

## **Turin Forum on Social Rights in Europe**

Turin, 18 March 2016

### **Transcription of the intervention of Mr Andrey ISAEV, Deputy-President of the State Duma, Russian Federation**

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Turin Forum Esteemed chairpersons, ladies and gentlemen! I am very pleased that we are engaging in such open discussion today. I think we all realise that the social guarantees that have been shaped in Europe and enshrined in the European Social Charter have had a serious challenge laid down to them. On the pretext of remedying the consequences of the economic crisis, some are trying to persuade us of the necessity of pulling the plug on social guarantees. They tell us that, for successful economic development, there must be less in the way of social guarantees and that state spending to support people's social rights must be cut.

Those who say that are putting the cart before the horse, as we say in Russia. It is not people who exist for the sake of the economy but the other way round. And if we are supposed to sacrifice the lives of people today for the sake of economic development, we regard that approach as totally unacceptable. The onslaught on social guarantees is targeting first and foremost people's rights to decent work and decent pay.

We understand that pensions and welfare benefits are derived from wages. It is precisely high wage levels and decent work that form the basis of any system of social guarantees. And yet unscrupulous employers, citing the crisis, pursue a policy of lowering workers' purchasing power in practice. This is a very worrying symptom.

In Russia take-home pay fell by 9% over the last year. We know that other countries are encountering similar situations. Employers say that there is a crisis and, accordingly, it is necessary to cut wages, so they reduce their own workers' purchasing power, which in turn adds a new spiral to the crisis. They are like a snake biting itself in the tail. For that reason, we have taken a number of serious steps towards stamping out so-called "flexible employment", as we are convinced that this term generally masks a desire to pull the plug on social guarantees and opt out of paying a decent wage.

Today we can distinguish three strategies which employers attempt to deploy in order to deliberately cut labour costs: using migrant labour as a means of undercutting the labour market; temporary contracts; and substituting civil law-style agreements for work contracts.

We know that a great many migrants are willing to work for less pay and in worse conditions than workers permanently resident in the country. In Russia there are currently one million officially registered unemployed. And there are one million job vacancies, which prompts the question: why are those job vacancies not filled by our citizens? It is because these vacancies intentionally offer low pay and unacceptable working conditions. Employers expect these vacancies to be filled not by citizens but by migrant workers. We believe that they must be disappointed in these expectations.

For that reason, in Russia we have taken a number of decisions aimed at increasing the price of migrant labour. We have set a higher rate of income tax to be paid by migrant workers, and to be paid by employers for them. We have established rules under which all migrant workers are

subject to compulsory pension contributions and social and medical insurance contributions on a par with other workers. This removes the economic stimulus for employers to recruit migrant workers rather than the country's own citizens, while creating social guarantees for migrant workers themselves.

Russia has concluded agreements on the mutual recognition of pension rights with most of the States with which it shares a border, which is why we are sure that the pension rights accrued by migrant workers working in Russia can be enjoyed by them in their own country.

Temporary contracts form a system of so-called trilateral relations, where the actual employer is a given person but the employer in the legal sense of the word is a temporary employment agency, which hires out staff to the actual employer. We believe that the temporary contract system generally results in a wage reduction of 40% and a restriction of essential social guarantees, such as privileged leave conditions in harmful working conditions, as well as less insurance cover for workplace accidents and occupational illnesses. I would like to inform you, therefore, that as of 1 January 2016 temporary contracts are banned in Russia. There are three cases where an employer is allowed to hire staff on a temporary basis or take on temporary agency staff: if they are private individuals seeking domestic staff; if there is a demonstrably temporary – no longer than 10 months – expansion of output, in the event of a sales drive for example; and if a vacancy is legally maintained for an absent staff member, in the event of illness for example. Only in these three cases can an agency act in the capacity of legal employer and send staff to work for the actual employer.

We have firmly stipulated on this point that an agency may not send staff to companies where there is an ongoing labour dispute or strike or to companies associated with harmful or hazardous working conditions or activities linked to state licensing.

For workers supplied by temporary recruitment agencies, the law stipulates that they must receive the same pay as regular company staff and be guaranteed the same level of pension and social insurance cover, as well as being covered by the collective wage agreement. In the event of staff recruited via a temporary work agency exceeding 10% of the total number of a company's staff, the employer is under obligation to seek trade union agreement to the hiring of staff via the temporary work agency.

We believe that this is absolutely the right approach. It was a long struggle to push through this law, which was examined over the course of three years, and each new reading in the State Duma took place before the first of May, prior to mass rallies of trade unions calling for this law to be passed. When the law was being examined, a whole host of organisations, including the American chamber of commerce, representing American companies, issued threats to the Government and the State Duma, demanding that this law banning temporary work arrangements not be passed. Even before sanctions were legally imposed against my country we were being threatened with sanctions for passing this law. Nevertheless, passed it was, and we are fully resolved to implement it.

Another issue is the use of civil law-style agreements instead of work contracts. A person might work as a driver for a company but it might be stated in an agreement that they are acting in the capacity of an individual entrepreneur without legal personality, providing services to transport goods or passengers of the hiring entity in a vehicle supplied by that hiring entity. In such a case this person is not regulated by the Labour Code, falls outside the scope of any collective wage agreement and has no trade union protection.

In order to curtail this kind of activity, we have stipulated that full contributions must be paid into the pension fund and other extra-budgetary social funds, together with the fact that, should a court establish that labour relations are hidden behind such a civil law-style agreement, that agreement must be reclassified as a work contract, running indefinitely from the time of being concluded. We envisage shortly affording the right to apply to court to have such agreements recognised as work contracts not only to the workers themselves but also to trade union organisations and works inspectorates.

Dear colleagues! We all perfectly well understand that, in a context of globalisation, social guarantees and standards must be equal in all country. Otherwise, capital would be channelled to where workers' pay is lower and less needs to be spent on their safety. In this connection, we propose that the issue of banning temporary work arrangements be discussed within the framework of the Council of Europe and of the entire European area. Temporary recruitment, reminiscent of the slavery of bygone centuries, is morally degrading for workers, who are hired out like objects, and does irreparable harm to a country's social and economic development. Russia has made a firm commitment to banning temporary work.

Thank you for your attention.