



L20 Recommendations to the G20 June 2014

Call for a G20 Action Plan for Comprehensive Growth and Quality Jobs

The [G20 Finance Ministers and Central Bank Governors](#) committed to raise G20 GDP “by more than 2 per cent above the trajectory implied by current policies over the coming 5 years” at their meeting in Sydney in February 2014. Investment and output growth in the G20 countries have remained far below longer-term trends and pre-crisis levels. Recovery continues to be weak, fragile and partial. The most recent growth forecasts have continued to be revised downwards for 2014, whilst slowing growth in emerging economies and the increasing threat of deflation in the Eurozone represent major risks to both jobs and growth in view of living standards. The G20 Labour and Finance Ministers should follow up on [their call in 2013](#) to implement “*labour market and social investment policies that support aggregate demand and reduce inequality, such as broad-based increases in productivity, targeted social protection, appropriately set minimum wages with respect to national wage-setting systems, national collective bargaining arrangements, and other policies to reinforce the links between productivity, wages, and employment*”.

To move the G20 on course to achieving the 2% GDP growth target, governments need to shift policy and support global aggregate demand by reviving the [G20 Framework for “Strong, Sustainable and Balanced Growth”](#). This must be backed up by job creation targets in national employment plans and followed-up in consultation with the Social Partners. The L20 is calling on G20 governments to agree on a Jobs and Growth Pact to:

- Bring forward investments in public infrastructure that create jobs in the short term but also improve long-term productive potential and support the transition to a low-carbon economy that can generate green and decent jobs:
 - ✓ National growth and jobs plans should include infrastructure investment targets for the coming five years and help mobilise institutional investors – including workers’ pension funds – by implementing the [G20/OECD High Level Principles on Long-term Investment](#) by Institutional Investors;
- Raise low and middle incomes to both reduce inequality, but also to inject purchasing power into the economy and trigger productive investment. The L20 will submit a quantified assessment of the job-creation impact of such a wage-led stimulus to the G20 Labour Ministers Meeting in September 2014;
- Strengthen workers’ rights and social protection systems so as to formalize informal jobs and prevent formal employment to slide into informality. Reduce employment precarity and promote inclusive labour markets by boosting activity rates of vulnerable groups, notably women and minority ethnic communities, including through investment in childcare facilities and the “care economy”;
- Introduce global social protection floors to ensure the provision of universal health and elder care and ensure basic public services;

- Support youth employment, by introducing youth guarantees, promoting quality vocational training and apprenticeships, as called for by the L20 and B20 and increase investment in quality public education;

Take Action on Climate Change and Green Growth

Commit to an ambitious and fair share in reducing emissions to ensure the success of multilateral climate negotiations in Paris in 2015:

- Contribute substantial resources to the Green Climate Fund, including public sources such as the FTT or carbon tax revenues, and support the development of green bonds as a means to provide long-term options for responsible investors;
- Set attainable targets in view of food and energy security and show strong support for sustainable economic activities.

Step up the Momentum on Taxation and Financial Regulation

The G20 endorsement of the [OECD Base Erosion and Profit Shifting \(BEPS\) Action Plan](#) to curb tax avoidance by multinational enterprises (MNEs) and the commitment to automatic exchange of information between tax authorities to curb tax evasion both need to be lived up to. The L20 is calling on G20 governments to:

- Implement the OECD Standard for Automatic Exchange of Financial Account Information and promote ratification of the Multilateral Convention on Mutual Administrative Assistance;
- Adopt a robust framework for MNE transfer pricing documentation, including public country-by-country tax reporting and review the permanent establishment status to take account of the changing business model of fully digitalised businesses;
- Mobilise financial resources to help tax administrations in developing countries enforce agreements.

Progress on G20-agreed financial reforms is far too slow or insufficient. A prime concern is the low level of ambition in tackling “too-big-to-fail” (TBTF) banks and in helping financial markets and investors shift away from short-termist and speculative behaviour towards patient, productive and engaged capital investment strategies. The L20 is calling on G20 governments to:

- Instruct the Financial Stability Board to work on proposals for structural separation of TBTF banks and the creation of simple leverage ratio of 5 percent on core bank deposits;
- Consider a financial transaction tax (FTT) on over-the-counter derivatives to dampen speculation and channel resources into economic and sustainable development;
- Address regulatory and market barriers to long term investment strategies, mainstream responsible business conduct by investors and ensure accountability and transparency of financial intermediaries, asset managers and bankers.

Trade, Sustainable Development & Safe Workplaces

The G20 and its members must ensure that multilateral and regional trade agreements (RTAs) and development cooperation are consistent with sustainable and inclusive development goals and decent work standards for all parties involved, and promote universal access to public services and medicines, financial stability and respect policy space. The L20 is therefore calling on G20 governments to:

- Refrain from granting customised access for investors to dispute settlement procedures that lack public accountability, sovereign legitimization and transparency;
- Guarantee workers' rights and well-being, quality jobs as well as workplace safety by committing to labour standards enforceability in RTAs and bilateral agreements, and establish procedures to enforce investors' responsibility in Global Value Chains (GVCs);
- Add a Declaration on Safe Workplaces to the Leaders' Declaration in Brisbane that includes a set of policy actions to protect lives and ensure social and economic upgrading in GVCs that is line with the decent work agenda of the ILO;
- Ensure that supply chains are purged of slavery or other forms of forced or precarious labour through legislative guarantees and monitoring procedures in trade and investment agreements;
- Ensure that G20 actions give developing countries policy space and review the G20's own role in the post-2015 and other international development cooperation processes.

Follow Up on Commitments and Increase Coordination

The G20 should:

- Move beyond “Action Plans” that only contain existing policies to coordinated actions and new, specific commitments and ensure their implementation by:
 - ✓ Re-launching and expanding the Mutual Assessment Process with employment and social protection as “risk factors”;
 - ✓ Setting up data bases, progress reporting and forecasting tools to identify future needs.
- Ensure policy coherence by planning a Joint Labour and Finance Ministers Meeting for early 2015;
- Increase the cooperation between the Employment Task Force and the Finance Track to establish coordinated policy packages – with the help of international organisations and social partners;
- Organize social partners' consultations at both, the Ministerial and Leaders' meetings.