

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

**TUAC STATEMENT
TO THE OECD COUNCIL
MEETING AT MINISTERIAL LEVEL
(MAY 2005)**

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 (§1).
- 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 (§6).
- China must shift to more balanced and qualitative growth that is sustainable both socially and environmentally, this needs vibrant civil society and strong and effective unions based on ILO standards of freedom of association and the right to strike (§10).
- Higher sustainable growth built upon domestic demand is needed in most developing countries (§11).
- 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 in socially equitable ways (§13).
- The WTO should work with the ILO, OECD, World Bank, IMF and relevant UN agencies, to anticipate the social impact of the textiles sector developments. 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 (§14).
- In response to the employment consequences of offshoring, more effective international rules to shape globalisation and its social input 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 (§18).
- 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 (§19).

- The OECD should implement an effective programme for increasing compliance with the OECD Principles on Corporate Governance and reengage trade unions in their follow up (§20).
- 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 (§21).
- 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 treated as an achievable target by all OECD countries (§23).
- 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 (§24).
- 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 (§25).
- 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 (§26).
- 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 (§28).
- 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 (§29).
- The key to the future is to invest in people – in their education, their health, their access to clean water (§30).
- Unabated AIDS will continue to steadily erode growth and development and unravel the fabric of societies. Trade unions call for the creation of a permanent G8 working group on AIDS (§31).
- 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 (§36-38).
- More effective international coordination of all efforts with all countries 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 (§40).

- 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 (§41).
- Where workers do not feel confident that their jobs or livelihoods are secured they will not support measures to mitigate the scale and effects of climate change (§43).
- 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 (§44).
- 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 (§44).
- 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 (44).
- The generation and distribution of energy must be considered as a vital public service meeting planned, regulated objectives relating to Kyoto commitments (§45).

**TUAC STATEMENT
TO THE OECD COUNCIL MEETING AT MINISTERIAL LEVEL
May 2005**

I. INTRODUCTION

1. 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. Providing decent, sustainable livelihoods is a key element in meeting the Millennium Goals. Yet 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. 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.

2. Globalisation reflected by the offshoring of jobs is only one factor amongst many in explaining the lack of job growth or job losses in some OECD countries. However the threat by employers of relocating activities to other countries, together with hype by many commentators about the scale of changes taking place, is destroying confidence in the long-term relationship between companies and their employees and risks producing a backlash against more open economies.

3. The OECD has called 2005 the “year of accountability for delivering on international development assistance”. The cycle of meetings starting with the OECD Ministerial Council and continuing with the G8 Gleneagles summit, UN Millennium “Plus Five” Summit and concluding with the WTO Ministerial Council in December must show both that governments are prepared to deliver on development assistance and at the same time put in place the framework and policies that create the decent jobs that the world needs.

4. Trade unions will therefore judge the effectiveness of OECD Ministers by the progress they make in promoting good employment in five key policy areas:-

- Economic policy coordination: this means raising job growth by stimulating faster and more balanced growth between the major OECD regions;
- Offshoring and structural adjustment: Ministers must develop a whole of government policy response to the employment impact of offshoring that reinforces core worker rights, strengthens the OECD Guidelines on multinationals, guarantees transparent corporate governance and develops best practice adjustment assistance;
- Development assistance: putting decent work at the core of national plans to meet the Millennium Development Goals;
- Investing in people: improved access to education and health must be central to development assistance programmes;
- Energy and climate change: they must develop the social pillar of sustainable development by integrating employment programmes into the heart of balanced energy policies and climate change mitigation.

II. JOBS AND GROWTH

Coordinated expansionary policies needed

5. Overall the world economy experienced faster economic growth in 2004. However, there were significant imbalances in this 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, against 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.

6. 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.

More balanced growth between OECD regions required

7. The priority of creating more jobs must be achieved through more balanced economic growth between the three major OECD regions: the United States, Europe and Japan. The euro zone must become an engine of growth, by easing monetary policy, given the disturbing forecasts for growth falling to 1.6% in 2006 and the fact that inflation remains subdued despite higher oil prices. Recent decisions regarding a flexible implementation of the Stability Pact must be taken as an opportunity to pursue a coordinated growth orientated fiscal policy, particularly in the low-growth, low-inflation core economies of the euro area. Further public investment is needed in areas such as infrastructure, research and development, education and training, the environment (i.e. the Lisbon priorities). Euro area countries in which the gaps between actual and potential output are closed should then embark on fiscal consolidation.

8. The nascent recovery of the Japanese economy appears to have stalled and all possible policy measures must be taken to sustain growth at a higher rate. Faster growth in the rest of the world will help adjustment in the US economy, which looks disturbingly fragile. The Administration's plans to privatise social security are socially regressive but are also a diversion from the economy's central problems. United States' monetary policy must remain supportive of growth while fiscal policy must focus on reducing the deficit whilst giving priority to protecting the incomes of middle and low-income families. External imbalances should be reduced without transmitting a shock to the global economy. This is only possible if other countries take up the slack and pursue expansionary policies. The growing US trade deficit is unsustainable, but at all costs a massive speculative slide in the value of the USD must be avoided, as this would lead to a global recession.

Making growth in China sustainable

9. 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 due to resource and environmental constraints. This has increased competitive pressures on some markets in the OECD countries; it is undermining labour standards 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.

10. The priority for China must be to shift to more balanced and qualitative growth that is sustainable both socially and environmentally. 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 against 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 and the right to strike.

Accelerating domestic growth and poverty reduction in developing countries

11. 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. Yet unemployment or unprotected employment continues to plague much of the developing world, along with growing informal employment in those countries suffering from low growth, driving further in-work poverty. Sub-Saharan Africa has been regressing economically not developing. 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.

III. ACHIEVING A JUST GLOBALISATION

Recognising winners and losers from trade

12. A fair rule-based trading system can be a major contribution to global development, however all countries and regions do not automatically gain from trade and investment liberalisation. The OECD has noted that “... in the short run, job turnover associated with offshoring is not costless and may disproportionately affect certain regions, sectors and firms”. But, unless policies are right these costs to communities and jobs may not just be temporary.

13. 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 in socially equitable ways. 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, and ensure that productivity growth is used to raise living standards, reduce poverty and contribute to sustainable development.

14. 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 and recommendations at the WTO. This request was denied. The jobs loss in countries from Mexico and South Africa to the Philippines and Bangladesh, once they are in free competition with China, stands to run into several millions. It shows the need for an effective floor to support a basic level of labour and living standards. As a minimum, 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. 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 as a role model of decent labour standards with full involvement of the ILO, is one that merits support. In the short term safeguard trade measures may be necessary to dampen the shock.

Building coherence in the multilateral system

15. The ILO's World Commission on the Social Dimension of Globalisation made strong pleas for much more attention to be paid to the social dimension of globalisation. It 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.

16. The Hong Kong WTO Ministerial Conference must deliver on the promises given to developing countries in the Doha WTO negotiations regarding food security and access to agricultural markets and on effective 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. 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.

The response to offshoring

17. The acceleration of international offshoring and the relocation of industrial and service sector activities have heightened the sense of job insecurity amongst many groups of workers. Offshoring is only one factor amongst many in explaining the lack of job growth or job losses in some OECD countries. A shortage of reliable data also makes serious analysis difficult. But the threat by employers of relocating activities to other countries is becoming a daily reality in OECD and developing countries alike.

18. In response to the employment consequences of offshoring, more effective international rules to shape globalisation and its social input are needed. Governments must guarantee core workers' rights on a global basis and encourage agreements between trade unions and business. A specific focus is needed to stop the proliferation of labour rights abuses in export processing zones and ensuring respect for workers rights in China, given its role as a magnet for foreign investment. OECD governments must encourage dialogue and negotiations between trade unions and businesses, supported by targeted regional and industrial policies along with active labour market policies to help those communities whose jobs may be affected by change.

19. The OECD Guidelines for Multinational Enterprises must be observed as a benchmark for good practice in managing change. 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. Governments have a role to support the outcome of negotiations and to ensure that advance notice is given so that there is sufficient time for the socially acceptable management of change. Appropriate use should be made of trade safeguards as set out in the WTO Agreement on Safeguards to allow this. It is also important to promote socially inclusive flanking policies at the national level, with an active role for the social partners.

20. Such "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. The OECD has a leading role to play in the international arena in supporting national reforms. Following the review of the OECD Principles of Corporate Governance in 2004, and a new set of OECD Guidelines for the Corporate Governance of State Owned Enterprises, the OECD must implement an effective work programme for increasing compliance with the Principles within and beyond OECD countries. For this work to be successful, the involvement of all relevant stakeholders, including trade unions, is a pre-requisite. It is thus crucial that the OECD Steering Group on Corporate Governance re-engages with the labour movement in this work.

IV. INCREASING FINANCING FOR DEVELOPMENT

Practical action to attain the Millennium Development Goals

21. Although progress has been made in some areas in moving towards the attainment of the Millennium Development Goals (MDGs), the report of the UN Millennium Project shows that "broad regions are far off track". In particular 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.

22. 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”. We are part of the Global Call to Action against Poverty (G-CAP) with its objective of achieving major progress this year towards meeting the Goals.

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

23. 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 treated as an achievable target by all countries. 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.

24. 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. This should be backed up by new forms of international taxation as proposed by Brazil, Chile, France, Germany and Spain which should be implemented to avoid a shortfall in aid as Finance Facility loans become repayable.

25. We 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, more countries must be made 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.

Delivering promises for Tsunami relief

26. The Tsunami tragedy initially drew a significant response from the international community and the public in OECD countries in terms of humanitarian assistance. 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. A Global Unions Tsunami Solidarity Fund has been established to provide direct support by trade unions to affected groups of workers and their families whose lives and families have been devastated.

The link with development and decent work- the case of Africa

27. Increased finance is necessary but not enough to achieve the MDGs. Aid effectiveness must be increased. A link 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.

28. 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, it is imperative that development programs 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, 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.

29. 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 with the engagement of trade unions. NEPAD also needs a greater orientation towards effective domestic growth strategies and must turn over a new page from the negative experience of externally imposed structural adjustment policies.

V. INVESTING IN PEOPLE

30. In Africa, and in the developing countries of other regions, the key to the future is to invest in people – in their education, their health, their access 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 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. We support the Global Campaign for Education, mobilising millions of parents, teachers, and organisations of civil society around the world, to achieve these goals.

31. Health, education and decent work are closely associated. An estimated 27 million workers are HIV positive. Unabated AIDS will continue to steadily erode growth and development and unravel the fabric of societies. Education must play a leading role in 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 provide an annual report on the state of 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.

32. 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.

33. 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/OECD countries, when boosting ODA, relieving debt, and generating finance through an IFF, must strengthen these essential public services. At the same time, trade unions fully recognise the importance of taking measures to enhance the effectiveness of quality public services. Transparency and accountability are necessary to 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.

34. G8/OECD members and developing countries alike have to grapple with the consequences of growing mobility within a globalised economy. In the OECD 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 G8/OECD economies, so life-long learning can be an element in tackling the problem of brain drain from developing countries.

35. Investing in people means involving them in deciding on policies that affect their own futures. The development of strong civil societies is part of the development of vibrant and secure democracies. The role of civil society is central to tackling the difficult political issues arising out of the globalisation of the economy and the impact of human activity on the environment. Free, independent and representative trade unions are among the key actors of civil society in democracies. They help to manage change through the participation of their members. They give 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.

VI. CLIMATE CHANGE AND ENERGY POLICY

Urgent action is needed to cut green house gas emissions

36. 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 taken as a matter of urgency, especially at the workplace level where the joint efforts by employers and trade unions can have a measurable impact on CO₂ and other emissions.

37. 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 neither a sustainable scenario for development nor for jobs.

Courses of action are possible

38. However, technology is available to break sharply with this carbon intensive future by applying policy instruments in combination with currently available technologies, such as:

- *Energy efficiency and conservation* through raising the fuel efficiency of vehicles, increasing the 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.

39. 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 of change increases. A new generation of nuclear power plants and new international security arrangements governing uranium enrichment and plutonium recycling would need to be the subject of extensive public consultation and political debate. Therefore rapid and dedicated actions by all actors to focus on alternatives now would be preferable.

International coordination is essential

40. 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 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

41. 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 (like 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

42. 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.

43. The success of implementation strategies to reduce climate change in OECD 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.

44. 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. However, 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. 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.

Role of Government in energy policy and energy mix

45. 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. An evaluation of the effect of liberalisation on sustainable development is needed, especially as it has contributed to job loss, insecurity of supply and has tended to discourage 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 vital public service with planned, regulated objectives relating to Kyoto commitments.

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

- Establishing regional and local economic development and worker assistances programs to help workers and communities make the transition to good, new jobs and sustainable economic growth;
- Promoting clean technologies, and 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 consumers and institutions;
- Promoting public awareness and the involvement of civil society, including trade unions.