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

POLICIES TO CREATE INCLUSIVE GROWTH AND QUALITY JOBS

TUAC STATEMENT TO THE OECD MINISTERIAL COUNCIL MEETING

PARIS, 6-7 MAY 2014

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Executive Summary and Recommendations

1 Six years into the crisis, unemployment in the OECD area remains above 46 million in 2014. Worldwide unemployment rose by 5 million people in 2013 to almost 202 million.[1] We are faced with a 62 million global "jobs gap". Young women and men are particularly scarred - worldwide, 75 million people under 25 were unemployed in 2013. In industrialised economies, more than one third of them have been out of a job for six months or longer. These numbers are unacceptable.

2 The current unemployment levels, together with low investment figures are a testimony of the negative impacts that austerity policies have had on demand and overall growth. The global economy has only been kept afloat by Central Banks through monetary expansion working in the opposite direction of fiscal austerity. However, potentially damaging effects of such a policy mix cannot be neglected. The time has now come for a more balanced macroeconomic strategy with targeted fiscal policy to boost demand supported by monetary financing and public investment.

3 In developing and emerging economies, falling growth could evolve into a major global risk. Progress towards reducing poverty and creating decent work has stalled. Meanwhile, informality, precarious working conditions and lack of social or employment protection are still affecting the majority of the world's labour force.

4 The narratives adopted at the OECD Ministerial Council Meeting (MCM) and by the G20 Labour and Finance Ministers in 2013 recognise the danger of rising inequality and the need to move to more inclusive growth. However, this has yet to be reflected in a change of policy. The OECD must review its approaches and tackle the jobs crisis in a way that restores confidence and trust of working families, by focussing on both the quality and the quantity of jobs. When it comes to quality, rights at work are an indispensable feature. Yet, they remain under attack as part of domestic and international "structural reform"

1. ILO, 2013. *Global Employment Trends 2013*, Geneva.

agendas. In Europe and beyond, this includes regressive taxation reforms, efforts to break up collective bargaining structures, lower minimum wages and weaken worker protection. These are misguided policies that will do long-term damage to growth and equity. Moreover, they lead to social confrontation rather than to social dialogue that is essential for resilient economies and inclusive societies.

5 TUAC has strongly supported the OECD New Approaches to Economic Challenges Project (NAEC). Its synthesis report represents a serious effort by the OECD to recognise policy failures, conflicts of interest, and "group think" that all contributed to the financial and economic crisis and its consequences that we are still living through up until this day. The report sets out a strong case in respect to the economic as well as social risks associated with rising inequality. It points to the failings of the financial system and gaps in financial regulation. Currently, the report does not provide solutions to the problems it identifies. Therefore, the NAEC work must continue beyond the MCM and lead to a convincing set of policy responses from OECD Committees and a new set of economic indicators and methods for benchmarking economic and social objectives.

6 TUAC is calling on Ministers to:

- Take coordinated action to accelerate "recovery" through increased investment in job creation, infrastructure, green growth and sustainable development (§11-13);
- Work with the Social Partners to establish a Youth Jobs Pact (§14-17);
- Develop the NAEC project by aligning policies to its findings and launch a review of the 2006 OECD Jobs Strategy, so as to ensure that recommendations create quality employment and inclusive societies (§18);
- Support the OECD Secretariat proposal for structural separation of too-big-to-fail banks and the creation of a simple leverage ratio of 5 percent on core bank deposits (§19-22);
- Support policies that strengthen labour market institutions notably collective bargaining and robust minimum wages in order to reduce income inequality, and halt the continuing increase in precarious, informal or irregular work (§23-26);
- Raise the ambition of the OECD Action Plan on Base Erosion and Profit Shifting regarding transfer pricing within Multinational Enterprises (MNEs) and country-by-country tax reporting, and promptly implement the OECD standard on automatic exchange of information (§27-28);
- Define urgently their emission reductions and climate finance contributions to the 2015 UNFCCC agreement, in line with the overall objective of maintaining global average temperature increase below 2°C based on each country's capacity and responsibility; and support a "Just Transition" for workers and economic sectors in the transition to sustainability (§29-32);
- Integrate "decent work" and equity into the OECD Development Strategy (§33-34);
- Design upgrading strategies that make global value chains (GVCs) socially sustainable to reverse the current explosion in precarious work by improving workers' rights and working conditions, upgrading skills, promoting gender equality and improving understanding of MNE responsibilities under the OECD MNE Guidelines (§35-36);
- Improve the performance of the National Contact Points (NCPs) for the OECD Guidelines by funding and implementing the "Workplan to Improve NCP Performance and Promote Functional Equivalence" of the Working Party on Responsible Business Conduct (§37-39);
- Ensure that workers' fundamental rights are respected in the process of OECD outreach and expansion (§40-43).

Economic Outlook

7 What has been branded as "a recovery from the Great Recession" continues to be weak, fragile and partial. Investment and growth in output in the G20 countries have remained far below longer-term trends. In many countries, GDP has not recovered to the levels reached prior to the crisis. According to the latest projections issued by the OECD in late 2013, growth for the OECD area is expected to be 2.3 percent in 2014, driven in particular by stronger growth in the US and the UK and complemented by an increase in the Euro area of up to 1 percent. These predictions, however, need to be taken with caution, significant downside risks remain as the IMF confirms in its most recent reports. An appreciable risk in this context is that low but positive inflation in the Euro area might quickly turn into deflation. As the chief economist of the IMF has emphasized, "*the basic reason behind the stronger recovery is that the brakes to the recovery are progressively being loosened. The drag from fiscal consolidation is diminishing.*"[2]

8 Growth is not sufficient to translate into a significant reduction of unemployment. Across the OECD area, 46.2 million persons were unemployed in January 2014, 11.5 million more than in July 2008. In the Euro area, the unemployment rate was at 12 percent, almost unchanged compared to the year before. Overall, the unemployment rate is predicted to remain at high and unsustainable levels.

9 A further sign of weak job creation is the fact that the average length of unemployment spells has increased considerably. A large number of workers have dropped out of the labour force as job opportunities remain weak. In the US, the labour force participation rate fell down to its lowest level in more than 35 years. If such trends continue, income, skills and well-being levels will drop further and create social tensions and a lack of trust in the ability of institutions to address the impacts of the crisis.

10 While there is a justified demand for more investment in skills, the bulk of unemployment is not due to skills shortages or mismatches. If there was a strong causal relationship, one would expect to find at least some sectors, where there would be more job openings than unemployed workers. However, data confirm the opposite scenario: There are between 1.3 and 8.2 times as many unemployed workers as job openings in every industry. Policies have to reflect the fact that the main reason for high unemployment is a lack of jobs derived from a lack of demand.

Skills Shortages : Not the norm

Contrary to some statements, current unemployment rates cannot be attributed to skills mismatches. There is no evidence that skill levels have collapsed during the crisis.
Many employers report difficulties in finding suitably skilled workers. Although part of these difficulties are related to skill gaps and deficits in specific sectors, occupations and regions, they are mostly explained by factors other than skills such as uncompetitive wages, unattractive working conditions, poor recruitment policies and/or mismatch between the location of skills and jobs. As a result, many shortages could be addressed through changes in training and recruitment practices, as well as by facilitating labour mobility.

Source: *Global Agenda Council on Employment (WEF), Matching Skills and Labour Market Needs. Building Social Partnerships for Better Skills and Better Jobs,* Davos 2014, p. 5

Tackling the Employment and Social Crises Requires Job-friendly Macroeconomic Policies

11 The fiscal consolidation plans currently underway in many advanced economies, combined with weak private consumption, are creating a deficit in aggregate demand and drag on the expansion of output. ILO simulations show that a rebalancing of macroeconomic policies and increased labour incomes would significantly improve the employment outlook for the short and medium term. Such a rebalancing could reduce unemployment by 1.8 percentage points by 2020 in high-income G20 countries, which corresponds to 6.1 million addi-

2. Blanchard, O., January 21, *2014. Recovery Strengthening, but Much Work Remains*, Washington DC, IMF: http://blog-imfdirect.imf.org/2014/01/21/

tional jobs. In turn, this would support fiscal goals and boost consumption and social well-being.[3]

12 Monetary policy has been helpful in limiting further increases in unemployment. ILO estimates of the impact of the current monetary policy regime show that unemployment would have been 1–2 percentage points higher in large advanced economies if central banks had not undertaken swift monetary action in the face of the financial crisis. Thus, it is essential that monetary policy continues to be accommodative, providing a welcome stimulus to aggregate demand. However, in order to avoid future stock and housing price bubbles, it is also essential that an increasing share of the liquidity generated by such policy is flowing back into the real economy.

13 In the face of a persistently unacceptable economic and social situation, TUAC is calling on Ministers to:

- Shift fiscal policy in support of quality employment and address fiscal imbalances through growth inducing measures over the medium term by broadening the tax base and restoring progressivity to taxation systems;
- Agree on coordinated investments in job creation programmes;
- Invest in education, training, skills, innovation and in active labour market programmes with a special focus on unemployed youth and other vulnerable groups;
- Invest in infrastructure by prioritising projects that will strengthen growth and jobs, including "green" investment and "green" jobs;
- Support quality public services including education, lifelong learning, early childhood education and care, and innovation so as to create employment, support women's participation in the labour market and reduce precarious work.

Youth Unemployment

14 Youth unemployment is alarmingly high across the OECD. During the past year, 16.1 percent of the 15 – 24 age group in the OECD area were unemployed. On average, their unemployment rate was more than twice as high as that of prime-age and older workers. The rate of unemployed youth in the Euro area remains far above the OECD average: while for the Euro area as a whole, it stood at 24 percent in January 2014, the rates for Spain and Greece were above 54 percent, for Italy 42.4 percent, for Portugal 34.7 percent and for the Slovak Republic 31.3 percent. Among the major economies, there are just two countries with rates of youth unemployment below 9 percent: Germany (7.6) and Japan (6.5).

15 Moreover, the more flexible labour markets did not perform well for youth. Youth unemployment was at the beginning of 2014 strikingly high in Ireland (26%), the UK (20%), Chile (18.3%), New Zealand (15.9%) as well as in the US (14.2%) and Canada (13.9%). Efforts to blame high youth unemployment on labour market institutions, in particular on employment protection, are not based on evidence.

16 It is welcome to note that concerns regarding youth unemployment are high on the agenda of international organizations, institutions and governments. Quality job creation and skills enhancement opportunities are a prerequisite for strengthening labour market participation of the next generation. Actions need to promote active labour market policies and institutions to ensure that young people that are currently out of the jobs market rapidly find their way back into it.

17 Important steps are underway including the adoption of the OECD action plan "Giving youth a better start in the labour market" in 2013 by the MCM as well as the EU's initiation of the "Youth Guarantee", aiming to ensure that all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within 4 months of them leaving formal

3. ILO, 2014. *Global Employment Trends 2014. Rise of a jobless recovery?*, p. 76, Geneva.

education or becoming unemployed. However, as persistent youth unemployment levels suggest, their implementation so far has remained weak. In order to prevent a "lost generation", bold and immediate action is required – Ministers must work with the Social Partners to establish a Youth Jobs Pact.

Following up on New Approaches to Economic Challenges

18 The synthesis report of the New Approaches to Economic Challenges (NAEC) project represents a serious effort by the OECD to recognise some of the policy failures, conflicts of interest, and "group think" that contributed to the financial and economic crisis and its consequences that we are still living through. However, the report does not yet provide actionable solutions to the problems it identifies. An interactive method with the OECD Committees needs to be established, where the findings of the NAEC process would inform future OECD policies by significantly changing the policy focus, methods and prescriptions.

Tackling "Too-big-to-fail" Banks

19 Progress on G20-agreed financial reforms is far too slow or insufficient across OECD economies. More than five years after the fall of Lehman Brothers, government actions to scale down risk stemming from global finance were insufficient and have not met public expectations. A prime concern is the still low level of ambition in tackling "too-big-to-fail" (TBTF) banks, as identified on the list of the G20 Global Systemically Important Financial Institutions. Current frameworks – Basel III and capital "surcharge" for TBTF groups – are too complex, leaving banks too much scope to avoid them.

20 Financial concentration has in fact increased since the 2008 crisis as the TBTF business model is not only still tolerated, but partly supported. These large and complex financial conglomerates are at the heart of the opaque shadow-banking system. They enjoy excessive market power (including the ability to manipulate markets) in key global market segments such as securities and derivatives trading as well as in asset management and consumer credit in many OECD economies. Governments' exposure to risks and liabilities remains of concern as seen in the size (relative to GDP) of the "implicit" public guarantees benefiting these banks. Unlike smaller banks, credit lending by TBTF groups has not picked-up as expected and therefore has not helped support economic recovery despite the massive quantitative easing and low interest rate environment that has been installed.

21 For the OECD Secretariat bank regulation needs "simple rules that can't be avoided". We agree and fully support this view. The Secretariat has called upon structural separation of TBTF groups into non-operating holding company structures to ring-fence volatile investment and trading activities from core deposit retail banking that finances the real economy, and to bind the latter to a 5 percent leverage ratio (core equity over total assets). The Secretariat has also considered applying a financial transaction tax on over-the-counter derivatives. We hope that a consensus will be shortly reached between OECD member states on this proposal.

22 The TUAC is therefore calling Ministers:

- To support and commit to implement the OECD Secretariat proposal of structural separation of TBTF banks and creation of simple leverage ratio of 5 percent on core bank deposits;
- To consider a financial transaction tax (FTT) on over-the-counter derivatives to dampen speculation.

Inclusive Growth

23 The NAEC report sets out a strong case as to the economic as well as social risks associated with rising inequality. The proposal to use measures beyond GDP/head that capture the distribution of income as a benchmark for assessing policy impacts is important. GDP/head indicators fail to capture whether resources for sustaining or growing the economy are really contributing to increases in basic consumption or human capital development.

24 Despite setting out a strong case regarding the risks of rising inequality and asserting that "the trend to greater inequality is not inevitable", the report fails to propose a convincing set of policy responses. A broader strategy for reducing income inequality should go beyond the issue of education and skills. The report also fails to take account of the conclusions made in the OECD's "Divided We Stand" report that some of the structural reforms in labour markets and particularly the weakening of labour markets institutions over the past 30 years have contributed to the rise in inequality. This particularly applies to policies implemented to make labour markets more "flexible".

25 Labour market protection is not the principal cause of labour market duality, which can also be found in countries with no or low employment protection levels. Labour market deregulation simply has the effect of condemning even more workers to join the ranks of the unemployed, thereby reducing instead of increasing employment. Consequently, current labour market strategies should be transformed in favour of approaches supporting inclusive growth.

Time to rethink structural reforms in the labour market

Product market and labour market reforms are supposed to raise productivity and competitiveness and thus boost growth and employment. Key elements of such structural labour market reforms, as advocated by the OECD, the IMF and others are easing employment protection, reducing unemployment benefits through lower replacement rates, lowering labour costs and reducing pension benefits. A number of recent OECD reports referred to the alleged progress in implementing structural reforms. The same reports failed to provide evidence that these reforms had started to boost growth, employment and material living standards. Simulations carried out by the IMF in order to quantify the potential macroeconomic impact of structural reforms concluded that labour market reforms could have at best a modest impact on real GDP growth. The simulations also suggested that these reforms can even have a negative, short-term effect on output and employment. These findings as well as the devastating effects of structural reform policies implemented in the European crisis countries forcefully emphasize a strong message: reforms must not be implemented in a situation characterised by sluggish growth and high unemployment.

Structural reforms that set out to weaken labour market institutions are an inappropriate remedy for the prevailing growth and employment challenges faced by many of the OECD member countries. The root causes of weak growth and persistently high unemployment are not structural problems but a serious lack of aggregate demand. Facilitating the lay-off of workers through labour market reforms when demand is depressed, is not going to encourage companies to hire more workers. On the contrary, it will lead to a further increase in unemployment. Recent research revealed that the link between output and employment growth continues to hold strongly in most advanced economies. Although this link varies across countries, evidence suggests that across the major advanced economies on average, a 1 percentage point increase in output growth leads to a ½ percentage point increase in employment growth. Thus, a particularly effective way of tackling unemployment is to get growth going. That, however, can neither be achieved by aggravating the demand problem through ongoing fiscal consolidation nor by implementing structural reforms that have harmful effects on labour markets.

26 TUAC is calling on Ministers to launch an update of the 2006 OECD Jobs Strategy to take account of the requirements of "Inclusive Growth" and:

- Ensure that OECD policies serve to strengthen rather than weaken active labour market institutions;
- Support a wider coverage of collective bargaining, the honouring of past agreements and the dialogue between social partners;
- Develop policies aimed at halting the growth of precarious and irregular work by extending social protection and labour rights across the labour force, paying particular attention to the gender dimension given the over-representation of women in such work conditions;

- Set minimum wages through law or support collective agreements to ensure a “living wage”, and by doing so, establish minimum wage floors in labour markets to prevent an ongoing spiral of deflation of earnings and prices;
- Ensure that women benefit from these policy actions to avoid a further deterioration of gender gaps in employment and income levels by enhancing support for collective bargaining and the government’s own role as a public sector employer;
- Ensure that part-time workers have access to social security protection on the same basis as full-time workers;
- Limit the excesses of top corporate remuneration through corporate governance reforms, legislation and progressive taxation.

Tax Avoidance and Evasion

27 The G20 Saint-Petersburg Summit’s endorsement of the OECD Base Erosion and Profit Shifting (BEPS) Action Plan to curb tax avoidance by multinational enterprises and the commitment to automatic exchange of information between tax authorities to curb tax evasion are essential steps forward. These commitments need to be lived up to. Regarding tax avoidance, TUAC calls upon all OECD member states to raise the ambition of the OECD Action Plan on BEPS, including a revision of the OECD Transfer Pricing Guidelines that can effectively tackle the challenges, exposed by the OECD itself, in applying the arm’s length principle – which treats MNE entities as if they were independent from each other. Alternative methods based on unitary taxation – which treat MNEs as single entities and assume that profits are earned by the firm as a whole – should be given greater consideration notably with regard to intangible assets and in the context of developing countries. Mandatory country-by-country reporting by MNEs for tax-related purposes would also be much needed. We believe that part of the proposed reporting template framework prepared by the OECD Secretariat should be made public to help re-build citizen confidence in the contribution of MNEs to development and shared wealth creation. It would also be beneficial to empower tax administrations from developing countries, which do not have access to the same networks of bilateral tax treaties as those of their OECD-based counterparts, and spur their domestic resource mobilisation in a decisive way.

28 TUAC is calling on Ministers to:

- Implement the OECD Standard for Automatic Exchange of Financial Account Information and promote ratification of the OECD Multilateral Convention on Mutual Administrative Assistance within and beyond the OECD;
- Raise the ambition of the BEPS Action Plan by giving greater consideration to unitary taxation systems in revising the OECD transfer pricing rules and ensuring relevant public disclosure of country-by-country tax reporting of OECD-based MNEs.

Promoting Environmentally Sustainable Growth

29 Environmentally-sustainable growth must also be inclusive and job-rich. The April 2014 report of the Intergovernmental Panel on Climate Change indicates that urgent and ambitious investments can help us avoiding catastrophic climate scenarios. Investing in zero and low-carbon energy sources (which would imply tripling current ones by 2050) would also be key to tackling unemployment and energy poverty. Reports are also clear on the cost of inaction. Unless measures are taken on climate change and other environmental challenges, our economies will not be able to secure prosperity and decent jobs. In order to avoid competition between social and environmental goals, governments must kick-start a “green” and just transition through an ambitious investment programme accompanied by strategies that include: investing in skills development and active labour-market policies; expanding social protection; creating new mechanisms

for consulting trade unions; and broadening research on the potential employment impacts of a green transformation.

30 Greening economies can create decent jobs across developed, emerging and developing economies in a range of sectors including power generation, energy efficiency and retrofitting, public transportation and rural development. Research by the ITUC and the Millennium Institute suggests that investing 2 percent of GDP in green infrastructure in six G20 countries throughout the next five years could create up to 42 million jobs.[4] Realising this potential requires immediate and significant action. This in turn will help build the confidence of workers that new jobs will be secured and that the transition to a more sustainable economy will be just. It will also help raising ambition in the context of Governments' contributions to the UNFCCC agreement.

31 In parallel with efforts to transform our economies, there is a need to scale up societies' capacity to cope with extreme weather events and natural disasters. The role of social protection in this regard is often overlooked. Communities facing disasters need immediate relief, but also livelihoods support as well as resilient public health systems. A sustainable and fair disaster risk management should include these parameters.

32 The OECD Ministers should:

- Ensure progress in decarbonising and "greening" our economies, including through ambitious investment plans that tackle the need for decent work creation, reduce emissions and transition to sustainable development at the same time. Support for a "Just Transition" for workers will be critical in this regard;
- Make progress towards the definition of their contributions to the 2015 UNFCCC agreement, through a democratic consultation process, which should include trade unions. Contributions should be in line with the overall objective of maintaining global average temperature increase below 2°C based on each country's capacity and responsibility;
- Encourage the OECD to scale up its efforts to understand the distributional and employment impacts of environmental policies as a means to contribute to better planning, and secure social justice in the transformation. OECD inputs on the means for orienting long term investors towards sustainable options is also important for achieving progress on this agenda.

OECD Partners and Strategy on Development

33 The OECD should step up its efforts to "enhance its contribution to inclusive and sustainable development worldwide" both in its internal work in this area, as well as in its contributions to the different important international development processes underway, notably the Post 2015 Sustainable Development Agenda, the G20 and the Global Partnership for Effective Development Cooperation (GPEDC). The ILO's Decent Work Agenda needs to be better integrated into these processes as a measure to address persistent challenges such as income inequality, youth unemployment and informal employment. The importance of social protection programmes and the direct impact they have on reducing poverty is widely acknowledged and should be integrated into development strategies. Similarly, active labour market institutions, minimum living wages and collective bargaining are effective instruments to combat income inequality and should be promoted within global development cooperation frameworks.

34 In its contributions to different development processes the OECD should:

- Support the work of the GPEDC to fulfil commitments made at Busan and beyond, on inclusive development, democratic country ownership, focus on results, transparency and mutual accountability in development cooperation;

4. Unions Challenge G20 Finance Ministers to Unleash Green Jobs Investment: http://www.ituc-csi.org/unions-challenge-g20-finance.html

- Use the OECD Guidelines for Multinational Enterprises and the Principles for Public Governance of Public Private Partnerships as tools to ensure private sector accountability and fair risk sharing;
- Ensure that ODA reporting is credible and focuses on poverty eradication, while carefully assessing the legitimacy of determining the development character of broader flows;
- Promote labour market institutions, and in particular the involvement of trade unions and social dialogue structures at country level as instruments of democratic ownership and accountability;
- Ensure specific commitments to "Employment and Decent Work for All" and universal social protection across all policy fields, and especially in a Post 2015 Development Framework;
- Reaffirm the developmental role of government to provide essential public services;
- Give a priority focus to the issues of inequality, equity and access: the OECD Development Centre's Social Cohesion Policy Reviews could work towards this objective.

Making Global Value Chains Socially Sustainable

35 The recent tragedies that have occurred in Bangladesh, Cambodia and elsewhere have turned the spotlight on the appalling working conditions that exist in Global Value Chains (GVCs) and the blatant disregard for labour rights. As MNEs at the head of GVCs reorganise their production systems to increase flexibility, reduce costs and increase profits, evidence shows not only that economic upgrading does not automatically lead to social upgrading but all too often results in social downgrading. A key focus of future work in this area should be on identifying both mutually enhancing economic and social upgrading strategies to help ensure that the fruits of globalization are more equally shared between workers and capital. Social upgrading can be understood as the process of improving workers' rights and conditions of employment, including social protection, as set out in the ILO's decent work agenda.

36 TUAC considers that the OECD should:

- Identify the conditions under which economic upgrading maximises the opportunities for social upgrading;
- Analyse the quality of jobs, including social protection, that are being created in GVCs;
- Ensure that the OECD South East Asia Regional Programme prioritises work on responsible business conduct, including promoting the OECD Guidelines for MNEs, and work with TUAC and its trade union partners, notably the ITUC-Asia Pacific, in this regard;
- Raise awareness among MNEs of the expectations of governments under the OECD Guidelines for MNEs, including their responsibility to undertake due diligence to ensure that they respect workers' rights throughout their operations;
- Ensure that the update of the Policy Framework for Investment (PFI) aligns the PFI with the State Duty to Protect Human Rights of the UN Guiding Principles on Business and Human Rights (UNGPs), and the significantly extended responsibility of investors under both the OECD Guidelines for Multinational Enterprises and Pillar II of the UNGPs, the Corporate Responsibility to Respect Human Rights;
- Work with the ILO to identify ways to promote all aspects of the decent work agenda in GVCs, including ensuring the respect of fundamental workers' rights, and health and safety standards throughout GVCs;
- Devise policies for reversing the growth in precarious and irregular work in favour of direct permanent employment;
- Promote the role of trade unions and social partners relations as the basis for achieving social upgrading;
- Foster the upgrading of skills, in particular of young workers and women;

- Tackle gender inequality, and particularly the segregation of women in low-paid and low-skilled jobs.

The Updated OECD Guidelines for Multinational Enterprises – Three Years On

37 Three years on from the 2011 Update of the MNE Guidelines, the OECD must focus on strengthening NCP performance so that the Guidelines provide a useful tool for workers and communities to defend their rights and improve their living and working conditions.

38 TUAC is calling on Ministers to:

- Approve a long-term re-allocation of the budget for work on the OECD Guidelines for Multinational Enterprises, in particular to support the implementation of the "*Workplan to Improve NCP Performance and Promote Functional Equivalence*" of the Working Party on Responsible Business Conduct.

39 Other priorities for the OECD Guidelines include:

- Developing a robust country peer review model for NCPs, based on the work of the Norwegian NCP, and an appropriate peer review schedule of at least 3 country reviews per year;
- Undertaking a stock-taking analysis of completed cases to identify the factors that contribute to success or failure in the handling of cases by NCPs, which could then form the basis of horizontal peer reviews;
- Putting in place measures to address the problem of adhering governments failing to meet their binding obligation to establish a functioning NCP;
- Institutionalising joint meetings between the Working Party for Responsible Business Conduct and the National Contact Points in order to increase effectiveness and policy coherence;
- Improving policy coherence between the work of the OECD on Responsible Business Conduct and other relevant work, in particular in the broader investment agenda, including the update of the PFI, and the regional programmes.

Respect of Workers' Rights and OECD Membership

40 TUAC has supported the OECD enhanced engagement with major non-member countries with a view to membership. In our own work, we have strengthened cooperation with our Global Union partners, notably the ITUC, to ensure that the voice of workers from outside the OECD member countries is heard in the dialogue process. We are now benefiting from the fact that trade union centres from Brazil, Indonesia, Russia and South Africa have become Associate Members of TUAC. We have also stepped up our engagement with these and other unions to ensure a representative voice for workers in the G20, through the L20 process jointly organised by the ITUC and TUAC.

41 At the 2013 MCM, TUAC raised a particular concern with regard to the application of Colombia, which is the most dangerous country in the world to be a trade unionist. In 2013,[5] 22 trade unionists were assassinated. Since 1986,[6] a total of 2,941 trade unionists have been assassinated of which 800 (27%) were trade union leaders. While it has to be noted that the number of assassinations has declined in recent years, statistics show that trade union leaders, as opposed to rank-and-file members, are being targeted with greater frequency. Furthermore, there has been no decline in the number of death threats levelled at trade unionists.

42 All members of the OECD share a commitment to the fundamental values of democracy, rule of law and human rights, which serve as the foundation of

5. This figure relates to the period 1 January 2013 - 7 April 2013.
6. 1986 is the year that records began.

the like-mindedness of OECD members. The Roadmap for the Accession of Colombia to the OECD accordingly re-states the importance of these fundamental values. It also includes a specific commitment to evaluate the position taken by Colombia with regard to its *"policies to ensure the full respect of labour rights, with a particular focus on the rights and safety of trade union representatives"*.

43 TUAC calls on the OECD to ensure that:

- The respective review teams have the necessary expertise to evaluate policies on labour and trade union rights and the safety of trade union representatives;
- The review teams hold consultations with trade unions in Colombia as well as with TUAC;
- All Member States respect fundamental principles and rights at work and ratify the eight core ILO Conventions.

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"POLICIES TO CREATE INCLUSIVE GROWTH AND QUALITY JOBS"

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