



ITUC/TUAC Evaluation of the G20 Leaders' Summit and Communiqué

15-16 November 2015, Antalya, Turkey

The G20 Leaders' Summit in Antalya took place against the background of the tragic events in Paris. At the same time, the most recent economic forecasts of the OECD and the IMF confirmed the fragility of global growth, leaving the G20 growth aspirations in jeopardy. L20 representatives met two days ahead of the Summit to discuss priorities (<http://www.ituc-csi.org/l20-summit-2015-unions-to-call-for>) including coordinated action for quality jobs and youth employment, the need for a public investment plan, income inequality (see the ITUC Poll results: <http://www.ituc-csi.org/ituc-poll-highlights-wage-stress>), youth and women's employment, climate action and the refugee crisis. They called on G20 governments to meet their employment targets and to reduce inequality with social protection, increased minimum wages and collective bargaining.

Two significant developments at the Summit were the extensive references to the need to reduce inequality and the target to reduce the number of young people excluded from jobs or training by 15% by 2025.

Participants at the L20 Summit were shocked by the terrorist attacks in France and stand in solidarity with the victims, their families and the French labour movement. We also note the attacks in Nigeria, Beirut and Kenya and those in Surac and Ankara in Turkey, and reaffirm our solidarity in defence of democracy and freedom.

Policy Action to Stimulate Growth

The communiqué reflects the Turkish Presidency priorities on **Investment, Inclusion and Implementation ("the three Is")** with newly added national investment strategies, the commitment to the Policy Priorities on labour income share and inequality and the Framework on promoting quality jobs, as well as a stock-taking on the implementation of the national growth strategies adopted under the Australian Presidency.

One year after the 800 new commitments to enhance growth were made and embedded in national policy strategies, they have not yet delivered policy changes that would result in stable growth

prospects. The communiqué, while emphasizing that growth needs to be inclusive and robust in order to deliver quality employment, downplays the persistent growth crisis. It only refers to “*growth [that] is uneven and continues to fall short of our expectations, despite the positive outlook in some major economies*” (§3). This is in contrast to the consecutive downward revisions of recent economic forecasts, as in the most recent OECD Economic Outlook (http://www.tuac.org/en/public/e-docs/00/00/11/5B/document_doc.phtml).

Against this backdrop, last year’s additional G20 **2.0% growth target** by 2018 is re-confirmed (§ 5). The L20 Tracking 2015 shows that only 18% of L20 members in 16 G20 countries think their country will likely achieve this goal (http://www.tuac.org/en/public/e-docs/00/00/11/55/document_news.phtml). In this respect, it needs to be evaluated as to whether the adjusted strategies and implementation plans as outlined in the Antalya Action Plan (<https://g20.org/wp-content/uploads/2015/11/Antalya-Action-Plan.pdf>) display more ambition and point into the right, more socially sustainable direction.

The communiqué prioritizes **timely implementation of the growth strategies**, calls on the OECD, IMF and the World Bank with the monitoring of the commitments at the country level and pledges to develop a “robust framework” assessing progress. Effective implementation and adjustment of the growth strategies is essential as 74% of the respondents in the L20 Tracking said that further commitments need to be made in order to achieve the 2% growth target and to improve living conditions for workers.

The policy mix proposed in the communiqué points to the fact that there is no consensus to break with policies of “sound economics” that are evidently not working. On the positive side, there is a call to support “demand”, job creation and to reduce inequality. On the other hand, there is insistence on “structural reforms”, some of which were ineffective or harmful to societies in the past. In this respect, the G20 Labour and Employment Ministers’ “Ankara Declaration” (<https://g20.org/wp-content/uploads/2015/09/0-G20-Labour-and-Employment-Ministers-Meeting-2015-Ankara-Declaration.pdf>) was more specific in calling to “*prioritize job - rich growth by addressing the range of factors underlying weak aggregate demand*”.

Despite the recognition of slow productivity growth (§ 5), the G20 did not go as far as the OECD’s call for “collective action to increase public investment”. The L20 has warned that the price of failure to act is the risk of a further recession. The communiqué refers to the newly developed “**ambitious investment strategies**”. These will be reviewed by the ITUC and TUAC. However, more coordination and policy coherence would be needed to achieve a comparable effect akin to a more substantive joint investment action plan. The support for quality infrastructure, “also” by the public sector, is noted and has been called for by the L20. The L20 modelling in 2014 already referenced the growth inducing potential from enhanced investment, which is now reconfirmed in the text. The G20 predicts a 1 percentage point contribution from investment to the GDP ratio by 2018.

Since the Russian presidency in 2013, the G20 has worked to increase infrastructure financing through both, public and private finance. The communiqué, however, sets out unrealistic expectations for private sector investment (§ 9). References to the public sector are only linked to quality infrastructure and long-term financing through institutional investors. Public procurement, which accounts for the vast majority of infrastructure finance, is not considered in the text – expect, when it addresses corruption and integrity (§ 16). There is little to no reference on responsible investment practices that would ensure accountability and transparency of infrastructure projects. At the same time, the G20 calls for a “**prioritization and execution processes**” for **public-private-partnerships (PPP)**, based on new G20 “best practices” (§ 10). Trade unions still have serious concerns about the PPP model, by opposition to traditional public procurement and with regard to

the rights to affordable public services, financial and public budget transparency over risk arrangements and stakeholder consultations.

Inequality & Jobs

The G20 now recognizes the negative link between rising income inequality and low growth as a long-term trend. Despite opposition from the Indian government the communique states: *“Rising inequalities in many countries may pose risks to social cohesion and the well-being of our citizens and can also have negative economic impact and hinder our objectives to lift growth”* (§ 6). The final outcomes of the Summit mark the most comprehensive programme of measures to reduce inequality at the G20 level to date. The adopted **G20 Policy Priorities on the labour income share and inequalities** recognise the need to strengthen labour market institutions, the role of minimum wages and collective bargaining. It is now essential that they are followed by concrete policy actions and national commitments towards an effective implementation.

In line with L20 calls for more policy coherence and a whole-of-government approach on inequality, the statement calls for *“a comprehensive and balanced set of economic, financial, labour, education and social policies”*. It is particularly welcome that both, *“Finance, and Labour and Employment Ministers [are called] to review our growth strategies and employment plans”*, which should result in a Joint Ministerial under the Chinese Presidency.

The communiqué also recognises *“that social dialogue is essential to advance our goals, we welcome the B20 and L20 joint statement on jobs, growth and decent work.”* The L20 calls for a continuation and expansion of the social partners’ involvement in G20 working groups and Sherpa meetings during the Chinese Presidency. The L20 and the B20 agreement, released at the Ministerial meeting in Ankara in September 2015 (http://www.tuac.org/en/public/e-docs/00/00/10/F8/document_news.phtml), calls on governments to use the full potential of the G20 as an engine for growth. It 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.

Meanwhile, global unemployment is still 30 per cent above the level before the crisis and the global jobs gap is forecasted to rise to 80 million by 2018. It is particularly welcome that the communiqué identifies *“unemployment, underemployment and informal jobs are significant sources of inequality”* (§ 7). It needs to be seen if the points from the adopted **G20 Framework on Promoting Quality Jobs** will feed into the revision of the national policy plans through concrete policy changes.

The G20 also reasserted its **Skills Strategy** that features quality apprenticeships and life-long learning, and acknowledges the importance of partnerships with social partners. However, the challenge of youth un- and underemployment needs to be met with a more comprehensive approach including employment policy actions as 65% of L20 Tracking respondents describe the employment prospects for young people in their country as bad or somewhat bad. The **G20 goal of reducing the share of young people** who are most at risk of being permanently left behind in the labour market by 15% by 2025 in G20 countries (§ 7) should be part of it. While the L20 has called for such a target, it is important to evaluate its ambition against national youth employment numbers and link it to fighting informal and precarious youth employment.

In regard to job quality and safety in developing countries, the communiqué falls short of the conclusions of the G7 Summit this year with only a single reference to **“inclusive Global Value Chains”** (GVCs) that does not mention any of the recognized international labour standards, including the UN Guiding Principles, ILO conventions and OECD Guidelines for Multinational Enterprises, or a commitment to strengthen the rule of law with cross border legislation that mandates due diligence. Social upgrading in GVCs is a policy challenge that needs to be addressed at the G20 level. Only the employment section includes a call to *“foster safer and healthier workplaces also within sustainable global supply chains”* (§ 7).

The communiqué makes a strong commitment to the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda (§ 19-21) and includes a G20 and Low Income Developing Countries Framework. Going forward, there needs to be a greater balance between promoting responsible investments, quality jobs and incomes in developing countries and the promotion of the role of the private sector in development financing. The adopted G20 Inclusive Business Framework needs to be modified and involve all stakeholders, including civil society and trade unions. As of now, it intends to empower *“low income people and communities to participate in markets as buyers and, suppliers and consumers”* but not as workers employed in said *“inclusive businesses”*.

Aggressive Tax Planning

The G20 Leaders endorsed the OECD/G20 BEPS Action Plan (§15) and called for a *“widespread and consistent implementation”* in particular in terms of the *“exchange of information on cross-border tax rulings”*, which is welcome. Swift and inclusive implementation of the BEPS package is indeed crucial. However, challenges in terms of the package design remain. In particular, the new country-by-country reporting framework that large multinational companies will have to observe by the end of 2016 leaves no option for public disclosure. Aggressive tax planning matters to all stakeholders, including citizens, workers and long term investors, not only to businesses and tax collectors.

It is also welcome that, following the Addis Ababa conference on financing for development, the OECD is now mandated to develop an *“inclusive framework by early 2016 with the involvement of interested non-G20 countries and jurisdictions which commit to implement the BEPS project, including developing economies, on an equal footing”*. The **participation of developing countries on “equal footing”** is indeed much needed. It was badly missing in the past two years, when the BEPS action plan was developed and consulted upon at the OECD. The Addis Ababa conference exposed the growing concern by a number of developing countries and civil society organisations about the OECD leadership over the governance of the international tax system. The G20 commitment for an inclusive BEPS framework lays the ground to address these concerns in an effective manner.

Climate Change

The G20’s most substantial statement concerning **climate change** dates back to Mexico in 2012. A comprehensive statement from G20 Leaders was seen as an important political signal two weeks before the start of the COP 21 negotiations, when many of the G20 leaders will once again meet in Paris.

Despite re-confirming the commitment to limit temperature rise to 2 degrees (§ 24), and calling for ambition from all nations, there was **no mention of the promise of \$100 billion a year target of finance for developing countries by 2020 or the vital call for a mandatory review mechanism** under the UNFCCC agreement, whether or not as part of a protocol, as a legal instrument or another agreed outcome.

The communique reinforced the multi-lateral process for climate negotiations through the UNFCCC and committed to negotiating in a constructive manner and implementing the INDCs. Opposition from India and Saudi Arabia prevented a stronger message from the G20 leaders on the eve of the COP negotiations. We will have to ensure follow up on **just transition strategies as an integral outcome of further negotiations** following an agreement in Paris

Moreover, G20 leaders endorsed a first plan on energy access. The plan, focused on sub-Saharan Africa, recognised the importance of decentralized energy and mini-grids which would speed up efforts to bring renewable, affordable and modern energy to the more than one billion people worldwide who lack energy access.

Refugees

The world is facing the largest refugee crisis since WWII and Turkey alone hosts more than 2 million Syrian refugees within communities and camps. The communique recognised the scale of the global refugee crisis and global concern, but fell short of concrete policy actions (§ 25). While it called on states to share the burden associated with support for refugees, there was no specific commitment to the right to work for refugees, which would allow refugees to have a net economic benefit within countries rather than a burden.

The L20 recommendation to allow all migrants the **right to work in the formal economy with associated labour, social, political and cultural rights** would allow refugees to integrate and build economies.

A political solution to the refugee crisis was recognised as an imperative by G20 leaders, which could be read as a reference to the conflict in Syria, which has displaced half of the countries' population. States according to their capacity, the private sector and individuals were all identified to support the humanitarian and protection needs of refugees.

Terrorism

The G20 Summit responded to the 13th November terrorist attack in Paris and the 10th October attack in Ankara by adopting a special statement on fighting terrorism. The nine point statement condemned terrorism and committed to tackling the financing of terrorism.

While G20 Leaders separated terrorism from religion, nationality, civilisation or ethnic group and the continued support for international co-operation and solidarity, the L20 recommends that the reference to inclusion (§ 7) is expanded to the critical issues of employment and inequality.

Deepening democracy, democratic rights and freedoms should be a central part of any response to terrorism with a more significant reference in the statement. The protection of the freedom of speech, assembly and association as means to combat extremism and terrorism was absent from the communiqué.

Follow-up

The L20 will review the Antalya Action Plan, the revised growth strategies, the G20 investment strategies and other agreed commitments. The next G20 Leaders Summit will be held in Hangzhou in September 2016 under the Chinese Presidency, while Germany will take over in 2017. The ITUC and TUAC thanks the Turkish unions for their support and will work with our Chinese and German partner union centres to ensure continuous input of the L20 into the G20 process.