



# **L20 STATEMENT TO THE G20 LABOUR AND EMPLOYMENT MINISTERS' MEETING**

**MATSUYAMA, JAPAN 1-2 SEPTEMBER 2019**

**I**n 2019, we are observing the most extensive slowdown since 2011 affecting 70% of the global economy. International organisations warn that global debt is three times the global output, and corporate bond debt now stands at double the amount before the financial crisis. Substantial amounts of corporate debt are to expire in the next few years, while the profitability of these companies does not appear to be able to sustain the refinancing of their debts.

At the same time, the climate crisis threatens the livelihoods of billions of people and has already forced millions to migrate. Governments and global governance are failing to respond with ambitious enough policy and robust enough investment measures to ensure a Just Transition to a zero-carbon economy and other mitigation action. Scientists warn that the cost of inaction or further delays will be much higher, most especially for vulnerable people in developing, transition and industrial economies.

As the economic growth model pushes more and more workers into precarious work and undermines labour market institutions, global income inequality continues to rise. For most countries in the world, income inequality levels have increased compared to 2008. Millions of workers are earning below what is needed to live a decent life and are further seeing their wages stagnate and erode due to inflation. The 2018 ITUC Global Poll shows that 59% of people in work are just barely managing financially, struggling to make ends meet, or are not managing at all financially, often going without essentials or falling into debt.

Inadequate social protection means that the marginalised, including the unemployed, those on leave from employment, refugees and migrants, among others, miss crucial opportunities that would help lift them out of poverty. With millions of elderly people living in poverty, addressing pension adequacy becomes key to efforts to guarantee human dignity,

reduce inequality and achieve poverty-related SDGs. Globally, around one third of people do not enjoy any form of pension and around one in ten people over 65 live in poverty in OECD member countries.

Public services, particularly in such areas as health care and education, are major equalisers in society. Public services need to be reinforced and financed before the next crisis further ratchets down social conditions. The rush to privatisation and public-private partnerships in some countries is not only destructive of public services but is often seen as a way to avoid government responsibility.

Income inequality has a strong gender dimension. Women continue to earn 20% less than men for each hour worked, and they are overrepresented in low paid, precarious and informal work. Women carry a large share of the burden of unpaid care work, which is estimated to be worth USD10 trillion, and remains largely undervalued and often simply unrecognised.

A tiny elite capture the benefits and profits of technological innovation and digitalisation, deepening wealth inequality even further. There are no guarantees that technological change will lead to increases in social well-being. In fact, working people experience technology being used to undermine job security, informalise economic activity, increase labour competition and enhance workplace surveillance. Instead of stepping in to guarantee that technological advancement is shared, governments risk negotiating away their power to regulate the digital economy in the WTO e-commerce negotiations.

This context has profound repercussions for the work of the G20 Labour Ministers.

## **Taking Action to Realise the Goals of the ILO Centenary Declaration on the Future of Work**

Trade unions reaffirm the social contract being celebrated in the centenary of the ILO and the need to implement it with a labour protection floor that comprises fundamental rights with occupational health and safety, an adequate minimum wage and maximum working hours. This is vital in order to reduce precariousness and inequality produced by the current global economic model and digitalisation and to restore people's faith and trust in governments and institutions.

We call on governments and multilateral institutions to initiate discussions on the future of work based on the report of the ILO Commission on the Future of Work and with a view to realise the goals set out in the Declaration. Trade unions urge the G20 Labour and Employment Ministers to lead global concerted efforts to promote and implement the social contract such that it guarantees workers' rights irrespective of their employment status or nationality and ensures social dialogue structures to provide Just Transition measures to ensure effective climate action and inclusive deployment of technology.

Furthermore, trade unions call on the G20 Labour and Employment Ministers to achieve the objectives of Agenda 2030 by implementing all past commitments on decent work, social justice, promoting Just Transition and enforcing fundamental rights, and mandating "due diligence" with universal social protection and effective compliance in supply chains.

**Establish a labour protection floor.** The ILO Commission on the Future of Work called on governments to ensure a Universal Labour Guarantee. This was reflected in the ILO Centenary Declaration as a labour protection floor, and it applies to all workers. It should be accompanied by a guarantee for universal social protection from birth to old age. G20 governments are urged to take action to implement these commitments.

Collective bargaining and social dialogue at all levels, including transnational collective bargaining/cross-border social dialogue, are essential to deliver fair wages and working conditions, advance equity, and manage structural changes, including those needed to implement a Just Transition to a zero-carbon economy and prepare the labour force for

the digital economy. The G20 governments must ratify and effectively implement all ILO Conventions on Fundamental Principles and Rights at Work and coordinate policy so as to encourage and require other governments to follow suit.

***Eliminate precariousness in employment.*** The rise in non-standard forms of work over the past years has contributed to greater economic insecurity for workers, greater poverty and increased inequality within and across countries. The growth in precarious work has been largely driven by a variety of factors, including reforms to flexibilise the labour market, tax-benefit incentives, legal inconsistencies, extraterritoriality and governance gaps, as well as unenforced legislation. For the digital economy, in several countries, competition law bars workers from exercising their right to form unions and collectively bargain when the workers are designated or misclassified as freelancers or self-employed service suppliers. Trade unions have shown that platform employers make use of technology to create unregulated employment relations and avoid their employer responsibilities. There is evidence that the spread of non-standard forms of work with the consequent growth in informality has negative effects for workers and for economies. The L20 calls the Ministers to take early action to tackle bogus self-employment in the platform economy and limit its negative distributive effects. Measures should guarantee equal labour protection and collective bargaining in platforms, as in the rest of the economy, consistent with international labour standards that apply to all workers.

***Realise full gender equality.*** At the current rate of change, achieving the Brisbane target of increasing female labour market participation by 25% by 2025 appears unreachable. It is welcome that this year the G20 recognises the need to go beyond the target and look at the quality of employment for women including shortcomings in ensuring work-life balance and in addressing persistent wage gaps, gender gaps in social protection, increased old-age poverty and the fact that women are over-represented in insecure, non-standard or informal jobs. The G20 should implement the recommendations of the 63<sup>rd</sup> session of the UN Commission on the Status of Women to enhance access to social protection, essential services and sustainable infrastructure for women and girls.

Moreover, the G20 governments should lead the ratification and implementation of the newly adopted Violence and Harassment Convention (No. 190) and Recommendation (No. 206). In 2020 the G20 governments should coordinate policy to identify, prevent and remedy gender-based violence, including under criminal, civil and labour law, and promote the use of domestic violence leave through legislation.

***Remedy long working hours and increase workers' time sovereignty.*** In many countries, work-related stress is becoming a major occupational hazard with serious health consequences. It is not only the result of the pressures of work, but also due to a feeling of loss of control by workers over their work. The ILO Global Commission on the Future of Work calls for policy-making to enable greater autonomy to workers over their working hours, with limits on maximum hours of work. As well as maximum working hours, guaranteed minimum hours should be set to provide greater economic security for workers under variable-hour contracts and those that are underemployed. Excessive working hours and lack of time sovereignty is increasingly a challenge in many countries. Reducing overtime and the right to “disconnect” would substantially improve workers' control over their hours and contribute to work-life balance.

***Ensure access to lifelong learning for all.*** The ILO Commission on the Future of Work and the ILO Centenary Declaration make it clear that a human-centred agenda and ongoing access to education that enhances human capabilities is critical. Cradle-to-grave education opportunities for all will make the difference between a bright future and one of growing inequalities. Everyone should have access to good quality state-funded early childhood education and care, fully funded primary and secondary schools, a good quality technical vocational education and training sector with secure institutions that develop human capabilities in their students, and an accessible higher education sector and learning opportunities throughout life. Governments should ensure access to all – including the unemployed, migrants and refugees and other vulnerable groups. The importance of access to lifelong

education opportunities in a changing world cannot be underestimated. Such access for all will only be successful if it is based on qualified teachers with secure contracts working in well-funded public institutions.

Further to skills development, training and education should also foster competence for labour intermediation in order to empower workers in the defence of their rights and promote their development and participation in civic life. This system should be the object of negotiation within the framework of social dialogue, since it is an issue specific to education systems and labour relations.

**Ensure the right to social protection, including pensions, in line with ILO Convention 102 and Recommendation 202.** More than half of the global population is not covered under any type of social protection scheme. Less than 30% enjoy comprehensive coverage. Despite the SDG commitment to extend social protection, many states are scaling back their social protection programmes in the context of austerity. The adequacy and coverage of old-age pensions is particularly under threat. Facing demographic ageing, many governments have framed pension reforms as an inescapable trade-off between adequacy and financial sustainability. We note with concern proposals that could drive G20 policy coordination into extending working life, shrinking pension benefit levels and tightening the link between contributions and benefits, which risk disproportionately disadvantaging women and workers in low-paid and precarious employment.

Such proposals come at a time when governments should be increasing efforts to expand social protection, including contributory social security and social protection floors in line with ILO standards, in order to deliver on international commitments to extend coverage. Such extensions can also help to deal with loss of employment and worker mobility in the changing world of work. Social protection floors, especially in combination with well-coordinated active labour policies, have been proven to have positive effects on employability, quality and levels of employment.

Governments should not forget the lessons of the 2008 crisis that cost pension funds trillions of dollars. The OECD estimated that global pension assets declined by USD 5.4 trillion, or 20%, at the end of 2008. It took more than eight years for investment losses to be recuperated in OECD countries. In 2017, ten years after the financial crisis, funding ratios of defined benefit plans were still lower than they were in 2007.

Improving the sustainability of pension systems is not only a demographic issue or a matter of financial markets performance. It also depends heavily on the quantity and quality of employment, on formalisation policies and on removing barriers to formal labour market participation of underrepresented groups, and on tax revenue mobilisation. Measures to promote women's full employment, formalise the billions of jobs in the informal economy, ensure equal treatment and increased participation of migrants in the labour market, and tackle obstacles to employment for vulnerable workers can all compensate for demographic shortfalls.

Moreover, measures to step up the preservation and portability of social security contributions and benefits – both between jobs and between countries – could provide greater income security to many workers. Regional and multilateral mechanisms to facilitate benefits portability should be reinforced, developed and promoted.

**Advocate for an ambitious reform of the multilateral system as agreed in the ILO Centenary Declaration.** The Ministers should take action to give the ILO a central role in the multilateral system as outlined in the Centenary Declaration. The ILO should reinforce its cooperation with other international organisations to “promote policy coherence in pursuit of its human-centered approach to the future of work, recognizing the strong, complex and crucial links between social, trade, financial, economic and environmental policies.” Further to this, fostering a fair economy requires a profound WTO reform to advance sustainable economic development for all nations and incorporate environmental preservation and protection, and compliance with labour standards, as well as ensure workplace safety and

health. Policy coordination between the ILO, the World Bank and the IMF is necessary in order for the financial governance institutions to support the achievement of the goals of the ILO Declaration instead of addressing recommendations that contribute to greater poverty and inequality.

## **Advocating for Progressive Economic and Social Policies for Decent Work and the Agenda 2030**

The G20 Employment and Labour Ministers should take an initiative to increase the relevance of the wider G20 process and promote global policy coherence. The Labour Ministers should advocate for a progressive economic policy agenda that reduces inequalities by investing in climate action and a Just Transition to a zero-carbon economy; promotes fiscal expansion with investments in infrastructure, public services and in the care economy; and expands social protection.

**Support an international framework for human-centred technological innovation.** The G20 Labour and Employment Ministers should advocate for a global normative framework for transparent data administration; the protection of personal data and privacy; regulation and law enforcement in cyberspace; digital industrialisation and the bridging of digital divides; the breakdown of monopolies, and a fair competition policy; and the protection of labour rights and the promotion of workers' representation in the introduction of new technologies at the workplace. The G20 should launch a multilateral effort outside the WTO to create a standard for personal data protection, access, and use, including workers' data, protect workers' rights in the face of workplace surveillance and often discriminating algorithmically generated decisions, and regulate the taxation of digital activity.

**Tackle tax evasion and ensure progressive taxation.** Massive tax evasion and avoidance deprive governments of legitimate resources that could be invested in crucial public services and social protection. The OECD has estimated that governments worldwide are losing between USD 100 - 240 billion each year in tax revenues as a result of base erosion and profit shifting by multinational enterprises. Some G20 countries are in competition with each other to attract untaxed money.

Moreover, regressive taxation policies in many G20 countries are allowing the largest companies and wealthiest individuals to forego their fair share of taxes. Reforms in some countries to lower corporate taxes and taxes on investments, as well as raising regressive forms of taxation such as value-added tax (VAT), have advantaged those well-off and disproportionately affected low-income groups and the middle class. Broadening tax bases through more progressive forms of taxation, including capital gains taxes, financial transactions taxes (FTT) and wealth taxes would contribute to greater tax justice and more sustainable public finances.

The L20 urges taxing the global profits of multinational enterprises on the basis of a formula apportionment, which would treat multinational enterprises and their subsidiaries as a single entity. Governments should require country-by-country public reporting. A minimum global tax rate should be defined. National tax administrations should be reinforced with sufficient staff, physical resources and training programmes.

**Restore states' fiscal space to stabilise labour markets and pursue full employment.** While monetary policy effectively revived growth in the global and Eurozone economies following the crisis, restrictive fiscal policy in much of the world has acted as a drag on the recovery. Prioritising debt and deficit reduction amidst very low interest rates and chronic economic labour-market slack has needlessly hampered the expansion and fostered unbalanced and inequitable growth. The G20 Labour Ministers should call for a systematic review of regional fiscal rules, and instead of austerity, promote reflationary measures that would allow unemployment to fall further and wage growth to recover. Correspondingly, the IMF and IFIs should relax perverse conditionality that stunts economic growth and aggravates the debt burden in the global South.



**Increase public investment in the care economy and in infrastructure.** L20 research shows that public investment in the care economy has immense potential for job creation, increased job quality, and formalisation with a significant positive impact on women, both in terms of reducing unpaid care work and other family responsibilities that disrupt employment for women, and by creating new decent work opportunities. Investment in the care economy should come with guarantees of equal treatment for all care workers. Raising wages, and improved working conditions in the care sector with professional recognition and accredited skills, can, moreover, improve the attractiveness of care jobs, thereby enhancing the availability of formal care services and their quality. In this regard, it is essential to ratify and implement the Domestic Workers Convention (C98) to formalise millions of jobs held in a high proportion by women who suffer from workplace-based violence and abuses, and lack access to social protection and minimum safety measures at work.

Public investment in infrastructure has a great potential for decent job creation as well as achieving national goals to cut emissions and decarbonise, increase energy efficiency, promote industrialisation and improve connectivity.

**Invest in public services to promote a better redistribution of wealth.** Austerity policies and budget adjustments have imposed budget restrictions on public services leading to job losses, increased costs for users and a deterioration in the quality of services. However, public services guarantee the general interest, the equal rights and treatment of all citizens and are the foundation of social cohesion. Essential to fight against all social, economic and environmental inequalities, public services allow a redistribution of wealth and provide essential utilities and services to all. Investing in public services is necessary in order to achieve many Agenda 2030 goals, such as the goals relating to gender equality, poverty reduction, sanitation and education. Further to this, government-provided employment plays a key role in setting a floor for the overall quality of jobs, and it directly influences the general levels of wages, including in the private sector.

The G20 governments should renew their commitment to design and finance quality public services. All citizens, especially the poor, rely on public services for health, childcare, utilities, and, in general, the creation of conditions that enable the enjoyment of human rights.

**Promote a Just Transition to a zero-carbon economy.** The implementation of Just Transition measures that fully take into account the social impact of climate policies and the impact on workers and their families is crucial to achieving the ambitious global climate goals of staying below a 1.5 °C temperature increase. Governments have to establish and guarantee social dialogue processes at national, regional and sectoral level to ensure that the Just Transition measures agreed are adequate to build people's trust in the ambitious climate policies. Without Just Transition measures, climate ambition will not be borne by workers and risks being deprived of the necessary trust that enables investment in new quality jobs.

**Protect migrant workers' rights.** Divisive policies and xenophobia must be resisted, and instead, governments should intensify efforts to ensure equal treatment, fundamental human rights and integration of migrants and refugees into labour markets. In this regard, the LEMM should implement the UN's Global Compact for Safe, Orderly and Regular Migration (GCM) supporting the role of the ILO and the OHCHR. Ministers should set timetables to ratify and implement the UN Migrant Workers' Convention and ILO Conventions 97 and 143. Such efforts should be accompanied by strengthening law enforcement and labour inspection to guarantee migrants' rights and protections and prosecute employers who do not comply.

Minimum living wages should be ensured for all workers and not depend upon one's migration status. Migrant workers should be informed in their first language or in a language they understand of the rights and rules concerning labour-related laws, social security systems and how to join a union. For instance, a one-stop consultation and support structure where migrant workers can use their first language would pre-empt many serious violations of migrant workers' fundamental human rights.

**Eliminate modern slavery.** The Ministers should step up efforts to implement the 2018 G20 Strategy to eradicate child labour, forced labour, human trafficking and modern slavery in the world of work, acknowledging the joint Alliance 8.7 report as a basis to develop and adopt appropriate measures for identified high-risk sectors.

On the way to next year's G20, Saudi Arabia should immediately abolish all aspects of the kafala system and work with the National Workers' Committee to ensure freedom of association and fundamental rights for all workers.

**Formalise the informal economy,** in line with ILO Recommendation 204, and extend labour protections to informal workers. Ministers should strengthen labour inspectorates and improve education and awareness of workers' rights, especially in the sectors with high rates of informality. Steps should be taken to update labour laws and compliance mechanisms in order to help vulnerable and bogus self-employed workers, including those employed by platform employers, in line with the 2018 LEMM Declaration and ILO Recommendation 198. Governments should develop comprehensive national action plans to improve the quality of employment, taking into consideration sectoral, regional, national specificities and strengths – including clear goals and staged implementation, strategies with peer review processes and the participation of social partners, as agreed by the 2015 LEMM. The ILO Centenary Declaration has reinforced this.

**Require human rights due diligence in supply chains.** Trade unions call on the Labour Ministers to require, under national law, mandatory human rights due diligence throughout the supply chain, robust grievance and access to remedy to ensure the full implementation of the UN Guiding Principles on Business and Human Rights (UNGPs). Moreover, the G20 should support mandatory transparency legislation and require companies to disclose their actions to address human rights violations in their operations and supply chains.

The 2016 International Labour Conference (ILC) called on the ILO to consider developing policy guidance and standard setting in order to tackle the lack of decent work in supply chains. The G20 Labour Ministers should support this process. As promised in the 2016 ILC outcomes, governments should commence implementing the UNGPs starting with State-Owned Enterprises (SOEs). The G20 could create a facility that would assist G20 SOEs to apply the UNGPs in their operations.

Further to this, the G20 should lead global action by supporting the negotiation process of an internationally legally binding UN Treaty on Business and Human Rights that is as comprehensive as the Guiding Principles and that ensures full criminal responsibility of employers.

The G20 should encourage multinational enterprises to partner with or enter directly into agreements with trade unions in order to facilitate worker involvement in the design and implementation of due diligence processes, the implementation of standards on workers' rights and the raising of grievances. Agreements with trade unions can take various forms and can be made at the workplace, enterprise, sectoral or international level. They include collective bargaining agreements, Global Framework Agreements, protocols and memoranda of understanding.

The G20 have already undertaken a series of commitments in this area. Implementing past G20 commitments on supply chains would entail immediate measures to address unfair wages, unstable employment, informal work, child labour and forced labour in supply chains.

## Improve G20 Policy Coordination and Deliver on All Past Commitments

**Implement all past commitments.** The G20 Finance and Labour Ministers have agreed to respect and promote the right to organise and collective bargaining under the Russian Presidency. They agreed to monitor and reverse the negative evolution of the labour income share under the Turkish Presidency. The Ministers should operationalise these goals and agree to timetables for action that would realise these labour protections, starting with the fundamental rights to organise and collectively bargain.

The G20 has made these and other commitments over the past years to strengthen labour rights and protections and reduce inequalities. The G20 governments must implement national policies that are consistent with their international commitments, including those made in previous G20 forums. Fulfilling these commitments is important for future summits. The L20 urges all future Presidencies to make implementation a key priority and dedicate time to establish self-review, peer review and independent review processes, as well as start measuring the impact of G20 policy coordination. New policy topics should be explored; however, the lack of implementation of past commitments seriously undermines G20's credibility and ability to lead global governance consensus building and global cooperation. These are the founding intentions of the G20, and they are critically important in avoiding the imminent global economic crisis.

**Be institutionally creative for policy coherence.** Labour Ministers should resume meetings with Finance Ministers, and the Employment Working Group should work closely with the Framework Working Group. Addressing income inequality, the climate crisis and other global injustices cannot be achieved by financial measures only or labour policy only. Further, the Employment Working Group should strengthen the work of the Sub-group on Income Share with a view to ensuring coherent global action to reduce income inequality and achieving the fulfilment of SDG 8 on Decent Work by its universally promised deadline of 2030. There is a compelling argument to maintain policy coordination with Education Ministers established under Argentina's Presidency.

In order to enhance its policy resources available within the multilateral system, the Working Group should invite the UNCTAD to participate in Employment Working Groups and the Ministers' Meeting in order to integrate important policy advice.

**Upgrade labour representation in the G20.** The L20 calls the G20, beyond the Labour Ministers' Meeting, to establish labour representation in other Ministerial and Leaders' meetings and take into account the inputs of workers – studies, policy recommendations, good practices, and experiences that demonstrate effective social partnership.

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There is a real danger of an impending financial crisis that can further damage the world economy and working people, and it is essential and urgent that G20 Leaders and Labour Ministers anticipate and design measures, based on the lessons of the 2008 crisis, to limit the damage on workers and communities, and lead to a new world order – one that serves social justice, equality, and sustainability.





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