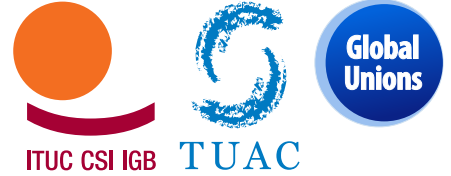


In collaboration with



L20 STATEMENT TO THE G20 SUMMIT

HANGZHOU, 4-5 SEPTEMBER 2016

The Hangzhou Summit takes place at a moment of contracted growth and a persistent social crisis. G20 Leaders need to take action to raise growth and jobs through expansionary demand-side policies. They need to commit to a refocused structural policy agenda that rebuilds strong labour market institutions to create quality jobs and to reduce income inequality.

The G20's pledge to ensure inclusive growth requires firm commitments to address youth unemployment, gender inequality, integration of refugees and migrants, while taking action for the upcoming digital transformation and the need for a Just Transition to a low-carbon economy. It requires a trade and investment system that works for all, not just international investors, and that raises the bar by ensuring that sustainability and decent work standards are met in global supply chains.

Coordinated action for growth through increased wages and public investment

The G20 Leaders' Summit (Hangzhou, 4-5 September 2016) takes place against the background of a global economy that is stuck in a low growth trap and confronted by heightened financial and political uncertainties. 2016 is proving to be the most dangerous year economically since 2009. The current policy stance of loose but ineffective monetary policy combined with contractionary fiscal policy and a structural weakening of collective bargaining institutions is not working. The outcome of the "Brexit" vote shows once again that the time of *business as usual* is long behind us and that *trickle down* strategies do not work. 65 to 70% of households in advanced economies, up to 580 million people, have experienced falling or flat real income growth.

Continuing on this path will not result in a long-lasting and robust economic recovery and will instead contribute to the risk of deflation. The high unemployment could become structural because of scarring effects. The gap – with pre-crisis job levels – is persistent. While unemployment rates have started to decrease in some countries, it has come at the cost of a significant increase in labour market insecurity.

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

Anna Byhovskaya
byhovskaya@tuac.org

Gemma Swart
gemma.swart@ituc-csi.org

When adjusting growth strategies, Leaders need to commit to urgent demand-side measures – including a coordinated public investment boost, as advocated by the June OECD Economic Outlook¹, put an end to austerity and prioritise policies leading to economic stability and wage growth.

G20 Leaders should:

- Commit explicitly to fast and comprehensive measures to boost aggregate demand in the 2016 growth strategies, including a coordinated increase in public investment;
- Endorse the Sustainable Wage Policy Principles (as agreed by G20 Employment Ministers) and support stronger labour market institutions in securing higher wage growth as a way to boost demand and jobs and avoid zero inflation or deflation from becoming entrenched through very weak wage agreements.

A new structural policy agenda to tackle rising inequalities

In 2015, G20 Leaders committed to revise structural policies to achieve more inclusive growth and decrease inequality. The G20 Policy Priorities on Labour Income Share and Inequalities, adopted in Antalya in 2015², recognised the link between raising wages and reducing inequalities. These priorities and the 2016 G20 Labour and Employment Ministers' Sustainable Wage Policy Principles³ need to be implemented as a central part of revised structural policies.

G20 Leaders should:

- Ensure that the G20 "*enhanced structural reform agenda*" and related principles are in line with current G20 commitments on wage policies and quality jobs, including the 2016 Sustainable Wage Policy Principles and the 2015 Policy Priorities on Labour Income Share and Inequalities;
- Shape, through social dialogue, a new structural reform agenda that follows up on the 2016 Employment Ministerial commitment to "*deepen cooperation across G20 bodies*"⁴ on reducing inequality.

Action on youth employment, migrant integration and gender gaps

Building on past commitments, the G20 should take a firm stance to address the issues of youth un- and underemployment, by following up on the G20 Youth Target⁵, and of gender inequality, including through the "25 by 25" Target⁶ to reduce gender gaps in labour market participation. Both targets need to be implemented but are not sufficient to tackle underlying problems. In view of the unprecedented global refugee crisis, the G20 also has the responsibility to introduce new commitments on the integration of migrants in the labour market and in education and training systems.

G20 Leaders should:

- Accelerate implementation of measures to meet the Youth Target before 2025, including through a G20 Youth Jobs Pact, and take action, in cooperation with social partners, on quality apprenticeship, on-the-job training and Vocational Education and Training;
- Support development of the care economy which is essential to increase both women's and men's participation in the labour market and take measures to effectively meeting the "25 by 25" target while reducing the gender pay gap, also by strengthening the rights of part-time workers and reducing occupational segmentation;
- Take coordinated action to support the integration of migrants and refugees in receiving countries including their right to work, education, training and social protection, prevent human trafficking and forced labour, and introduce targeted programmes for unaccompanied minors and young adults.

Decisive action to meet climate ambition and achieve socially acceptable technological change

The Paris agreement on climate change needs prompt and decisive implementation. But it requires that each country takes its fair share of measures and contributions to stay within a +2°C global temperature increase and aim at a +1.5°C increase. It requires a clear strategy for employment and sustainable industrial transformation and a Just Transition for workers and communities.

As the G20 is setting out a “*Blueprint for Innovative Growth*” and intends to increase the potential of the digital economy, there needs to be a strong commitment on regulatory standards and quality jobs. Only then, can the “*Next Production Revolution*” be considered sustainable.

G20 Leaders should:

- Undertake a broad review of countries’ contributions in meeting the objectives of the Paris agreement;
- Realise the Paris commitment to ensuring a “*Just Transition*” for workers and communities;
- Address the regulatory challenges posed by the digitalisation of the economy resulting from new business models, and ensure workers are not the one paying the price of the “*Next Production Revolution*”.

Building a responsible international trade and investment system

G20 Trade Ministers endorsed the “G20 Guiding Principles for Global Investment Policymaking”⁷, at their meeting in Shanghai on 10 July 2016 covering, *inter alia*, investor protection (including dispute settlement), responsible business conduct and corporate governance. Ministers also agreed to “*enhance capacity building to promote inclusive and coordinated global value chains*”, focusing in particular on providing support for developing countries (especially Low Income Countries) and SMEs to participate in, and move up, Global Value Chains (GVCs).

It is essential that G20 action on international trade and investment contributes to promote sustainable development and is in line with the G20 Employment Ministers’ the commitment of July 2016 to realise labour rights and decent work in global supply chains.

G20 Leaders should:

- Commit to enforceable provisions on labour rights and investors’ responsibilities in 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;
- Enact domestic legislation that makes it mandatory for companies to conduct human rights due diligence in global supply chains and work with the ILO to identify ways to promote all aspects of the decent work agenda based on the June 2016⁸ outcomes of the ILC discussion on global supply chains;
- Draw up a coordinated G20 strategy to ensure responsible business conduct, including by developing National Action Plans to implement the UN Guiding Principles on Business and Human Rights and strengthening G20 National Contact Points of the OECD Guidelines for Multinational Enterprises.

Ensuring policy coherence and social dialogue across G20 work streams

The G20 Leaders' Summit builds on preceding Finance, Agriculture, Trade and Employment Ministerial Meetings. The outcomes of these meetings should be recognised in a coherent way by the Leaders. In the absence of a strong policy coherence mechanism, such as a joint Labour and Finance Ministers Meeting, there is a risk of contradictory outcomes between the G20 employment and finance track deliverables – in particular regarding the priority areas for structural reforms. This is recognised in the Employment Ministerial Declaration where ministers “commit to enhancing coherence [and] cooperation with other G20 tracks” in order to prevent “negative spill-overs”⁹.

It is important to sustain and enhance stakeholder consultations, and in particular engagement with social partners, including the L20, the voice of trade unions at the G20. The ITUC, TUAC and their employer counterparts, IOE and BIAC, issued a joint statement “A Common Message for Innovation, Growth, Jobs and Decent Work” ahead of the G20 Employment Ministerial¹⁰.

G20 Leaders should:

- Increase the cooperation between the Employment Working Group and the Finance Track to establish coordinated policy packages towards achieving the +2.1% growth target;
- Institutionalise policy coherence by committing to a Joint Labour and Finance Ministers Meeting in early 2017;
- Recognise the role of trade unions and social dialogue, support the L20-B20 joint statement and ensure social partners are effectively consulted and can participate across all G20 tracks.

1 OECD (2016), *OECD Economic Outlook, Volume 2016 Issue 1*, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/eco_outlook-v2016-1-en

2 G20 Labour and Employment Ministers Declaration, 2015, §6-7 & Annex 1

3 G20 Labour and Employment Ministerial Meeting Declaration, 2016, §16 & Annex 4 http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/WCMS_499403/lang--en/index.htm

4 G20 Labour and Employment Ministerial Meeting Declaration, 2016, §22

5 G20 Labour and Employment Ministers Declaration, 2015, §13-14 & Annex 3

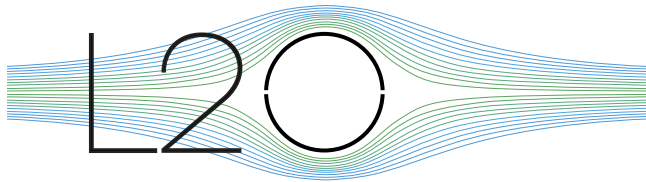
6 G20 (2014), G20 Leaders' Communiqué, Brisbane Summit, November 2014, https://g20.org/wp-content/uploads/2014/12/brisbane_g20_leaders_summit_communique1.pdf

7 Guiding Principle III of the G20 Guiding Principles for Global Investment Policymaking. <http://investmentpolicyhub.unctad.org/Upload/Documents/Annex%20III%20G20%20Guiding%20Principles%20for%20Global%20Investment%20Policymaking.pdf>

8 Reports of the Committee on Decent Work in Global Supply Chains: Resolution and conclusions submitted for adoption by the Conference, 10 June 2016 http://www.ilo.org/ilc/ILCSessions/105/reports/provisional-records/WCMS_489115/lang--en/index.htm

9 G20 Labour and Employment Ministerial Meeting Declaration, 2016, §6

10 The statement raises key common priorities calling on the G20 to: Develop a policy framework for better technology diffusion and within the digital economy; Determinedly tackle youth unemployment; Pursue macro-economic policies that promote employment; Make a reality of the 2014 Brisbane target of reducing by 25% the gender gap in employment by 2025; Promote formality and implement the recommendation on informality adopted by the 2015 International Labour Conference: <http://www.ituc-csi.org/ioe-biac-ituc-tuac-statement-to>



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