



G20 GERMANY 2017

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L20 STATEMENT

TO THE G20 LABOUR AND EMPLOYMENT MINISTERS' MEETING

BAD NEUENAH, GERMANY, 18-19 MAY 2017

1 The L20 Summit is taking place at a moment when our economies and labour markets are facing difficult challenges. Economies remain stuck in a “low growth trap” as economic performance has again disappointed in 2016 and has fallen back across the OECD area to 1.7% (down from 2.4% in 2015). The 2014 Brisbane targets of adding an additional 2% of GDP appear to be beyond reach. Moreover, high and rising inequalities are leaving many people behind, fuelling public mistrust and a popular backlash against governments and institutions portrayed as promoting the interests of the ‘elite’. Wealth concentration and brakes on public spending contribute to this mistrust.

2 High levels of unemployment and increasing informal and non-standard work, particularly for women and young people, persist in the global economy. Many business models build on human and labour rights violations and saving labour costs, thus fuelling poverty and income inequality.

3 International trade and investment agreements have contributed to the growing imbalances between countries and between economic actors within countries. Opaque negotiation processes have resulted in one-sided protection of investors’ rights while labour and social rights, as well as the ability of governments to regulate in the public interest, have been undermined.

4 ‘Nationalist’ policy programmes are adding insecurity about the future functioning of economic and democratic systems. It is therefore even more important to consult and work together with social partners on policies that restore trust and bring economies out of the low-growth trap in an inclusive manner.

5 Opportunities exist to grow sustainable economies with universal social protection, secure jobs and decent living wages. Urgent and coordinated action is required from the G20. Inaction is a threat to global peace, democracy and security.

**For more information
and interviews
with the Labour 20
contact**

Anna Byhovskaya
byhovskaya@tuac.org

Gemma Swart
gemma.swart@ituc-csi.org

6 L20 Labour and Employment Ministers, meeting in Bad Neuenahr on 18-19 May, should send a strong political response by recognising that the current model of economic policy is failing and needs to be changed urgently. Neither ‘trickle- down’ strategies nor fiscal austerity policies are working. While the 1% or 10% of top income earners capture a more than proportionate share of the gains of globalisation and technological progress at the expense of the bottom 90%, monetary policy is either ineffective in re-launching the economy or, alternatively, is running the risk of creating debt financed by asset price booms that are ultimately followed by a crash.

7 An alternative economic policy model needs to be implemented urgently. The new G20 Resilience Principles do not mark a departure from the existing approach. Instead of the proposed public finance restraints, fiscal policy needs to undertake a joint demand stimulus by spending the equivalent of an additional 2% of GDP in public investment and services. Only if structural reforms are directed towards supporting aggregate demand, can the deliverables of the German Presidency under the Employment track be achieved. This further underlines the importance of aligning G20 outputs of the Sherpa and Finance Track, and in particular of revising and complementing the G20 Resilience Principles to allow for demand creation and to:

- Agree on a coordinated public investment in infrastructure, public services and the care economy as an urgent stimulus to break free from the low growth trap;
- Ensure that such stimulus is in line with the transition to a low carbon economy and is supported by a renewed effort for increased international cooperation for taxation reform;
- Align the G20 Resilience Principles, and especially the ‘management of public finances’, with the goal to boost demand and purchasing power of middle and lower incomes by focusing on strengthening labour market institutions and progressive taxation;
- Thus, bring the Resilience Principles in line with the Labour Ministers Meetings’ outcomes as well as with the Employment Working Group’s (EWG) multi-year agenda and revise them accordingly.

I. Reducing inequalities and create quality employment

8 Not only has the share of labour in national income declined considerably over the past three decades, market income inequality rose exponentially after the financial crisis in 2008. It has not been restored to pre-crisis levels since. Meanwhile, in all G20 countries the share of the “very top of the income distribution” increased. Evidently, public mistrust in the ability of policy makers to ensure a fair distribution of gains from globalisation and innovation is at a new high. Under the Turkish and Chinese G20 Presidencies, it has been recognised that inequality prevents economic recovery and dynamic, inclusive labour markets.

9 The respective Principles on the ‘labour income share’ and on sustainable wage policy underlined the central role of robust collective bargaining and well-set minimum wages towards achieving inclusive growth. However, there was no decisive follow-up on these commitments – neither in terms of revised policy actions, nor by introducing a G20 monitoring process or equivalent structures to support implementation. Collective bargaining and minimum wages need to be promoted and strengthened in order to lift middle and lower incomes and to provide a countervailing power to the greed of the 1% (as called for inter alia in the ETUC Pay rise campaign¹). The L20 therefore calls on G20 Ministers to re-instate their commitment to reducing income inequality and create quality jobs, and identify concrete measures to do so, and thus:

1 <https://www.etuc.org/issues/pay-rise>

- Follow-up on the commitments from the Turkish and Chinese G20 Presidencies on the labour income share and on sustainable wage policy principles by promoting the coverage of collective agreements and a minimum living wage floor according to national contexts;
- Put job quality at the centre of the G20 policy agenda to ensure that the benefits of growth are widely shared and provide safe and secure jobs;
- Strengthen labour market institutions and ensure job protection, in particular advance notification, to provide workers with an “early warning signal”;
- Reflect the ILO Decent Work agenda and international labour standards in G20 work on inequality and mandate the ILO to take a lead to propose concrete policy deliverables and monitoring of the implementation of the G20 sustainable wage principles.

II. Towards actionable Ministerial outcomes

10 The L20 calls on G20 Labour and Employment Ministers to coordinate Employment Plans and past and future commitments with other G20 tracks to bring macroeconomic, trade, innovation and climate policies in line with the goal of achieving quality employment for all. In putting sustainable supply chains, the future of work, female employment, the integration of migrants and refugees, and youth employment on this year’s agenda, the G20 selected important key challenges for coordinated action. The L20 is supportive of this. We are calling on Ministers to reflect the following key recommendations per section in the outcomes of the Bad Neuenahr Ministerial.

Fairer globalisation and working conditions in global supply chains

11 International trade and investment agreements have contributed to growing imbalances between and within countries. Opaque negotiation processes resulted in one-sided protection of investor’s rights, while labour and social rights as well as government’s ability to regulate in the interest of broader society came under attack. The 2016 ILC Resolution on Decent Work in Global Supply Chains recognised the governance gaps that exist in global supply chains and social partners committed to promoting decent work and the fundamental principles and rights work, through International Framework Agreements. Building on this and the commitments made under the Agenda 2030, the G20 Ministers must:

- Implement the UN Guiding Principles on Business and Human Rights, including by strengthening access to effective remedy and drawing up National Action Plans;
- Commit to enacting national legislation aimed at making corporate human rights due diligence mandatory, so as to strengthen respect for rights of workers in global supply chains;
- Support the negotiation process on an internationally legally binding UN Treaty on Business and Human Rights;
- Adhere to, and promote, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and the forthcoming cross-sectoral OECD Due Diligence Guidance for Responsible Business Conduct, working with the social partners, and agree a G20 tripartite implementation plan;
- Ensure an evidence-based minimum living wage and wage fixing mechanism in all G20 States (ILO Convention 131);
- Strengthen G20 National Contact Points (NCPs) of the OECD Guidelines for Multinational Enterprises,² including by introducing consequences³, such as the withdrawal of economic and diplomatic support for companies that refuse to participate in the NCP process, following the example of Canada;

2 TUAC has developed a 15-point Plan for strengthening National Contact Points: http://www.tuacoecdmguidelines.org/Docs/TUACFactSheet_NCP15Plan.pdf

3 “Consequences” are punitive measures such as the withdrawal of export credits, other public support for trade and investment, or exclusion from public sector contracts, to encourage participation in the NCP process.

- Develop a time-line for G20 countries to adhere to the OECD Guidelines and to establish effective, transparent and accountable NCPs, building on the best practices of existing NCPs;
- Establish a tripartite mechanism to track implementation of these commitments involving trade unions, employers' organisations and leading companies that can act as champions of best practice;
- Ensure full consultation of both social partners at all stages of trade and investment negotiations and preserve the ability of governments to regulate in the broader interest of societies and to redistribute benefits from globalisation;
- Commit to enforceable provisions on labour rights and investors' responsibilities in investment agreements, and ensure the stated G20 Principle of "fair, open and transparent" alternative dispute settlement measures offers access to all constituencies and covers the rights of all stakeholders;
- Ensure that global competition does not threaten wages, social security and health and safety at work.

Future of Work

12 Globalisation and interconnectedness, enhanced through an exponential technological progress and notably digitalisation, has created incredible wealth but left too many working people marginalised and fearful for a secure future. To address shortcomings and new challenges, it is important to avoid any individualisation of responsibilities, work across policy silos and retain the same labour and social standards when preparing for the Future of Work, and to:

- Agree on common priorities related to the next production revolution and the digital economy including regulatory frameworks to ensure fundamental rights and decent work. This requires to set standards for the diffusion of new technologies agreed in tripartite frameworks, through collective agreements and consultation at the firm level;
- Endorse and enact the framework of a just transition for digitalisation including through a lifelong learning guarantee, by securing permanent quality jobs across sectors and by ensuring affordable access to connectivity worldwide to bridge digital divides;
- Facilitate access to tertiary education, strengthen Vocational Education and Training systems, allow for paid educational leave and introduce learning time accounts to enable up- and reskilling;
- Guarantee that workers who, in practice, are dependent on a single employer or a group of employers have a right to employment contracts including minimum wages, pay and OHSE standards, adequate pension, unemployment and health insurance coverage, minimum paid sick leave, paid vacation leave and parental leave as well as the right to freely organise and take collective action;
- Specifically, ensure fundamental principles and workers' rights and protections in the online platform economy;
- Guarantee social protection schemes that are universal and portable, if needed built on multi-employer plans; Adapt social security systems to the changes resulting from digitalisation and make them available to all workers irrespective of their employment status. Employers and contractors must be held responsible for the social security of employees and self-employed persons working on online platforms;
- Link the Future of Work discussions to the G20 Digitalisation Task Force, and thereby address regulatory challenges stemming from business models in the digital economy including on competition in view of high market concentration, corporate governance and taxation; Online platforms in particular need to comply with fair competition and non-discrimination laws;
- Implement agreements to strengthen the protection and ownership of employee data to prevent disproportional surveillance and monitoring;

- Mandate the ILO and OECD to identify sectors with high job creation and displacement potential and support an interdisciplinary and participative research agenda that takes into account the role of trade unions in accompanying the underlying processes. Thereby, take account of the ILO Centenary Initiative on the Future of Work.

Meeting the gender target

13 The Brisbane target of increasing female labour market participation by 25% by 2025 remains underachieved. It is welcome that this year, the G20 recognises the need to go beyond the target and look at the quality of employment for women including shortcomings in ensuring a work-life balance and in addressing persistent wage gaps, increased old age poverty and the fact that women are over-represented in insecure, non-standard or informal jobs. Beyond recognising the issues at hand, Ministers should:

- Implement and monitor the G20 female workforce participation target and expand it by including an equal pay target;
- Strengthen or introduce measures to put a halt to female employment in informal and non-standard work;
- Commit to concrete measures on equal pay legislation, formalising work with minimum living wages and social protection, parental leave and expanding collective bargaining;
- Increase investments in accessible and affordable public care services considerably to support participation and working conditions allowing for better work-life balance.

Labour market integration of migrant workers

14 The 2016 Hangzhou Summit pledges to provide access to education, employment and services for refugees and migrants must be upheld. Divisive policies and xenophobia must be resisted and intensified efforts made to ensure effective integration of migrants and refugees in labour markets:

- All G20 countries should take a share of refugees proportionate to their economic capacity and ensure their fundamental rights – the G20 should work towards establishing common criteria to regulate and govern legal channels of migration and refugee streams;
- The integration of migrants and refugees requires destination countries to guarantee the right to work, training and equal treatment, including the observance of anti-discrimination laws, and establish frameworks that provide a legal status to economic migrants and encourage their labour mobility and contribution to labour markets;
- Supporting refugees with quality education, language, skills and vocational training along with access to social protection and health care services (including trauma counselling) is vital;
- Specifically targeted programmes for unaccompanied minors and young adults are fundamental;
- The G20 needs to take decisive measures against human trafficking and forced labour and notably, all G20 members need to ratify the ILO protocol on forced labour.

Bringing young people into quality employment and training

15 Past Ministerial Meetings and Leaders' Summits have adopted clear commitments and targets to reduce youth unemployment and underemployment. The G20 must now:

- Develop a Youth Action Plan with an emphasis on active labour market policies and investment in formal training that goes beyond the G20 Youth Target which is insufficient to overcome the high levels of youth unemployment and underemployment, as well as the challenges of young people in informal or precarious work;
- Ensure higher participation and completion rates in education and training for youth from disadvantaged socio-economic backgrounds;
- Complement the G20 Skills Strategy and commitment to enhance employability with a set of concrete measures, thereby differentiating training and educational opportunities across age groups and ensuring efficient employment services at the national and local level, in order to help young people to match their skills with the job opportunities, and setting investment targets;
- Attribute a role for social partners in designing, financing and administering training programmes and encourage employers to expand on-the-job training;
- Build on the G20 Initiative to Promote Quality Apprenticeships and identify best practices and funding opportunities towards creating inclusive and effective VET systems;
- Promote and improve digital competences on a large scale, from school to TVET to on-the-job training through tailored government initiatives. Professional development is essential to foster employability and innovative ability of employees.

III. Social dialogue and policy coordination

16 The L20 and B20 have engaged and jointly addressed G20 Labour Ministers and G20 Heads of States and Governments since the G20 French Presidency in 2011. Following the joint statement to the Labour Ministers' Meeting in July 2016, the G20 social partners have been working towards a new statement for 2017 that will be presented in Bad Neuenahr. To ensure effective implementation and consistency between different action plans, Ministers should call for closer cooperation with the L20 and B20 across all G20 tracks and:

- Call for the organisation of a Tripartite Summit ahead of the Leaders' Meeting of the G20 under the Argentinian presidency;
- Engage social partners and, at firm level, worker participation mechanisms in identifying future needs on investment, employment and skills;
- Re-introduce a joint Labour and Finance Ministers' Meeting with social partners' consultations to create more policy coherence;
- Maintain social partners' consultations at the G20 Leaders' meetings as has been good practice in several past G20 Summits.



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