



**THE LABOUR 20 INPUT  
TO THE RUSSIAN PRESIDENCY IN THE G20  
December 2012 - December 2013**

**Scoping Paper**

**Introduction**

1. This scoping paper takes stock of the global trade union movement's involvement with the G20 process since 2008 that has now been structured through the Labour 20 (L20). It sets out an L20 perspective on the Russian Presidency priorities and sets out a provisional "road map" of L20 actions in the period ahead.
2. The L20 has become a key part of the G20's outreach to non-state actors. It is comprised of the leadership of trade unions from the G20 countries and the international trade union organisations and serviced by the International Trade Union Confederation (ITUC) and Trade Union Advisory Committee (TUAC) to the OECD.

**L20 Engagement in the G20 Process**

3. At the outset of the global economic crisis, in October 2008, the ITUC and TUAC organised a high-level delegation to the first G20 Leaders' Summit in Washington. The delegation met with the majority of G20 Leaders attending the Summit as well as the Heads of the Intergovernmental Organisations (IGOs) present. Following the collapse of Lehman Brothers and the global banking system seizing up, workers began to be laid off, families saw their houses re-possessed and banks teetered on the brink of collapse. It was clear that a coordinated global response by governments and institutions was required and this was found in the initial responses of the G20. Trade union proposals centred on stabilising employment, putting in place social protection for workers hit by the crisis, and effective and coordinated government intervention to support the global economy, so as to prevent the "Great Recession" becoming a 1930s-style "Great Depression". Four years later, with the crisis in a new and even more dangerous phase, and with many G20 countries in recession, these priorities remain valid and the L20 will be seeking to reinforce our call for strengthened international economic cooperation.
4. Following the Washington Summit, trade union delegations met with the G20 Presidents, other G20 Leaders and Intergovernmental Organisations' Heads at the Summits in London and Pittsburgh in 2009 and in Toronto and Seoul in 2010. At the Cannes Summit in 2011, the trade union meeting received institutional recognition in the form of the L20, paralleling the B20 that had been established in 2010. This was repeated at the Los Cabos Summit in 2012, where L20 and B20 Leaders were also invited by President Calderón to a working breakfast attended by the majority of G20 Leaders.

5. Prior to the G20 Summits, the L20 have prepared detailed statements covering the items on the G20 agenda. These are prepared at ITUC/TUAC Working Groups with global union representation and so represent the views of the global union movement, not just G20 countries. The L20 have also taken part together with the B20 in social partner consultations with the three G20 Labour and Employment Ministers' Conferences (LEMC) in Washington, Paris and Guadalajara, and also prepared written submissions for the LEMCs. The L20 has also taken part in consultation sessions and made an active input to the G20 Task Force on Employment since December 2011 in its work on youth employment and quality apprenticeship.

6. The engagement of the L20 in the G20 is not an "event-driven" process but a continuous one involving follow-up. There are regular discussions between L20 members and their governments and IGOs on the G20 agenda, both through the Sherpa's track as well as through the employment track.

7. The L20 has been working closely with the B20 in various occasions with a view to conveying joint messages from the world of work to Ministers and Leaders. To this end, at the Cannes G20 Summit there was a joint meeting of trade union and business leaders, the L20-B20. A year later in the Los Cabos Summit, the L20-B20 drew up a joint L20-B20 statement and submitted a joint letter to President Calderón calling for action on infrastructure investment, quality apprenticeships and reducing informality. The L20 and B20 participated in the Leaders' breakfast and shared with the Leaders the concerns and priorities of the social partners. The B20 and L20 involvement was recognised and welcomed in the G20 Leaders' Declaration. There is also regular consultation between the L20 and civil society groups.

### **Cooperation of L20 and Host Government**

8. In the preparations for the Summit, the L20 have held early consultation meetings with the host President or Prime Minister in order to exchange views concerning labour priorities on growth, employment and other issues. President Sarkozy and President Calderón met both with a small labour delegation at the beginning of their G20 Presidencies. Such meetings have sought to ensure that there was mutual understanding and cooperation which was maintained throughout their Presidencies. The established practice is that over the course of a G20 Presidency, regular contacts are maintained between the ITUC and TUAC (functioning together as the L20 "Secretariat") and the contact points of the host Government in order to maintain an efficient process of preparations for trade union interventions in the G20 process. At the major G20 Sherpas' meetings to prepare the G20 Summit, the Sherpas attend one- to two-hour consultation sessions with the social partners. In 2011 for example, for the French Presidency, L20 and B20 presentations were made at the Sherpas' meetings in Paris in July and September 2011. In 2012, the B20 presented at the Sherpas' meeting in February and the L20 in March.

### **L20's key priorities for 2013**

9. The L20 welcomes the stated approach of the Russian Presidency to focus on "growth and jobs", "streamline the working process" and "rely more on outreach". We believe that at this critical juncture for the global economy, it is essential that the G20 also commits to ensuring that past commitments are acted on. The L20 is ready to work with the G20, the B20 and our civil society colleagues to this end. We have also noted the ongoing Presidency Agenda: covering investment, growth and jobs, financial regulation, reform of the

international monetary system, international trade, energy, development, anti-corruption and decent employment.

10. The priorities for the G20 in 2013 focus on three of these areas, namely jobs and growth including decent employment, the restoration of financial regulation, as well as development. An analytic statement that provides further explanation to these priorities will be prepared in the coming period. The following sets out initial comments.

### **I. Jobs for more growth**

The key priority should be to avoid further erosion of global purchasing power of those who have a higher propensity to consume in order to restore and stimulate global aggregate demand that, in its turn, would create the conditions for more jobs and growth.

- A G20 Jobs Plan that would consolidate and expand the commitments to increase public investment in job creation programmes in infrastructure, green economy and quality public services with a special focus on creating youth employment;
- Transform the structural policy agenda to strengthen labour market institutions and social partnership, including collective bargaining and minimum wages;
- Instruct the IMF, WB, WTO, UNCTAD and other multilateral organisations to provide advice and technical cooperation in compliance with the ILO Global Jobs Pact and the Decent Work Agenda, instead of further deregulation of the labour market;
- Extend the coverage and increase the level of benefits of social protection so as to achieve a universal minimum guaranteed income and insurance;
- Commit to implement the G20 Task Force's reports on youth employment and quality apprenticeships;
- Put in place pro-recovery tax measures designed to maximise their immediate impact on job creation.

In order to better promote these goals a Labour and Employment Ministerial Conference should be convened, preferably jointly with Finance Ministers in order to provide for policy coherence and high-level guidance. The G20 Task Force on Employment could increase its contributions to the agenda by monitoring implementation and work to protect vulnerable groups. The participation and consultation of social partners' in the Task Force and the LEMC needs to be enhanced.

It is essential to shift from austerity to growth and so achieve fiscal consolidation through increased budget revenues. Governments should:

- Ensure that sovereign debt service payments are brought back to sustainable levels across the G20 including through collective action such as the issuance of "Eurobonds";
- The European Central Bank must increase the political content of its decisions on the Eurozone crisis;
- Increase cooperation between tax authorities in order to mitigate tax avoidance;
- Introduce legal liability of rating agencies and reducing reliance on their ratings in official measurements of liabilities.

## **II. Restoring financial regulation and curbing speculation**

The priority is to mitigate the risks of major credit events affecting the world economy, eliminate speculation and excessive risk-taking and to make the financial sector increase its contribution to the growth of real economy and to national budgets. Governments should:

- Take effective and binding measures to eliminate “too-big-to-fail” financial institutions in line with the G20 commitments undertaken in Cannes. This would include, but not be limited to, structural measures to limit the complexity of financial operations and separation of trading and investment banking from other banking activities;
- Introduce a Financial Transactions Tax;
- Introduce a Global Floor for Corporate Taxation;
- Regulate private pools of capital, among others, private equity, infrastructure funds and hedge funds, with the inclusion of reporting and transparency requirements;
- Regulate all over-the-counter (OTC) derivative trading;
- Preventing speculation in food markets by limiting trading to traders from the food industry, setting position limits and similar measures to curb short-termism on other markets and reviewing the functioning of the credit default swap markets;
- Take measures to effectively eliminate high-frequency trading;
- Expand International Financial Institutions’ (IFIs) crisis assistance facilities to better reflect the weight of developing countries in the global economy;
- The IFIs should promote reforms that enhance social inclusion and promote decent work;
- Promote financial inclusion so as to improve SME’s access to capital. SMEs account for the vast majority of global employment.

## **III. Social Protection Floors (SPFs) for formalisation**

The Social Protection Floor was welcomed by the G20 in Cannes. The priority is to have the G20 promote action for implementation of social protection floors both in G20 and in other countries. The provision of a guaranteed minimum income throughout one’s life is a complex process that might require a major administrative reform aiming at registering population, economic activity and entitlements as well as establishing agencies for the transfers and public services. Establishing SPFs is an opportunity to formalise the informal parts of the economy with a view providing for its financial sustainability.

- Creation of an interagency mechanism involving all relevant UN agencies, IFI and regional entities to promote the realisation of the SPF at global, regional and national levels, as advocated by the UN Bachelet report;
- Establish a global fund for social protection floors in LDCs and low-income developing countries under the supervision of the interagency mechanism, available through the G20, the World Bank and multilateral development banks;

- Establish a technical cooperation component for the interagency mechanism mandated to promote national action plans for the formalisation of unaccounted economic activity through organising of professional associations and conglomeratisation, lower taxation schemes for newly registered enterprises, publicly provided training programmes, competitiveness programmes, publicly subsidised social protection schemes in insurance as well as finance and loans' programmes;
- Set up an official social partners cooperation to assist the interagency mechanism with concrete proposals for the achievement of formalised economic activity and decent work through global value chains, increased productivity, increased added-value, innovation and technological change;
- In addition, increasing cooperation between the ILO and IMF on supporting the creation of fiscal space;
- Assisting a self-selected group of pilot countries to implement a SPF with accelerated speed with the support of all relevant international organisations;
- Full integration of the SPF approach into the World Bank's Social Protection strategy 2012-2020 as well as in the social protection programmes of regional development banks;
- Endorsing the proposal that all G20 governments have as a minimum a social protection floor, based on relevant ILO standards, in place by 2020.

#### **IV. Development**

The goal is to promote a coherent global agenda to achieve development through the creation of jobs of high productivity with social protection and fundamental rights at work.

- The G20 should pioneer Impact Assessments on Employment and other social aspects as well as the environment before every international trade and investment agreement, and refrain from concluding trade and investment agreements that have major adverse impact on workers;
- UNCTAD, ILO and UNIDO should establish a cooperation to create new economic modelling to assess the impact of international trade and investment on value-adding and industrialisation as well as social development, broadly defined;
- Create strategies to accompany trade and investment opening with social policies for re-education and training as well as social safety nets including unemployment insurance and benefits;
- Embed social conditionality with capacity building and enforcement mechanisms in trade and investment agreements so as to provide for constant improvement of labour standards and improved standards in environmental protection and natural resources management;
- As the current discourse shows, the reinstatement and reinforcement of industrial policy to promote the creation of new capacity for economic activity is imperative;
- Developing countries should limit costly policies to attract foreign capital and redirect resources to building infrastructure, institutional capacity and human resources and provide support, including through subsidies, to small and medium locally-owned production structures in agriculture, manufacturing and services;

- Maintain and strengthen their commitments regarding Official Development Assistance (ODA) in priority to achieve the MDGs;
- They must meet commitments on universal access to HIV and AIDS prevention and treatment, particularly to break the link of poverty and renewed economic insecurity to increased rates of HIV transmission.

