

TUAC	trade union advisory committee to the
OECD	organisation for economic cooperation and development
■ CSC	commission syndicale consultative auprès de
OCDE	l'organisation de coopération et de développement économiques

OUTCOME OF THE GLENEAGLES G8 SUMMIT 6-8 July 2005

EVALUATION BY THE TUAC SECRETARIAT

1. Heads of States and of Governments from G8 countries met at Gleneagles Hotel in Scotland from 6-8 July, together with leaders from African countries, from China, Brazil, India, and Mexico as well as with representatives of the IMF, World Bank, WTO, UN and the International Energy Agency (IEA), to discuss policies fostering sustainable development in Africa, in particular the eradication of poverty by implementing debt relief and strengthening institutions and governance. A second major item on the Gleneagles agenda focused on the urgent need to raise the profile of climate change as a matter deserving the urgent attention in the G8 and outside it. The objective was to promote an international consensus on the need for further action to control emissions of greenhouse gasses. The UK government, hosting and chairing the summit, had suggested three broad aims for climate change in the G8 in 2005: to set out a clear direction for policy, based on scientific consensus; to agree a package of practical measures, focusing on technology; and to work in partnership with the major emerging economies to agree on how to deal with the challenge in the future. In addition to the main themes of Africa and Climate Change, the summit also discussed: the fight against terrorism; restricting the proliferation of weapons of mass destruction; and the promotion of stability in the “Broader Middle East and North Africa”.

The run up to the 2005 Gleneagles summit: Increasing pressure from civil society

2. The run up to the Summit involved civil society organisations more in the process of preparation than at previous summits. In order to increase public support for its agenda on Africa, the UK government encouraged mobilization, in particular by the Global Call to Action against Poverty, the Make Poverty History campaign and Live 8 concerts. Although there was not a serious opportunity for civil society organizations to take part in the central deliberations of the G8, it is fair to say that civil society exerted real pressure to some extent and influenced the agenda and outcome. Through its involvement in the Global Call to Action Against Poverty (GCAP), the international trade union movement also pressed strongly for debt relief to the poorest countries, increased international development aid, and a more just global economy. However efforts to get growth, employment and decent work more centrally into the summit discussions and communiqué failed.

3. National trade union centres from G8 countries and international union organizations submitted a statement prepared by TUAC to the G8 in advance of the summit. The statement pointed to the need for “decent and sustainable jobs and livelihoods throughout the global economy”, stressing that: decent work based on respect for core international labour standards must be placed at the core of socio-economic policy and national employment and poverty reduction strategies, taking into account age, gender equality and equity. Informal work must be brought into the legal economy; developed countries must meet the UN target for allocating 0.7 per cent of GNP as official development assistance and join the proposed International Financial Facility, with 100 per cent debt relief for the poorest indebted

countries that respect human rights; priority must be given to investment in education, health and access to clean water; the exploitation of child labour must be eliminated and all children be in school instead of work; trade negotiations must be accompanied by an ongoing assessment of their impact on employment, with international funding and short-term safeguard measures where necessary to address the disarray following, for example, the end of the textile quotas; there must be effective plans of action for sustainable energy use including a mix of clean and green energy sources; new jobs must be created in clean energy technologies, such as renewables, clean coal, advanced technology vehicles, nuclear power, natural gas, and conservation; economic adjustment programmes must be implemented to help affected workers and communities make the transition to good, new jobs and sustainable economic growth (to mitigate the short-term economic dislocations that will result from climate policies, especially in the developed economies).

4. The statement also highlighted the devastating consequences of the HIV-AIDS pandemic. This was supplemented by a Joint Declaration agreed in June between the ICFTU and the International Organisation of Employers, pledging to work together to tackle the HIV-AIDS pandemic, and calling on the G8 to establish a permanent working group on HIV-AIDS to report annually to G8 leaders.

5. During the run-up to the Gleneagles G8, in a number of countries, among them Canada, France, Germany and the UK, trade union delegates met with the ‘sherpas’ – the government officials in charge of planning the G8 summit. In France, Japan and Russia trade union delegates also met with the Head of State or Government to discuss the G8. A delegation of trade union leaders from G8 countries, Africa and the international trade union organisations met on 28 June with UK Prime Minister Tony Blair in order to discuss the Gleneagles G8 agenda. They assured the Prime Minister that his efforts on poverty in Africa and climate change had the support of working people worldwide. But they also reiterated that quality work - with decent wages, workers’ rights and skills development - was needed for lasting solutions to global poverty and a better environment. They suggested that the final communiqué should state clearly that “the social dimension of globalization needs good governance, responsible entrepreneurial action, effective social partnership and the promotion of decent work”.

6. At the end of the meeting, the Prime Minister said that all the points made by the union delegates had been noted, including those on decent work and labour standards, and he would do his best to accommodate as many of them as possible. But he also made it clear that there were differences of approach amongst the G8.

Summary of conclusions: -

G8 Agreement to boost aid for Africa

7. The Chair’s conclusions on Africa emphasized that the G8 leaders agreed:

- To provide extra resources for Africa’s peacekeeping forces;
- To give enhanced support for greater democracy, effective governance and transparency, and to help fight corruption and return stolen assets;
- To boost investment in health and education, and to take action to combat HIV/AIDS, malaria, TB and other killer diseases shifting the objective of universal access to medicines by 2010;

- To stimulate growth, to improve the investment climate and to make trade work for Africa, including helping to build Africa's capacity to trade and working to mobilise the extra investment in infrastructure which is needed for business.

The G8 leaders agreed to back this plan with substantial extra resources for countries which have strong national development plans and are committed to good governance, democracy and transparency. Moreover, they agreed that poor countries must decide and lead their own development strategies and economic policies.

8. Potentially the most significant outcome of the Summit was that G8 leaders agreed to double aid for Africa by 2010. Thus, according to prior commitments, aid for all developing countries is expected to increase by around \$50bn per year by 2010, of which at least \$25bn extra per year should be for Africa. However, their agreement on Africa also emphasized that some of the additional resources required for sustained and consistent progress in areas like strengthened peace and security, better governance, improved healthcare and education, enhanced growth, access to markets, and capacity to trade, "can and should come from developing countries' domestic resources, FDI and other private flows and increased trade. This will increase as developing country economies grow. The primary responsibility for this lies with developing countries themselves."

9. In line with agreements previously achieved among Ministers of Finance, the G8 leaders also agreed that that all of the debts owed by eligible heavily indebted poor countries to IDA, the International Monetary Fund and the African Development Fund should be cancelled. However no agreements were reached at G8 level on new methods for providing development finance. The much heralded International Finance Facility (IFF) proposed by the British Finance minister, Gordon Brown and the proposals for levies on air tickets supported by France and Germany are to be followed up by a working group of some G8 countries and other countries.

A "New Dialogue" on climate change

10. In contradiction to his comments in the run-up to Gleneagles, President Bush finally gave his backing to the G8 statement underscoring "that climate change is happening now, that human activity is contributing to it, and that it could affect every part of the globe". A further agreement on the need "to take urgent action" is set out in the "Gleneagles Plan of Action" on climate change, clean energy and sustainable development. According to the plan, the G8 will take forward actions in the following key areas:

- Transforming the way we use energy
- Powering a cleaner future
- Promoting research and development
- Financing the transition to cleaner energy
- Managing the impact of climate change
- Tackling illegal logging

However, the agreement doesn't comprise any strong and precise commitment regarding actions required to tackle climate change. Moreover, it fell far short of the targets and timetables required for an effective and immediate reduction of carbon dioxide emissions. Instead, the G8 announced that it will take measures to develop markets for clean energy technologies, to increase their availability in developing countries, and to help vulnerable

communities adapt to the impact of climate change. Moreover, a new Dialogue between the G8 nations and other countries with significant energy needs was suggested.

Other issues

11. G8 leaders also discussed briefly the outlook for global economic growth, which they expect to remain robust. At the same time they admitted that maintaining growth is a challenge, particularly endangered by high and more volatile oil prices, which should be addressed by concrete actions to reduce market volatility. However, whether that can be accomplished by a mere provision of “more comprehensive transparent and timely data” seems to be highly doubtful. It was announced that the 2006 G8 Summit to be hosted by Russia will focus on energy issues.

12. The opening of the Summit was inevitably overshadowed by the terrorist attacks on London. At the outset G8 leaders issued a statement indicating their resolve to intensify the fight against terrorism as a key priority for the G8. The determination to combat all forms of terrorism and to strengthen international cooperation was underscored. The G8 also renewed its commitment in leading international efforts to counter the proliferation of weapons of mass destruction.

Assessment of the outcome of the 2005 Gleneagles G8 Summit

No new Marshall Plan for the poor

13. The Gleneagles Summit could not be expected to “make poverty history” at once. The presentation of the conclusions by the chair received a mixed reaction. The agreement on debt cancellation and to boost aid for Africa provides an important and welcome step in the right direction, it is nevertheless insufficient. The Chair admitted the limitations of the agreement by saying that the agreement “does not change the world tomorrow” but as a significant expression of the G8’s will it should be seen as “a beginning, not an end”.

14. The agreement by the G8 on debt relief and increasing aid levels is a major event, but debt relief should be viewed as just a start. As Joseph Stiglitz has commented on the G8 agreement on Africa, “we should not be fooled; much of the debt would not have been repaid in any case”. It is also important to note that more debt relief, encompassing more countries, is needed.

15. With regard to the pledge to boost aid it must be emphasized that only a part of the amount of \$25bn a year promised to Africa is genuinely new money. According to tentative calculations by the *Make Poverty History* campaign, of the \$50bn increase, only around \$20bn can be taken as new money rather than existing pledges, and some of that will be borrowed from future aid budgets. Despite the promised boost on aid a substantial gap remains between that pledged and the UN target of 0.7 per cent of GNP by most of the G8 countries. Moreover the much heralded proposals for developing new sources for development finance such as the IFF or international levies have been trusted to a working group rather than being moved forward at G8 levels. Groups of G8 and other countries are expected to move ahead on some initiatives independently. A minimalist agreement on a pilot IFF to finance vaccination programmes in Africa was apparently not considered at reach by G8 members. According to the French president’s de-briefing of the summit, this pilot IFF

programme could well be launched in the near future together with a voluntary contribution programme on airline tickets (pilot international tax). Further developments are expected at the upcoming UN Millennium Summit in New York

16. Aid and debt relief on its own will do little to ease Africa's problems as long as the world's poorest continent lacks the infrastructure and controls to ensure donor money is used properly. The Gleneagles G8 agreement on Africa does not move towards a new paradigm regarding development. The agreement on Africa emphasizes that "private enterprise is a prime engine of growth" and that "African countries need to build a much stronger investment climate."

17. While welcoming the aid boost and debt cancellation, the trade unions nevertheless are concerned that only countries which accept stringent IMF/World Bank conditionality will be eligible for debt relief. Debt relief and additional aid must not be used simply to push developing countries to boost private sector development and attract foreign investment, but also to meet urgent social and infrastructure needs.

Missing - decent work and workers' rights

18. The agreement fails to address the need to combat unemployment, to create jobs and to provide decent work. As far as unemployment in Africa is concerned, the agreement dwells exclusively on the important but only partial question of youth unemployment. The shortage of jobs for youth in Africa is certainly appalling, with youth unemployment rates of 25,6 per cent in North Africa, and 21 per cent in Sub Saharan Africa, compared with rates of 7 per cent in East Asia and 13,4 per cent in the industrialized economies. It is needless to say that the problem of the dearth of decent work for youth in Africa is a severe one and needs to be acted on.

19. The promises made on "Investing in People", in particular by supporting African countries to ensure that by 2015 all children have access to and complete free and compulsory primary education of good quality, and have access to basic health care, are welcome. However, the focus on education and training issues remains incomplete. It does neither address the issue of how to build and finance the infrastructure required in order to make the promised education for all a reality by 2015. The pledge to support youth employment in Africa for both men and women, including vocational education and training relevant to market demands, is welcome but not sufficient.

20. The same applies to the readiness to encourage best practice in responsible investment through African private sector networks, including support to the UN Global Compact. Whereas efforts to strengthen corporate social responsibility and accountability are seriously needed in Africa and beyond, the agreement is non-specific with regard to existing and proposed instruments helping companies to integrate CSR values into their strategy and operations. Paragraph 18 in the Africa statement does however contain much that trade unions will wish to follow up including the development of "OECD Guidance for companies working in zones of weak governance".

21. It is surprising that in preparing the Gleneagles G8 Summit governments did not build on the conclusions of the 2003 G8 Labour Ministers' Meeting in Stuttgart or the ILO World Commission on the Social Dimension of Globalisation. At the Stuttgart meeting Ministers said that the social dimension of globalisation needed to be taken more seriously at the

multilateral level. Thus, they proposed the creation of an inter-institutional dialogue forum consisting of ILO, UNCTAD, WTO, World Bank and IMF. This was in addition to recommending the enforcement of core labour standards, respect for the OECD Guidelines for Multinational Enterprises, the “internationalisation of labour relations” and encouragement of the OECD and ILO to work together on growth and employment. Today, 18 months later, these conclusions are more relevant than ever yet they still have to be acted upon.

No “victory” on climate change

22. With regard to climate change, G8 leaders failed to move the agenda forwards although they may have halted the backward slippage. The agreement on “*Climate Change, Clean Energy and Sustainable Development*” affirms that the scientific evidence shows that climate change is caused by human activity, that agreement to tackle the problem by reducing greenhouse gas emissions is needed urgently, and proposes to put in place “a pathway to a new dialogue”. The risk is that when the current provisions of the Kyoto protocol expire in 2012, they won’t be replaced by anything more than future talks.

23. The continuing fear of poverty has inhibited the formation of a broad consensus with developing countries on climate change. Therefore, future action needs to be consistent with agreed poverty reduction targets including the Millennium Development Goals. Moreover, in order to ensure success of implementation strategies to reduce climate change, workers and their trade unions as well as employers must be involved actively to achieve adopted targets at workplaces, and to promote political support for desired measures within communities worldwide. Where workers do not feel confident that their jobs or livelihoods are secured they will not support measures to reduce and mitigate climate change. Thus, trade unions will continue taking a lead role themselves in driving initiatives to combat climate change.

24. The summit’s communiqué, watered down to meet US objections to legally binding targets for emission cuts, set no measurable targets for reducing greenhouse gases that cause climate change. Instead it states: “Uncertainty remains in our understanding of climate change, but we know enough to put ourselves on a path to slow and, as science justifies, stop and then reverse the growth of greenhouse gases.” This reflects not only the longstanding and well known resistance by the current US Administration to discuss measures to address the issue of climate change. The controversy that has surrounded the discussions of climate change at this year’s G8 summit also contrasts with the stronger statements on climate change that were made by G8 summits during the 1990’s.

25. A survey by the Brookings Institution in Washington, recalled that the G8 summit in Houston in 1990, chaired by President George W. Bush’s father, agreed that “Climate change is of key importance. We are committed to undertake common efforts to limit emissions of greenhouse gases, such as carbon dioxide.” And the communiqué from the 1997 Denver G8 summit stated: “Overwhelming scientific evidence links the build-up of greenhouse gases in the atmosphere to changes in the global climate system.”¹⁾

¹⁾ For details see Sandalow, David / Volfsoh, Hannah, G8 Summit leaders’ statements climate change language 1990 – 2004, The Brookings Institutions, Washington, June 30, 2005
www.brookings.edu/es/research/projects/develop/g8climatelanguage.pdf

The process of making poverty history is not over yet

26. Despite some progress made at Gleneagles in the fight against poverty and underdevelopment, much more remains to be done to make poverty history, to combat climate change and to bring decent work and peace to the people of the world. International and national trade union organizations across the world will be continuing the campaign to press for more and better aid, an end to debt, and fair trade based on decent work for all - and to hold G8 governments to their Gleneagles commitments. The next stage of the campaign will be conducted with regard to the UN Millennium Development Goals summit, to be held in September. In the meantime the G8 leaders virtually ignored the overall economic situation in G8 countries where growth prospects remain alarmingly imbalanced, where unemployment appears on the rise and where workers need to be convinced of a jobs agenda that links job creation in the “North” with the creation of decent work in the “South”.

27. Trade unions over the coming months will call in particular for renewed efforts to:

- Meet the Millennium Development Goals by 2010 - which will be reviewed in New York by the UN in September;
- Reach a global deal on fair trade which doesn't undermine core labour standards at the WTO Ministerial in Hong Kong in December; and
- Agree on how to tackle climate change through reducing carbon emissions and promoting sustainable development In this respect, particular attention needs to be given to implementation strategies involving workers and their trade unions as well as employers to achieve adopted targets at workplaces, and to promote political support for desired measures within communities world-wide.
- Create a coordinated G8 growth initiative that will create the decent jobs that the global economy needs.