

On the letterhead of

**THE CENTRAL COMMITTEE
OF THE TRADE UNION OF METALLURGICAL AND MINING INDUSTRY OF
UKRAINE**

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**To the United States
Department of Commerce**

The Central Committee of the Trade Union of Metallurgical and Mining Industry of Ukraine that unites 800,000 industry workers presents its compliments to the US Department of Commerce.

Within the framework of the antidumping investigation (#A-823-812) on imports to the USA of Carbon and Certain Alloy Steel Wire Rod from Ukraine, and according to the Article 771(18)(B) of the US Tariff Act hereby we submit the comments of the Central Committee of the Trade Union of Metallurgical and Mining Industry of Ukraine with regard to the recognition of market economy status of Ukraine (see attached).

We expect our comments to be a basis for taking the objective decision within the framework of the above investigation.

Sincerely,

A.S.Pojidaev
Head of the Central Committee of the Trade Union
of Metallurgical and Mining Industry of Ukraine

(signed)

Enclosure: Comments Of The Central Committee Of The Trade Union Of Metallurgical
And Mining Industry Of Ukraine With Regard To Recognition Of The Market
Economy Status Of Ukraine, on 2 p.

**COMMENTS
OF THE CENTRAL COMMITTEE
OF THE TRADE UNION OF METALLURGICAL AND MINING INDUSTRY OF
UKRAINE WITH REGARD TO RECOGNITION OF THE MARKET ECONOMY
STATUS OF UKRAINE
(Within the framework of antidumping investigation (#A-823-812) on imports into USA of
Carbon and Certain Alloy Steel Wire Rod from Ukraine)**

Market Economy Criterion According to Article 771(18)(B) of the US Tariff Act:
The Extent To Which Wage Rates Are Determined By Free Bargaining Between Labor and
Management

In Ukraine the organization of labor remuneration has the tariff-contractual, i.e., the market-based, nature and is regulated by the following Laws:

- “On Enterprises in Ukraine”;
- “On Collective Agreements and Contracts”;
- “On Wages and Salaries”;

and consists of the following three components:

- state regulation;
- contractual regulation;
- establishment of individual wages and salaries directly at the enterprise.

The trade unions have the decision-making powers at each of these three stages.

At the stage of state regulation, the trade union position affects the establishment of the minimum wage/salary level.

At the contractual stage, the trade union is the direct participant of the negotiation process.

At the stage of establishment of individual wages/salaries at the enterprise, the trade union provides for the protection of labor rights.

State regulation lies in the establishment of the minimum level of labor remuneration below which the wage payment is prohibited (provided the worker had worked for the full monthly period of time). This approach is applied to the establishment of the minimum wage level in order to provide for the social protection, and is used in many market economy countries.

Contractual regulation is the main and most significant part of organization of labor remuneration process. It provides for a set of agreements: General Agreement, Branch Agreements, Territorial Agreements, and Collective Agreements.

Branch Agreement is the main agreement for different industries, as it takes into account the characteristic features of each branch of each sector (sub-sector). Finally, Collective Agreement is the most important for an enterprise.

It is with direct participation of the Central Committee of the Trade Union of Metallurgical and Mining Industry of Ukraine that, in 1992, the Branch Tariff Agreement was concluded for the first time in Ukraine's trade union practice.

Over the next years the practice of regulation of labor and social relations through the collective agreements has substantially improved.

The most part of guarantees and norms envisaged for the purposes of labor remuneration by the Branch Agreement in force is noticeably higher not only than the State-determined levels but also than those established by the General Agreement.

The steady increase in the average level of wages and salaries is a persuasive evidence of a contractual (that is, market-based one) regulation of the labor remuneration in the industry.

Thus, over the last three years (1998-2001) alone, the average wages in the ferrous and non-ferrous metallurgy has increased more than by 1.8 times.

At present, the preparation of the Branch Agreement for 2003-2004 is under its way. While preparing for the negotiations, the Central Trade Union Committee along with the Kharkiv Institute For Labor and Social Policy have prepared the special minimum standard of wages for an employee working at basic metallurgical production units. Based on the understanding that the severe working conditions of a significant part of miners and metallurgists require the increase in expenses for the renewal of physical capabilities of workers to ensure their productive work, the minimum living wage has been calculated just for this category of workers.

Thus we would like to stress that the organization of labor remuneration is based on the market principles and has the contractual character, both in our sector as well as in Ukraine at large.