



## Labour 7 Statement to the G7

*The Labour 7 is the official engagement group of the G7 representing the views of trade unions in G7 countries and the European Union*

### **L7 calls on G7 to champion a truly pro-worker agenda**

New strategies and bold actions are needed to overcome current crises, to sustain multilateralism and achieve the Sustainable Development Goals (SDGs). This year, the G7 will again meet in times of great uncertainty and of peril for our planet. Since the G7 Summit in Hiroshima in 2023, climate change has accelerated, inequalities within and between nations have widened, tensions have escalated and far-right movements have gained traction throughout the world. Conflicts have broken out and humanitarian crises are multiplying, including in Ukraine, Israel and Palestine, in Myanmar as well as in a number of other countries in the Middle East, Africa and Asia.

We urge the G7 to assume its responsibilities and use its political and economic power to promote peace, intervene effectively on conflict risks, ensure respect for international humanitarian law and human rights, and stop the rush to military spending that is happening too often at the expense of social spending.

The G7 must address the root causes of conflicts and political instability. As the Constitution of the International Labour Organization (ILO) provides, “*universal and lasting peace can be established only if it is based upon social justice*”. And as stated in the UN Copenhagen Declaration on Social Development in 1995, “*social development and social justice are indispensable for the achievement and maintenance of peace and security within and among our nations*”. Regrettably, since the outbreak of the Covid-19 pandemic and further to ongoing conflicts that have triggered sharp rises in commodity prices and often double-digit inflation, we are experiencing far reaching setbacks, including in the sphere of universal rights.

Working poverty and inequality are rising in a world of riches. According to the ILO, the global jobs gap for 2023 stands at 453 million people, with still lower average hours than before the COVID-19 pandemic, and a growing number of workers are falling into poverty, as real wages do not keep up with inflation. About 1 million additional workers globally have fallen in extreme poverty. The labour market increasingly creates insecure and precarious forms of work, discriminates and makes access difficult for many young people, women, and the most vulnerable.

**In the current context of falling living standards, ensuring sustainable real wage growth as well as robust and inclusive social security systems to protect workers' incomes are a political, economic and social necessity. This should be addressed by G7 members as a matter of priority.**

The cost-of-living crisis remains a reality for millions of workers. In 2023 the G7 Leaders emphasised “*that freedom of association and the right to collective bargaining play an important role in promoting decent work and wage growth*”. The Labour 7 welcomed this commitment and urges the G7 to take concrete action to ensure that all workers are able to earn fair wages determined through collective bargaining at sectoral and national levels, and in accordance with relevant ILO standards. The ITUC Global Rights Index 2023 shows that violations of workers’ rights have reached record highs. The growing number of attacks on the right to strike constitute clear violations of workers right to freedom of association and to organise. We urge all G7 members to reaffirm their commitment to respect, protect and promote the right to strike under ILO Convention n° 87 and reiterate their confidence in the ILO’s supervisory system.

Collective agreements and social dialogue are the best instruments to reduce income inequalities, achieve fair wealth redistribution and reduce the gender pay gap. The gender gap in labour market participation remains large, especially in emerging and developing countries, according to the ILO, at 28 percent, only 2 percent less than 27 years ago. The low status accorded to workers in the care economy significantly limits the social, political and economic empowerment of women, who represent 70 percent of the global paid workforce in the care sector. A large proportion of youth who dropped out of the labour market are not pursuing any form of training and continue to face significant obstacles to return to work and the rate of NEETS remains high across all income levels and particularly among young women.

Building on the commitment made in Hiroshima in 2023, G7 members must take concrete measures and increase investments to advance “*a virtuous cycle of workers’ well-being and social and economic vitality, which will lead to sustainable growth and real wage growth in line with productivity*”.

It is high time for the G7 to assume and champion a pro-workers agenda, taking action to defend and promote international labour standards, including health and safety at work, and to create green and quality jobs, bringing workers’ voices to the decision-making table, and enforcing rules against human rights violations, including forced labour and attacks on the right to organise. We welcome the efforts made by the EU on the European Pillar of Social Rights - including landmark Directives like the one on minimum wages - as well as the US Memorandum on Advancing Worker Empowerment, Rights, and High Labour Standards Globally. Yet much more needs to be done.

Labour 7 calls on the G7 to put the right macro-economic policies in place and to reform global economic governance, including International Financial Institutions. According to the latest OECD Economic Outlook, the global economy is set to slow to 2.7% GDP growth in 2024, with Asia accounting for the bulk of global growth in 2024-25, while G7 countries average growth will be below 1%. This slowdown is no surprise. Misguided restrictive fiscal and monetary policies designed to cut supply-side inflation inevitably have had a severe impact on economies, public services and social protection, with direct consequences on workers and labour markets.

High interest rates are making it more difficult to fund a just transition to carbon neutrality that leaves no workers behind, and as such are delaying action on one of the most pressing challenges of our time. Countries need to invest in universal public services including education and health care, social protection and climate action, and not cut public spending. The Labour

7 expresses serious concerns over a return to austerity and to the disastrous policies of the early 2010s that worsened the impact of the 2008 financial crisis, delayed the recovery by years and weakened societies' resilience. This greatly impacted health systems and delayed investments in renewable energy.

The G7 must actively support economic resilience and growth through balanced macroeconomic policies as well as trade and industrial policies. Active labour market policies are also urgently needed to support real wage growth, together with robust public investment in sustainable infrastructure that creates decent jobs, including in the context of the Partnership for Global Infrastructure and Investment (PGII). **The Labour 7 urges the G7, including the Finance Track and Central Bank Governors, to review current fiscal and monetary policies, to eliminate debt limitations where applicable, but also to support and promote the transformation of production through industrial policies, supported by social dialogue, and investments in key sectors of our economies.**

#### *Development and climate action*

Restrictive fiscal and monetary policies have serious consequences for highly indebted low-income countries, increasing the cost of capital and further limiting their fiscal space. These countries are often those that are most vulnerable to climate change and in need of considerable public investments, to support adaptation and mitigation measures. We welcome the creation of the Loss and Damages Fund at COP28. **We urge G7 members to support the Fund, respect their international commitments, pay their fair share and promote the full involvement of affected countries and relevant stakeholders, including trade unions. We also call on the G7 to provide financial and political support to the UN Global Accelerator on Jobs and Social Protection for Just Transitions.**

Climate finance should not be detrimental to development finance but must coexist as tools for a sustainable, just and equitable socioeconomic development. Echoing the UN Secretary general, the "Sustainable Development Goals require a global rescue plan". The Labour 7 urges G7 members to meet at least their commitment to dedicate 0.7% of their GNI to official development assistance. G7 members also have a specific responsibility to endorse an effective debt-relief mechanism that supports payment suspensions, longer lending terms, abolition of macroeconomic conditionalities and lower interest rates. The G7 should also actively support the reallocation of Special Drawing Rights as well as the reform of the international financial architecture, including of the International Monetary Fund (IMF) and the World Bank. **The Labour 7 calls on the G7 to support a reform of the multilateral system that puts the needs and aspirations of workers at the heart of trade, economic, social and environmental policies, including by supporting the ILO led Global Coalition for Social Justice.**

Fostering a more effective, equitable and transparent economic governance model requires regulating the financial sector and curbing speculation. The G7 should take actions to enhance tax transparency and reform the global tax architecture by promoting unitary taxation, eliminating tax avoidance and evasion and by implementing a global minimum corporate tax rate, building on initiatives such as the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The introduction of a 15% minimum effective tax rate is a first step but it should lead to countries increasing corporate taxation and to significantly raise this threshold. While the G7 must continue to work on delivering on the OECD/G20 BEPS agreement, it should not neglect the ongoing work within the United Nations on a fair global fiscal policy and effective tools against fiscal evasion and aggressive fiscal planning that undermine public budgets. **The Labour 7 calls upon the G7 to support the introduction of a Financial Transaction Tax (FTT) and a taxation of windfall profits of enterprises accumulated in key sectors, including the energy sector.**

*Just transition: The G7 must put workers' rights at the centre of environmental policies*

2023 has been the hottest year ever recorded. 2024 will likely be even hotter. More and more people and workers, especially workers dealing with emergency situations, are already or will be directly impacted by heat waves and other extreme weather events like floods or hurricanes. With climate change impacting on health and safety, workers livelihoods and lives are at risk. But workers may also be affected by climate action itself. The green transition has economic, social and political implications that require restructuring economies and radical change to move to carbon neutrality, in particular towards carbon-free energies. If not designed and implemented properly, mitigation and adaptation policies could significantly widen inequalities, both between and within countries, thereby creating further political obstacles by impoverishing productive capacities or making it too dependent on raw materials, energy resources, and demand from authoritarian or politically unstable countries. In reviewing their Nationally Determined Contributions (NDCs), countries must urgently upscale efforts to ensure that the 1.5°C threshold is not exceeded and take action to phase down fossil fuels through a just transition. **We urge the G7 to champion and not delay a just transition in line with the ILO Guidelines as well as to ensure that climate action includes the participation of unions and is conducive to social progress, well-being and improved standards of living.**

Just transition is not only a set of policies but also a process that involves workers. Social dialogue and collective bargaining are key to advance the green transition, by adapting work processes, anticipating the expected adjustments from climate policy, helping design appropriate policy responses, and by stimulating innovation and skills development. **The Labour 7 calls upon the G7 to reaffirm the key role of social dialogue in climate action and to support the full engagement of trade unions at company, sectoral and national levels, including in the development of jobs plans and in initiatives such as the Just Energy Transition Partnerships (JETPs).**

The private sector has a particular responsibility to facilitate the transition to carbon neutrality in a rapid, fair, labour-oriented and equitable manner. To do so, it is imperative that collective bargaining be the main instrument guiding industrial conversion and decarbonization processes. We call upon G7 members to better integrate just transition principles in policies related to ethical and responsible business conduct, tackle greenwashing practices, and ensure the alignment of private finance with environmental and labour standards. **The G7 must pursue its efforts to bridge existing regulatory gaps and support the adoption of a UN Business and Human Rights Treaty guaranteeing respect for fundamental rights in global supply chains, including the right to a safe and healthy working environment.**

Import prohibitions against products made using forced labour, as well as due diligence provisions, have emerged as powerful tools to deter egregious human rights violations in global supply chains and compel businesses to address risks in their operations. Concurrent import restrictions - and coordinated implementation - in countries beyond those currently in place are necessary to avoid creating “dumping grounds” or alternative markets for these banned goods. **We therefore urge the G7 to take decisive steps to eliminate forced labour from supply chains by a) introducing import bans against forced labour, b) coordinating with each other on implementation to ensure that goods refused entry in one market does not find its way into another and c) putting in place requirements for organisations to carry out human and labour rights due diligence. The G7 must work together to adopt a cohesive import ban strategy that puts workers and unions at the centre of import ban implementation and related forced labour remediation.**

To ensure environmental, social and economic resilience, we need a New Social Contract that guarantees full employment, labour protection, adequate wages, universal social protection, gender equality, health and safety at work and non-discrimination, including based on race or migrant status. The Labour7 believes it is imperative for G7 members to take unified action on the migration to address it in a structural and sustainable manner, providing safe legal access channels in full compliance with human rights and relevant international Conventions.

The Labour 7 stands ready to contribute to the G7's work in this direction, including through its various tracks. The Labour 7 will make a specific contribution to the Labour and Employment Track, including on the thematic priorities announced by the Italian Presidency: Artificial Intelligence, ageing and care economy, and skills and training policies.