

TRADE UNION STATEMENT¹
TO THE GLENEAGLES G8 SUMMIT
July 2005

I. INTRODUCTION

1. Trade unions welcome the fact that G8 leaders will focus on two key priorities at the Gleneagles Summit – accelerating development particularly in Africa and stopping climate change. Trade unions in G8 countries are key actors in building support for funding for development and action on climate change. However, making progress on both issues depends on creating decent and sustainable jobs and livelihoods throughout the global economy.

2. Quality employment must be at the heart of the dual agenda to cut global poverty and reduce economic insecurity for workers whose jobs are threatened by globalisation. Providing decent, sustainable livelihoods is a key element in meeting the Millennium Goals. Yet worldwide, more than a billion men and women are unemployed or underemployed while 535 million are working in extreme poverty on less than a dollar a day. Sub-Saharan Africa has been regressing economically and is not developing. In OECD countries more than 36 million workers are unemployed even after three years of “recovery” following the slowdown in 2001. Growth remains imbalanced and fragile, and unemployment has started to increase in some countries.

3. The OECD has called 2005 the “year of accountability for delivering on international development assistance”. The cycle of meetings in 2005 including the G8 Gleneagles summit, UN Millennium “Plus Five” Summit and concluding with the WTO Ministerial Conference in December must show that governments are prepared to deliver on development assistance, are ready to implement the policies that create the decent jobs that the world needs and at the same time build a more inclusive and transparent framework for international governance. The challenge is to harness potential public support for both increased financing assistance for development and new sources of development funding as well as a new development contract establishing good governance in developing countries and fair trading arrangements.

4. Trade unions will therefore judge the effectiveness of the G8 Summit by the progress leaders make in key policy areas:-

- *Development assistance (ODA)*: deliver on past commitments, double flows of assistance to developing countries through a mixture of front-loaded financing instruments and meet the UN ODA target of 0.7% of GNP;

¹ This statement has been prepared by the Trade Union Advisory Committee to the OECD (TUAC) in co-operation with our partner organisations, notably the International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL), the European Trade Union Confederation (ETUC) and Global Union Federations (GUFs).

- *Mainstreaming employment*: putting decent work at the core of national plans to meet the Millennium Development Goals and bringing all economic activity within recognised legal and institutional frameworks;
- *Investing in people*: improved access to education and health must be central to development assistance programmes with the establishment of a G8 working group to track follow-up on action to defeat Aids;
- *Energy and climate change*: develop the social pillar of sustainable development by integrating employment programmes into the heart of balanced energy policies and climate change mitigation measures;
- *Economic policy coordination*: this means raising job growth by stimulating faster and more balanced growth between the major OECD regions;
- *Trade and investment*: G8 leaders must develop a whole of government policy response to the employment impact of globalisation to reinforce core worker rights, strengthen the OECD Guidelines on multinationals, guarantee transparent corporate governance and develop best practice adjustment assistance.

II. BUILDING A WORLD FREE FROM POVERTY

Practical action to attain the Millennium Development Goals

5. Although some progress has been made in moving towards attaining the Millennium Development Goals (MDGs), the UN Millennium Project report shows that “broad regions are far off track”. The situation in sub-Saharan Africa remains alarming where nearly half the population earns less than one USD a day, and the average HIV/AIDS prevalence rate is 7.5% with rates of infection of up to 38% of the adult population in the south of the continent.

6. The Global Union movement agrees with the Millennium Project Report that the Goals are “too important to fail, and must be put on the fast track they deserve”. The year 2005 should inaugurate a decade of bold action. The international trade union movement, together with our civil society partners, have launched the Global Call to Action against Poverty (G-CAP) with its objective of achieving major progress this year towards meeting the Goals. The creation of decent work is central to poverty alleviation and should be mainstreamed into all action to achieve the goals.

Expanding development finance: ODA, an international finance facility, international taxation and 100% debt relief

7. Attaining the MDG’s requires a major “front loaded” expansion of finance for development. The UN target of 0.7% of GNP as official development assistance must be respected by all countries. Yet only five countries have reached the UN target: Denmark, Luxemburg, the Netherlands, Norway and Sweden. Although the US and Japan are the largest donors in volume, they only provided 0.15 and 0.20 per cent of GNP respectively in development assistance and their aid shares are moving in the wrong direction. Furthermore, in line with the Poverty Reduction Guidelines adopted by the OECD in 2001, ODA needs to be oriented towards projects and aid recipients that promote core labour standards.

8. The proposed International Financial Facility should be introduced by all OECD countries immediately to leverage more financial resources towards developing countries in the short term. As called for in a new policy paper from the UK Department for International

Development (DFID), they should ensure that their loan conditions do not prevent the implementation of effective poverty-reduction measures. New forms of international taxation as proposed by Brazil, Chile, France, Germany and Spain should be implemented to avoid a shortfall in aid as Finance Facility loans become repayable.

9. We support the call for 100 per cent debt relief for the poorest indebted countries that are working to respect human rights. The level of debt relief provided by the HIPC programme must be increased, more countries must be eligible, and structural adjustment conditionality that may hamper the achievement of MDGs must not be part of debt relief requirements. We also support the proposal to revalue and use for productive development purposes the IMF's gold stocks.

10. The Tsunami tragedy initially drew a significant assistance response from the international community and the public in G8 countries. However as world attention has diminished so has the focus of rehabilitation and reconstruction work. Two million people have been pushed into poverty by the disaster. Post-tsunami reconstruction must be oriented towards ensuring economic development, with creation of decent jobs a central priority. Funds for these goals must be allocated in addition to existing development commitments and not in their place. Trade unions are seeking to provide direct support to severely affected groups of workers and their families. To this end, a Global Unions Tsunami Solidarity Fund has been established.

Trade union action to help achieve the Millennium Development Goals

11. Increased finance is necessary but not sufficient to achieve the MDGs. Aid effectiveness must be increased. Links must be made between aid, investment, good governance and respect for human rights, policy reforms, the creation of decent jobs, reduced arms spending and the fight against corruption. The development of representative and independent trade unions is a fundamental element in achieving this.

12. As yet, the potential for co-operation between governments and unions on the development agenda has not been fully realised. There is substantial overlap between the trade union agenda and the outcomes envisaged under the Millennium Development Goals. All eight goals share a common trade union agenda:

MDG 1 Eradication of extreme poverty and hunger

People in paid employment in developing countries provide the social security system for elderly, sick and unemployed members of their families. Union campaigns for national minimum wages, equal pay and social security systems contribute towards this goal.

MDG 2 Universal primary education

Teachers' unions were founder members of the Global Campaign for Education and there have been consistent union campaigns against child labour, emphasising the need for children to be in school and adults in work. Unions have also campaigned for the abolition of fees for primary education and to get more girls into education.

MDG 3 Promotion of gender equality

Women union members in every union have campaigned for promotion of gender equity and attention to the needs of women members and women in the wider community.

MDG 4 Reduce child mortality

Public sector workers constantly highlight the need for better primary health care and many unions negotiate workplace agreements that facilitate breast-feeding.

MDG 5 Improve maternal health

Unions have been pro-active in campaigns for better maternity provision by governments and employers, often working with women's NGOs.

MDG 6 Combat HIV/AIDS, malaria and other diseases

Unions have campaigned for access to medicines, have educated members about safe sex, and fought against discrimination in the workplace and highlighted employment practices that lead to HIV infection

MDG 7 Ensure environmental sustainability

Workers and their unions are a source of significant first-hand knowledge about what really happens in the production process. They are the first to experience the effects of unsafe working conditions and environmental malpractices, as in the case of agricultural workers becoming exposed to pesticides and other harmful substances. They and their families suffer from a damaged environment and polluted fresh-water sources. Public sector unions are in the forefront of the campaign for access to clean water in developing countries.

MDG 8 Develop a global partnership for development

The trade union partnership between workers in rich and poor countries has facilitated understanding of crucial development issues and joint campaigning on trade, debt, justice and democracy.

The link with decent work - the case of Africa

13. Employment is one of the key challenges and top priorities in Africa, given the level of development of the continent and the absence of social safety nets for the unemployed and the working poor. Given the spiralling nature of youth unemployment in most African countries, development programs must adequately address the problem, with the aim of putting in place the requisite remedial measures. Comprehensive policies are needed that cut across various sectors of the economy to produce balanced development – investment, education, training, micro finance, agriculture, rural development, and information technology. The recommendations of the ILO World Commission Report on the Social Dimension of Globalization provide a message that is relevant to Africa's future regarding youth. Decent work should be placed at the core of social and economic policy in Africa, and its pursuit should be central to national employment and poverty reduction strategies. Achieving gender equality depends on equal rights of inheritance, land ownership, property rights, and access to banks and financial institutions for women.

14. Many workers formerly employed in the formal jobs and in many cases union members have been pushed into informal and unprotected work. Other informal economy workers, employed in the formal sector, are forced to undertake informal activities to supplement their incomes or to compensate for late payment of wages. These factors have led trade unions to protect and organise informal economy workers but there is no magic formula. Organising drives require substantial investment from limited union resources because it takes some time before membership dues are paid by the newly-recruited workers. When workers are not protected by labour legislation, they are often fearful that union involvement will lead to

victimisation. Nevertheless, many unions are experimenting with ways of organising informal economy workers and giving them protection:

- In Zimbabwe, the Zimbabwe Confederation of Trade Unions (ZCTU) assisted the establishment of the Zimbabwe Chamber of Informal Economy Associations (ZCIEA), where an informal economy desk has been established;
- In Ghana, unions affiliated to the TUC have recruited informal economy workers into sectoral unions;
- Unions in many countries have campaigned for the implementation of core labour standards in Export Processing Zones, where workers are not free to bargain collectively for better working conditions;
- Where activities are not yet taking place, the issue of informal economy workers is being addressed in many unions but the first step is often the effort to secure resources to begin the organising campaign.

15. Trade unions are also of the view that Africa has to engage with the global economy and seize the opportunities that exist for the economic and social progress of the continent and its integration in the global economy. The New Partnership for Africa's Development (NEPAD) is an important initiative that needs to be made more inclusive in particular by facilitating the participation of trade unions. NEPAD also must be more oriented towards effective domestic growth strategies and abandon the negative experience of externally imposed structural adjustment policies.

Investing in people

16. In Africa, and in the developing countries of other regions, the key to the future is to invest in people – in their access to justice, to labour protection, to education, to health care and to clean water. Involving people is at the heart of the Millennium Development Goals. “Education for All” laid the foundation for the development of the economies of today's OECD member countries. Achieving the goal of quality primary education for all by the year 2015 will lay the foundation for sustainable development in Africa, South Asia, and other developing regions. The immediate elimination of the worst forms of child labour, getting children out of work and into school, is not only a moral obligation; it is an investment in the next generation. Effective monitoring measures and follow-up must be introduced to ensure that these measures are achieved in the near term. We support the Global Campaign for Education, mobilising millions of parents, teachers, and organisations of civil society around the world, to achieve these goals.

17. Among the governance deficits adversely affecting development are those that relate to labour markets and the world of work. Poverty cannot be adequately addressed unless marginalised workers and small economic units are brought into the economic and social mainstream. Work, as with other economic and financial activity, must be within a legal and institutional framework. The development agenda must be linked to ILO technical cooperation with respect to the formulation and application of labour and social protection legislation.

18. Health, education and decent work are closely associated. An estimated 27 million workers are HIV positive. Unabated AIDS will erode growth and development and unravel the fabric of societies. Education must lead the combat against the ongoing spread of HIV/AIDS, as well as other major diseases, including malaria and tuberculosis. Trade unions

call for the creation of a permanent G8 working group to monitor the global response to AIDS at future summits. Access to clean water and vaccinations provides the basis for family health. Rising levels of education are closely correlated with lowering of unsustainable birth rates in developing countries.

19. Gender equity, another of the MDGs, is an important factor in development. Investing in the employment, education and health of women and girls pays off through their consequent contributions to economic and social development. Case studies by the World Bank in developing countries over two decades have shown that investment in the primary education of girls is the most significant investment that any developing society can make in its own future.

20. General education, community and family health, including preventive health education, and basic utilities, including provision of clean water, are all provided essentially through public services. G8 countries, when boosting ODA, relieving debt, and generating finance through an IFF, must also strengthen essential public services and stop enforced privatisation. At the same time, trade unions fully recognise the importance of taking measures to enhance the effectiveness of quality public services. Transparency and accountability help combat corruption, whether in the public sector, or most importantly, at the interface between the public and private sectors. Trade unions, including the unions representing public employees, can play a vital role in combating corruption and in enhancing the effectiveness of essential service delivery.

21. G8 members and developing countries alike have to grapple with the consequences of growing mobility within a globalised economy. In the receiving countries, special attention must be given to the education of migrant children and young people, and to their prospects of finding decent work. The implications of failing to act, in terms of threats to social cohesion and security, in all our communities, are dramatic. The brain drain from developing to industrialised countries deprives the former of vital human potential. Just as life-long learning has been recognised as a key element in the sustainable development of OECD economies, so better higher education and life-long learning can be an element in tackling the problem of brain drain from developing countries.

22. Investing in people means involving them in policy decisions that affect their own futures. The right of freedom of association is a basis for civil societies. Free, independent and representative trade unions are essential actors in democracies. They help to manage change and achieve social progress. They give working people a chance, not only to defend their welfare and that of their families, but also to have a say in their own futures. They enable people to be not victims but actors.

III. HALTING CLIMATE CHANGE

Urgent action is needed to cut green house gas emissions

23. The overwhelming weight of scientific opinion now views climate change as induced by human intervention, happening faster than expected and with more potentially serious impacts. Far reaching intergovernmental efforts to promote action for sustainable energy must be initiated urgently, especially at the workplace level where the joint efforts by employers and trade unions can have a measurable impact on CO₂ and other emissions. The

International Energy Agency's (IEA) *World Energy Outlook 2004* sets out what will happen in the absence of far-reaching new measures. Its "reference scenario", a business-as-usual projection, has total world energy use rising by 60 percent between 2002 and 2030. Carbon dioxide emissions climb by 62 percent by 2030. This is sustainable neither for development nor for jobs.

Courses of action are possible

24. The technology is however available to avoid this carbon intensive future by applying policy instruments in combination with currently available technologies, such as:

- *Energy efficiency and conservation* through higher fuel efficiency of vehicles, increased use of mass transportation, high efficiency building construction, and more efficient coal-fired power plants;
- *Investments in a mix of clean and green energy sources*, including renewable electricity and fuels, including wind power, solar and biomass, clean coal, advanced technology vehicles, natural gas,
- *Efficient Combined Heat and Power plants (CHP) and fuel cells*, of various sizes according to demand for power and heat;
- *Carbon dioxide capture and storage* at power plants, hydrogen plants, and synfuel plants and sequestering the CO₂ in subsurface geologic reservoirs; and
- *Sequestration of carbon in forests and soils* by reducing deforestation and increasing forestation and conservation tillage.

25. Adopting a proper mix of solutions requires the widest possible discourse involving working families. As actions are further delayed, the specter that nuclear power would need to be brought into the scenario increases. A new generation of nuclear power plants and new international security arrangements governing uranium enrichment and plutonium recycling would have to be the subject of extensive public consultation and political debate. Therefore rapid, dedicated actions by all actors to focus on alternatives now is preferable.

International coordination is essential

26. More effective and inclusive international coordination should be a focus of attention at the UN Framework Convention of Climate Change (UNFCCC). If green house gas (GHG) emissions fall, as they should under the Kyoto Protocol, developing countries, where two billion people lack modern energy services, will increase their emissions until at least mid century while still achieving acceptable GHG stabilization. China's emissions are already half of those of the United States, and Asia almost equal to that of North America. It is clear that future agreements under the climate treaty must include developing country commitments for GHG reductions and must promote rapid reductions in the carbon intensity of production. These efforts would have to take place in tandem with a strategy to replace older, "dirty" technologies in developing countries.

27. To support these efforts, G8 and OECD governments, the international community, including the World Bank and other development cooperation organizations, will have to launch programs far beyond those now available under the Global Environment Facility. Such programs should include large-scale capacity building assistance, urgent transfer of green and clean coal technology, programs to link access to capital at preferential rates to climate-friendly investments, expanded incentives (such as the Clean Development Mechanism under

the Kyoto Protocol) to encourage international investment in climate supporting projects, country-specific North-South compacts to reverse tropical deforestation, and lighter tariffs and improved economic access to countries complying with climate agreements, as the European Union proposed in 2004.

Building consensus: offsetting the poverty, social and employment impacts

28. Fear of continuing poverty continue to inhibit the formation of a broad consensus with developing countries on climate change. Action needs to be consistent with agreed poverty reduction targets including the Millennium Development Goals. However, the costs of measures may be small compared to the costs of inaction and subsequent mitigation.

29. The success of implementation strategies to reduce climate change in G8 countries depends in large measure on the engagement of workers and their trade unions, with employers to achieve adopted targets at workplaces, and to promote political support for desired measures within communities world-wide. Where workers do not feel confident that their jobs or livelihoods are secured they will not support measures to reduce and mitigate climate change. Good practice initiatives against climate change must be supported by governments, especially for exemplary projects, sector targets or training and education programmes.

30. Action will have mixed impacts on employment. Estimates suggest that measures to reduce and mitigate the effects of climate change could lead to the creation of many new jobs and positive net growth in employment in the longer term, through active employment measures and investments in clean energy technologies, such as renewables, clean coal, advanced technology vehicles, natural gas, and conservation, however these changes require positive policy responses not reliance on markets to do the job. It will also be necessary to address the serious short-term sectoral and regional economic dislocations that will result from climate policies, especially in the developed economies. These impacts can be mitigated with appropriate clean energy sources, combined with well-funded economic adjustment programmes designed to help affected workers and communities make the transition to good, new jobs and sustainable economic growth. However, the lack of global employment assessment and research on climate change renders transition planning impossible. Unprecedented research cooperation on employment and climate change by intergovernmental bodies, such as the OECD, EU, ILO and others with a strong commitment to action is necessary.

Union action

31. Trade unions are taking an increased lead role themselves in driving initiatives to combat climate change. Some examples are as follows:

- German unions are collaborating with government, environmental NGOs and employer federations in a programme to renovate buildings for energy conservation. Work on 300,000 apartments will create over 200,000 jobs, yield \$ 4 billion in saving and reduce CO2 emissions by 2 million tons per year;
- Spanish trade union confederations, along with the Ministry of Environment have signed an agreement to promote sustainable industrial strategy, which establishes cooperation for development, funding and scheduling of a climate change strategy;

- The Japanese Trade Union Confederation (RENGO) has initiated a nation-wide programme to educate workers and encourage them to adopt a more environmentally-friendly home and workplaces where 8 million workers are employed. The programme includes a focus on reducing energy consumption;
- The European Trade Union Confederation has established a permanent committee on sustainable development, with climate change as its major focus. It will soon embark on a major study of employment impacts of climate change, identifying strategic policy avenues for job creation and environmental protection;
- Unions in the Philippines have embarked on an extensive reforestation project, along with government and other partners, contributing to CO₂ sequestration.

Role of Government in energy policy

32. The threat of climate change is closely tied to energy use which itself has key distributional impacts. Liberalization of electricity and gas markets has had negative impact on equity of access. There needs to be a moratorium and an evaluation of the effect of liberalisation on sustainable development, especially as it has contributed to job loss, insecurity of supply and has discouraged long-term investment in renewable energies and energy-efficient technologies that are vital for achieving Kyoto targets and conserving existing supplies. The generation and distribution of energy must be considered as a public service with planned, regulated objectives relating to Kyoto commitments.

33. In summary it is clear that governments must play a key role in:-

- Establishing regional and local economic development programs to help workers and communities make the transition to good, new jobs and sustainable economic growth;
- Promoting clean technologies, energy conservation and efficiency through government procurement and application in government operations (e.g., in government office buildings, auto fleets, etc.);
- Providing oversight and incentives for business to adapt;
- Promoting the greening of the financial sector, investment and trade;
- Promoting climate-friendly consumer organisations and institutions;
- Promoting public awareness and the effective involvement of trade unions.

IV. JOBS AND GROWTH

Coordinated expansionary policies needed

34. Action to achieve sustainable development and ensure transfers of resources to developing countries requires good growth and employment policies in G8 countries. The industrialised countries remain the engine room of world growth so if they are faring badly, developing countries will fare badly. Overall the world economy experienced faster economic growth in 2004. A number of developing countries benefited from faster global demand growth and rising commodity prices in 2004. If that improvement is to continue, the steps indicated above to stimulate and balance the economies of the advanced industrialised countries must be taken. Moreover, higher sustainable growth built upon domestic demand is needed in most developing countries. However, there were significant imbalances in growth and prospects for the current and coming year are disturbing, with growing evidence that the economic recovery is already losing momentum. Growth in Japan and Europe, in particular,

remains extremely sluggish. While US growth is relatively strong, the jobs market remains weak, and fiscal and trade imbalances continue to worsen. In this environment there is a need in the OECD area for stimulatory macroeconomic policies to promote growth and employment, with the help of the still low-inflation backdrop. Ad hoc unilateral action is insufficient in the increasingly integrated global economy. The central risk is that the world's major economic regions remain dangerously imbalanced both internally and externally, with macroeconomic and currency misalignments threatening global destabilisation. Moreover, internally, profit levels have reached record highs whilst earnings are stagnant or falling and poverty levels in many countries are rising.

35. To maximise sustainable growth and to avoid negative spill over effects, G7 and OECD Finance Ministers and Central Banks must implement a coordinated package of measures to balance global demand and ensure jobs growth through structural initiatives based on human capital investment, skills adaptation, and income security in a changing job market. This must be complemented by action to tackle poverty and lift growth in developing countries.

Making growth in China sustainable

36. China's ongoing high rates of growth and the associated increase in foreign direct investment have proved to be the new economic phenomenon of the 21st century. The Chinese growth model is however threatened by serious imbalances – between regions, as a result of growing inequality, due to capital inefficiency and to resource and environmental constraints. This has increased competitive pressures on some markets in the OECD countries; it is undermining already low labour standards and employment in some developing countries while at the same time raising demand for commodities. The export orientation of growth is based upon the suppression of core workers' rights to obtain labour cost advantage and the artificial pegging of the currency to the dollar. This was the case in a range of African countries that had developed their textile and clothing industries under the MultiFibre Agreement

37. The priority for China must be to shift to more balanced and qualitative growth that is sustainable both socially and environmentally and based on respect of the core labour rights of the ILO. With the growth of the private sector, state authorities need to strengthen their capacity to introduce and enforce decent labour market regulation to protect workers from the excesses of the market system and to manage change in a socially sustainable way. This cannot be done from the "top down" – it needs vibrant civil society and strong and effective unions based on ILO standards of freedom of association as well as the right to strike.

V. ACHIEVING A JUST GLOBALISATION

Recognising winners and losers from trade

38. A rule-based trading system is a means to an end not an end in itself. Fair rules can be a major contribution to global development, but all countries and regions do not automatically gain from trade and investment liberalisation. Unless policies are right, costs to communities and jobs may not just be temporary. This is the forgotten element of the WTO agenda. If the WTO negotiating process this year is to achieve fruitful results at the December Ministerial in Hong Kong, it has to be demonstrated both that structural change need not be a zero sum game and also that it is possible to manage change in firms, industries, regions and labour

markets and at the same time improve labour standards. OECD countries have to restructure on the basis of a high set of labour standards and not on the basis of a low wage development model. They must ensure that productivity growth is used to raise living standards, reduce poverty and contribute to sustainable development.

39. Many developing countries are competing intensely for export markets and there the adjustment problems are even more acute. With the expiry of the Agreement on Textiles and Clothing at the end of 2004, the governments of many textiles exporting countries are deeply concerned, as shown by their request in October 2004 for a work programme at the WTO. This request was denied for many months and a severely curtailed scheme was eventually adopted. The jobs loss in several Southern African countries but also Mexico, the Philippines and Bangladesh, once they are in free competition with China, stands to run into tens of millions. It shows the need for an effective implementation of core labour standards to support a basic level of labour and living standards. At the very least, the WTO should work together with the ILO, OECD, World Bank, IMF and relevant UN agencies, to anticipate the social impact of textile sector developments and enforce standards. The disarray following the end of the textile quotas shows that trade negotiations must be accompanied by an ongoing assessment of their employment impact and appropriate adjustment measures, with international funding where necessary. The example of Cambodia, which hopes to adjust to the post-quota environment by promoting its garment industry based on decent labour standards with the support of the ILO, is one that merits support. Unfortunately, it is under pressure with the ending of quotas, and safeguard trade measures may be necessary to dampen the shock.

Building coherence in the multilateral system

40. The calls of the international trade union movement for much more attention to be paid to the social dimension of globalisation have been backed up by the ILO's World Commission on the Social Dimension of Globalisation. The Commission called for respect for workers' rights by all international institutions including the IMF, World Bank and the WTO. Governments should agree action in particular to launch policy coherence initiatives, including a Globalisation Policy Forum between relevant international organizations, to serve as a platform for regular dialogue on the social impact of developments and policies in the global economy. The current review of the Safeguards Policy of the International Finance Corporation (IFC), the World Bank's private sector-lending arm, should incorporate clear and effective safeguards to stipulate that all borrowers from the IFC must respect core labour standards as defined by the ILO. The Hong Kong WTO Ministerial Conference must oblige member states to respect their previous commitments to respect ILO core labour rights.

41. The WTO Conference must also deliver on the promises given to developing countries in the Doha WTO negotiations regarding food security and access to agricultural markets with an early end-date for the phasing out of agricultural export subsidies and effective provisions for Special and Differential Treatment (SDT). Also, concrete measures must be taken to protect public services, the right to regulate and the right to universal access to basic goods and services from the GATS negotiations. This must be a precondition for further negotiations. A full impact assessment of the employment repercussions and industrial policy implications of current proposals in the area of Non-Agricultural Market Access (NAMA) is urgently required, so that adequate policy space is preserved for attaining domestic development priorities. WTO procedures must become more transparent and inclusive.

The response to offshoring

42. In response to the employment consequences of offshoring, more effective international rules are needed to shape globalisation and ensure social progress. Governments must guarantee core workers' rights on a global basis and encourage agreements between trade unions and business. Corporations based in G8 countries are the drivers of globalisation. A specific focus is needed to stop the proliferation of labour rights abuses in export processing zones and to addressing the repression of workers' rights in China, given its role as a magnet for foreign investment. G8 governments must encourage dialogue and negotiations between trade unions and businesses, supported by targeted regional and industrial policies along with labour market policies to encourage employment in those sectors and communities affected by change.

43. The OECD Guidelines for Multinational Enterprises must be observed as a benchmark for good practice in managing change. They are highlighted in the UK Government's Africa Commission recommendations. However, a significant improvement needs to take place in government implementation of the Guidelines. A system of peer-group monitoring of National Contact Points responsible for the Guidelines should be introduced at the OECD to strengthen their effectiveness in dealing with cases. Trade unions and forward-looking employers are also negotiating these issues both at the national and international level, leading to the conclusion of global framework agreements. Appropriate use should be made of trade safeguards as set out in the WTO Agreement on Safeguards to allow this.

44. Such a "whole of government" approach to the social responsibility of business also applies to the governance of corporations and the assurance of their integrity. The series of corporate scandals has not ended and so far national regulatory responses have come too little and too late. Corporate governance is a public good and should remain firmly in the hands of governments agenda. Self-regulation and "comply or explain" mechanisms are no substitutes for real public enforcement systems.

VI. EXECUTIVE SUMMARY

- Quality employment must be at the heart of the agenda to both cut global poverty and reduce economic insecurity for workers whose jobs are threatened by globalisation (§2).
- The report of the UN Millennium Project shows that "broad regions are far off track" in meeting the Millennium Development Goals (MDG's). In particular the situation in sub-Saharan Africa remains alarming where nearly half the population earns less than one USD a day (§5).
- Attaining the MDG's requires a major "front-loaded" expansion of finance for development. The UN target for allocating 0.7% of GNP as official development assistance must be respected by all OECD countries (§7).
- The proposed International Financial Facility should be introduced by all OECD countries immediately. In the medium term new forms of international taxation should be implemented to avoid a shortfall in aid as Finance Facility loans become repayable (§8).

- We also support the call for 100 per cent debt relief for the poorest indebted countries that respect human rights. The level of debt relief provided by the HIPC programme must be increased and IMF gold reserves revalued to finance development (§9).
- Post-tsunami reconstruction must be oriented towards ensuring economic development, with creation of decent jobs a central priority. Funds for these goals must be allocated in addition to existing development commitments and not in their place (§10).
- Decent work should be placed at the core of socio-economic policy in Africa, and its pursuit should be central in national employment and poverty reduction strategies, taking into account age, gender equality and equity. Informal work must be brought into legal economy and institutions (§13-14).
- The New Partnership for Africa's Development (NEPAD) is an important initiative that needs to be made more inclusive in particular by facilitating the participation of trade unions and domestically determined priorities for development (§15).
- The key to the future is to invest in people – in their education, their health, their access to clean water. This requires a reinvigorated sector. Action must be taken to eliminate the worst forms of child labour and children must be put in schools (§17).
- Unabated AIDS will continue steadily to erode growth and development and unravel the fabric of societies. Trade unions call for the creation of a permanent G8 working group on AIDS (§18).
- Far reaching intergovernmental efforts to frame effective plans of action for sustainable energy use must be taken as a matter of urgency. These must include balanced investments in a mix of clean and green energy sources, including renewable electricity and fuels, clean coal, advanced technology vehicles, and natural gas (§23).
- More effective international coordination of all efforts will need to be a focus of attention at the UNFCCC. In particular, future agreements under the climate treaty must include developing country commitments for GHG reductions and measures to promote reductions in the carbon intensity of production (§26).
- To support these efforts, the international community, including the World Bank and other development cooperation organizations, will have to launch major new programs far beyond those now available under the Global Environment Facility and elsewhere (§27).
- Where workers do not feel confident that their jobs or livelihoods are secure they will not support measures to mitigate the scale and effects of climate change (§29).
- Estimates suggest that measures to reduce climate change could lead to the creation of many new jobs in the longer term, through balanced investments in clean energy technologies, such as renewables, clean coal, advanced technology vehicles, nuclear power, natural gas, and conservation; however these changes require positive policy responses not reliance on markets to do the job (§30).

- It will be necessary to address the serious short-term sectoral and regional economic dislocations that will result from climate policies, especially in the developed economies. These impacts can be mitigated with appropriate clean energy sources, combined with well-funded economic adjustment programmes designed to help affected workers and communities make the transition to good, new jobs and sustainable economic growth (§30).
- The generation and distribution of energy must be considered as a vital public service meeting planned, regulated objectives relating to Kyoto commitments (§32).
- G7 and OECD Finance Ministers and Central Banks must implement a coordinated package of measures to balance global demand and ensure jobs growth through structural initiatives based on human capital investment, skills adaptation, and income security in a changing job market. Higher sustainable growth built upon domestic demand is needed in most developing countries (§35).
- China must shift to more balanced and qualitative growth that is sustainable both socially and environmentally, which needs vibrant civil society and strong and effective unions based on ILO standards of freedom of association as well as the right to strike (§37).
- If the WTO negotiating process this year is to achieve fruitful results in Hong Kong, it has to be demonstrated both that structural change need not be a zero sum game and also that it is possible to manage change in firms, industries, regions and labour markets whilst improving labour standards (§38).
- The WTO should work with the ILO, OECD, World Bank, IMF and relevant UN agencies, to make respect for core labour standards a reality. The disarray following the end of the textile quotas shows that trade negotiations must be accompanied by an ongoing assessment of their employment impact and appropriate adjustment measures, with international funding where necessary. In the short term safeguard measures may be necessary (§39).
- More effective international rules to shape globalisation and prioritising social progress are needed. Governments must guarantee core workers' rights on a global basis and encourage agreements between trade unions and business along with active labour market policies to support decent work (§42).
- The OECD Guidelines for Multinational Enterprises should be observed as a benchmark for good practice in managing change and significant improvement needs to take place in government implementation of the Guidelines (§43).