



ITUC/TUAC Assessment of the G20 Summit in Buenos Aires
November 30 – December 1, 2018

Overview

The major outcome of the G20 Leaders' Meeting in Buenos Aires (30 Nov – 1 Dec) is the very existence of a final declaration ("Building consensus for fair and sustainable development"ⁱ). Considering trade tensions and disagreements on the climate agenda between G20 countries as well as failures at other meetings this year (G7 Summit & OECD Ministerial), consensus was not guaranteed.

The agreed text captures the main priorities of the Argentinian presidency – Future of Work (FoW), Infrastructure for Development, and Sustainable Food Future. Yet it offers minimal commitments on multilateralism and appears out of touch with economic developments when claiming "strong global growth" prospects, while signs of a sharp slowdown are accumulating. The Leaders did not decide on any action to deliver past commitments to reduce income inequality.

The G20 Declaration includes a commitment to frame ongoing policy discussions on the Future of Work with social dialogue principles and with specific commitments on skills and safety nets, in line with the G20 Employment Ministerial in Septemberⁱⁱ. However, G20 Leaders also endorse a separate roadmap on FoW by the G20 Finance Ministers (called "Menu of policy options") that is less ambitious in scope and ignores social partners. A two-track approach to FoW would undermine policy coherence.

Through the years, the economic policy coordination function of the G20 has lost steam. Rather, the forum is increasingly focussing on longer-term structural reform. While inclusive growth remains the aspiration, the Action Plan adopted in Buenos Aires tilts toward a business competitiveness agenda, with little consideration for past commitments on income inequality and labour income share.

On infrastructure, the G20 approach continues focussing excessive, if not exclusive, attention on private finance and on Private Public Partnerships (PPPs) picturing infrastructure as an asset class (i.e., "securitisation" of infrastructure to attract financiers and asset managers) rather than as a public good (public procurement, public service).

Trade: little on multilateralism, commitment to WTO reform

The G20 delivered a consensus-based communiqué, but tensions between the US and China ahead of the summit limited ambition severely. For instance, there is only a single-phrase recognition that multilateralism contributes to growth, development and job creation. The call for reforming the World Trade Organisation is welcome (#27); however, it gives no assurance that the G20 would be addressing policy incoherence between trade governance, the implementation of ILO standards, the objectives of UNFCCC and the Agenda 2030 more generally.

Economic policy coordination: missing

The initial mandate of the G20, ten years ago, was to coordinate economic policy to exit the 2008 crisis and shift toward sustainable growth. The G20 Statement is missing an opportunity to start preparing the ground for a coordinated fiscal policy stimulus in case the ongoing slowdown would intensify, as was recently suggested by the OECD's Economic Outlook. The claim in the statement welcoming "strong global growth" (#4) seems far out of line with the most recent forecasts from the OECD and the IMF – both raising concerns about the current slowdown in growth. Recent forecasts by the OECD are predicting a slowdown in world economic growth from almost 4 to 3.5% and from 2.5% to just below 2% for advanced economies. The G20 leaders were not concerned with taking early measures to avoid a new debt crisis, about which several experts and UNCTAD have warned.

Average growth across the OECD is only half of the pre-crisis long-term growth trend. Ten years after the financial crisis, our economies are still caught in a "stop-and-go" pattern and fail to stage a process of self-sustained and self-reinforcing growth.

Structural reform: ignoring past commitments on inequality

The G20 Leaders pledge "continued implementation of structural reforms" by endorsing a new set of commitments: the Buenos Aires Action Planⁱⁱⁱ (#4) which follows on the Hamburg Action Plan of last year^{iv}. The updated plan very much focuses on a competitiveness agenda around trade, tax reform and infrastructure, but it is inadequate to tackle inequalities by implementing past G20 commitments on labour income share and on gender.

Future of Work: a two-track approach that risks confusion

The Argentinian presidency created high expectations on FoW. On a positive note, the G20 Leaders commit to the deliverables of the G20 Employment Ministerial in September, including, "promoting decent work, vocational training and skills development", "improving labour conditions in all forms of employment", and "recognizing the importance of social dialogue in this area, including work delivered through digital platforms, with a focus on promoting labour formalization and making social protection systems strong and portable" (#7). Yet these commitments come with a caveat: they are all "subject to national law" (by opposition to international law and ILO instruments), as well as to national "circumstances".

The G20 Leaders also endorsed a separate "Menu of Policy Options" ^v on FoW (#6). Unlike the Employment Ministers' FoW plans, the G20 Finance Ministers developed the "Menu" behind closed doors and without consulting social partners. The text has a far less ambitious set of policy objectives and leaves aside social dialogue. It remains to be seen

how the two roadmaps – Employment Ministers’ Declaration and the Finance Ministers’ Menu – will be used and implemented in the future.

Other policies issues: climate, tax, infrastructure, corruption and global supply chains

The G20 Leaders adopted a “Roadmap to Infrastructure as an Asset Class” – another key priority of the Argentinian presidency – and with greater attention to the role of private financing in the Development Agenda. Trade unions remain concerned about this policy. While the private sector certainly has a role in financing long-term investment, this agenda pushes through questionable private finance arrangements (including private public partnerships) and gives little consideration to public procurement and public services.

In view of ballooning asset prices due to lax monetary policy, the proposition to treat infrastructure as an “asset class” – rather than a public good – also risks replaying the financialisation scenario that led to the 2008 crisis (when access to homeownership in the US was, precisely, treated as an “asset class”).

Leaders call for the effective observance of both the UN and the OECD conventions against corruption (#29).

Reference to business responsibilities in global supply chains is fairly limited (“We will take actions to eradicate child labour, forced labour, human trafficking and modern slavery in the world of work, including through fostering sustainable supply chains” #7).

On international tax cooperation, the text suggests that we are still far away from a reform towards a fair apportionment of corporate profits so that MNEs can be taxed in every country in which they operate. We are even further away from an agreement on the taxation of the digital activities which will feature in 2019 and 2020 (“we will continue to work together to seek a consensus-based solution to address the impacts of the digitalisation of the economy” #26).

Finally, while the world expects rapid and robust action to address climate change, the Declaration takes a worryingly minimalist approach on the implementation of the Paris Agreement (#20). In a rather rare reference, the G20 Declaration states that the US reaffirm their withdrawal from the Paris Agreement but remain committed to “energy access and security, utilizing all energy sources and technologies, while protecting the environment” (#21).

ⁱ https://g20.org/sites/default/files/buenos_aires_leaders_declaration.pdf

ⁱⁱ https://www.g20.org/sites/default/files/employment_-_declaration.pdf

ⁱⁱⁱ <http://en.kremlin.ru/supplement/5375>

^{iv} https://g20.org/profiles/g20/modules/custom/g20_beverly/img/timeline/Germany/2017-g20-hamburg-action-plan-en.pdf

^v https://www.g20.org/sites/default/files/documentos_producidos/g20_menu_of_policy_options_for_the_future_of_work_fwg_1.pdf