



L20 – Priorities for German G20 Presidency, 2017

Globalisation and interconnectedness, coupled with exponential technological progress and innovation, have created incredible wealth but left too many working people marginalised and fearful of an insecure future. And just as the global economy is in trouble so too is the the global workforce and the result is profound mistrust.

A global labour force in trouble

The dominant global trade model of supply chains is a model of labour arbitrage.

MNEs are outsourcing responsibility, creating a hidden workforce of up to 94% of workers.

- The majority are in low paid, insecure, often unsafe work.
- 40% are in informal work with the majority being women and young people.
- Up to 45 million are in modern slavery.

A global economy that works for everybody

The opportunities to grow sustainable economies, together with social protection, secure jobs and decent living wages exist, but we need the G20 leaders to drive urgent and co-ordinated action.

Previous G20 commitments are still a significant part of the answer:

- Investment in infrastructure means jobs, and in low carbon infrastructure it means action on climate. But in addition we need investment in the care economy - child care, aged care, health and education which has a huge jobs dividend, even greater than construction. It is also vital to freeing women to increase participation.
- Reducing the growing disparity between productivity and the labour income share.
- Increased participation of women and young people, with support for skills including apprenticeships and reducing the pay gap for women.
- Formalising informal work, eliminating slavery and human and labour rights in supply chains.

SDG Goal 8 lays out the commitment to employment and decent work, and the German Government has laid out a labour ministers' agenda for just that:

- Social protection
- Minimum living wages
- Collective bargaining
- Rights in supply chains

Accompanied by the promise of measures to integrate women, young people and refugees into the labour market, this is a critical part of a leadership agenda for the G20. Thus we ask that the leaders reference the labour leaders recommendations in these areas', and given the global economic consequences, make specific reference to corporate responsibility for due diligence in supply chains.

The imperative to clean up global supply chains

Responsible investment and rights in global supply chains must be a centerpiece of the global rule of law.

As a first step we ask the G20 leaders to reference and commit to:

1. Re-affirming their commitment to implement the UN Business and Human Rights Principles with the responsibility for due diligence, grievance procedures and remedy.
2. Endorsing the OECD Global Due Diligence Guidance.
3. Supporting a G20 initiative to reform global governance and strengthen the social dimension of globalisation, with a tripartite summit ahead of the leaders' meeting of the Argentinian Presidency.

We hope the labour ministers will recommend strengthening judicial and non-judicial access to grievance procedures and remedy, including the OECD Guidelines for Multinational Enterprises, by introducing consequences for companies that flout the complaints process. Promoting the ILO MNE guidelines is complementary to this.

Enforceable provisions on labour rights and investors' responsibilities are needed in trade and investment agreements, as is ensuring that the stated G20 principle of "fair, open and transparent" alternative dispute settlement measures offers access for all constituencies and covers the rights of all stakeholders.

This will inspire hope for working families and ensure that the world's people are on your side.

82% of people hold companies accountable for the actions of their subcontractors and 77% want companies to be open and transparent about their subcontractor" (ITUC Global Poll 2016).

The \$80billion CSR industry has failed. We need the rule of law to hold companies to account on rights and on environmental standards.

Wages

And then there is labour income share:

There can be no argument that universal social protection, minimum living wages and strengthened collective bargaining systems will reduce inequality and ensure inclusive growth. The gap between wages and productivity is huge and it is continuing to grow.

There is no excuse for poverty wages!!

Every worker in the Apple supply chain creates \$17,000 annual profit. Just a \$50 per month increase for Asian workers is a mere \$600 of that!

In Guatemala, a unionised box of bananas costs \$7 while an exploitative box of bananas is \$5. Decent work costs less than 2 cents per banana.

In Honduras women doing backbreaking work growing melons make 16 cents per melon. 3 cents more would mean a living wage.

The leaders of the G20 represent nations and corporations that control some 80% of production and thus can both alleviate terrible hardship for working families and increase demand by championing just wages.

The future of work

This G20 Presidency has also recognised that digitalisation is growing exponentially and that despite new opportunities, decent work will be further threatened in the absence of labour rights and employment protections. Both employers and unions agree that fundamental rights and standards along with social protection and minimum wages apply to all forms of work. Digitalisation requires employment protection, skills, minimum living wages and the consideration of a basic income guarantee as part of a broader package of universal social protection floors.

Climate Change

Climate Action is without doubt a global priority that requires the leaders' attention. By investing in action on climate and just transition, a sustainable future with jobs and inclusive growth dividends is possible. We urge you to:

1. Reaffirm the Paris agreement and core elements including the long-term goal of a zero emissions and just transition measures for climate resilient economies and restate the need to increase ambition
2. Agree that NDC plans should become development plans as seen here in Germany and that they include Just Transition measures to prevent workers and communities being stranded.
3. Build on the China G20 conclusions on integrating climate risk into financial decisions through endorsing the Financial Stability Board recommendations for disclosure and look towards mandating them.

Tax reform

Finally we urge you not to waver on tax reform: rather we support leaders to:

- Reactivate an official list of tax havens with a clearly defined set of sanctions
- Require beneficial ownership transparency, and
- Ensure public reporting by MNEs

Thank you.