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L20 Priorities for the Turkish G20 Presidency

The Labour 20 (L20) represents the voice of workers through their trade unions to the G20. It is convened by the International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee to the OECD (TUAC) working in tandem with current L20 host organisations, TÜRK-İŞ, HAK-İŞ and DİSK. For more information, go to Labour20.org.

The G20 themes “Inclusion”, “Implementation” and “Investment” as set out by the Turkish Presidency in 2015 would reflect the priorities of the global trade union movement as set out by the L20 if pursued with a sustainable and social dimension.

“Creating jobs and formalising work for young people and women requires urgent investment in infrastructure and the care economy from G20 leaders.”

SHARAN BURROW, GENERAL SECRETARY,
INTERNATIONAL TRADE UNION CONFEDERATION (ITUC)

COMPREHENSIVE GROWTH, QUALITY JOBS AND INVESTMENT

Creating jobs and reducing income inequality must be central to the G20 inclusive growth agenda. The G20 committed to raise GDP by 2.1 % above the trajectory implied by current policies by 2018. At this point, the G20 is off-target. Slowing growth in emerging economies and the appearance of deflation in Europe represent major risks to jobs and living standards. Growth in many economies has stalled due to fiscal austerity and stagnant incomes of working families. The limits to austerity

are reflected by the rejection of such policies by citizens in the G20 and beyond. Meanwhile, large amounts of capital are idly sitting on capital balance-sheets.

High levels of unemployment threaten social cohesion. On unchanged policies, the global jobs gap will continue to rise and by 2019 more than 212 million people will be out of work, up from 201 million in 2014.

“Raising growth, creating jobs and shifting to a more inclusive and sustainable path for development requires a balanced strategy: Fairer wages so as to raise the purchasing power of those on low and middle incomes together with expanded public investment are necessary to kick-start job-rich, inclusive and sustainable growth and boost aggregate demand.”

JOHN EVANS, GENERAL SECRETARY OF THE TRADE
UNION ADVISORY COMMITTEE TO THE OECD (TUAC)

Structural policy recommendations must shift and encourage well-set minimum living wages in the light of national contexts, while strengthening collective bargaining coverage as a central policy objective.

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The Turkish Presidency by putting inclusiveness high on this year's agenda raises expectations that fighting income inequality and promoting the integration of vulnerable groups into labour markets will be vigorously pursued and monitored through clear benchmarks in close cooperation with the social partners. The proposal to undertake work on the labour income share within the Employment Working Group (EWG) is important and could create up to 5.84% more growth in the G20 by raising wage and public investment levels simultaneously as suggested in the L20 modelling in 2014.

To achieve this, policy coordination between government entities and policy coherence among G20 members is essential. A joint **Labour and Finance Ministers' Meeting** in September can help integrate the G20 growth and employment plans. To deliver participatory and effective policy implementation, past commitments need to be evaluated and structures for social dialogue need to be further strengthened.

Going forward, the L20 proposes the following policy actions for the G20:

- Review the G20 Growth and Employment Plans in regard to measures necessary to support aggregate demand;
- Include investment targets and assess the long-term impact of these strategies on living standards;
- Take action to reverse the decline of the share of wages for low and middle incomes across G20 countries towards injecting purchasing power into the real economy by strengthening collective bargaining systems and raising minimum living wages;
- Support the creation of quality jobs through, amongst others, the enforcement and ratification of fundamental rights at work as defined by the ILO;
- Shift to targeted structural policies that lead to skills development and innovation, while strengthening social protection and public services;
- Reduce precarious employment and promote inclusive labour markets by boosting activity rates of vulnerable groups, including through investment in the care economy enabling child, aged and health care as well as life-long learning;
- Begin implementing the "25 by 25" agreement to reduce the gender gap in labour participation and simultaneously close the gender wage gap;
- Support youth employment by introducing youth guarantees and comprehensive youth and skills strategies with concrete targets, including quality vocational training and apprenticeships, as called for by the L20 and B20, and by increasing investments in quality public education.

Such a policy package would have the support of working people.

INCLUSION

Responsible Business Conduct and Trade Policies towards Social Upgrading and Workers' Safety

Recent tragedies in Bangladesh, Cambodia and Pakistan have turned the spotlight on the appalling working conditions in supply chains, underlining the urgent need for governments to take action on responsible business conduct and safer workplaces. The G20 should:

- Strengthen the implementation of the UN Guiding Principles on Business and Human Rights by developing comprehensive National Action Plans, which address both the domestic and international dimension, and enforce the OECD Guidelines for Multi-national Enterprises in particular by strengthening the National Contact Points;
- Put in place custom procedures to identify and seize goods produced by forced labour or other forms of modern slavery, and promote the ratification of the 'Protocol of 2014 to the Forced Labour Convention';
- Tackle precarious and informal labour through binding legislative guarantees of fundamental rights and monitoring procedures;
- Follow-up on the G20 Declaration on Safe Workplaces with policy actions to protect lives in line with the decent work principles;
- Identify the conditions under which economic upgrading in supply chains contributes to social upgrading.

Most G20 governments engage in bilateral, regional and multi-lateral negotiations of new trade agreements that include a series of new issues such as investment and regulatory harmonisation that extend beyond trade. Given that the vast majority of the WTO members do not participate in these agreements, particularly developing countries, the G20 should:

- Examine the relationship between the new agreements and the integrity of the multilateral trading system aiming at promoting one universal set of trade rules constructed inclusively and with sustainable development at its core;
- Assist the 10th WTO Ministerial Conference to guarantee an agreement on the post-Bali working programme that prioritises the implementation of the developmental mandate of the Doha Development Round taking into account the principle of special and differential treatment (S&D).

Development Policies and Financing for more Equal and Prosperous Societies

This year will produce new milestones for future development strategies, with the conclusion of the post-2015 Sustainable Development Goals (SDGs) and the third Financing for Development Conference (FfD). While the two processes are linked, they focus on different sets of actions. The G20 should promote measures and standards, and support means of implementation that serve the needs of workers and the real economy, including delivering decent work objectives, safeguarding human rights and promoting responsible investment that supports inclusive growth in developing countries, especially when engaging the private sector as a development actor, and therefore:

- Address income and gender inequalities by ensuring access of low-income households to quality jobs, minimum living wages and training, and measure poverty and inequality beyond GDP in a multi-dimensional manner;
- Support the transition to the formal economy with income and redistribution frameworks rooted in a human rights based decent work agenda;
- Ensure universal social protection;
- Encourage sustainable and social investments and foster public financing including into affordable health services and free quality education, the low carbon economy and infrastructure;
- Ensure accountability and transparency, financial inclusion and fair risk sharing in private and private-public financing schemes through long-term planning;
- Allocate 0.7% GNI for ODA that is untied and .15-.2% support for LDCs, through time bound mandatory commitments towards poverty eradication and the achievement of the essential sustainable development targets;
- Promote domestic resource mobilization based on progressive taxation systems,

while combatting tax evasion and illicit financial flows;

- Integrate these considerations into the G20 framework study and work on Low-Income Developing countries.

INVESTMENT

Promote Long-Term Responsible Investment

The G20 has taken a leadership role in mobilising institutional investors for long term investment. In this regard, workers' pension funds have a central role to play given their long-term liabilities and investment horizons. The G20 infrastructure agenda is paying particular attention to the use of public money in "leveraging" private finance. However, this must be priced appropriately and managed transparently so that profits and gains are not privatised, while deficits and losses are socialised. It should moreover not prevent the sustained development of the universal access to public services. Beyond that, the G20 should help institutional investors deliver patient, productive and engaged capital in a responsible way, while at the same time shifting away from short-termist and speculative trading behaviour. The L20 is calling on the G20 Finance Ministers to orient the long term investment agenda toward:

- Mainstreaming responsible investment policies by institutional investors – including internationally recognised environmental, social and governance criteria – promoting leadership through collectively organised retirement plans, and ensuring accountability, integrity and transparency of asset managers and bankers – including effective mechanisms for whistleblower protection;
- Setting strict rules for fair and transparent risk-sharing arrangements, job creation targets and decent work standards whenever public money is used to support private infrastructure projects, and commitment to preserving and sustaining universal access to public services.

Counter Climate Change and attain Green Growth

The G20 is in a unique position to pave the way towards an ambitious and fair outcome to the multilateral climate negotiations in Paris this year by:

- Supporting the rapid disbursement of contributions to the Green Climate Fund, as pledged in 2014, and the development of carbon taxation schemes and climate-sound investment bonds as a means to provide long-term options for responsible investors;
- Integrating considerations on potential impacts of climate change when planning new investments, infrastructure development and industrial policies;
- Better aligning of economic, employment and innovation policies with climate policies, including through the promotion of investments that enable the transformation of traditional economic sectors into “greener” ones while working towards more sustainable livelihoods;
- Committing to developing Just Transition strategies so that workers are accompanied in the massive transformation needed in all sectors with new decent work opportunities, social protection, and skills development including training programmes for workers to accede to quality “green jobs” with a particular focus on vulnerable communities.

IMPLEMENTATION

Step up the Momentum on Taxation and Financial Regulation

The L20 supports the OECD Action Plan on Base Erosion and Profit Shifting (BEPS) to curb tax avoidance by multinational enterprises (MNEs) and the commitment to automatic exchange of information between tax authorities to curb tax evasion. Issues related to tax compliance by MNEs should not be restricted to bilateral exchanges between companies and tax authorities. The stakeholder-dimension of tax reporting is of crucial importance. Provided that confidential requirements are met, the process should also extend to a wider group of stakeholders including worker representatives and shareholders that have a long term interest in the performance of the company, and relevant civil society organisations. While some progress has been achieved to increase the participation of developing countries, the inclusiveness of the BEPS process should be further improved. The L20 is calling on the G20 to:

- Take measures within the BEPS Action Plan deliverables and in the implementation phase to increase public transparency over corporate tax reporting;
- Mobilise financial resources and institutional

capacities to help both civil society and tax administrations in developing countries to participate in the process.

Progress on G20-agreed financial reforms is too slow. A prime concern is the low level of ambition in tackling “too-big-to-fail” banks through effective structural measures. Such reforms of the banking sector were under consideration by the G20 and the Financial Stability Board (FSB) in 2009-2010. They were subsequently dropped and only re-appeared on the G20 agenda at the G20 Summit in Saint Petersburg. This has led to lack of coordination between regulatory measures in the United States (Volcker Rule) and Europe (Loi Bancaire, Vickers reform, Barnier Proposal) and a lack of consideration on their impact on employment, consumer protection and risk management.

The G20 should also adopt a more comprehensive approach on tax and finance. The tax treatment of the financial sector – banking, shadow banking and private pools of capital – is creating complications for the effective implementation of the BEPS Action Plan, including on “treaty abuse” (Action n°6), hybrid mismatch (n°2) and interest deductions (n°4).

The L20 is calling on the G20 Finance Ministers and Central Bank Governors to:

- Work towards internationally harmonised principles on banking structural reform to shield retail banking from volatile trading and investment banking activities that effectively uphold social dialogue within the banking sector and ensure consumer protection;
- Take concrete steps to increase coordination between the FSB Work plan and the OECD BEPS Action Plan and ensure that aggressive tax planning and tax evasion within the financial sector are effectively tackled.

Ensure Policy Coherence and Coordination

Given the horizontal and cross-sectorial nature of the issues dealt with at the G20 level, mechanisms that ensure **greater policy coordination** between government entities and among G20 members need to be strengthened with the help of international organisations and social partners. The EWG and the Finance Track should enhance their collaboration leading up to the Joint Labour and Finance Ministers meeting – which is an important opportunity to forge agreement on comprehensive growth strategies.

Ensuring timely and effective **implementation and monitoring** of past commitments is critical in view of the G20's legitimacy in delivering tangible policy outcomes. The G20 accountability framework should allow for an inclusive process and entail consultations with other stakeholders. This is crucial in ensuring a balanced assessment of structural policies. Inputs from outreach groups should be seriously considered, in particular when it comes to economic modelling and practical advice on policy reforms.

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L20 ACTIONS

The ITUC and TUAC will undertake a tracking survey of members' on follow-up actions at the national level. The L20 will particularly focus on the implementation of commitments on job

creation, the 25 by 25 gender initiative, infrastructure investments, quality apprenticeships and tax rules (through the BEPS process).

The L20 is organising a series of meetings for G20 union centres, thereby bringing diverse perspectives into the G20 process. The L20 is also in dialogue with the B20 to follow up the agreement on "Quality Apprenticeships", infrastructure and a range of other issues, as well as with the C20 on common policy priorities.

1. The G20 Labour and Finance Ministers acknowledged the validity of such a strategy at their joint meeting in Moscow in July 2013 committing to "labour market and social investment policies that support aggregate demand and reduce inequality, such as broad-based increases in productivity, targeted social protection, appropriately set minimum wages with respect to national wage-setting systems, national collective bargaining arrangements, and other policies to reinforce the links between productivity, wages, and employment".