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

CREATING GOOD JOBS & REDUCING INEQUALITY

THE NEED FOR A NEW SOCIAL CONTRACT

TUAC STATEMENT TO THE OECD MINISTERIAL COUNCIL MEETING

PARIS, 7-8 JUNE 2017

I. Introduction

1 The 2017 Ministerial Council Meeting is taking place after a year of backlash by voters against governments, institutions and the very functioning of economic systems, in particular against a global system that has done far more to liberalise and deregulate markets than to share the costs and benefits of globalisation fairly. At the root of this popular backlash is a double policy failure: firstly to deliver a satisfactory recovery from the financial crisis, creating a "low growth trap" instead; and secondly to achieve a more equal distribution of the benefits of globalisation, technological and economic progress. While a significant share of households in OECD countries has experienced flat or falling real incomes for a decade or longer, a small elite has seen its income and wealth rise in often spectacular ways. These failures have led to important segments of workers and their communities losing out and being left on their own faced with increased insecurity about their job and their future. TUAC's affiliates are in the frontline in proposing policy solutions and in responding to the genuine grievances that lie behind the popular backlash. The governments meeting at the MCM must give hope that these concerns are being listened to and responded to by policy change.

TUAC is calling on Ministers to take action to:

- Break out of the "low growth trap" and increase public investment in infrastructure, by the equivalent of 2% of GDP, focusing on quality job creation, improvements in productivity and the transition to a low-carbon economy;
- Go beyond the slogan of "compensating the losers" and make sure globalisation benefits all by investing in labour market institutions (collective bargaining, minimum wage floors) that act as guardians of equality, support demand and purchasing power of the middle and lower incomes, and tackle precarious, informal or irregular work;
- Ensure the revised OECD Jobs Strategy prioritises the reduction of income inequality and fair and equitable labour market outcomes;

- Bring affordable broadband access, innovation clusters, job creation, decent work and "just transition" for workers, as well as regulatory frameworks for the digital economy to the heart of the OECD's "Going Digital" project;
- Support quality public services including in education and health, the care economy and skills development programmes for all workers including a strong gender dimension and specific measures for migrants;
- Commit to "people-centred" public governance and progressive taxation for inclusive growth and sustainable public funding;
- Develop a blue-print for a progressive trade and investment agenda that would rebalance foreign investors rights and obligations, increase transparency and accountability in negotiations, protect the right to regulate and public services, and ensure a level playing field and fair competition, including a floor of enforceable international labour and environmental standards;
- Change the rules governing NCPs so that home and host country NCPs have joint responsibility for handling specific instances, before changing the rules on widening adherence to the MNE Guidelines;
- Introduce national legislation on corporate human rights due diligence and promote the sectoral and general OECD Due Diligence Guidance;
- Support the creation of a financial transaction tax and address the impact of financialisation of economies on productivity, inequality, and financial stability;
- Re-affirm the fundamental democratic values of the OECD which all member and Accession countries should observe; verify, working with the Colombian trade unions, that there is positive change on-the-ground in relation to labour rights and trade union rights and safety, prior to Colombia's Accession to the OECD; and call upon the Republic of Korea to honour its commitments, 20 years after Accession, to respect international standards on labour rights.

TUAC also recalls past policy priorities[1] for the MCM:

- To integrate "decent work" and equity into the OECD Development Strategy towards achieving the Sustainable Development Goals and promote social dialogue as a tool towards inclusive growth in developing countries;
- To move forward to implement the Paris climate change agreement and support the creation of a "Just Transition Fund".

II. The low growth, high inequality context

2 Policy-makers need to respond to the genuine grievances underlying the popular backlash and fundamentally change policies. There is considerable evidence that austerity and "trickle down" strategies sustain high inequality and depress demand. Globalisation and structural change can only work if there is full employment and shared prosperity. To rebuild people's trust, two steps need to be taken urgently. One is coordinated and large-scale fiscal expansion to exit the low growth trap. The second is to address the root causes of inequalities.

Exiting the low growth trap

3 Growth outcomes and forecasts across the global economy continue to disappoint. Almost a decade after the outbreak of the financial crisis, most economies are not succeeding in getting back to a robust pace of economic expansion. This "lost decade" comes at a heavy cost for workers and their families as the lack of economic dynamism weighs heavily on labour market performance. Wage levels and dynamics remain depressed in many economies. Unemployment rates in several, mainly European,

Member countries, are still unacceptably high, especially for young people. The quality of jobs is also suffering. Involuntary part time, agency work and fixed-term jobs make up a substantial part of the post-crisis job creation. More precarious forms of work such as zero hour contracts, on-call work, economically dependent 'bogus' self-employed and the on-demand and crowd work in the digital economy are on the rise with knock-on effects on social security financing and coverage and tax systems.

4 Severe imbalances remain between "surplus" and "deficit" countries. Recent OECD Economic Outlooks have raised concern about financial stability risks that could worsen further the current low-growth trap: equity markets are "disconnected" from fundamentals, serious risk of re-pricing of assets as a consequence of increasing interest rates, abrupt exchange rate movements, significant financial vulnerabilities from housing price bubbles, and increased indebtedness of non-financial firms. Post-crisis austerity measures and "trickle down" strategies have failed to engage recovery and re-build confidence of workers and their communities. They have achieved the opposite.

5 The OECD has called for a coordinated fiscal expansion to boost public investment. Monetary policy indeed is overburdened and alone cannot lift the economy out of the low growth trap. Together, they would reinforce each other and boost growth. With interest rates still at historically low levels, fiscal space remains for governments to take action and raise public investments in infrastructure, in particular in economies that are still distressed by high unemployment rates, by the equivalent of 2% of GDP, focusing on job creation, improvements in productivity, reducing the gender and youth employment gaps and transitioning to a low-carbon economy.

6 In parallel, central banks should maintain a sufficiently expansive monetary policy stance. We cannot afford the risk of an early withdrawal of low interest rates and quantitative easing triggering financial turmoil. A more granular approach should prevail, by increasing the impact of monetary policy on aggregate demand while at the same time avoiding new asset bubbles. In this respect, the OECD proposal for the euro area to specifically buy sovereign debt to finance public investment may help implementing a "golden rule" whereby public investment is taken out of budget deficit targets[2]. Bringing more focus on structural balance criteria would also help better account for the impact of the business cycle on the state of public finances.

Tackling inequalities

7 Over the past three decades, the share of labour in national income has declined by on average ten percentage points of GDP across OECD economies. Between 2008 and 2011, market income inequality increased as much as in the previous ten years. OECD work on top incomes and taxation shows that in all countries the "very top of the income distribution" share increased[3]. In the short term, inequality is stifling the recovery. In the medium term, it deters social mobility and harms the formation of a well-educated labour force, thus causing rising skills gaps and continued reliance on a low productivity, low innovation and low wage business models. It is fuelling public mistrust as to whether benefits of growth are shared. It creates the breeding ground for rising populism across OECD economies.

8 The OECD has made progress in analysing and putting inequality at the centre of policy discussions. Yet, it has not fully identified the underlying causes and the appropriate policy recommendations. Narrowing the problems to megatrends such as skills biased technological change obscures the fact that certain policy choices, and austerity policies in particular, played an important role in fuelling inequalities, including by weakening the bargaining power of workers and trade unions. IMF research finds that almost half of the increase of the share of the top 10% incomes is caused by a decline in union density, with technological change or globalisation playing a more limited role[4]. As trade union membership declines, inequality rises. And yet OECD recommendations have

largely remained the same: reduce labour market dualism by reducing employment protection legislation for regular workers, decentralise collective bargaining systems – including opt-outs for individual companies – and reduce what is termed as "excess coverage" of collective bargaining.

9 The claim that "to distribute more, we first need to increase economic efficiency", we need further trade and investment liberalisation, further competition, and further labour market flexibility is unconvincing and not evidence-based. Assumptions about fully competitive and efficient labour markets that would automatically translate productivity increases into higher real wages do not materialise in a world where workers' bargaining power is weak. In the US, productivity rose by 60% over the past two decades but real median wages only increased by 6%. The causality between productivity and wages runs both ways. Downwards flexible wages provide employers with the incentive of not investing in innovation or productivity enhancement since labour costs can always be cut when the company is confronted with a competitiveness problem.

The MCM should call for:

- Exiting the low growth trap through a coordinated fiscal expansion, including increasing domestic demand in "surplus" countries, with a substantial rise in public investment focusing on job creation, productivity, infrastructure, gender and youth employment gaps and the low-carbon economy, while maintaining a sufficiently expansive monetary policy stance;
- Addressing the productivity wage gap by looking into the impact of structural reforms that weaken labour market institutions on the rising share of the top 10% incomes as well as on economic efficiency.

III. A Social contract for inclusive growth

10 The OECD should go beyond the slogan of "compensating losers". Rather, the OECD should aim at economies and markets that can (i) deliver robust domestic demand and produce more fair outcomes before redistributive policies and safety nets come in, and (ii) empower workers so that they can benefit from structural and technological change. This implies a reform agenda, and a review of the OECD Jobs Strategy, that promote trade unions and collective bargaining, strong social dialogue and well-designed labour market institutions.

Workers' bargaining power to reduce inequalities and sustain robust demand

11 Stronger wage dynamics, through robust collective bargaining and well set minimum wages, have to be central elements of any "inclusive growth" framework. They will inject additional demand, contribute to strengthening the recovery and help central banks in fulfilling their commitment to price stability. By opposition, with wage stagnation and low growth, inflation expectations will continue to be undershot. If real wage growth continues to lag behind productivity, this will push down the share of labour in GDP.

12 Middle and lower income earners need a pay rise to boost purchasing power. This requires strengthening labour market institutions which would also help reduce income inequality and halt the increase in precarious, informal or irregular work. And this in turn requires counter-balancing the unilateral power of employers to set wages by strengthening the coverage of collective bargaining, establishing well-set minimum wages and

ensuring job protection, in particular advance notification, that provides workers with an "early warning signal".

Social dialogue to anticipate change and improve firm-level productivity

13 Collective bargaining and social dialogue at sector- and firm-levels are essential to workers who are facing changes due to business cycles or to structural changes linked to the digitalisation of the economy and the transition to a low-carbon economy. Backed by active labour market policies, social dialogue can offset the negative effects of change on the distribution of income and on jobs without stifling innovation and labour mobility. Collective bargaining and worker participation can help achieve balanced internal flexibility with higher productivity. By supporting investment in skills, work-based learning and training schemes, collective bargaining and worker participation help accumulate employee "tacit knowledge", loyalty and trust and thereby increase propensity to innovate.

14 The OECD description of a business world divided between a top 5% of ultra-productive "frontier firms" and a large majority of "laggard" firms needs a serious reassessment[5]. In this OECD framework, factors linked to poor quality of management and short-termist shareholder value pressure are not to be blamed for the slowing down and the widening of the dispersion. Yet, there is evidence that these factors play their part in slowing productivity and corporate innovation, the UK being a case in point[6]. The lack of sector level bargaining – driving up pay, investment and training at the lower tail of these firms in a labour market that is as flexible as the UK – accommodates and sustains these mediocre management practices.

15 Moreover, recent ILO findings[7] suggest that such divide is the outcome of a long process of corporate fragmentation between "core business" specialising in high value activities, and those who are left with outsourced "low value" activities – where precarious and low paid jobs proliferate. The main policy challenge is not so much to replicate "champions" across the board through further de-regulation and market openness, but rather to ensure stable employment relationships within firms, including labour standards that apply for *all workers and all workplaces. In addition, there is need for public policy that promotes regional innovation clusters and competition policy that creates a level-playing field.*

Anticipating and managing change in a digitalised economy

16 In making predictions on job losses and displacements caused by digitalisation and increased automation, the OECD makes a useful distinction between occupational tasks rather than between jobs. When it comes to policy prescriptions however, the OECD offers a more limited perspective: closing the skills gaps and accepting the rise of non-standard work in the platform economy as a new reality. Policy inaction on semi-precarious on-demand and crowd work would create precedents and would result in more inequality and, precisely more, not less skills gaps.

17 With its 'Going Digital' project the OECD should aim at technological diffusion that is inclusive and at business models of the digital economy that do no feed regulatory arbitrage practices (regarding taxation, working conditions, remuneration, social security, competition, corporate governance, data privacy)[8]. The OECD should embrace a Just Transition framework for the next production revolution and the digital economy – on the model of the just transition principle endorsed by the COP21. Such frameworks would ensure that industrial and innovation policies are designed in tandem with wider macroeconomic and employment policies, thereby reducing the risk for labour markets polarising and making adaptation faster and more inclusive. The OECD is well-placed to identify innovation and quality job creation potential and devise strategies on how to get there. The point of departure should be that technology can enhance productivity (and service delivery), while maintaining or even increasing quality employment and creating better working conditions.

Supporting public services and restoring tax progressivity

18 The OECD framework on "public governance for inclusive growth"[9] can help rebuild citizens' trust in government if indeed it is based on public participation, integrity and accountability principles and on social dialogue. Inclusive growth and "people-centred" governance would also require strong quality public services, support to the care economy, and shifting away from privatisation reforms and opaque public-private partnerships arrangements. Inequalities in access to public services persist across OECD countries and are being aggravated by austerity policies. This is particularly true of education and health services, where considerable inequalities in access and in outcomes remain. While investments in public education have not decreased as significantly as other public spending, it should be diversified in meeting different skills needs (higher education, VET systems and lifelong learning) and be tailored to gender-specific considerations and the needs of migrants, coupled with appropriate social policy measures.

19 Inclusive growth-centred public governance would also require taxation systems that can meet both inclusive growth objectives, tackling rising inequalities and precarious forms of work, and sustainable funding of public services and administrations. Both can be achieved by restoring progressivity in the tax systems. Across OECD economies, tax reforms have turned out to be increasingly regressive in nature, in line with the 2009 OECD blueprint for "pro-growth" tax reform. The recent OECD report on Tax Design and Inclusive Growth[10] could signal a shift toward more progressivity and fairness in tax systems by calls for the removal of regressive tax expenditures and ensuring an "equitable taxation of capital income" towards fairer and more progressive OECD supported tax policies.

The MCM should call for:

- Balancing the unilateral power of employers to set wages to reduce inequalities and to sustain robust domestic demand by strengthening the coverage of collective bargaining, well-set minimum wages and job protection, in particular advance notification, to provide workers with an "early warning signal";
- Promoting social dialogue through collective bargaining and firm-level worker participation mechanisms to anticipate change and incrementally improve firm-level productivity;
- A strong mandate for the revised OECD Jobs Strategy that addresses the above and prioritises the reduction of income inequality and ensures fair and equitable labour market outcomes;
- Tailoring the "just transition" framework to the digitalisation of economies and jobs, and address regulatory challenges coming from business models in the digital economy in the realms of taxation, working conditions, remuneration, social security, competition, corporate governance and data privacy;
- Strengthening education and training systems to cater to different skills needs across all age and social groups paired with gender-specific considerations and acknowledging the needs of migrants and give the OECD the mandate to deepen its work on adult learning;
- Committing to "people-centred" public governance based upon social dialogue, public integrity and accountability, universal access to public services, support the care economy and commit to progressive taxation for inclusive growth and sustainable public service funding.

IV. A multilateral system that people can trust

Accounting for the benefits and costs of trade liberalisation

20 An evidence-based approach to trade liberalisation needs to recognise that adjustment costs are real and not just a perception based on "incorrect facts" and "bad communication". A significant number of workers do lose out. In the US, non-college graduates lost 17% in relative wages compared to the pre-NAFTA period (in exchange for a 0.01% overall welfare gain). Trade shocks hit regions, local communities and specific groups of workers. These effects tend to be very persistent and create long term distress. They are not limited to sectors and industries that are exposed to international competition. There are important spill over effects in domestic sectors as well[11]. Traditional models used for trade negotiations typically predict (small) welfare gains on a 10-year horizon and neglect the costs of adjustment assuming the economy remains at full employment and that inequality does not exist[12]. More realistic models are required – models that account for negative impacts of trade such as shocks to aggregate demand and unemployment, wages and public finances.

21 Getting the direction of causality right between trade and growth is essential. Recent IMF work finds that the current slowing down of trade is mainly caused by weak domestic demand (prompted by austerity, internal devaluation, debt deleveraging). Ignoring this causality by trying to push for more trade opening runs the risk of falling into the "competitiveness" trap where economies depress wages in order to try to export themselves out of the crisis and which ends up in deepening the global lack of demand and further slowing down trade dynamics. Other research puts the link between global trade and global growth into question: trade is associated with slower (not higher) growth in output[13]. This can be explained by i) globalisation in combination with free movement of capital flows giving rise to high and persistent trade imbalances that take a toll on the economy and ii) a trend of a falling global wage share. Such findings point to the need for "balanced" trade between economies that prevents the creation of large external deficits which need to be financed by debt and in turn pave the way for future financial crisis.

Towards a blueprint for a progressive trade and investment agenda

22 With the proliferation of investment treaties, serious concerns are raised about their societal impact, including the privileged treatment granted to foreign investors' rights against those of other stakeholders. While workers' rights to employment protection have been consistently undermined for being or becoming "barriers" to investment, investor protection has increasingly been promoted by trade and investment agreements. Individual businesses are elevated to equal status with governments. The concerns are particularly acute regarding the opaque and badly designed Investor State Dispute Settlement mechanisms (ISDS). The recent EU proposal of a Multilateral Investment Court, which is intended to address some of the fundamental flaws of the ISDS approach, would not end the privileges benefiting foreign investors in current ISDS schemes. Beyond investor protection, the very effectiveness of investment treaties in attracting long term investment and contributing to growth is in doubt. Several studies and business surveys have shown that for the great majority of multinational enterprises (MNEs), the existence of an investment treaty only plays a marginal role in the decision to invest[14]. And as international trade and investment issues have become intertwined, treaty negotiations are increasingly complex, covering a broad spectrum of policy issues beyond lowering tariffs and protection against expropriation including the elimination of behind-the-border barriers and "regulatory convergence" – with renewed concerns about the sovereign right to regulate. Much secrecy surrounds negotiations fuelling concerns about policy and regulatory captured by corporate interests.

23 In a context of rising populism and the risk for nationalistic protectionism or even mercantilism, it is the global governance of investment and rules that needs to be reshaped to help achieve balanced trade. Closer coordination also needs to take place within the OECD and the G20 on a wider scale of economic policies than trade and investment, including fiscal, monetary, exchange rate management, labour, tax and social policies.

Strengthening the MNE Guidelines

24 Achieving a fairer globalisation depends on strengthening respect for workers' rights and improving working conditions, both within MNEs and in global supply chains. Trade unions report that OECD MNEs often practice double standards, operating to lower standards when abroad than when at home. Severe decent work deficits that exist in parts of global supply chains are increasingly being exposed, with women workers in some sectors disproportionately represented in low wage, precarious work in lower tiers of the chain. The ILO has recognised the governance gaps created by the increasing global fragmentation of production processes. It is taking steps to strengthen the implementation of the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy in this regard. G7 and G20 Governments have similarly recognised their responsibility to take action to make global supply chains sustainable. Beyond that, the on-going negotiations on a new UN Treaty on Business and Human Rights represent an important step towards seuring universal access to remedy for victims of human rights abuses by MNEs.

25 The OECD Guidelines for Multinational Enterprises ("Guidelines") provide a framework for responsible business conduct, including the expectation that MNEs conduct due diligence to avoid and address violations of the Guidelines in the supply chain. The Guidelines provide a tool for all workers –including workers in global supply chains – to defend their rights and improve their living and working conditions. TUAC recognises the positive steps taken by the OECD to strengthen implementation of the Guidelines, including increasing resources for strengthening the National Contact Points (NCPs) inter alia through peer reviews, and the development of due diligence guidance. However, as confirmed by the OECD's 2015 Stocktaking Report, the Guidelines are still failing to fulfil their potential and the number of cases remains low.

Addressing financialisation and corporate short-termism

26 The OECD MCM last year made a reference to financialisation, defined as "the increasing weight of financial activities and institutions in our economies" and seen as a potential cause of rising inequalities and slow productivity growth. Ten years after the US "subprime" credit market collapsed, concerns remain about an oversized, badly regulated financial sector and about speculative and short termism behaviours in corporate board rooms and in trading floors. The impact of financialisation on the real economy is multifaceted: increased financial instability generating disruptive capital and exchange rate movements, lower private sector investments and productivity, rising inequality and policy capture. Short-termism in corporate decisions leads to massive waste of resources, shifting profit allocation away from investments in productive assets and into dividends and share buybacks.

27 Past achievements in re-regulating finance, such as the US Dodd-Frank Act, are now at risk of being winded down, while the introduction of a financial transaction tax (FTT) in Europe – a much needed measure to curb financial speculation – is being delayed. International cooperation to curb tax arbitrage and tax evasion, through the BEPS Action Plan and the OECD standard on automatic exchange of information, have yet to be tested through effective implementation. Even if implemented in a prompt and coordinated fashion, these initiatives should not hide the fact that speculative behav-

iour, tax arbitrage and tax evasion still remain a major source of diversion of revenues and capital flows and a major cause of misallocation of investments. "Special purpose entities" account for 90% of foreign direct investment (FDI) into Luxembourg and 80% of FDI into the Netherlands[15], both countries having large investment treaty and tax treaty networks.

The MCM should call for:

- Rebalancing foreign investors rights and obligations in trade and investment agreements through enforceable provisions on social, environment and integrity standards including repealing ISDS mechanisms;
- Ensuring transparency and accountability in trade and investment negotiations, reaffirming the unconditional government right to regulate and to introduce and maintain universal quality public services and allow for trade defence instruments to create a level playing field and fair competition – including to prevent exploitation and social dumping;
- Changing the rules governing NCPs so that home and host country NCPs have joint responsibility for handling specific instances, *before changing the rules on widening adherence to the MNE Guidelines;*
- *Improving the functioning of NCPs, including by all NCPs signing up for voluntary country peer review and strengthening the NCP coordination unit at the OECD;*
- *Introducing national legislation on corporate human rights due diligence and promoting the sectoral and general OECD Due Diligence Guidance*;
- Supporting the negotiation process on a UN Treaty on Business and Human Rights to secure universal access to remedy for victims of human rights abuses by MNEs;
- Supporting the creation of a financial transaction tax and addressing the broader implications of financialisation of economies on productivity, inequality, financial stability and on the corporate governance of firms, the employment conditions of workers and the financial wellbeing of households.

V. OECD Membership

28 OECD membership requires countries to commit to fundamental values of pluralist democracy based on the rule of law and the respect of human rights, adherence to open and transparent market economy principles and a shared goal of sustainable development. Civil liberties such as freedom of assembly, freedom of expression, and fundamental workers' rights are essential elements of a pluralistic democracy and of the respect for human rights. As the MCM is to address membership issues, it is essential to reaffirm and to make it imperative for all Member and candidate countries to adhere to and to observe in practice civil rights and liberties as a fundamental condition for membership[16].

Colombia

29 The Roadmap for the Accession of Colombia to the OECD exceptionally provided that the Employment and Labour and Social Affairs Committee (ELSAC) review Colombia's "policies to ensure the full respect of labour rights, with a particular focus on the rights and safety of trade union representatives". Additionally, the Public Governance Committee (PGC) has the mandate to review the effectiveness of the judiciary system, which is highly relevant to assessing Colombia's progress in tackling the high levels of impunity for violence against trade unionists. In 2015, TUAC welcomed ELSAC's recommendations on tackling violence against trade unionists, reducing informality and subcontracting, improving labour law enforcement, and strengthening collective bargaining. It also recognises the importance of the consultation with the Colombian trade unions in this process.

30 Two years on, the situation on-the-ground remains largely unchanged. Colombia continues to be the most dangerous country in the world to be a trade unionist. While the number of assassinations of trade unionists decreased from 21 in 2015 to 17 in 2016, the number of death threats increased from 118 to 181. In 2016, the impunity rate for assassinations was 87% and for death threats 99.8%[17]. In February 2017, the Colombian trade union confederations[18] submitted their joint position to the OECD that Colombia should not be invited to join the OECD. In submissions made to the PGC and ELSAC respectively in March and April 2017, TUAC provided detailed figures clearly showing that there is no improvement in the treatment of cases of violence against trade unionists[19].

31 TUAC fully understands that OECD membership marks the beginning, not the end, of a journey, along which a country expects to improve its policies and practices. However, Colombia has been criticised over a number of years for failing to implement commitments made on labour rights in various international processes including, in 2017, by Canada and the US[20]. This signals a lack of political will. It also points to the importance of the OECD maintaining leverage, which is considerably stronger in a pre-Accession rather than a post-Accession context.

Korea

32 Repression of trade unions in Korea has intensified in the past two years. Several dozens of KCTU and KCTU-affiliated trade union leaders are detained. In July 2016, KCTU President Han Sang-guyen was sentenced to five years imprisonment on charges of "obstruction to traffic". Several hundreds of other trade union colleagues have been sued by authorities. When Korea joined the OECD in 1996, it committed to reform existing labour laws in line with internationally accepted standards. 20 years after, it is still failing to meet this commitment.

33 The fundamental problem lies with the Trade Union and Labour Relations Adjustment Act which restricts basic labour rights and criminalises trade union activities. In May 2016, the TUAC called upon the release of imprisoned trade union colleagues and the ratification by the Korean Republic of ILO core conventions 87 & 98. While these are first priorities that fall on the responsibility of the Korean Government, there is also a role for the OECD in the future to devise a "roadmap" for Korea including policy-specific assessments and recommendations[21].

The MCM should:

- Identify membership criteria that fully reflect the fundamental values of the Organisation including all features of pluralistic democracy and the respect for human rights – including freedom of assembly, freedom of expression, and fundamental workers' rights;
- Verify, working with the Colombian trade unions, that there is positive change on-the-ground in relation to labour rights and trade union rights and safety prior to Colombia's Accession to the OECD;
- In cooperation with the ILO, assess Korea's labour rights commitments at the time of the accession in 1996 to the OECD against the current situation and level of implementation and devise a roadmap for inclusive growth in Korea.

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14. OECD forthcoming

15. "FDI in figures – April 2015" OECD http://www.oecd.org/daf/inv/investment-policy/FDI-in-Figures-April-2015.pdf & "How multinational enterprises channel investments through multiple countries" OECD 2015 http://www.oecd.org/daf/inv/How-MNEs-channel-investments.pdf

16. The Commonwealth is an example of an inter-governmental body where membership is tied to the observance of human rights.

17. Escuela Nacional Sindical (ENS), The State of Labour and Union Rights in Colombia, Information for TUAC, September 2016.

18. The Confederación General del Trabajo (CGT), the Confederación de Trabajores de Colombia (CTC), and the Central Unitaria de Trabajadores de Colombia (CUT).

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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

CREATING GOOD JOBS & REDUCING INEQUALITY

THE NEED FOR A NEW SOCIAL CONTRACT

TUAC STATEMENT TO THE OECD MINISTERIAL COUNCIL MEETING

PARIS, 7-8 JUNE 2017

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