



ITUC/TUAC Evaluation of the G20 Labour and Employment Ministers' Declaration, the joint Labour and Employment and Finance Ministers' meeting and the Communiqué of the G20 Finance Ministers and Central Bank Governors Meeting

3-5 September 2015, Ankara

The G20 Labour and Finance Ministers meetings took place against the background of IMF forecasts showing falling growth in the first half of 2015 and the almost certainty that the G20's target of an extra 2.1 % by 2018 will not be met. At their consultations with ministers in Ankara, L20 labour leaders called on the G20 to take coordinated action and invest in jobs, support minimum living wages and collective bargaining, set targets for youth employment and put responsible investment in line with these policy needs. These proposals are set out in the L20 statement (<http://www.ituc-csi.org/l20-to-call-for-urgent-action-to>).

G20 Labour and Employment Ministers' Meeting

The G20 Labour and Employment Ministers adopted the "Ankara Declaration" (<https://g20.org/wp-content/uploads/2015/09/0-G20-Labour-and-Employment-Ministers-Meeting-2015-Ankara-Declaration.pdf>), which acknowledged the danger of low growth and employment rates while underlining *"the critical importance of an integrated and comprehensive policy approach to foster strong, sustainable and inclusive growth. Our work to tackle inequalities, promote inclusiveness and strengthen the links between employment and growth must be complemented with corresponding efforts in other work streams"* (§ 3).

The declaration includes references to fundamental rights at work, identifies inequality and informality as the main challenges going forward, and calls on G20 Leaders' to *"prioritize job - rich growth by addressing the range of factors underlying weak aggregate demand"* (§ 6).

Of most significance was the fact that ministers recognised the negative link between rising income inequality and sluggish growth (§ 7) as a long-term trend (see also the ILO, OECD, World Bank paper: *"Income inequality and labour income share in G20 countries: Trends, Impacts and Causes"* http://www.ilo.org/ankara/news/WCMS_398774/lang--en/index.htm). The declaration calls for a policy mix including *"improving wage-setting mechanisms, institutions for social dialogue, social*

protection systems, employment services and active labour market policies." (§ 8) These policy provisions are underpinned by the G20 policy priorities on inequalities and labour income share (Annex I) coming out of the G20 sub-group. However, it is now essential that they are endorsed by G20 Leaders at the Antalya Summit and are followed by concrete policy actions. The work of the sub-group needs to be continued in order to guide policy makers in developing concrete policy solutions.

The ministers also focussed on skills investment policies and youth unemployment. While the L20 disagrees with the emphasis on skills mismatches, the fact that the proposed G20 Skills Strategy (Annex II) features quality apprenticeships and life-long learning is welcome. The declaration, thereby, explicitly recognises the need for "*strong partnerships*" with social partners in this area (§ 11).

One of the more concrete commitments made and forwarded to G20 Leaders is the G20 youth target (Annex III & § 14) that sets out "*to reduce the share of young people who are most at risk of being left permanently behind in the labour market by 15% by 2025*"¹. While the L20 has called for such a target, it is important to evaluate its ambition against national youth employment numbers.

In regard to implementation, the G20 Occupational Health and Safety (OSH) Experts Network and the ILO's "OSH Global Action for Prevention Program" were endorsed, while Ministers reiterated their commitment to their 2014 Employment Plans and the 25by25 target on female labour market participation (§ 19-20). The L20-B20 joint statement was welcomed (see below) as was the "essential role" of social dialogue (§ 22).

L20-B20 Joint Statement

During the Ministerial meetings, the L20 and the [Business 20](#) signed a substantial agreement (http://www.tuac.org/en/public/e-docs/00/00/10/F8/document_news.phtml) calling on governments to use the full potential of the G20 as an engine for growth. It was presented at both, the Labour Ministers' meeting and the joint Ministerial. The statement sets out a series of common proposals including: implementing macroeconomic policies to lift employment and aggregate demand; bringing youth back into jobs and pursuing joint work on scaling up quality apprenticeships; formalising the informal sector of economies; ensuring occupational health and safety at work; creating skills and jobs for the future; increasing investment in infrastructure that will ensure transition to a low carbon economy; and promoting women's participation and equal pay, including through investment in childcare and the care economy. This was directly followed up on September 5 with a B20-L20 Roundtable on "*The Impact of Technological Change on Employment*" – one of the areas of cooperation highlighted in the statement. The L20 and B20 will work on the commitments made over the course of the coming months and during the Chinese G20 Presidency next year.

Joint Meeting of the G20 Finance and Labour Ministers' Meeting

The joint ministerial meeting – that the L20 had called for – was structured around two topics, the growth-employment relationship and inequality. For the first time, the joint meeting included a session with social partners, where the L20-B20 statement and the individual priorities were presented. While the general tone of the Chair's statement (<https://g20.org/wp->

¹ The target group in this regard has been identified by the ministers as low skilled or informally employed young people and the young people who are neither in employment nor in education or training (NEETs).

content/uploads/2015/09/Joint-Meeting-of-G20-Finance-and-Labor-Ministers-Chairs-Statement.pdf) is welcome – it remains non-committal with no concrete action points towards better coordination and no call for a permanent joint meeting. Two years ago, in Moscow, it was at least issued in the form of a joint communiqué.

In concrete terms, the statement admits that “*sluggish growth in wages and deteriorations in income distribution continue to put downward pressure on consumption by contributing to the lackluster global demand*” and slower economic growth. On a positive note the policy priorities developed by the sub-group on the labour income share were recognised, as was the “*importance of social dialogue*”. Ministers “*appreciated the role of the Business 20 and Labor 20 in the G20 processes and their joint declaration*” and set out to build up a G20 dialogue process towards creating an integrated policy approach under the finance and employment streams, also based on L20 recommendations. However, a clear mandate to do so was not provided.

Serious doubts must remain as Finance Ministers committed to take action in a “*budget-neutral way*” as “*fiscal room is constrained*”. It remains to be seen if G20 Leaders are able to push for a more integrated policy approach and stronger commitments.

Finance Ministers and Central Bank Governors Meeting

The overall tenor of the G20 Finance Ministers and Central Bank Governors meeting and communiqué (<https://g20.org/wp-content/uploads/2015/09/September-FMCBG-Communique.pdf>) was bizarrely optimistic concerning the state of the economy, despite evidence to the contrary as most G20 economies are performing worse than expected. As stated above, the latest IMF figures forecasts (<http://www.imf.org/external/np/g20/090415.htm?hootPostID=0dc0bab8cdf363519ae6fd64d6a9bf> e0) show that growth targets set by the G20 in Brisbane are being undershot by as much as 3% of GDP. In order to reach the target by 2018, growth would now have to more than double. The OECD-ILO-World Bank report “G20 Labour Markets in 2015” warned of a “*self-reinforcing cycle of weak wage and income growth, leading to deficits in aggregate demand, low business confidence and investment and insufficient labour market recovery.*” (http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/reports/WCMS_398025/lang--en/index.htm) The meeting and its declaration also lacked coherence with the outcomes of the Labour Ministers’ meeting, despite the joint ministerial sessions.

Disregarding all warnings to take decisive actions and seek policy coherence with their Labour Ministers, the Ministerial outcomes are underwhelming as policy prescriptions remain orthodox and do not leave much policy space for changes. While ministers committed to not only rely on monetary policies, there was no call for a policy shift that would be much needed if G20 countries would want to embark on an inclusive growth trajectory. On the positive side, ministers called for strategies that would lift demand and address inequalities (§ 4). This was not backed by concrete policy proposals and the reference to “*improve the investment ecosystem and to foster efficient infrastructure investment*” (§ 5) is weak with little or no reference to responsible practices that would ensure accountability and transparency all along the investment chain.

The G20 interest for the controversial Public-Private Partnerships (PPPs) is apparently growing and Finance Ministers endorsed the World Bank (WB) Checklist on PPPs as well as a joint WB/OECD Project Checklist for PPPs (<http://www.oecd.org/finance/financial-markets/WBG-OECD-Checklist-for-PPP-Projects.pdf>). The L20 will follow this up in more detail. On financial reform, ministers committed to finalise the outstanding actions by the end of this year (§ 9) – which, while crucial in combatting persistent financial market volatility – was postponed numerous times. The G20 will also

deliver the G20/OECD Base Erosion Action Plan (BEPS) by October and submit it to the Leaders' Summit (for more information, see <http://www.tuac.org/en/public/topic/gf/index.phtml> and <http://www.oecd.org/ctp/beps.htm>).

Moreover, a [revised set of the OECD Principles of Corporate Governance](#) was disclosed. While the updated text offers some improvements compared with the previous version (which dates back to 2004), the L20 calls on G20 governments to show more ambition if they intend to build trust in the role of the private corporation and its accountability to society. The principles also appear out of sync with parallel initiatives on responsible business conduct and responsible investment within and beyond the OECD. (http://www.tuac.org/en/public/e-docs/00/00/10/F9/document_news.phtml)

On climate policies (§13), the Finance Ministers' commitments remained weak as they did not recognise the finance gap which stands as a barrier towards achieving a just transition to a low carbon economy and did not assume their responsibility to spur investments into climate-friendly infrastructure and energy.

The Way Forward: Leaders' Summit in Antalya

The refugee crisis that was growing tragically as the meetings took place remained unaddressed in all the declarations. The L20 called on the G20 to take action by targeting commitments to resettle refugees and asylum seekers and afford all migrants the right to work in the formal economy with associated labour, social, political and cultural rights. G20 Leaders must respond with urgency during their Summit in Antalya in November.

On implementation, as inequality is now seen as a risk to the global economy, the G20 would face a credibility problem if policies remain unchanged. Acting on the conclusions from the Ministerial meetings depends on the endorsement by G20 Leaders. There needs to be a follow up on the G20 Priorities on Labour Income Share and Inequalities, the Policy Principles on youth employment and the Framework on Quality Jobs (Annex IV). G20 Leaders and Ministers must translate the messages made in both statements into policies and an integrated approach at the G20 level. Following the 800 new policy commitments made in the Brisbane Action Plan, there is a need for consolidation and partial revision of the national strategies to bring economies back on track, create jobs and ensure fairer wages and social protection, and avoid negative spill-overs between G20 members.

The Leaders' Meeting in November needs to deliver a comprehensive strategy for investment and job creation and endorse collective bargaining as a remedy against inequality. Ministers and their G20 working groups need to monitor the implementation and detect best practices with the support of social partners. The G20 Employment Working Group also needs to closely collaborate with the Finance Track to find ways to increase aggregate demand.

The L20 is organising its own Summit on November 13-14 on the eve of the G20 Leaders' Summit and will meet with leaders for consultations.