



# L20 PRIORITIES

## FOR THE G20 SUMMIT

**OSAKA, JAPAN, 28-29 JUNE 2019**

Since the G20 Leaders meeting in Buenos Aires, signs of a renewed slowdown in global economic growth continue to accumulate while economic inequality, global financial risks and climate instability have worsened. The share of labour income in GDP is declining and wages have stagnated compared to productivity. Millions of workers are earning below what is needed to live a decent life, and are further seeing the value of their wages eroded by inflation. Inequality is high and rising, posing a major threat to social cohesion and inclusive economic growth. The UNCTAD warns that global debt is three times global output. Grossly imbalanced income distribution forces households to cover their budget gaps with debt, and so do governments to plug deficits deriving from massive tax evasion and avoidance. Meanwhile, a recent OECD report stresses that corporate bond debt now stands at 13 trillion dollars, double the amount of before the financial crisis. Substantial amounts of corporate debt are to expire in the next few years. If the slowdown in economic momentum links up with these financial vulnerabilities, a deeper-than-expected crisis could be the result.

Digitalisation could create enormous opportunities for all; however, like in many other domains, it is a small elite which is driving the transformation, including by capturing big data and networks. There are no guarantees that technological change will lead to increases in social upgrading for working people, families and communities. Transitional costs in the form of job losses, worsening working conditions, and increasing gender and other inequalities should not fall on workers.

Most importantly, the climate crisis threatens the livelihoods of billions

people and it already forces millions to migrate. Scientists warn that the cost of inaction or further delays will be much higher, especially for vulnerable people in developing, transition and industrial economies.

The G20 and other governments, together with the social partners, must intensify efforts towards effectively addressing these challenges and delivering on the SDGs, especially Goal 8 on full and productive employment and decent work for all, and Goal 10 on reducing inequality. The G20 Leaders bear a heavy responsibility but also great influence in order to lead the international community into success.

A New Social Contract is required, to reduce precariousness and inequality produced by the current global economic model, and restore people's faith and trust in governments and institutions. . A Universal Labour Guarantee includes the ILO Fundamental Principles and Rights at Work - freedom of association and the right to collective bargaining, and freedom from forced labour, child labour and discrimination of all types- along with a living wage, working-time sovereignty and safety and health standards.

The 2030 Agenda defines workers as agents of development; therefore, this should promote and enhance their actions in the design, implementation and evaluation of public policies on national, regional and global level. To achieve the objectives of Agenda 2030, the G20 must implement all past commitments on decent work, respect for and promotion of the right to organise and collectively bargain, and all fundamental rights at work.

Further to this, the G20 Leaders should:

### **In order to promote Decent Work**

- 1. Guarantee minimum living wages and collective bargaining.** In order to create an environment where everyone can earn sufficient wages to live in dignity, governments, together with social partners, must ensure minimum living wages based on the cost of living with regular updating to take into account inflation. As agreed under the Turkish Presidency, the G20 should monitor and reverse the negative evolution of the labour income share. Furthermore, it is essential to ensure and promote collective bargaining rights on wages, including at sectoral level, to ensure fair remuneration and compensation of working people. Extending the coverage of collective bargaining agreements can be done by supporting trade unions to reach out to workers, including workers involved in non-standard or new forms of work.
- 2. Promote social dialogue for social cohesion with peace and democracy.** Social dialogue is a democratic process or mechanism to ensure sustainability and inclusiveness in socio-economic development and it strengthens

accountability and transparency. In order to promote real social dialogue, the G20 should build and reinforce effective institutional frameworks based on full respect for freedom of association and right to collective bargaining.

- 3. Ensure the right to social protection.** Establish adequate social protection floors, and expand and extend social protection benefits, in line with ILO Convention 102 and Recommendation 202, to achieve universal coverage. Address coverage gaps for workers in non-standard forms of work and those in the informal economy. Ensure adequate, predictable financing for social protection while measures to promote the sustainability of social protection spending must not jeopardise workers' access to social protection nor the level of adequacy. Increase the portability of social security contributions and benefits through regional and multilateral mechanisms.
- 4. Remedy long working hours and expand time sovereignty.** Workers need greater autonomy over working hours, with limits on maximum hours of work. Guaranteed minimum hours should moreover be set to provide greater economic security for workers under variable-hour contracts and those that are underemployed. Abolish "zero hour" contracts. Regulate to enable to the right to disconnect.
- 5. Realise equal treatment in employment.** Eliminate discrimination on grounds of the employment relationship, origin and gender through robust equal treatment legislation and effective enforcement measures. Address misclassification of workers by employers who deliberately attempt to avoid employment regulation and their obligations therein, as well as and fiscal or para-fiscal contributions.
- 6. Extend legal protections to informal workers.** Increase efforts to formalise of the informal economy, in line with ILO Recommendation 204, and extend labour law protections for workers performing economic activities informally. Strengthen labour inspectorates, especially in the sections dealing with informal work. In addition, with the development of platform businesses, extending labour law protection to vulnerable or bogus self-employed workers and workers in dependent employment relationships is both a national and a cross-border issue.
- 7. Protect migrant workers' rights.** Implement the UN's Global Compact for Safe, Orderly and Regular Migration (GCM) and double efforts to combat the smuggling of migrants and human trafficking by implementing the Palermo Protocol. Ratify and implement ILO Convention 143, which extends coverage to workers regardless of their status as regular or irregular. Migrant workers should be informed of the rights and rules concerning labour-related laws, social security systems, and so on, in their first language or in a language they can understand. For instance, a one-stop consultation and support structure where migrant workers can use their first language would help them. Strengthen law enforcement and labour inspection in order to guarantee

migrants' rights protection and prosecute employers who do not comply with laws and regulations. Also, the abusive kafala system in Gulf countries should be immediately abolished to put an end to this especially pernicious form of modern slavery.

- 8. Guarantee workers' rights in global supply chains.** Implement past commitments on supply chains and take immediate measures to address unfair wages, unstable employment, informal work, child labour, forced labour, and human trafficking in supply chains. Enforce corporate responsibilities concerning human rights and environmental protection and ensure compliance with international rules adopted by the UN, ILO and OECD, including by increasing social dialogue and workers' representation. The G20 should lead by requiring mandatory human rights due diligence and the implementation of the UN Guiding Principles on Business and Human Rights.
- 9. Increase public investment in the care economy.** L20 research shows that public investment in the care economy has immense potential for job creation, increased job quality, and formalisation with a particularly 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 job opportunities. By supporting women's labour market participation, such measures can also help to counteract a shrinking labour force in the context of demographic ageing. Investment in the care economy boosts growth and reduces inequality. Ratify and implement the Domestic Workers Convention to formalise millions of jobs held in a high proportion by women who suffer abuses, and lack access to social protection and minimum safety measures at work.

**... to further promote gender equality**

- 1. Eradicate gender-based violence.** Support the development and adoption of a new ILO Convention and a Recommendation on violence and harassment in the world of work, and take all measures to identify, prevent and remedy gender-based violence, including in criminal, civil and labour law, and promote the use of domestic violence leave through legislation.
- 2. Promote gender equality in the labour market and mainstream gender considerations in all policy-making.** We call for a workplace environment, including through laws and other institutions that prevents and prohibits discrimination and harassment, promotes equal pay for work of equal value, and ends occupational segregation, glass ceilings and limitations to the professional promotion of women.

**... to achieve a Just Transition to a carbon neutral economy**

- 1. Promote a Just Transition to mitigate climate change.** The Intergovernmental Panel on Climate Change has shown that global temperature has already risen by approximately 1.2 degree Celsius from the pre-industrial level. In order to reach the internationally agreed 2°C objective and have a chance to stay within the 1.5°C limit, emissions would need to fall by about 45% from 2010 levels by 2030, reaching net zero around 2050. The key to these ambitious policies lies in the implementation of Just Transition measures that take fully into account the social impact of climate policies and the impact on workers and their families.

**... to guarantee that technological innovation benefits all**

- 1. Create an international framework for human-centred technological innovation.** Lead an initiative to create a global normative framework for transparent data administration, the protection of personal data and its privacy, the regulation and law enforcement in cyberspace, digital industrialisation and the bridging of digital divides, the breakdown of monopolies, and the protection of workers' rights and participation on the introduction and application of new technologies. The announced World Trade Organisation (WTO) e-commerce negotiations risk impeding the attainment of all these goals because they aim at introducing disciplines on governments' competence to regulate and effectively enforce their laws. The G20 should launch a multilateral effort outside the WTO to, *inter alia*, create a minimum standard for personal data protection, access, and use, including workers' data, protect workers' rights in face of often-discriminating algorithmically generated decisions, and regulate the taxation of digital activity.
- 2. Prepare the workforce for the adoption and diffusion of new technologies.** In guaranteeing fair and equitable employment in the digital era, the G20 should lead in adopting the Universal Labour Guarantee as prescribed by the ILO Commission on the Future of Work. We need to achieve a transition where opportunities such as job skill development, education, and lifelong training are equally provided to all. Immediately start improving and expanding their social protection systems to be ready to deal with the loss of employment and worker mobility resulting from the digitalisation of operations. Support the inclusion of a New Social Contract and the Universal Labour Guarantee in the Declaration expected to be adopted at the 2019 International Labour Conference.

**3. Take early measures to ensure labour rights and collective bargaining for platform work.** Platform companies use non-standard forms of work to avoid responsibility for employment relationships and their fiscal obligations. Governments should close these governance and regulatory gaps and ensure that workers in such jobs enjoy all labour rights in line with the Labour and Employment Ministers' Declaration of September 2018. In particular, competition law in several jurisdictions should not stand in the way of the ILO's fundamental right of all workers to collective bargaining, irrespective of their employment arrangements. Recognising an employment relationship between platform employers and workers would enable workers to enjoy labour rights.

**... to eliminate tax evasion, avoidance and tax dumping**

**1. The G20 governments and their jurisdictions that facilitate tax evasion and avoidance should stop doing so.** Certain members of the G20 and jurisdictions within G20 members must immediately redesign their tax structures so as to start collecting taxes themselves and enable other countries to do the same, instead of competing to attract financial resources by means of secrecy, anonymity, low tax rates, letterbox companies and other schemes.

**2. Take all other possible actions against tax avoidance/evasion with a sense of urgency.** Individuals and multinational companies are using tax havens to reduce government revenue that could have otherwise be funding climate action, social protection, public services and other vital needs. The L20 proposes taxing the global profits of multinational enterprises on the basis of a formula apportionment, which would treat multinational enterprises and their subsidiaries as single entities. A formula apportionment is particularly relevant to tax businesses which, in the light of increasing digitalisation, rely heavily on intangible assets that are hard to value and easy to shift from one jurisdiction to another. Value must be taxed where it is created. The race to the bottom in the form of ever reducing corporate tax rates must stop and a minimum global tax rate should be established in the G20 and beyond. The L20 also renews its calls for a public country-by-country reporting and empowering national tax administrations with the necessary staff and physical resources and training. The BEPS initiative therefore needs ambitious reform. All nations need to work together to discuss the international taxation system and ensure better international cooperation for tax avoidance prevention.

- 3. Introduce progressivity in taxation.** The G20 should lead the global community by introducing progressive taxes in order to create the basis for a fair economy, increase budget resources, and redistribute income.

**... and to reinforce the global trading system.**

- 1. Undertake an ambitious and necessary reform of the WTO to include labour and environmental standards application.** In international economic activities, the L20 calls for better-quality economic cooperation in a fair multilateral trading system that promotes sustainable economic development for all nations, environmental preservation and protection, compliance with core labour standards of the ILO and improvement of workplace safety and health. The global trading system needs to support the realisation of the New Social Contract and the Universal Labour Guarantee.
- 2. Guarantee policy coherence between the ILO and the IFIs, and other institutions of global governance.** Fostering a fair economy requires coordinated policies between the ILO, the World Bank and the IMF where the financial governance institutions support the achievement of the goals of the ILO Declaration on Social Justice for a Fair Globalisation and the Declaration of Philadelphia instead of addressing recommendations that contribute to greater poverty and inequality.

In the absence of a strong policy coherence mechanism, such as a joint Labour and Finance Ministers Meeting, in combination with a strong input from social partners, there is a risk of contradictory outcomes between the G20 employment and finance track deliverables – in particular regarding the priority areas for structural reforms. It is important to sustain and enhance stakeholder consultations, and in particular engagement with social partners, including on a G20 Leaders level, as has been good practice in several past G20 Summits.

The G20 Leaders have a major responsibility to lead by example and build consensus into multilateral fora in order to coordinate policymaking and implementation at the global level. They should aim to urgently address a series of immediate global threats, including climate change, extensive work precariousness, extreme wealth concentration, financial speculation and instability, high levels of indebtedness, the corporate tax race, persisting unemployment, and the many forms of inequality that are on the rise.



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