safety at the workplace and combating unsafe working environments, preventing breaches of employment protection rules and promoting fair and socially responsible economic growth, inasmuch as it helps to ensure that wages are actually paid and social security contributions are made, thus increasing tax revenue and the inflow of money to social security systems and ensuring that employees are covered for sickness, accidents at the work place and pensions"

Of course, an efficient inspection scheme also requires a professional organization of the inspection itself.

In order to be accepted as a credible and fair player, inspectors should have the possibility to carry their work unhindered. In this context, the moratorium for inspections that has been annually prolonged since 2014 (even though the State Labour Service is exempt from it for 2018) should be scrapped for good and inspections made possible in line with applicable ILO conventions.

At the same time, reforms at the SLS should continue and intensify. Corruption risks should be further minimized by introducing competitive remuneration of inspectors and introducing transparent procedures and check lists. This would increase the predictability for companies, while, of course, keeping the "unpredictability" of unannounced visits.

Some of these steps have already been initiated, and we are looking forward to continued reform efforts, including in the legislative sphere. As an important step here, I would encourage the Ministry and State Labour Service to look at the approximation of the OSH framework directive as a good basis for further legal changes in this sphere.

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I think this workshop will be an excellent opportunity to further involve representatives of workers and employers in the process of inspection reform. The EU remains committed to this process. This is also witnessed through our support to the present ILO project that is fully funded by the European Union.

I look forward to the presentations and lively discussions on this matter today and thank you all for your commitment and attendance.