



GLOBAL UNIONS' STATEMENT TO THE G8 LOUGH ERNE SUMMIT

17-18 JUNE

TRADE UNIONS CALL ON G8 LEADERS TO PUT FAIRNESS AT THE HEART OF OUR ECONOMIES

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The stakes are high as we face a financial, economic and social crisis that threatens to divide and fracture our societies. G8 Leaders must act urgently to put fairness at the heart of our economies.

Key Messages

1 Five years into the crisis, unemployment in the OECD area is set to rise to above 48 million in 2013. Although some emerging and developing countries have performed better, worldwide unemployment is forecast to rise above 200 million¹. Moreover, some 39 million people have dropped out of the labour market, having lost hope of finding work. A 67 million global jobs gap has arisen since 2007. Young women and men are particularly scarred by the crisis with 74 million young people under 25 unemployed globally. In industrialised economies, more than one third of all young unemployed have been out of a job for six months or longer. The slowdown in economic activity is likely to push even more into unemployment by 2014. In developing and emerging economies, the crisis has triggered an increase in informality, inequality and poverty, while the stalling of growth additionally poses a major global risk.

2 Government Leaders must use every occasion to focus their collective efforts on bringing about a rapid recovery from the economic and jobs crisis in which most of the G8 countries are trapped. They must show leadership in the G20 and other fora, both

1 ILO, Global Employment Trends 2013, Geneva.

to show that they will deliver on past commitments for meeting development goals, combating climate change and achieving an AIDS-free generation by keeping the G8's promise of providing universal access to HIV prevention, treatment, care and support, and by ensuring the success of the Global Fund to fight AIDS, Tuberculosis and malaria's 4th Replenishment. They must also re-inject some of the original dynamism that existed in the G20 Leaders' meetings to prioritise recovery and job creation and shift away from self-defeating collective austerity. In particular, Leaders must ensure they deliver on past commitments by the G8 countries within the G20 process to develop and fund social protection systems and establish a global social protection floor.

3 As the social crisis escalates, fair taxation has moved to the centre of the political debate. The sheer scale of the tax evasion and aggressive tax avoidance mechanisms revealed by one corporate tax scandal after the other is matched only by the injustice of workers paying for the crisis with their jobs, while corporations deny our ailing economies the revenue they so badly need. Tax evasion not only robs developing countries of revenues that could be used to address critical needs such as food security, health and infectious diseases, poverty alleviation, and education, it also reduces the resources of developed countries that could be used to reverse the disturbing trend of declining rates of official development assistance.

4 We therefore welcome the decision of the UK G8 Presidency to focus on tax, transparency and trade so as to build fairness into the heart of our economies.

Taxation

5 Tax havens, despite G20 commitments to tackle them through the Global Forum on Tax Transparency, continue to undermine tax systems as shown by the recent "offshore leak" scandal. The recent G20 mandate to the OECD to develop new recommendations on aggressive tax planning by multinational enterprises (MNEs) through "base erosion and profit shifting" (BEPS)² further highlights the limitations of current national tax regimes in dealing with complex global corporate group structures.

6 The expected G8 commitment to work on a new global standard for automatic exchange of information between tax authorities is welcome. But it needs to be backed by concrete deliverables. Several G8 members³, many OECD and non-OECD countries are still not complying with the 10 "essential elements" set by the Global Forum⁴. Several OECD and G8 countries also have yet to sign or ratify the much needed OECD Convention on Mutual Administrative Assistance in Tax Matters⁵.

7 The measures taken to date are inadequate. Trade unions are calling on G8 Leaders to:

- Ensure effective compliance (in law and in practice) with the 10 "essential elements" set by the Global Forum on Tax Transparency and rapidly ratify the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters;
- Set a roadmap for automatic exchange of information to become reality in the near future, and accordingly support a revision of the Global Forum's standards;
- Support the new G20/OECD initiative on Base Erosion and Profit Shifting, a review of the OECD Transfer Pricing Guidelines and of the OECD Model Tax Convention on Income and on Capital;

2 <http://www.oecd.org/newsroom/oecd-urges-stronger-international-co-operation-on-corporate-tax.htm>

3 Canada, Germany, Russia, United Kingdom & United States. Source: OECD progress report to the G20, Annex 2: <http://www.oecd.org/tax/2013-OECD-SG-Report-to-G20-Heads-of-Government.pdf>

4 <http://www.oecd.org/tax/transparency/>

5 Including G8 members Canada and Germany, source: <http://www.oecd.org/tax/exchange-of-tax-information/conventiononmutualadministrativeassistanceintaxmatters.htm>

- Tackle speculative use of Over the Counter (OTC) derivatives for tax evasion purposes by supporting the creation of a financial transaction tax⁶.

Transparency in the Extractive Sector

8 Corruption misallocates resources undermining democratic and economic development. It hits the poor and the vulnerable first and foremost. It results in social, economic and environmental degradation, and in some countries, fuels conflict, where there should and could have been sustainable and equitable development instead.

9 In Deauville in 2011, the G8 committed to “*setting in place transparency laws and regulations or to promoting voluntary standards that require or encourage oil, gas, and mining companies to disclose the payments they make to governments*”⁷. Section 1504 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act requires oil, gas and mining companies to disclose what they pay to the U.S. government and foreign governments as part of their annual filings to the U.S. Securities and Exchange Commission (SEC). Recently, agreement has been reached to reinforce EU disclosure requirements for extractive industry companies across Europe and their subsidiaries around the world.

10 Trade unions strongly welcome these initiatives to build transparency so that citizens in resource-rich countries can hold companies and governments accountable. We call on G8 Leaders, who committed to mandatory reporting at the Deauville Summit, to turn their words into action and:

- Support the effective adoption of transparency requirements in other jurisdictions, building on the US Dodd-Frank Act and the EU Accounting and Transparency Directives, to create a global transparency standard;
- Require companies bidding for contracts, concessions and licences to publish data on their beneficial ownership;
- Create a public registry of companies’ beneficial ownership;
- Join the Open Government Partnership and the EITI.

Trade

11 Evidence shows that trade liberalisation has resulted in increased inequality in the distribution of the gains of trade, as well as a deterioration of the quality of employment. The evolution of Global Value Chains (GVCs) has been accompanied by an increase in outsourcing, subcontracting, indirect employment, low paid, insecure and often unsafe work, in particular in Export Processing Zones. The recent tragedies in Bangladesh are emblematic of a global problem of poor working conditions throughout global supply chains. Sharing the benefits of trade more equally between labour and capital requires trade rules that put people first.

12 Trade liberalization and participation in GVCs have also led to increased specialisation in low value-added production in many countries, which impedes the process of economic and social upgrading, and slows down diversification and structural transformation.

13 Trade unions are calling on the G8 to put social factors, including equality and fairness at the heart of trade policies, and:

- Include enforceable responsibilities for investors in trade agreements so as to better balance the rights and responsibilities of investors;

6 in line with the OECD Secretariat proposal on Bank Competition and Financial Stability, OECD, August 2011: <http://www.oecd.org/regreform/sectors/bankcompetitionandfinancialstability.htm>

7 <http://www.canadainternational.gc.ca/g8/summit-sommet/2011/declarationg8afrique-g8afrique-2011-05-27.aspx>

- Promote the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises (MNEs) and the ILO Tripartite Declaration on Multinational Enterprises;
- Ensure sufficient policy space for developing countries in trade and investment treaties;
- Assist countries in developing industrial development policies;
- Promote all aspects of the decent work agenda including the respect of fundamental workers' rights laid out in the Conventions of the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Labour Inspection Conventions, and other Conventions including occupational health and safety standards;
- Ensure environmental protection on the basis of international conventions, and strengthen procedures for the seizure of illegally harvested goods at borders;
- Tackle gender inequality, and particularly the segregation of the labour market by gender with women being concentrated in low paid and low skilled jobs;
- Abandon the traditional deregulatory approach towards financial services that increases volatility and creates new financial conglomerates that would be “too big to fail”, as well as excessive risk taking and other damaging behaviours of financial institutions that lead to financial instability;
- Decrease protection of intellectual property to ensure sufficient access to medicine and technologies in developing countries, specifically extend the TRIPS agreement exemptions which allow the world's poorest countries access to life-saving drugs at costs they can afford;
- Exclude the use of the Investor-State Dispute Settlement (ISDS) mechanism from future trade agreements, given the severe risks they pose to domestic policy-making and national sovereignty.

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Global Unions

www.global-unions.org



BWI

www.bwint.org



EI

www.ei-ie.org



IAEA

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IFJ

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IndustriALL

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ITF

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ITUC

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IUF

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PSI

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TUAC

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UNI

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