

G20 SHERPAS MEETING TURKEY

15 December 2014

L20 Statement

Thank you for this invitation to speak on behalf of the Labour 20 at today's meeting.

Since the outbreak of the financial crisis, the global trade union movement – now formalised through the L20 has been engaged in G20 processes to ensure that the voice of working people is heard in the important governance process that is the G20. Unfortunately many of the concerns that we have voiced from the beginning - lack of growth, joblessness, rising inequality, climate change are just as important today as they were in 2008. So you can expect that we will be bringing those issues again to the table in the month ahead. The Turkish L20 Steering Group has been constituted and is composed of the three main Turkish trade union centres: TÜRK-İS DISK and HAK-İS, working closely with ITUC and TUAC so as to ensure the continuity with the past and future G20s, but also to ensure that we bring you the voice of the global trade union movement and not just a one country or group of countries. The L20 will continue to prepare inputs to all G20 meetings, including Leaders, Ministerial, Sherpa, Employment Working Group, Finance Track and all other issue-specific meetings throughout the coming year.

We believe that a sustainable future requires new economic thinking. Central to this is our commitment to: Full Employment, Fair Wages, Tax Justice, a regulated Financial System, a just transition to a Low-carbon Economy, and a new Trade and Investment Model towards Inclusive Development and social upgrading in global value chains.

We held our own **L20 summit** in Brisbane last month and had important discussions on how to achieve G20 growth targets with joint sessions with the B and C20 on common objectives. The IMF, OECD, the World Bank, Financial Stability Forum and the ILO joined us for discussions.

The L20 had several useful consultations with leaders on a bilateral basis, but hope that next year we can also return to a consultation process of both social partners with the Leaders themselves will be restored under the Turkish Presidency as was developed in Los Cabos and Saint Petersburg. If you shut yourself away with only business leaders – you will get one view – and important view – but labours view is important as well – especially as trust by citizens in governments and elites in general is at an all-time low.

To move forward, it is important to reflect on the outcomes of the Brisbane Summit. The L20 identified some encouraging actions but also gaps that need to be addressed next year:

- I. It is positive to see that the **commitment to raise growth by 2.1%** was made. However, the models on which the claims are based are flawed in assuming full employment and ignoring the current shortages of demand. A revision of these models against the country commitments made will be essential.

The OECD Economic outlook released for the Brisbane Summit confirmed that austerity and depressed wages are holding back the pace of recovery rather than helping it. We therefore welcome the fact that the Leaders' declaration presents a more balanced view on fiscal consolidation – with the need for flexibility recognised. The support for **enhancing aggregate demand** in the Leaders Declaration is also noted. In previous years, however, there was a lack of follow-up action on such commitments.

- II. **Monitoring of commitments** will equally be important for achieving policy progress and coherence. The OECD/ IMF peer-review process is a good step forward but needs to be open to other stakeholders and international organisations to ensure a balanced assessment of the policy commitments.

The L20 and its national trade union centres will initiate a detailed assessment of the growth plans. Our Tracking report for Australia showed that the majority of policies from the Saint Petersburg Action plan do not have a direct or positive impact on workers.

- III. It is therefore of utmost importance that G20 growth plans contain **jobs targets** – unemployment will not be falling next year in most G20 countries unless there is concrete action on quality jobs creation. This especially concerns the promotion of a qualified and employed youth work force. The L20 has worked together with the B20 on scaling up quality apprenticeships and we now look to G20 governments to create legal frameworks and take action to promote apprenticeships and training.

In regard to other Summit outcomes, we are supportive of the **commitment made on increasing the female labour market participation rate by 25 % by 2025** as well as of the **Declaration on Safer Workplaces**. Turkey faced the biggest mine disaster in the country's history that took hundreds of lives this year. This cannot go on. The L20 is therefore ready to contribute to the next operational steps on safer workplaces.

Brisbane, regrettably, also displayed gaps. The most glaring was the missing discussion and commitments on **rising income inequality**. We need to reverse the ongoing and illegitimate decline of the wage share in national incomes. Newest economic data confirm that inequality hampers growth; it is not just a mere moral issue. Rising wages will result in greater purchasing power and ultimately in more resilient and higher growth. It is good news to see that the Turkish presidency will put inclusive growth and inequality on the agenda. We need to implement previous commitments made on **strengthening collective bargaining and labour market institutions**.

As part of our recommendation for a balanced policy mix, the L20 has been calling for policies promoting **infrastructure investments** and therefore welcomes the commitments that have been made in Australia. The L20 is ready to work with other stakeholders to try to ensure that there is an increase in **public sector investment**, also through pension funds and institutional investors.

Achieving tax justice is another central demand on our behalf. The L20 therefore welcomes the re-endorsement of the **BEPS action plan and the Common Global Reporting Standard**.

Timely implementation of the BEPS Action Plan will be essential. With less than 12 months remaining and with a very dense agenda in the first half of 2015, the commitment to raise capacity building and resources should be urgently fulfilled.

Other **missing issues that need a collective G20 response in 2015** are:

(1) **Social upgrading in global value chains**, which includes the implementation of labour and human rights standards to avoid disasters such as Rana Plaza but also to lift workers in developing countries out of poverty or slavery through decent living wages and good working conditions. In this regard, it is important that the Turkish presidency committed to ensure the representation of developing countries in G20 processes. Even more so in view of the final stages of the post-2015 process and the subsequent implementation of the new Sustainable Development Goals (SDGs).

(2) **Climate change** was forced onto the Australian Summit agenda at a very late stage. The G20 needs to use the remaining time until the Paris climate summit to commit to moving towards a low-carbon economy by initiating G20 cooperation on just transition strategies.

(3) Lastly, **financial regulation** no needs to ensure that the financial system supports the real economy and not speculation..

Going forward, policy coherence needs to be strengthened and we would urge you to hold a further Joint Labour and Finance Ministers Meeting in 2015 and underpinned by coordinated policy packages through increased cooperation between the G20 Employment Working Group and the Finance Track.

It is essential that the consultation process is strengthened under the Turkish Presidency. Besides that, the L20 and B20 are in continuous dialogue with each other, the latest result of which, you have seen with the joint letter to Leaders on common priorities.

With that being said, the L20 hopes for a constructive and productive year under the Turkish presidency that involves unions in implementation procedures and dialogue to bring in the voice of workers to the G20.