



TRADE UNION ADVISORY COMMITTEE
TO THE ORGANISATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT
COMMISSION SYNDICALE CONSULTATIVE
AUPRÈS DE L'ORGANISATION DE COOPÉRATION
ET DE DÉVELOPPEMENT ÉCONOMIQUES

TUAC EVALUATION OF THE OUTCOME OF THE G8 HOKKAIDO-TOYAKO-SUMMIT July 2008

Overview

1. Trade unions had four major objectives in their presentation to leaders prior to the Hokkaido Summit. Firstly to ensure that the commitments that had been given at past summits were lived up to, most notably with regard to the commitments given to raise aid levels at the Gleneagles Summit in 2005. Secondly to develop the social dimension of globalisation, and in particular follow up the conclusions of the Heiligendamm Summit in 2007. Thirdly to move forward the agenda on climate change reduction and in particular to take on board the conclusions of the G8 Labour Ministers meeting that called for a workplace dimension to climate change and supported the ILO's green jobs agenda. Fourthly unions called for action by the leaders to respond effectively to the triple crises - the financial crisis, the food crisis and the energy crisis – all of which had developed over the past year. These and more detailed points were contained in the trade union statement to the summit delivered to Prime Minister Fukuda of Japan in May: http://www.tuac.org/en/public/e-docs/00/00/02/30/document_doc.phtml .

2. The G8 leaders issued a series of statements on the outcome of their discussions available at the following URL: http://www.g8summit.go.jp/eng/doc/doc080714_en.html World Economy; Environment and Climate Change; Development and Africa; Global Food Security; Political Issues; and Zimbabwe. They also published an interim report from the Heiligendamm Process dialogue between G8 and G5 countries http://www.g8summit.go.jp/doc/pdf/0709_01_en.pdf. The Major Economies Meeting (MEM) that includes also non-G8 major emitters of greenhouse gases also issued a separate statement on energy security and climate change http://www.g8summit.go.jp/eng/doc/doc080709_10_en.html

3. At a time when working people were looking for leadership the conclusions of the economic discussion at the G8 Hokkaido Toyako Summit fall short of even the limited expectations of commentators. The outcome on climate change and aid commitments have been criticised by civil society organisations and some developing country leaders. Unions share these concerns. In particular the absence of a baseline year for greenhouse gas reductions' targets can only serve to confuse the negotiations on climate change. But also disturbing is the failure of the leaders to address the weakness of the global economy and the likely rise in unemployment that is now being forecast over the year ahead. Whereas the 2007 Heiligendamm Summit took the building of the social dimension to the global economy forward, this summit barely addresses the issue. Instead the economic section of the declaration looks like a business agenda of more rights and compensation for foreign investors and the usual warnings on protectionism.

4. The only positive notes to be registered are the moves forward on health and developing the health workforce and in particular the decision to establish a mechanism for monitoring meeting commitments to universal access to HIV/AIDS prevention treatment and care by 2010. The decision to set up a group to report on the food crisis and calls for stepping up anti-corruption measures, international tax enforcement and education are also needed commitments that will be followed closely by unions in the period ahead.

World economy

5. The statement on the world economy largely repeats the conclusions of the G8 Finance Ministers meeting in June. G8 Heads of State and government appear to be overly optimistic regarding the ability of their economies to weather the current economic crises – saying that they “remain positive about the long term resilience of our economies and future global growth” (§1). However rising inflation combined with declining economic growth in the G8 and beyond represents a dangerous economic situation. It is against this background, that the recent OECD prediction of an increase of unemployment in industrialised countries of about 9 per cent, from 31.9 million in 2007 up to 34.8 million in 2009, appears to be optimistic. This remains against the background of the decent work deficit identified by the ILO. According to the ILO *Global Employment Trends*, released early in 2008, five out of 10 people in the world are in vulnerable employment, either contributing family workers or own-account workers with a higher risk of being unprotected. An estimated 487 million workers - or 16.4 per cent of all workers — still don’t earn enough to lift themselves and their families above the US\$1 per person, per day poverty line while 1.3 billion workers – 43.5 per cent – still live below the US\$2 per day threshold. Whereas the Heiligendamm Summit in 2007 recognised this by supporting the ILO’s Decent Work agenda and calling for an active social dimension – leaders at the Hokkaido Toyako Summit have simply said that they will “address various political, economic and social challenges for extending globalisations benefits to all”(§3).

Investment, trade and financial markets

6. On investment, the text broadly repeats the G8 Finance Ministers’ statement in Osaka on 14 June 2008, eliciting commitment to international investment, cross-border transfer of capital and returns on capital (§6), and support for the work of the OECD and IMF on the governance of Sovereign Wealth Funds (§8). The text is drawn from the work of the OECD Committee on Investment on “Freedom of Investment” which was launched in 2006 in reaction to several OECD government restrictions on foreign investments following high profile investments by SWFs in key domestic activities. Unlike the G8 finance statement however, the text goes further in supporting the international business agenda by calling for “high standards” of investment protection and compensation and the use of international arbitration – by opposition to public courts – to resolve international investment disputes. The lack of reference to the very basic responsibilities of foreign investors, as outlined in the OECD Guidelines for Multinational Enterprises, the weak language on CSR in paragraph 9, and the comparatively strong language on corporate intellectual property rights (§17 and 18) reinforces the impression of a text driven mainly by international business interests.

7. On financial regulation, the introductory paragraph relays the 14 June 2008 G8 Finance Ministers’ call for “rapid” implementation of the recommendations of the Financial Stability Forum (FSF) issued in April 2008, whose focus is on banking sector capital requirement and risk management (Basel II), regulators’ and central banks’ cooperation, supervision of credit rating agencies, transparency and valuation of structured products and off-balance sheet. On

the other hand, both the Finance Ministers' statement and the G8 Summit statement remain silent on the role of leveraged institutions, such as hedge funds and private equity funds, in the current financial crisis with problems of lack of transparency and conflicts of interests. Similarly, the broader lessons of the current financial crisis could have been referenced, paragraph 7 where the text calls for further opening of capital markets and facilitating of cross-border capital markets services.

8. On the current oil shock, the introductory paragraph acknowledges the threats posed by the rise in food and oil prices to the global economy. While food security is dealt in a separate statement, the text devotes particular attention on energy security (§11-14) calling for increased production and capacity, diversification and energy efficiency consumptions. As with the G8 Finance Ministers' statement, the text calls for increased transparency of the functioning of energy markets, including support for joint work between the IMF and the International Energy Association (§14). The latter's focus on the "real and financial factors behind the recent surge in oil and commodity prices, their volatility and effect on the global economy" is welcome insofar it might shed light on the role of speculative behaviour by investment funds. Under the heading "Abuses of the Financial System", (§20) the G8 give their support to the work of the OECD in combating tax evasion, which is welcome too given the frontal attacks against this much needed multilateral work, coming from the most conservative end of the US lobby spectrum.

Corruption

9. On corruption (§19), the G8 leaders call for all countries to ratify the United Nations Convention Against Corruption (UNCAC) – although three G8 countries, Germany, Italy and Japan, have yet to do so – and, significantly, for the development of a review (monitoring) mechanism, although no timetable has been specified. Trade unions and other anti-corruption campaigners will be pushing for agreement on a review mechanism at the next Conference of the States Parties, in Doha in 2009. The G8 also make a commitment to support asset recovery and technical assistance for the implementation of UNCAC, both of which are extremely important for developing countries. As regards the OECD Anti-bribery Convention, the G8 leaders promise to strengthen enforcement through both accession and effective monitoring based on a "rigorous and permanent peer review mechanism". This increased commitment is welcome and TUAC will press for the continuation of country reviews that involve trade unions. The G8 has for the first time published its "*Accountability Report: Implementation Review of G8 on Anti-Corruption Commitments*", which reviews progress made by each G8 member in implementing G8 commitments on corruption since the Evian in 2003. This accountability framework is needed and should be extended to other commitments.

Climate and environment

10. The lack of leadership of G8 governments in the fight against climate change is problematic. In a context of growing public concern and calls for action from civil society, G8 governments did not adopt specific emission reduction targets for their own countries, they only repeated the Bali global reduction goal of 50%. While trade unions agree on the need for emerging economies to join the post 2012 agreement, historic responsibilities require leadership from G8 countries. The G8 confuses efforts under UNFCCC negotiations, in the run up to Copenhagen in 2009. The absence of a baseline year for reducing emissions in the G8 declaration, as well as the refusal to commit to a mid-term target (i.e. 2020), as

recommended by the Intergovernmental Panel on Climate Change (IPCC), render the G8 conclusions clearly insufficient when compared to the urgency of the climate crisis.

11. This also had repercussions on the US-led Major Economies Meeting, which includes G8 countries and the main emerging economies. While clearly backing Bali agreements, emerging economies reacted to the confusing G8 statement by not committing themselves to any mid or long-term global reduction targets. Unions stress their concern with regards to this process, which diverts attention from the UNFCCC negotiation process without bringing anything constructive to it.

12. The G8 governments call for a rapid move towards a low-carbon economy, but nothing is said about the conditions under which this transition needs to happen. Unions have called for just transition for those affected, based on the transformation of workplaces and communities, the promotion of green jobs and workplaces, the development of new skills and retraining, and social protection.

13. The G8 summit refers to employment opportunities in the clean energy sector. However, it fails to reflect the outcomes of the G8 Niigata Employment Ministers meeting in May, in which an important role was given to the 'green jobs' agenda in the framework of the transition towards a low carbon economy and a call was made to the heads of government to support employers and unions in managing the change.

Development and Africa

14. G8 Ministers reconfirm their commitment to fulfil the promises on official development assistance (ODA) that were made at Gleneagles including increasing ODA to Africa by 25 billion USD a year by 2010. However, the G8 does not present any strategies for how these targets shall be met in only one and a half year's time. Aid levels have fallen as debt relief originally counted in aid figures has expired and not been compensated for by increasing aid expenditures. This must raise serious doubt about whether the goals will be met. While governments also reaffirm their commitment to make aid more effective, they do not address the fact that lack of predictability of aid flows remains an important obstacle for aid effectiveness.

15. Although the ILO decent work agenda was strongly supported by the G8 at the Heiligendamm Summit, it has been omitted in this year's summit. Yet the creation of decent work is the only sustainable way to reduce poverty.

16. More positive is the move ahead on the mechanisms to increase accountability for past commitments on health. In recommitting itself to the goal of universal access to HIV/AIDS prevention, treatment and care by 2010 the G8 established a long-awaited follow-up mechanism to monitor progress on meeting its goals or commitments to health, including for HIV/AIDS and produced a matrix on past commitments as a first step. The G8 also gave unions and civil society lobbyists a nod by scaling-up programs to counter infectious diseases and access essential medicines, vaccines and appropriate health-related products. It promised to increase health workforce coverage to a WHO threshold of 2.3 health workers per 1000 people and urged the World Health Organization (WHO) to work on a voluntary code of practice regarding ethical recruitment of health workers and called for a Global Health Workforce Alliance to establishing specific, country-led milestones for enhancing monitoring and evaluation.

Global food security

17. Trade unions also called on the G8 governments to undertake coordinated measures to tackle the current food crisis. The separate G8 Leaders statement on Global Food Security goes some way to meet this call. However, while the short-term proposals seem to be aimed in the right direction, little is said regarding the factors behind soaring food and agricultural commodity prices and required decisions and funding for long-term solutions.

18. Unions remain concerned about G8 continued support for policies that have been identified as being at the root of the crisis, including those which have encouraged developing country farmers to orient their production to export crops, contributing to the scarcity of basic foodstuffs for domestic consumption. The role of food-price speculation in global markets was a key factor in this crisis; however, the G8 remained silent on this critical matter.

19. Unions emphasise the role of decent working conditions in the framework of sustainable agriculture. While G8 governments support measures to foster sustainable agriculture, they failed to address poverty wages and violation of agricultural workers' fundamental rights. These are part of an unjust agricultural system, which puts workers, small farmers and the urban poor in a critical situation. G8 should undertake concrete steps and commit to a truly coherent long-term fundamental reform to respond to the multiple crises that the global community faces at this time.

Coordination

20. The G8 "invite" the World Bank, IMF, WTO, ILO and OECD "to enhance their cooperation and to improve coherence". Unions will continue to press for the OECD and the ILO to develop an agreement as small step in this process.

Political issues and Zimbabwe

21. The political statement is targeted at halting nuclear proliferation. The G8 "welcome all nuclear disarmament efforts, notably the ongoing reductions of nuclear weapons that the nuclear-weapon States among G8 members have made so far and call on all nuclear-weapon States to undertake such reductions in a transparent manner" (§60). This call for transparency is to be welcomed.

22. After apparently some disagreement the G8 issued a statement rejecting the legitimacy of the Zimbabwe government and opening the route for sanctions – saying " We will take further steps, including financial and other measures against individuals responsible for violence" (§6).