

L20 RECOMMENDATIONS G20 LEADERS MEETING

BRISBANE, AUSTRALIA, 2014

"A plan for jobs and wages needs the full attention of G20 leaders. Economic modelling shows that a coordinated mix of wage and investment policies in G20 countries could create up to 5.84% more growth in G20 countries – compared to business as usual."

Sharan Burrow, General Secretary, International Trade Union Confederation

JOBS AND DECENT WAGES – FIXING THE WORLD'S ECONOMY FOR WORKING PEOPLE

To put the G20 on course to achieve the 2% GDP growth target set out by the G20 Finance Ministers and Central Bank Governors in February 2014, governments need to shift policy. Ambitions need to be raised to create the 81 million jobs needed by 2018 to close the crisis induced jobs gap.

Demand in the world economy in aggregate is wage-led.

Minimum wages and collective bargaining are a key part of the solution for creating resilient and inclusive growth. The fight is on in nearly every country in the world for wage growth. Workers need a **pay rise** now and expanded **investment** to kick-start growth and to ensure that it is job-rich and inclusive for sound long-term economic development.

L20 modelling shows that a coordinated increase in wages and investments in infrastructure could lead up to 5.84% more growth in G20 countries – surpassing the 2% growth target – and halve the jobs gap by 33 million, bringing it down to 31 million by 2018.

"In Brisbane, the G20 needs to agree on an Action Plan on Jobs and Growth, putting in place comprehensive measures to support aggregate demand, reduce inequality and spur investments. This must be backed up by national job creation targets, and followed-up in consultation with Social Partners."

John Evans, General Secretary of the Trade Union Advisory Committee to the OECD (TUAC)

Policy coherence through coordination processes at national and G20 levels is key to achieve credible policy outcomes. A G20 joint Ministerial between Finance and Labour Ministers in 2015 is essential in driving this forward.

We will be looking for the following six points and an investment plan in the G20 Leaders' communique:

- 1% of GDP invested in infrastructure in every country, in particular infrastructure that supports a transition to a low-carbon economy;
- A recognition that investment, including workers' pension funds must be on the basis of the G20 / OECD High Level Principles on Long Term Investment;
- Formalizing jobs through workers' rights and by ensuring a minimum wage, safe workplaces and social protection floors;
- Measures to promote inclusive growth that enables women and young people to participate in secure jobs;
- Job creation in the care sector to support women's participation;
- Youth guarantees that ensure work, and/or education and training with the scaling up of quality apprenticeships as agreed between the B20/L20.

TAKE ACTION ON CLIMATE CHANGE AND GREEN GROWTH

The upcoming months until the UN Climate conference in Paris in December 2015 will be critical for building momentum for ambitious action on climate change, we are asking G20 Leaders to:

- Commit to an ambitious and fair share in reducing emissions to ensure the success of multilateral climate negotiations in Paris;
- Contribute substantial resources to the Green Climate Fund, including public sources such as FTT or carbon tax revenues, and support the development of green bonds as a means to provide long-term options for responsible investors;
- Support for industrial transformation measures and Just Transition strategies, aimed at protecting the jobs and livelihoods of workers facing challenges in energy-intensive and climate-vulnerable sectors;
- Set attainable targets in view of food and energy security and show strong support for sustainable economic activities.

STEP UP THE MOMENTUM ON TAXATION AND FINANCIAL REGULATION

The L20 supports the OECD Action Plan on Base Erosion and Profit Shifting (BEPS) endorsed by the G20 to curb tax avoidance by multinational enterprises (MNEs) and the commitment to automatic exchange of information between tax authorities to tackle tax evasion. Both actions need to be lived up to. The L20 is calling on G20 governments to:

- Maintain political leadership and not lose momentum in the second implementation phase of the BEPS Action Plan. The OECD mid-terms reports released in September are encouraging in as far as effective implementation is concerned – considering the tight schedule and complexity of issues at hand – but the risk that the process will be watered down remains;
- Raise the overall ambition of the BEPS Action Plan by addressing some of the weaknesses exposed in the OECD mid-term reports, including: (i) leaving options open for public disclosure of the country-by-country tax reporting by MNEs: at present, public disclosure, or even partial disclosure, is not under consideration in the OECD proposal, (ii) facilitating the participation of developing countries in the process through concrete institutional support and (iii) instructing the Financial Stability Board (FSB) to collaborate with the OECD on the taxation of shadow banking and private pools of capital, the tax treatment of which is posing difficulties as OECD acknowledged in its mid-term reports;
- Implement the OECD Standard for Automatic Exchange of Financial Account Information, promote the ratification of the Multilateral Convention on Mutual Administrative Assistance and consider some additional flexible arrangements to facilitate inclusion of developing countries;
- Mobilise financial resources to help tax administrations in developing countries enforce agreements and meet the requirements of the BEPS Action Plan and the OECD Standard.

Progress on G20-agreed financial reforms is far too slow or insufficient. A prime concern is the low level of ambition in tackling “too-big-to-fail” (TBTF) banks and in helping financial markets, and investors shift away from short-termist and speculative behaviour towards patient, productive and engaged capital investment strategies. The L20 is calling on G20 governments to:

- Instruct the Financial Stability Board, the IMF and the OECD to pursue further work on structural reforms, including internationally harmonised measures to shield retail banking from volatile trading and investment banking activities;
- Consider a financial transaction tax (FTT) on over-the-counter derivatives to dampen speculation and channel resources into economic and sustainable development;
- Address regulatory and market barriers to long-term investment strategies, mainstreaming responsible business conduct by investors, and ensuring accountability and transparency of financial intermediaries, asset managers and bankers.

TRADE AND SUPPLY CHAINS

The G20 and its members must ensure that multilateral and regional trade agreements (RTAs) and development cooperation are consistent with international labour standards, and sustainable and inclusive development goals and principles such as guaranteeing universal access to public services. The L20 is calling on G20 governments to:

- Ensure that supply chains are purged of slavery or other forms of forced or precarious labour through legislative guarantees and monitoring procedures and ensure minimum living wages;
- Add a Declaration on Safe Workplaces to the Leaders’ Declaration in Brisbane that includes a set of policy actions to protect lives and ensure social and economic upgrading in GVCs that is line with the decent work agenda of the ILO;
- Guarantee that workers’ rights and workplace safety are legally enforceable in Regional and bilateral trade agreements;
- Ensure that G20 actions give developing countries policy space and review the G20’s own role in the post-2015 and other international development cooperation processes;
- Promote the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, both of which set out responsibility of companies for human rights violations in their supply chain;
- Reform investor-state dispute settlement (ISDS) procedures, which lack public accountability, legitimacy and transparency, and seek to re-balance the rights of investors and the rights of States, citizens and workers.

“The Labour 20 represents working people and calls on governments to take a courageous stand against the increasing American corporate model that is destroying the social balance in the global economy.”

**Sharan Burrow, General Secretary,
International Trade Union Confederation**

FOR INTERVIEWS WITH THE LABOUR 20 CONTACT

Anna Byhovskaya
+33 155 37 37 37
byhovskaya@tuac.org

or

Gemma Swart
+32 479 06 41 63
+61 450 839 890
gemma.swart@ituc-csi.org

LABOUR20.ORG