

**SOCIAL PARTNERS (L20-B20) SESSION WITH G20 LEADERS  
SAINT PETERSBURG G20 SUMMIT  
6 SEPTEMBER 2013**

President Putin opened the meeting and welcomed the leaders and B20/L20 representatives. Russia was pleased to have made some innovations to the G20 during its presidency including the Labour and Finance ministers' joint meeting and the Social Partners' session. He said that in the Summit agenda the Presidency had included two central issues that had been identified by the L20 and the B20 in their preparatory work, which should be discussed in the Social Partners' session as well:-

1. Investment issues including free movement of capital and the need to increase infrastructure investment;
2. Labour market issues including high quality education, efficient labour market policies, matching labour demand and supply, balancing flexibility with social protection and respect for workers rights.

Alexander Shokhin (Chair of the B20 in 2013) set out the work of the B20 task forces and explained that some of the task force chairs would be summarizing their recommendations that were now included in a B20 "white book". The B20 said that there should be a balancing of structural policies and long-term structural goals with short-term action that needed to be taken.

Mikhail Shmakov (FNPR) explained the work of the L20 and set out the key recommendations priority recommendations of the L20 to the Leaders: creating quality jobs and inclusive growth and set national employment targets; fostering youth inclusion in the labour market; raising sustainable aggregate demand; increasing long-term investment in infrastructure and the green economy; stamping out tax evasion and profit shifting and moving to fair and progressive taxation; drive effective regulation of the financial system and work to introduce a global Financial Transaction Tax (FTT); guarantee workers' rights and safe work in Global Value Chains. He said that the L20 was ready to support the G20 and cooperate with the B20 on the follow-up of past commitments and contribute recommendations to future policy work.

Sharan Burrow (ITUC) said that the world's people need the G20's focused, coordinated action to reframe the global economy. The L20 were heartened that jobs, investment and growth were on the G20 agenda as the critical challenge. People felt abandoned and there was a serious mistrust in institutions. The ITUC global poll showed that: one in two of the world's people had direct or family experience of unemployment or reduced hours; 87% of people say their income was stagnant or had fallen behind the cost of living; 80% of people felt that governments had not done enough on unemployment and the majority feel they had no job security. 40% of the global workforce lived in the desperation of the informal economy and an exploitative model of global trade through impoverished global supply chains. She called for coordinated leadership to change the situation. Unions were ready to help rebuild economies with 25 trillion of workers capital (pension funds) invested in the global economy, but a new investment model was needed with patient long-term capital at the core. The L20 supported the G20's actions against tax evasion but called for long-term investment principles as well. Jobs targets, together with action to create jobs, were needed including infrastructure

investment and investment in green economy technologies and the care sector, along with fairer income distribution to reduce inequality and build demand. This required social protection floors, minimum wages on which people can live and collective bargaining. The G20 Labour and Finance ministers endorsed this call in July and Leaders should as well. The words are there in G20 Communiqués but implementation is now the responsibility for all. The L20/B20 had started a dialogue at the Cannes Summit and we jointly agreed at the Los Cabos Summit to put to leaders three priorities - jobs through investment in infrastructure, youth inclusion through a dramatic scaling-up of apprenticeships and formalising business and jobs in the informal sector.

Hans-Paul Bürkner (Boston Consulting Group) presented the B20 Task Force on Investments and Infrastructure. He emphasized the need for encouragement for Public Private Partnerships that reduced the risk for investors in long-term infrastructure projects. Governments should help set up pilot projects that could be scaled up. He also emphasized the importance of keeping capital markets open.

Tuğrul Kudatgobilik (Chair of the B20 Task Force Chair on Employment) said that creating more jobs for G20 societies was a priority task for governments. The private sector was the major source of jobs and there was a need to create the conditions to promote entrepreneurship, reduce high non-wage labour costs and invest in education and training.

John Evans (TUAC) said that it was important that the G20 had identified the need for quality jobs as an objective. Income inequality had increased for the previous two decades and there was now an economic as well as a social case for targeting recovery measures so as to raise the incomes of those at the bottom of the income distribution – this would support consumption and demand and also ensure more balanced growth in the future. The G20 Labour and Finance Ministers' conclusions in July had recognized the value of national wage bargaining and minimum wages as well as social protection systems. This should be reflected in the Leaders' statement and Saint-Petersburg Action Plan. They should also restore progressivity to tax systems and follow up the OECD's Report on Base Erosion and Profit Shifting. Investing in workers' skills and tackling youth unemployment were also crucial and the L20 and B20 had presented their principles for quality apprenticeships as part of the response – unions were taking their responsibilities seriously for follow-up. Governments needed to do the same and good words in Communiqués were not enough; they had to be backed up by action if trust was to be restored. The L20 was ready to work with the G20 and the B20 moving into the Australian Presidency.

Jürgen Fitschen (Deutsche Bank) presented the report of the B20 Task Force on the Financial System. He said that although the focus had been on regulation of financial institutions, governments should also consider the adverse effects of some of the measures taken and take necessary mitigating steps to ensure that funding for the real economy was not restricted.

Fulvio Conti (Enel Group) presented the report of the B20 Task Force on Innovation and said universal access to energy was the key – this required support for innovation and major investment in energy for the future.

President Putin invited Senator Carr (Australian Foreign Minister) to react first, given that Australia will be taking over the Presidency of the G20 in December. Senator Carr said that there was now an understanding that jobs drive growth as well as growth drives jobs. There was also a need for quality jobs – not just a job at any price. He welcomed the decision of the

Russian Presidency to hold the L20-B20 session with the Leaders and was confident that this would be continued under the Australian Presidency. They would be looking to the B20 and the L20 to support growth through investment as well as structural reforms. The action taken to support the BEPS Action Plan was also an important outcome of the Saint-Petersburg Summit.

Herman Van Rompuy (President of the European Union) welcomed the social dialogue that was now taking place at the G20 level and was a key part of the European social market economy that enshrined the role of employers and trade unions and not just governments as major actors. Ultimately the objective of all policies was employment as there could be no growth in jobs without fiscal stability. These policies were now paying off as the situation in Europe was stabilizing. What was needed was to push ahead with structural reforms but also to put in place short-term measures for jobs. This was the objective of the European youth action plan.

Enrique Peña Nieto (President of Mexico) welcomed the session with the L20 and B20. He was committed to create quality employment - high-skilled, high-remuneration jobs that could be drivers of growth with priority policies for youth with education and employment needed. Structural reforms and raising education standards were necessary and this was what he was trying to achieve in Mexico. He was encouraged that the Saint-Petersburg Action Plan would have a strong message on quality jobs.

Susulio Bambang Yudhoyono (President of Indonesia) supported increased discussions with unions and employers. He said that strengthened growth in the US was a good thing but that there were now problems in the emerging economies. There was a critical need to continue to look at domestic issues as external shocks were still serious. National, regional and global collaboration was required. He welcomed foreign investors in Indonesia but said that they should respect social norms and not lay off workers. Growth could be safeguarded and protected if companies avoided layoffs to preserve demand. He was trying to build a new form of tripartite agreement in which the government would help firms with fiscal measures and in return firms should be socially responsible.

François Hollande (President of France) also welcomed the L20-B20 presence at the meeting that was now a part of the G20. There had been progress from Los Cabos and there was a need to pursue this. Growth, education, vocational education and youth employment were all priorities for action. The financial regulation discussion was on-going at the G20 but more investment in the real economy was needed. Changed trade rules were needed to avoid protectionism. There was much convergence of views.

Angela Merkel (German Chancellor) welcomed the B20-L20 session and said that business and unions were a key part of the social market system in Germany. It was essential to tackle youth unemployment that required investment in vocational training and quality education. The work on financial regulation at the G20 needed to be pursued.

Enrico Letta (Prime Minister of Italy) said that this was the first G20 that had prioritized jobs to this extent; the political discussions on Syria had been very difficult. However, on the measures to be taken to ensure recovery and growth there was now agreement amongst the Leaders. There was a common narrative that ensuring jobs and growth depends on decisions by governments and action by the social partners. The Summit would move action forward on shadow banking and ending tax havens and tax evasion. However, a jobless recovery could

not be accepted. The L20 had raised the issue of youth unemployment and there was also a need take action to raise access to education. An important point was helping SMEs get access to credit and to be integrated in global value chains and to develop new ideas and innovate.

José Manuel Barroso (President of the European Commission) said that the European economy was growing again and the focus should be on differentiated and growth-friendly fiscal consolidation, structural reforms and improving financial regulation. Trade liberalization was the cheapest way to create jobs. Both the L20 and the B20 had raised trade issues in their recommendations to the Summit: the B20 had called for a successful outcome from the Bali WTO Ministerial and an agreement on trade facilitation and the L20 had called for a better insertion of SMEs into global value.

David Cameron (UK Prime Minister) agreed that jobs were the priority. He noted that the UK had created 1.3 million net jobs in the private sector in the recent period – there were now the highest number of workers in the private sector on record. There were more women in work in the UK private sector than any time in history. He acknowledged the B20/L20 work but noted that although it was good to find common ground between the different constituencies, both sides should not avoid their respective challenges that need to be addressed. For the business community the challenge is to accept tax reforms and to reduce BEPS, whereas unions have to accept that welfare reform was not an attack on workers but necessary to get people into work.

In Conclusion, President Putin said that there were two central messages that came out of the meeting and that would be in the conclusions of the Leaders – Jobs are key to the recovery and that action had to be taken to strengthen tax systems. There was consensus on the need to work with the B20 on investment and the representatives of unions on the respect for the social rights of employees.