



International Trade Union Confederation  
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Trade Union Advisory Committee  
to the Organisation  
for Economic Cooperation and Development



**Outcome of the G20 Labour and Employment Ministerial Summit  
and outlook towards the G20 Summit**  
Assessment by ITUC & TUAC

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**The context**

The G20 Labour and Employment Ministerial Meeting (Beijing, 12-13 July 2016) was held in a context of a continuing job crisis and of heightened financial and political uncertainties across G20 economies. Growth forecasts have been continuously revised downward by major international organisations in past years. Eight years after the 2008 financial crisis, economies have barely recovered. Investment rates for both public and private sectors remain below pre-crisis levels in most countries (#3).

The job gap – with pre-crisis levels – is persistent. Young people and women continue to be disproportionately affected. While unemployment rates have started to decrease in some countries, it has come at the cost of a significant increase in labour market insecurity. The ongoing “structural reform” agenda undermines, and does not protect, labour market institutions, including collective bargaining systems. As a result, wage dynamics are not keeping up. Combined with the ineffectiveness of current monetary policies in reviving investment in the economy, and the consequences of austerity measures, the flat trend of wage remuneration, leaves little hope for any long lasting and robust economic recovery in the near future.

That is why, ahead of the ministerial, the L20 called upon “*expansionary demand-side policies supported by a refocused structural policy agenda rebuilding stronger labour market institutions to create quality jobs and reduce income inequality*”. For the L20, “*2016 is proving to be the most dangerous year economically since 2009. The latest OECD forecasts show that global GDP growth has stalled*”. The L20 further called upon the G20 to “*address the issues of youth un- and underemployment, gender inequality, digital transformation, just transition towards green jobs and the integration of refugees*”.<sup>1</sup>

The L20 Summit was held back to back with the Ministerial. A high level trade union delegation took part, alongside a B20 delegation, in formal consultations with Ministers on 12 July. In parallel, the ITUC and the TUAC agreed with their employer counterparts (IOE

and BIAC) on a “B20-L20” statement, entitled “A Common Message for Innovation, Growth, Jobs and Decent Work”, and presented the text to Ministers during an informal dinner on 11 July<sup>ii</sup>. The L20 also released an updated “Tracking” survey of trade unions regarding past G20 government commitments.

### **The Ministerial declaration**

The Ministerial declaration entitled “Innovation and Inclusive Growth: Decent Work, Enhanced Employability and Adequate Job Opportunities” includes a number of deliverables.<sup>iii</sup> It recognises that “*creating more quality jobs [...] must remain at the core of [the G20’s] agenda*” (#2). Some deliverables follow-up on previous commitments and initiatives by G20 employment ministers, others are entirely new. Among these, the deliverable that might enjoy a high visibility when the G20 Leaders meet in September is a new “G20 Entrepreneurship Action Plan” (#10 of the declaration & Annex 1). The action plan, a key priority of the Chinese presidency, will be endorsed by the G20 Leaders and hence is likely to appear prominently in the final communiqué.

From a trade union perspective, the key outcome of the Ministerial however is the agreement on new “Sustainable wage policy principles” (Annex 4) and with that, the commitment by G20 ministers to “*promote social dialogue and partnership, minimum wages and collective bargaining to better align wage growth to productivity growth and reduce wage gaps*” (#16).

Other Ministerial deliverables include new recommendations on employability, skills and vocational education and training (#11 & Annex 2), an updated agreement on quality apprenticeship (#14 & Annex 3) – that acknowledges L20 and social partners contributions, sets out to establish national targets and adequate cost sharing – and new recommendations to expand coverage of social protection schemes (#17 & Annex 5).

There is also a brief but symbolically important reference to labour rights and decent work in global supply chains (#19).

The declaration also reiterates past commitments: monitoring the G20 Employment Plans, which include the G20 Youth Target (#20), the “25\*25” initiative to reduce gender gap in labour market participation (#21) and the 2015 G20 Principles on labour income share and inequalities (#22). Regarding the latter, Ministers commit to “*deepen cooperation with other G20 work streams*”. Finally, the Declaration launches new commitments and initiatives respectively on the “new industrial revolution” and the transition to digitalised economies (#23) and on the integration of migrants in the labour market (#24).

### **Trade union comments**

Looking at the outcome of the Ministerial, the declaration offers a number of initiatives that are welcome. This is true for the new Principles on sustainable wage policy (Annex 4) – including commitments to improve income in particular for the bottom 40%, to promote coverage of and compliance with minimum wages and collective bargaining and reference to the Sustainable Development Goal 10 – the Recommendations on social protection (Annex 5), as well as, references to youth and gender employment and pay gaps and to past commitments on the labour income share and inequalities in the main declaration. The new Policy Recommendations on skills and employability (Annex 2) and related text in the

declaration on re-skilling, life-long learning and work-based vocational and educational training (#12-13) linked to the future of work and innovation dynamics are also welcome (although the responsibility of employers in investing in skills is not fully acknowledged).

There are however a number of concerns:

First, and as with past G20 Ministerial Meetings, the question is whether these promising commitments are just that, promises, or whether they will effectively be observed and implemented by G20 governments in the future. As the L20 Tracking 2016 shows, none of the surveyed countries increased or extensively stepped up demand-inducing action despite the 2015 commitment to do so.<sup>iv</sup>

Second, the declaration suggests that there is a departure from the Principles on the Labour Share agreed to in 2015 compared to the new Principles on sustainable wage policy. Whereas in the former, there is clear support for collective bargaining (‘reducing wage inequality through policy tools such as collective bargaining’), this engagement is being downplayed in the latter by adding the reference ‘where applicable’ (see wage policy principle 7). Furthermore, while -wages and wage policy were intrinsically linked with inequalities in Antalya, the new principles over-emphasise “*trends in productivity [...] when setting minimum wages and in wage bargaining negotiations to encourage an improved alignment between productivity and wage growth*”. This is somewhat ambiguous as it may open the door to the claim that stronger wage growth and lower wage inequalities are to be addressed by raising productivity and by inequalities in productivity performance. From there, the step to the old agenda of structural reforms (such as reducing job protection systems) is a small one. Instead, wage growth needs to be intrinsically linked to inequalities and job quality, not productivity growth, to achieve equal pay for equal work.

### **Policy coherence with other G20 work streams**

Another concern is whether the Employment Ministerial outcome, with all its merits, will have an impact on the G20 Leaders’ summit in September and on other relevant G20 bodies. The Employment Ministerial in Beijing is only one in a series of Ministerial meetings held in the run-up to the G20 Leaders’ Summit, including the Trade Ministerial (9-10 July)<sup>v</sup> and the G20 Finance Ministers and Central Bank Governors meeting (23-24 July). These meetings have and will deliver their own initiatives, and there is no certainty that policy coherence will be ensured in the aftermath. This is recognised in the Declaration where ministers “*commit to enhancing coherence [and] cooperation with other G20 tracks*” in order to prevent “*negative spill-overs*” (#6).

In the absence of direct policy coherence promotion, such as a joint Labour and Finance Ministers’ meeting which, unfortunately, has not taken place under the Chinese Presidency, tensions, if not contradictions, could emerge between the G20 employment deliverables (falling under the “Sherpa track”) and the investment and private sector deliverables (under the “Finance track”).

This would pose a risk regarding the Framework WG that has overall responsibility over the 2014 G20 GDP growth target of +2.1% by 2018, and is set to release new “Principles on structural reform” during the Finance Ministerial in July<sup>vi</sup>. A serious concern may arise if these “Principles on structural reform” depart from the policy recommendations of the Employment Ministerial.

It could also be the case with the newly created Trade and Investment WG and its “Guiding Principles for Global Investment Policymaking”, adopted at the Trade Ministerial alongside a mandate to promote “*inclusive & coordinated global value chains*” for SMEs and Least Income Countries. Careful consideration should be given to these initiatives, as there is no guarantee that decent work principles in global supply chains as called upon by the Employment ministerial (#19) and broader sustainability concerns are taken on board.

## Outlook and next steps

In the weeks ahead of the G20 Leaders’ Summit in Hangzhou, it is important to ensure that those key outcomes of the Employment ministerial that are in line with trade union priorities, are duly recognised and hence reflected in the Leaders’ communiqué, including:

- The commitments to improve income in particular for the bottom 40%, to promote coverage of and compliance with minimum wages and collective bargaining as well as the commitment to “reduce wage gaps” by having the G20 leaders directly endorse the Sustainable Wage Policy Principles;
- The G20 Antalya commitment to address falling labour income share and rising inequalities and the employment ministerial commitment to “deepen cooperation across G20 bodies” on reducing inequality;
- As the Finance Ministerial (22-23 July) might adopt new “Principles on structural reform”, ensuring that these are fully consistent with the Employment Ministerial outcomes;
- In light of the outcome of Trade Ministerial (9-10 July), ensure that any commitment on “inclusive global value chains” does explicitly integrate decent work and responsible business conduct standards.
- Ensuring that other key outcomes of the employment ministerial are taken on board: the “Future of Work” and the transition to a digitalised economy; the integration of migrants and refugees into the work force; reducing the gender employment and pay gap; investing in skills and work-based VET; and just transition to a low carbon economy;

Beyond Hangzhou, it would be important to take all of the above forward with more concrete steps into the German G20 presidency, including more coordination between different tracks and the inclusion of the L20 across G20 work streams and with a renewed reference to measures that address the falling labour share.

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<sup>i</sup> <http://www.ituc-csi.org/getting-quality-job-creation-back>

<sup>ii</sup> 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>

<sup>iii</sup> G20 Labour and Employment Ministers Declaration, 2016, [http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/WCMS\\_499403/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/WCMS_499403/lang--en/index.htm)

<sup>iv</sup> <http://www.ituc-csi.org/120-policy-tracking-2015-16>

<sup>v</sup> [https://www.wto.org/english/news\\_e/news16\\_e/dgra\\_09jul16\\_e.pdf](https://www.wto.org/english/news_e/news16_e/dgra_09jul16_e.pdf)

<sup>vi</sup>

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