



Outcome of the G7 Labour & Employment Ministerial 2019

Paris, 13 June 2019

Key takeaways:

- Scope of the Ministerial confirms the renewed and expanding role of the G7 in recent years;
- A tripartite statement, a first ever in a G7 format, which constitutes a strong commitment to social dialogue in itself
- G7 “call to action” for the reduction of inequalities, accompanied by greater ILO-Trade and Investment policy coherence, commitment to universal social protection;
- Yet, wage dynamics and the role of labour market institutions in closing the wage-productivity gap are left aside;
- On business responsibility in global supply chains, commitment to strengthen the resource of the OECD National Contact Points and their remedy function;
- On FoW & digitalization, reference to “just transition” as a policy goal, and commitment for “decent work in the platform economy” and for a “human-centred approach” to artificial intelligence;
- On gender equality, commitment to a legislative and policy package of measures.

Overview

The 2019 G7 Labour and Employment Ministers’ meeting, entitled “G7 Social” under the French presidency, took place in Paris on 6-7 June 2019. Held ahead of the ILO Centenary and confirming the commitment to “social justice”, the Ministerial adopted a Communiquéⁱ under the French presidency’s overarching goal of reducing inequalities.

A tripartite statementⁱⁱ was also agreed between the G7 Ministers and the four social partner international organisations involved in the G7 process: IOE & BIAC for employers, ITUC & TUAC for trade unions. The text constitutes the first ever tripartite initiative in a G7 format, and as such is much welcome. It calls for a follow-up and a deepening of the issues raised.

The L7 held its own series of meetings at the OECD centre back to back with the G7 Ministerial, including bilateral consultations with the French Labour Minister and G7 Sherpa as well as with the OECD Secretariat and other engagement groups (B7, C7 & W7). L7 Key demands for the French G7 presidency were released on this occasionⁱⁱⁱ.

The Ministerial’s focus on digitalisation, future of work and gender equality was in the continuation of the last two G7 Employment Ministerials in Turin 2017^{iv} & Montreal 2018^v and recent flagship reports from the ILO (report of the Future of Work

Commission^{vi}) and the OECD (Going Digital Report^{vii}, Employment Outlook^{viii} & Recommendations on Artificial Intelligence^{ix}).

The scope of the Ministerial was broadened however to include other issues, including business responsibility in global supply chains (focus of the German G7 in 2015^x) and the coherence between the ILO system and the trade and investment systems, which constitute a novelty in an employment ministerial setting.

The broad scope and ambition of the Ministerial confirm the renewed and indeed expanding role of the G7 in international cooperation and policy coordination in recent years. As always with such a forum, the question remains whether the words and the intentions found in the Communiqué will effectively transform into actions and will be endorsed at the G7 Heads of State Summit in Biarritz on 26-27 August 2019.

Specific comments on the Communiqué

The Communiqué begins with a commitment and a “call to action” for the reduction of inequalities. Ministers indeed call for greater coherence between the ILO on the one hand, the trade and investment and the International Financial Institutions (Ch. A #4-18). The text offers good objectives to help resolve the gaps in the multilateral framework already exposed 20 years ago. Yet the text lacks concrete deliverables and is limited to intentions and aspirations (without an explicit call for enforcement of international labour standards), apart from the ILO/ OECD mandate on social protection (#10-11) in consideration of the IMF work on social spending (#8).

Importantly however under that section, Ministers make a symbolic reference to “**just transition**” as a policy goal on the Future of Work, which has been a core demand of the L7 in the past years (#18). It remains unspecified how and to which transformations, it should be applied. The L7 can use this as a point of departure towards making more concrete suggestions.

While the tripartite agreement is a strong commitment to social dialogue in itself, the Communiqué rarely refers to social dialogue, collective bargaining or trade unions. The Future of Work is supposed to be tackled “with a view to protecting, empowering and giving a voice to *individuals*” (#6) – a complementary vision of the workforce and its representation as a whole would have been useful.

Yet, **wage dynamics and the wage-productivity gap** in particular, are absent from this first chapter on the inequalities specifically and from the Communiqué as whole. This is most surprising given the intended focus of the Ministerial on inequalities. It fuels the impression that fighting inequalities is achievable through better access to training and safety nets, and just that, leaving a blind eye on the need for fair and decent wages – including through strong labour market institutions – and for labour market outcomes that contribute reduction of inequalities *before* redistribution kicks in. It also stands in contrast with past G20 commitments related to reducing inequalities through wages and the labour income share, most notably in 2015 when the G20 Policy Priorities on Labour Income Share and Inequalities^{xi}.

Notwithstanding, Ministers made an important commitment to **universal social protection** (Ch B. #1-13). This is much welcome and constitutes the first ever statement of that kind at the G7 level. Regarding the policy dialogue on the Future of Work (Ch. C #1-13), Ministers follows on previous G7 Ministerials in Turin 2017 and in Montreal 2018, by committing to improve access to skills and to reskilling of workers through compiled “G7 Responses to Tackle the Digital Skills Gap” (following the release of the OECD Skills Outlook^{xii}) and to support to the OECD-hosted the G7 Future of Work Forum. On skills specifically, regional and financing challenges were not discussed. The G7 also acknowledges the challenge of half of the world’s population being in the informal economy (#5).

On **business responsibility**, Ministers make a strong commitment to strengthen mechanisms providing **access to remedy** including the National Contact Points under the OECD Guidelines for Multinational Enterprises (Ch. A #19-25). This is most welcome and could help accelerate the policy dialogue at the OECD and improve the functioning and efficiency of NCPs, including through the TUAC 15-Point Plan for National Contact Points^{xiii}. Access to remedy has indeed been the weaker element in the work of the NCPs in the sense that they have in many cases been unsuccessful at providing access to such. In their 2015 Statement, G7 Leaders already recognised their responsibility to “promote labour rights, decent working conditions and environmental protection in global supply chains”. They committed to strengthening “mechanisms for providing **access to remedies, including the National Contact Points**”.

The Ministerial also offers encouraging commitments for “**Decent Work in the Platform Economy**”, which constitute an important part of the Communiqué (Ch C. #5-9). Ministers call upon the ILO and the OECD to work together in identifying “*decent work gaps in the platform economy, including the e-networking and “click” economy, and to recommend possible policy responses*”. They “*stress the importance of decent working conditions for platform workers. In this respect, we believe that the vulnerability of platform workers is a key factor to take into consideration in order to ensure decent working conditions*”. The chapter makes important references to “quality jobs” and “workers’ voice” (#3). Yet the text remains evasive on the much-needed enforcement of regulation and of regulatory coverage of platform workers. The very notion of “non-standard forms of work” is not acknowledged, the reasons for social protection gaps or for barriers to social dialogue are not explained. Yet, “innovative tools” such as “voluntary codes of conduct” are welcomed by Ministers. These commitments are not highlighted as main outcomes of the Ministerial however.

Following on last year Canadian G7 presidency, Ministers also make new commitments on both artificial intelligence (Ch. C #4) and on gender equality (Ch. D #1-16).

On **AI**, Ministers support “*a human-centred approach*” in line with the OECD Recommendation on Artificial Intelligence adopted at the OECD MCM (which include fair transition and social dialogue as labour market policy tools, and stresses data and safety related aspects in the world of work^{xiv}).

On **gender equality**, Ministers support the work of the G7 Gender Equality Advisory Council (in which the L7 still is not involved), and importantly commit to “*to enhance the effective implementation of legislative and policy measures*” on a fairly broad range of

issues: labour market segregation, skills and apprenticeship programmes to increase women's employability, women's access to highly paid and good-quality jobs, and to STEM^{xv} education and jobs, women's entrepreneurship, better sharing of household and care responsibilities, gender gaps in employment, work-life balance through the availability of quality public childcare services, paid paternity leave, gender pay gap (for women returning to work after maternity or parental leave), social dialogue for more gender-equal workplaces, wage transparency and gender equality, women's representation on corporate boards and in decision-making positions in both public and private sectors. While the list of policy pointers is exhaustive, clearer guidance would be welcome going forward on how to close gender pay gaps (also through the setting of wage floors, through collective bargaining etc.) and how to best implement transparency frameworks or quotas.

ⁱ https://travail-emploi.gouv.fr/IMG/pdf/g7_social_communique_and_outcomes_final.pdf

ⁱⁱ https://travail-emploi.gouv.fr/IMG/pdf/g7_social_tripartite_declaration_final.pdf

ⁱⁱⁱ <https://tuac.org/news/17-trade-unions-release-key-demands-for-the-french-g7-presidency/>

^{iv} <https://tuac.org/news/17-g7-labour-summit-just-transition-principles-must-underpin-future-work/>

^v <https://tuac.org/news/17-key-demands-for-the-canadian-g7-presidency-principales-revendications-du-17-a-la-presidence-canadienne-du-g7/> & <https://tuac.org/news/17-evaluation-of-the-outcomes-of-the-g7-innovation-and-employment-ministerial-meeting-2018/>

^{vi} <https://www.ituc-csi.org/ILO-Global-Commission-Future-of-Work-Report-Centenary>

^{vii} <https://tuac.org/news/outcomes-of-the-oecd-going-digital-first-phase-shaping-policies-rather-than-the-digital-transformation-itself/>

^{viii} <https://tuac.org/news/oecd-employment-outlook-calls-for-a-transition-agenda-that-works-for-all-and-to-tackle-the-misclassification-of-workers/>

^{ix} <https://tuac.org/news/oecd-recommendation-on-artificial-intelligence-calls-for-a-fair-transition-through-social-dialogue/>

^x International Union Bodies Welcome G7 Pledges on Supply Chains, Climate and Tax

09/06/2015 https://members.tuac.org/en/public/e-docs/00/00/10/91/document_news.phtml

^{xi} *"The long-term trend of rising inequalities in many G20 economies has a negative impact on current and potential growth and is inconsistent with our Leaders' goal of strong, sustainable and balanced growth. This trend has often been associated with slow wage growth when compared to productivity gains and a decline or stagnation in the labour income share in some of our countries. Tackling inequalities is therefore important for achieving both stronger economic growth as well as our priority of creating better jobs and having more inclusive societies. In order to address rising inequalities and where necessary declining labour income shares, we agree to undertake a mix of policies appropriate to our national circumstances including improving wage-setting mechanisms, institutions for social dialogue, social protection systems, employment services and active labour market policies. We endorse the attached policy priorities on inequalities and labour income share (Annex-1). We will consider them in further developing our labour and employment policies and look forward to examining progress on their implementation in the coming years".*

<http://www.g20.utoronto.ca/2015/150904-labour.html> & G20 Policy Priorities on Labour Income Share and Inequalities <http://www.g20.utoronto.ca/2015/G20-Policy-Priorities-on-Labour-Income-Share-and-Inequalities.pdf> & G20 recognises inequality as risk to growth – L20 calls for national action plans on jobs and wages 16/11/2015 https://members.tuac.org/en/public/e-docs/00/00/11/5D/document_news.phtml

^{xii} <https://tuac.org/news/oecd-skills-outlook-2019-tuac-secretariat-assessment/>

^{xiii} https://members.tuac.org/en/public/e-docs/00/00/10/99/document_doc.phtml

^{xiv} <https://tuac.org/news/oecd-recommendation-on-artificial-intelligence-calls-for-a-fair-transition-through-social-dialogue/>

^{xv} science, technology, engineering, and mathematics