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Canadian Labour Congress
Congrès du travail du Canada

Shaping innovation and creating quality jobs – The need for social dialogue in the digital age

Trade Union Statement to the G7 Innovation and Employment Ministerial

Montreal, 27-28 March 2018

The G7 Innovation and Employment Ministers are meeting in Montreal on 27 and 28 March to address the Future of Work (FoW) in the context of fast digital transformations. The L7 welcomes the cluster approach towards bridging policy silos. Under the Italian Presidency, the L7 issued a statement to the Labour and Employment Ministers Meeting, and L7 Leaders attended social partner consultations. The Ministerial Declaration retained several L7 demands and emphasised the need to strengthen the role of social partners, including in the newly established G7 FoW Forum. These commitments need to be strengthened under the Canadian Presidency and brought in line with the goal of spreading sustainable innovation.

Discussions in Montreal should be firmly based on Just Transition principlesⁱ - with special attention to regions and sectors that may be impacted more by climate change or automationⁱⁱ – to ensure that workers are not paying the cost of adjustment to the decarbonisation and digitalisation of our economies.

While we acknowledge the need for focussed discussions on the above, other G7 focus areas in the employment realm deserve continuous attention. The integration of migrants and

refugees was an important issue under the Italian G7 Presidency. It should remain a priority, considering the challenge that migration and refugee flows represent for both advanced and developing countries. The same applies to the leadership shown under the German G7 Presidency in advancing the responsible business conduct both within companies' undertakings and their global supply chains (GVCs). Strong commitments were made on due diligence and labour standards in GVCs in 2016.

Shaping the Future of Work and Technological Diffusion

Forums such as the G7 are set up to strengthen economic policy coordination for sustained growth and to prevent crises. Employment and innovation strategies rightfully should be coordinated towards achieving economic progress and creating quality employment. Economic policy should be part of this equation in facilitating coordinated demand side policies which have a double positive effect on growth and jobs. Without sufficient aggregate demand and fiscal space (supported by monetary policy) that facilitates public investments and productive spending, innovative products and business models will not spread. Standing challenges such as regional disparities, income inequality and the rise in precarious work need to be addressed now in the face of upcoming disruptions. When discussing the right market conditions for innovation, the G7 Ministers should also aspire towards a more equal distribution of the wealth generated through the digital transformation and link it to the need to deploy tax, competition and corporate governance regulatory frameworks.

The Canadian presidency by making gender equality a priority across all policy discussions can deliver a comprehensive agreement on closing the gender pay gap as an extension of the G20 25 by 25 target. Enabling conditions for inclusion should be outlined and supported by best practices.

As the digital transformation reached all economic sectors and alters business value chains, the G7 should insist on a human-centred approach on technological development, design and use. Trade unions need to be enabled to assume a central role in industrial relations to prevent high societal costs including security risks, job displacements or discriminatory algorithms. The mainstreaming of transformative technologies and business models should not deepen inequalities in income and opportunities. To prevent that, G7 governments should (1) set the framework conditions for shared prosperity; (2) strengthen measures towards inclusive labour

market participation; and (3) develop standards for digital adoption and good organisational practices:

(1) Framework conditions for shared prosperity from innovation

- Endorse strong labour market institutions, well-set and robust minimum wages and collective bargaining as a way to sustain growth through rising wages and to prevent further individualisation of responsibilities with the burden shifted to workers;
- Recognise the need to promote aggregate demand (with sufficient fiscal space);
- Address the challenges from market concentration and business models that thrive on regulatory arbitrage – as drivers of income inequalities and social protection gaps – with appropriate regulations of data-driven, cross-border business models in view of competition, corporate governance, taxation and violations of universal labour laws and rights;
- Address challenges to data ownership and transparency that arise in view of the opacity of data collection, processing and repurposing, and look into ways towards the anonymization of personal data (including privacy impact assessments);
- Bring workers out of non-standard forms of work including informal work, false self-employment and low-paid precarious jobs with a focus on NEETs, women, migrants and online platform workers through the enforcement of labour laws and, where appropriate, of the employment relationship, and support labour inspections and employment activation measures including training.

(2) Measures towards inclusive labour market participation

- Focus on inclusion through a gender plus spectrum and on different levels: instruments and standards should be set starting with ensuring female and diverse participation on company boards, to implementing strong employment equity measures and to improving access to higher-paying professional/managerial positions, conducive work environments and higher wages in growing sectors (e.g. care), and to imposing minimum wages in occupations at the lower-wage end of the spectrum;
- Close the gender pay gap through effective wage policies, including through collective and sector wide agreements with fixed time-lines;
- Implement national action plans to end gender-based violence, including a strategy to eliminate workplace sexual harassment and violence including programs for survivors, anti-reprisal protections, and paid leave for victims of domestic and sexual violence;

- Support work environments that allow for work-life balance, including by investing into the care economy and promoting mobile work arrangements for workers with disabilities and those with child or elder care responsibilities, the conditions of which should be set in collective agreements;
- Enable labour market participation by formalising informal work and ensuring that anti-discrimination laws are fully respected;
- Expand training policies beyond fostering IT and STEM skills, first by enabling access to quality education and training supported by employers (financially and by allocating time for it), and second by spreading public investments across the skills spectrum, delivery systems – by inter alia promoting technical VET for women – and age groups.

(3) Standards for digital adoption and good organisational practices

- Devise innovation strategies that consider organisational changes, including investments in productive, green workplaces;
- Develop and enforce operational, legal and ethical standards for the diffusion of new technologies within a multi-stakeholder approach including through social dialogue, tripartite frameworks and collective agreements;
- Take into account the convergence between digital technologies and with green, bio- and nano technologies and update OHS standards for new technologies and materials, and incentivise simulations and validation systems when testing advanced robotics or AI;
- Include work-related aspects in regulations on data privacy and protection including a discussion on appropriate levels of surveillance on the job enabled through IoT and big data;
- Encourage more gender balance and diversity in technological development and the digital economy as a whole;
- Support public R&D that currently lacks the resources needed to pursue longer-term goals compared to corporate laboratories, and to this effect encourage innovation ecosystems and clusters in regions.

The Digital and Green Transformations: towards Just Transition frameworks

The COP21 agreement in Paris and the conclusion of the Sustainable Development Goals in New York in the same year displayed political will to tackle global challenges in a

coordinated manner. Both agreements through trade union inputs included provisions on quality job creation, wage and gender equality and the support of communities, youth and migrants amongst other. Efforts to develop national action plans and multilateral cooperation – also in support of developing countries – need to take shape. COP21 recognised the need for a ‘just transition’ – including the set-up of a fund – and the SDGs aim to foster social dialogue. This needs to now be infused into policy debates on the digital transformation. With the joint Ministerial and towards a broader strategy at the G7 Leaders’ Summit, innovation policies and investments need to be tied to employment and broader inclusion parameters of change. Transition frameworks should not be limited to considerations on training and social protection and instead:

- Build on the G7 recognition of Just Transition principles for workers in 2017 and commit to ensuring decent wages and to promoting social dialogue on the impact of climate change, automation and digitalisation with concrete national action plans;
- Breach silos between Labour and Environment Ministries in addressing climate change, and Labour and Innovation, Industry and Economic Ministries in shaping the digital transformation in an integrated manner and engage in social dialogue on the basis of the Just Transition Principles;
- Devise and finance just transition strategies, including through insurance schemes and tri- or bipartite agreements at sectoral levels to enable workers to retain or change their job if the occupational task content is significantly altered by automation as well as to achieve more ambitious climate targets and to support efforts on energy efficiency, renewable energy, and regulation of environmentally-sensitive industrial processes;
- Stimulate job creation and public and private investment in the SME sector, green and care economies, ICT and STEM-related sectors, while ensuring that equity-seeking groups have access to green and digital skills and jobs;
- Ensure that jobs in the growing service sector are decent and consider new organisational needs of workers due to the increasing customisation of production;
- Anticipate job creation and losses across sectors and the competencies needed to complement tasks performed by cognitive technologies towards developing tailored and accessible training offers and work based learning, estimating financing needs and strengthening a tripartite governance of lifelong learning in close cooperation between G7 countries;
- Provide equal and universal access to social protection and security for all workers irrespective of the nature of their employment through sustainable financing (also by

employers) and/or by integrating non-standard workers into collective social protection schemes that ensure the portability of rights between jobs.

The governance of transition frameworks should rest on **whole of government approaches and social dialogue**. Therefore, Ministers should endorse:

- Social dialogue as an essential mechanism in policy discussions and the implementation of digital agendas, industry, innovation and work 4.0 frameworks;
- Collective bargaining agreements at all levels to ensure quality jobs and decent wages;
- A firm stance on the freedom of association, workers' voice and labour standards in the online platform economy and along fragmented value chains;
- An active participation of social partners in the G7 Platform on the Future of Work;
- A workers' and trade union perspective in discussions of the G7 Gender Equality Advisory Council;
- The need for more institutionalised social partner consultations in the G7 process.

Responsible Business Conduct in fragmented, data-driven value chains

To reap the benefits of innovation and create decent work worldwide, the strengthening and application of regulatory standards, human rights and responsible business conduct will be essential. Global policy debates should steer towards more inclusive outcomes while encouraging business dynamism and technological diffusion. New principles and standards for the digital transformation, and ensuring that standing regulations are respected in the digital economy are the next steps. The digital transformation also contributes to the fragmentation of production processes and servicificationⁱⁱⁱ potentially leading to more outsourcing of labour, triangular work relationships and off-shoring of production. The G7 should take the lead and:

- Acknowledge that the digital economy is often based on using non-standard contracts that result in workers, especially women, youth and equity groups, bearing all the risks
 - the G7 should address such job quality issues for all new forms of work and call for employer responsibilities and the respect for fundamental labour rights and labour standards by online platform businesses;
- Support the negotiation process on an internationally legally binding UN Treaty on Business and Human Rights through constructive participation and engagement in the UN Inter-governmental Working Group;

- Strengthen respect for human rights and improve working conditions by implementing the UN Guiding Principles on Business and Human Rights through National Action Plans, and strengthening the National Contact Points of the OECD Guidelines for Multinational Enterprises;
- Enact national legislation making corporate human rights due diligence mandatory and implement the OECD Due Diligence Guidance, including by building trade union capacity to engage^{iv};
- Commit to eradicate modern slavery, forced labour and human trafficking^v.

ⁱ Key principles of a Just Transition include: Research and early assessment of social and employment impacts; Social dialogue and democratic consultation of social partners and stakeholders; Active labour market policies and regulation, including training and skills development; Social protection, including securing of pensions; Community renewal and economic diversification plans; and sound investments leading to high quality, decent jobs. Source DIGITALISATION AND THE DIGITAL ECONOMY - TRADE UNION KEY MESSAGES, TUAC, February 2017 http://www.tuac.org/en/public/e-docs/00/00/13/2A/telecharger.phtml?cle_doc_attach=6940

ⁱⁱ Paragraph 57, Communiqué G7 Bologna Environment Ministers' Meeting, Bologna, Italy (11-12 June 2017) http://www.g7italy.it/sites/default/files/documents/Communiqu%C3%A9%20G7%20Environment%20-%20Bologna_0.pdf#search=%27Italia+G7+Environment+Ministerial+Meeting+Communi%27

ⁱⁱⁱ OECD (2017), the Next Production Revolution: Implications for Governments and Business, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264271036-en>

^{iv} Including by introducing “consequences” for companies that refuse to participate in NCP-led mediation, or to implement the NCP’s recommendations.

^v By ratifying and implementing the ILO’s 2014 Protocol to the Forced Labour Convention and enacting legislation on the model of French Duty of Vigilance law and the UK Modern Slavery Act.