



Stuttgart, 16 December 2003

## **G8 Labor and Employment Ministers Conference**

### **Growth and Employment: The Future of the Working Society in a Changing World**

**Stuttgart**

**14 to 16 December 2003**

#### **Chair's Conclusions**

1. Labor and Employment Ministers from the G8 countries and the Member of the European Commission responsible for Employment met in Stuttgart on 14 – 16 December 2003 together with representatives from the ILO and OECD to discuss the theme "Growth and Employment: the Future of the Working Society in a Changing World." In preparation for the meeting, consultations with representatives of the social partners were held on the subjects of the Conference on 14 December 2003.
2. Our objective is to promote the creation of more and better jobs through dynamic market and growth-oriented policies. We want to enable people to attain a secure livelihood through freely chosen economic activity and productive employment by creating new job opportunities and preventing unemployment, poverty, and social exclusion. Employment should be a guiding principle for shaping policy.

#### **Creating the conditions for sustainable growth and employment**

3. Current indicators suggest that the global economy is in the process of recovery. Sustained and broad-based economic growth is a prerequisite for an improvement of the employment situation. We welcome the fact that macro-economic framework conditions continue to support economic recovery. In order to further strengthen economic growth, the process of structural reform as well as investments in research, human resources, and infrastructure need to be accelerated. We therefore stress our determination to undertake labor market reforms, where necessary, to facilitate structural adjustment in our economies, expand sustained economic growth, and promote new employment.
4. Labor market development is determined by many factors at both the domestic and international levels. We therefore advocate stronger networking and integration of various policy fields, in particular finance, economic, and social policies. We are committed to implementing necessary reforms within the context of our competence at the national level in order to support the structural change in our economies and promote the creation of new employment. Labor markets must be dynamic and flexible in order to function properly in the context of rapid demographic and technological change and intensive international competition. In addition, they must be inclusive and ensure that under-represented groups are given the opportunity to participate more fully

in working life. Efforts should be made to promote the broadest acceptance of the necessary reforms.

5. To make the most of the above labor market developments, we stress that it is essential to secure labor capable of performing in a knowledge-based society, especially young workers who are so important for our future. Investments in human capital are not just employment measures, but are crucial for sustained economic growth and a core element of a knowledge-based society. The application of new technologies results in growing skill requirements, which for some groups may constitute obstacles to participation in working life. Skills development and lifelong learning are important for integrating people into the labor market. Skilled people increase the productivity and adaptability of the workforce. We therefore reaffirm our commitment to the objectives of continued training and lifelong learning adopted at last year's Conference of G8 Labor and Employment Ministers in Montreal. We recognize that training and skills development complement the implementation of structural reforms aimed at improving the functioning of labor markets in general.
6. Demographic trends in most G8 countries will result in a shrinking working-age population and a continuously ageing labor force. We recognize the need for further action to increase the labor force participation of older workers in line with the result of the G8 high-level meeting in Paris in May 2003 on age management. We reconfirm our commitment to facilitating the entry and participation of young people in employment. We encourage higher and sustained labor market participation by women. Moreover, additional employment-creating measures must be offered to under-represented groups including people with disabilities, low skills, and low literacy levels.
7. It can be expected that a growing number of employment patterns will increasingly open up alternative methods of participation in working life. In particular, flexible forms of employment such as part-time work, fixed-term employment, or temporary-agency work may add to flexibility and integration. Moreover, the promotion of business start-ups and consequently employment in new tertiary sector companies may contribute to coping with structural change more rapidly. New work patterns must take into consideration the need for quality jobs with regard to pay and productivity, working conditions and safety at work, working time and the possibility of reconciling work and family life. It is important to adopt an approach that takes account of security as well as labor market flexibility in a balanced manner.
8. We firmly believe that successful economies will not be possible in the 21<sup>st</sup> century without a modern system of labor relations and efficient strategies to manage change pro-actively. Effective cooperation between employers and workers and their organizations on a partnership basis and the involvement of workers in accordance with national tradition and practice make an important contribution to promoting the quality of jobs. We encourage companies to plan any necessary restructuring measures in as timely and comprehensive a way as possible so as to minimize redundancies and to enable workers to improve their employability and to find other employment. In this context, the early involvement of the workers' representatives can be beneficial for all sides and for the functioning of companies, particularly in difficult transition periods.

### **Improving labor market efficiency: balancing flexibility and security**

9. Labor relations and labor markets must be further developed and strengthened to ensure the highest possible labor participation rate while also reducing unemployment and creating new employment. In this context, the need for more flexibility as well as for security for workers, job seekers, and companies must be taken into adequate account.

Employment policy - in coordination with economic, monetary, fiscal, education, and social policy - supports the goal of increasing employment and preventing or rapidly ending unemployment in a sustainable way. To this end, labor market policy must promote structural reform in response to national needs. We want to make sure that employment service structures reflect today's requirements so that supply and demand can be matched as rapidly and as accurately as possible. This requires an early understanding of the individual job seeker's potential and the company's concrete needs. Companies are encouraged to report their job vacancies to placement entities in order to facilitate easy access to this information for job seekers. The job placement process can be made more efficient through partnership between private and public placement agencies and the enhanced use of ICT.

10. We are promoting active labor market policy based on a clear set of rights and obligations. The job seeker's efforts should be complemented by tailored assistance provided through employment services. We also support the mobility of workers and job seekers to take advantage of employment opportunities. Moreover, we should make sure that income support benefits include incentives to take up employment and are not at cross-purposes with required labor market adjustment.
11. We should be pro-active in developing employment policies and we emphasize the importance of human capital development. We should aim to facilitate the transition and reconciliation between education, training, and family responsibilities on the one hand and work on the other. Doing so strengthens individual employability and promotes gender equality and participation of women in the labor market.
12. We want to help overcome the discrepancies between labor market supply and demand. Training should match the skills required by the labor market and should include appropriate action for job seekers. In order to prevent unemployment and to adjust workers' skills to employers' changing demands on an ongoing basis, employers should invest in the skills development of their employees. Furthermore, we emphasize that the individual worker must invest in lifelong learning. There is also a need to support employers as well as individual workers by motivating them to invest in capacities for promoting employees' career development.
13. In the light of demographic pressures on our societies, we agree that increased labor market participation should be promoted throughout the whole working life. On the one hand, young people should be more rapidly integrated into working life through early work experience combined with their training. On the other hand, older workers' experience and their specific knowledge need to be preserved in our national economies. Both public and private sectors have important roles to play in this regard.
14. We want to create inclusive labor markets by promoting measures aimed at enabling the participation in employment of vulnerable groups such as people with disabilities and with low skills. Tax and social systems should become more employment-friendly and make work pay. It should always be more advantageous to accept a job rather than drawing benefits. In this context we further commit ourselves to increasing regular employment by discouraging undeclared work. This would contribute to improving quality and productivity at work, strengthening social cohesion, and inclusion.

### **Toward closer international cooperation in the field of employment policies**

15. Global economic integration is an opportunity for all - industrialized countries, countries with transition economies, and developing and emerging countries. We underline the importance of world trade and economic integration for global growth and employment creation. We encourage the WTO to continue its efforts to move forward on the Doha

Development Round.

16. We are convinced that the social dimension of globalization needs to be taken into consideration more strongly at the multilateral level. Growth and employment should be central political objectives across all policy fields. We call upon all stakeholders to actively promote the opportunities that may result from the globalization process by engaging in close and constructive cooperation. We look forward to the results of the work by the World Commission on the Social Dimension of Globalization established within the ILO. We recognize the need for increased collaboration by international institutions with respect to the impact of global policy issues on employment policy. In this context, consideration should be given to developing an inter-institutional dialogue forum consisting of ILO, UNCTAD, WTO, World Bank, and IMF.
17. The social dimension of globalization needs firm and reliable cornerstones in the form of good governance, responsible entrepreneurial action, functioning social partnership structures, the promotion of decent work, and the implementation and enforcement of globally recognized core labor standards. We declare our willingness for further cooperation between our countries and the developing regions in the form of institution and capacity building to achieve these objectives.
18. Trade and investment activities of multinational enterprises (MNEs) can contribute to human capital development, improved living and working conditions, and the social and economic development of the respective host country. We encourage MNEs, including small and medium sized companies, to respect the OECD guidelines, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO, and the Global Compact, and we encourage them to reinforce their voluntary social and local-community commitments.
19. We observe that companies and workers' representatives are undertaking innovative steps toward internationalization of labor relations. Some global companies are using the positive features of effective communication with their workers, of transparent company decision making, and of the workers' involvement and participation to achieve economic success of the company as a whole. We encourage initiatives that favor transparency as well as cross-border experience and which help to prevent conflicts.
20. We support the ILO and other international organizations in their internal reforms aimed at enabling them to fulfill their important task in the context of the social dimension of globalization. We recognize the useful contributions to our discussions by the OECD and ILO and we encourage them to work together on the issues of growth and employment.
21. We welcome the offer of the United Kingdom to host the next G8 Labor and Employment Ministers Conference. Thereafter, the G8 Labor Ministers will strive to synchronize their meetings with those of the heads of state and government.

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