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Labour 7 (L7) Communiqué to G7 Trade Ministers

“The G7 must adopt a new course: trade that delivers decent jobs and has workers at its core”

The Labour 7 (L7), representing trade unions across G7 countries and at European level, calls on G7 Trade Ministers to place workers and social justice at the centre of trade policy.

As Ministers meet in Paris on 6 May at a critical juncture for the global economy, after months marked by geopolitical shifts, trade disruptions and tariff wars, we urge the G7 to confront the structural imbalances embedded in the current trade model and to take coordinated action to ensure trade delivers decent work and shared prosperity.

Persistent trade imbalances reflect structural flaws in both surplus and deficit economies. Long-lasting trade surpluses can often be traced back to policies that weaken domestic demand. This happens when wages are held down over time and fail to keep pace with productivity, ostensibly to boost export competitiveness and profits. The result is a vicious circle: low wages reduce domestic demand, which increases dependence on exports for growth. That dependence gives surplus countries an artificial competitive advantage, helping to sustain the imbalance.

At the same time, deficit countries face mounting pressures to restore competitiveness, too often at the expense of labour standards. Across both surplus and deficit economies, the current trade model has resulted in a race to the bottom, characterised by wage suppression, declining collective bargaining, expansion of precarious forms of work, labour market deregulation and weakened fiscal and environmental standards.

Workers, in G7 countries and beyond, are paying the price on all sides of this equation. G7 members have a responsibility – and an opportunity – to act to reverse this trend.

To break this cycle, G7 members must adopt a coordinated approach that strengthens labour market institutions and restores the link between productivity and wages. This requires:

- Reinforcing collective bargaining systems and increasing their coverage.
- Promoting adequate and rising minimum wages.
- Curbing the use of non-standard and precarious forms of work.
- Ensuring that wage growth keeps pace with productivity gains.
- Supporting domestic demand as a pillar of sustainable and inclusive growth.
- Strengthening corporate accountability and promoting responsible business conduct.

The L7 urges G7 governments to recognise that fair wage growth and strong labour institutions are not obstacles to competitiveness, but essential foundations for resilient economies and stable trade relations.

In this context, we call for the adoption of a **G7 Action Plan on trade and decent jobs**, to build a new trade model that is fair, inclusive, and sustainable.

Such a plan must ensure that trade agreements actively support decent-jobs-led industrialisation and embed enforceable labour standards at their core. We call on G7 members to:

- Make market access and tariff liberalisation conditional on the effective implementation of Fundamental Principles and Rights at Work and core ILO conventions, and on the enforcement of responsible business conduct through key instruments such as the OECD Guidelines on Multinational Enterprises for Responsible Business Conduct.
- Establish robust monitoring systems, supported by capacity building and technical assistance.
- Introduce credible enforcement mechanisms, including the possibility of sanctions and suspension in cases of non-compliance.
- Ensure that labour provisions are subject to effective and transparent dispute settlement mechanisms, equivalent to those governing commercial provisions.

To address rising political fragmentation in G7 countries, trade policy must no longer be disconnected from social outcomes. WTO rules should enable countries to support domestic industries, which is particularly important for Global South countries seeking to build economies grounded in decent work and environmental standards. They should also require member states to uphold fundamental labour standards, to prevent countries gaining an unfair competitive advantage on the basis of worker exploitation. A fair global economy requires rules that promote virtuous strategies based on quality jobs, fundamental rights, fiscal justice, climate action and shared prosperity – not cost-cutting at the expense of workers.

The L7 urges G7 governments to advance this agenda and stands ready to help shape a global trading system that works for-working people.

