



## L7 STATEMENT TO THE G7 LABOUR AND EMPLOYMENT TRACK

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

The Labour 7, as the voice of trade unions in G7 countries and the European Union, welcomes the opportunity to contribute to the work of the G7 Labour and Employment track. In today's uncertain times where megatrends are affecting workers and labour markets, meaningful and effective social dialogue - including at the international level - is essential to foster social cohesion, solidarity and trust in public policies. Trade unions are central to the economic and social fabric of society and key to tackling inequalities and ensuring more equitable labour market outcomes for all, particularly in the face of digitalisation and climate change.

Yet in many countries the rights of freedom of association and collective bargaining are under attack, including in some G7 countries. The G7 Labour and Employment Ministers have a responsibility to unequivocally support unionisation and social dialogue and reaffirm their commitment to respect, protect and promote fundamental human and labour rights of freedom of association and collective bargaining, including the right to strike, in line with the ILO fundamental conventions Nos. 87 and 98.

***Before addressing the policy priorities identified by the Presidency, this statement raises three critical cross-cutting policy issues that should be addressed as a matter of urgency by G7 members in the run-up to the Labour and Employment Ministerial Meeting (LEMM) and included in its final communiqué.***

- 1. *Fostering real-wage growth is an economic and social necessity.*** The real value of wages across the OECD and in almost all G7 countries remains below 2019 levels. The cost-of-living crisis continues to impact on the lives of millions of workers who are at greater risk of falling into poverty, notably women, young people and migrant workers. Further to the G7 Leaders' recognition last year that "*investments in human capital should not be seen as a cost*" and the commitment to "*achieve a virtuous cycle of workers' well-being and social and economic vitality, which will lead to sustainable growth and real wage growth*", we urge the LEMM to make the topic of real-wage growth and fair labour income redistribution a priority on its agenda. Initiating a regular and multiyear exchange of practices amongst G7 members on this topic, including on how supporting unionisation and collective bargaining contribute to drive wages up, would be a useful step in this direction.

- 2. *Scaling-up climate action through a truly just transition for all workers.*** The triple planetary crisis is one of the greatest challenges affecting humankind and should be a priority in all G7 tracks and working groups. There is clear evidence that the transition to net zero economies will have significant distributive impacts on labour markets, potentially increasing inequalities in some sectors and regions, while the effect on the most vulnerable – such as low-skilled and low-income groups - will be disproportionate. To accelerate climate action, countries must ensure that costs and benefits of the transition are equitably shared, including through adequate taxation on wealth and financial transaction, accompanied by strong redistributive policies. As countries are called upon to set their new Nationally Determined Contributions (NDCs) next year under the UNFCCC, we urge G7 members to reaffirm their commitment to invest in a just transition for workers, in line with the ILO tripartite guidelines of 2015 and the Paris Agreement. Building on the work launched under the German G7 presidency in 2022, this LEMM should facilitate the exchange of best practices on fostering a just transition, both in mitigation and adaptation. G7 members should also continue to support joint work from the ILO and the OECD, including on the definition and measurement of green jobs. Greater coordination between government Ministers, beyond LEMM Ministers, is required to ensure a holistic response to climate change.
- 3. *Looking beyond the borders of the G7 and promoting workers' rights globally.*** Poverty and inequality are rising globally, reversing decades of progress towards the achievement of the UN Sustainable Development Goals. Growing inequality, working poverty, attacks on workers' rights and blatant violations of human rights such as child labour and forced labour warrant immediate action from the G7 to ensure compliance with international labour standards. G7 members should highlight the importance of instruments such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, while also committing to strengthen National Contact Points. Clear support should be brought to the adoption of a binding international treaty at the United Nations on human rights and decent work in global supply chains. More generally, for the G7 to speak with one voice, Labour and Employment Ministers must reassert the critical need for policy coherence and reaffirm the central role of the ILO in global governance. This LEMM provides an opportunity to take this agenda forward by providing tangible support to the ILO and its Global Coalition for Social Justice. International labour standards should be central in finance, trade and investment policies, but also in procurement, in line with ILO Convention No. 94 on Labour Clauses (Public Contracts) which to date has been ratified by only two G7 members.

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## **A. UPHOLDING THE PRINCIPLE OF HUMAN IN CONTROL IN ARTIFICIAL INTELLIGENCE**

The rapid advancement of artificial intelligence (AI) raises considerable challenges both for labour markets and the world of work more broadly. Yet the full impact of AI –in terms of algorithmic management or automation - is not pre-determined and will be the result of the political choices still to be made by policymakers, including in the field of labour and employment policy.

For advanced economies, such as the G7 countries, recent analysis finds that approximately 60% of jobs are exposed in some way to the advent of AI. In today's fast-changing technological climate, we urge G7 members to avoid focussing solely on the potential benefits and opportunities of AI but to urgently define an adequate legal and policy framework for AI that benefits all. Artificial intelligence must not be allowed to undermine workers' rights or exacerbate inequalities and discrimination, whether based on gender, skill levels, sectors, age, origins or any other grounds including trade union membership.

G7 members must ringfence national regulatory space to legislate on AI and clearly acknowledge the existing risks, such as those related to data protection, privacy, liability and workers' autonomy when performing their job, workers' intellectual property and copyrights, but also faster pace of work and occupational safety and health more generally, extreme levels of monitoring and illegal surveillance linked to algorithmic management. Research shows that algorithmic decision-making carries the risk of exacerbating and further systematising bias and discrimination in the labour market, such as gender-based discrimination. There are also documented instances of companies using AI tools to interfere with or restrain workers' efforts to join or form a trade union, which is a direct breach of their fundamental right to freedom of association.

***Against this background, G7 labour and employment Ministers have a particular responsibility to (1) uphold the principle of “humans in control” of AI, (2) reaffirm that respect for workers' rights and international labour standards must be guaranteed; and (3) reassert the central role of social dialogue and collective bargaining in the use and implementation of new technologies, most notably with AI.***

Whether the effect of technology on working conditions is positive or negative depends in large part on the voice that workers have in its design, implementation and use. Social dialogue and collective bargaining play a key role in mitigating the risks to workers and will ensure that AI is implemented in such a way that improves job quality and respects human rights. Research shows that facilitating and promoting workers' input on technology development and deployment yields positive impacts for both companies and workers, helping to ensure safe working conditions and fair redistribution of potential productivity gains.

Workers and their representatives must have the right to receive information about the used applications of AI, such as algorithmic systems. G7 members should encourage the inclusion in applicable rules and regulations of a collective statutory right of trade union organizations to information and consultation on the functioning of algorithms affecting the employment relationship. It is important that governments set up specific bodies to evaluate the impact of AI and they should involve the trade union representatives in this work.

While several international initiatives and instruments exist to define principles that should guide the advancement of AI, none of them adequately reflect the central issues of labour market implications and safeguarding workers' rights. To fill this international policy gap, the G7 LEMM must rely on joint OECD and ILO research in this area, to define a clear and robust policy framework for an AI that respects human and workers' rights.

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## **B. STRATEGIES AND POLICIES FOR RESILIENT LABOUR MARKETS IN AGEING SOCIETIES**

The Labour 7 notes that the topic of so-called 'active ageing' has already been the subject of numerous discussions and commitments in previous G7 meetings. The labour movement has serious concerns that under this workstream, the issue of active ageing in G7 societies – which indeed raises serious challenges – may be used as a pretext to promote policies that extend the legal retirement age, undermine employment protection for older workers and/or reduce pension benefits.

**G7 members must adopt a different approach and ensure that active ageing policies should first and foremost guarantee peoples' health and safety, as well as the right to ageing with dignity.**

Any policies related to 'active ageing' should be made following rigorous assessments developed through social dialogue, and accompanied by comprehensive labour market policy packages that cover active labour market policies, skills, occupational safety and health, especially in a preventive approach, work organisation, career developments as well as wage policies. The promotion of active ageing policies should take a life-cycle perspective, with workplaces and work organisation designed and adapted to allow workers to be physically and psychologically healthy at work until retirement.

Active ageing must be underpinned by the principle of intergenerational solidarity and promoted through schemes guaranteeing the retention of senior workers and the creation of quality jobs for youth, including through measures such as mentorship. Discrimination on the basis of age must be prevented and employment of senior workers must be supported without extending the legal retirement age.

Active ageing cannot merely be seen as the solution to the sustainable financing of welfare systems. These should remain contribution-based and be guided by the principle of solidarity enshrined in ILO Recommendation 202. Before promoting active ageing policies, G7 countries should address persistent issues such as the gender employment and pay gap, or youth unemployment, which in October 2023 still represented over 10% of the total G7 labour force, according to OECD figures. More generally, G7 countries should pay particular attention to the large inequalities for women's pension resulting from gender pay gap, persistent horizontal and vertical discrimination in the labour market or work-life imbalance.

The L7 also has serious concerns that labour migration be only viewed in this context as a source of cheap and easily expendable labour to address shortages. As enshrined in the ILO Philadelphia Declaration, labour is not a commodity. Any references made in the G7's outcome document must take into account the development needs of countries of origin and strictly comply with existing international legal standards, including the international human rights instruments, ILO Convention No. 143 on Migrant Workers (which has been ratified by only one G7 country) and ILO Fundamental Convention No. 111 on non-discrimination. G7 members should ensure equal treatment of migrant workers, including in relation to labour rights, housing and healthcare.

**The Labour 7 welcomes the proposal to identify strategies and policies to improve working conditions in the care sector.** The proposal to adopt a G7 Action Plan on the care sector could help to tackle significant deficits in decent work, both in G7 countries and beyond. This should span all parts of the care economy including childcare and early years education and adult social care. Discussions leading up to the LEMM should also aim to consolidate a strong and ambitious position for G7 members ahead of the General Discussion on Decent Work and the care economy at the next International Labour Conference in June 2024.

The Covid-19 pandemic has shown the critical importance that care workers play in all countries around the world. Yet, despite their dedication and commitment, many of them have emerged from the pandemic exhausted and demoralised by a lack of recognition for their efforts. Workforce shortages are exacerbated by a vicious cycle in which poor working conditions and low wages lead to resignations and job rejections, which worsens the existing shortages even further. It is urgent that the G7 Labour and Employment Ministers recognise the need to invest in systemic care strategies, especially in child, elderly and long-term care, and improve working conditions in the care sector – including domestic care workers - by addressing the issues of undeclared work, lack of formal qualifications, precarity, lack of reliable social protection schemes, low wages and limited collective bargaining.

**Labour and Employment Ministers should recognise the need for public investment in the health and care sector. Years of underinvestment, coupled with fiscal austerity, will have a dramatic impact on workers, including care workers, and on society more generally.**

The G7 should acknowledge the need to foster real-wage growth for care workers and recognise governments' responsibility to promote adequate wages in collective agreements (in public institutions, thereby also driving wages up in the private sector) and raise the sectoral minimum wage. The G7 Action Plan should also promote the central role that social dialogue plays in improving working conditions more broadly. Increasing the effective coverage of care workers is necessary and can be achieved by extending collective agreements to all care workers, increasing compliance through enhanced labour inspections and supporting affiliation to unions. There is also a need to support 'professionalisation' in the care economy, including the establishment of clear career pathways, with training and skills development aligned with national pay structures to make sure care workers are fairly remunerated and can progress as they acquire new skills and knowledge. Training must be accredited and qualifications recognised and transferrable to new employers.

The G7 Action Plan must recognise the need to put an end to many care workers' precarious forms of employment by explicitly banning the use of 'on-call' or 'zero-hour' contracts, and ensuring care workers' full access to sick pay, secure contracts and full payment for all time worked. While many care workers are considered as domestic workers, the L7 believes the Action Plan should reaffirm the importance of ILO Convention No. 189 on Domestic Workers, noting that only two G7 countries have ratified this key instrument at this time.

While women account for more than 85% of the workforce in long-term care work, they nonetheless earn lower wages than men doing the same job and a vast majority of unpaid care work falls to them too. G7 members should reaffirm their commitment to tackling unpaid care work and take definitive action to foster gender equality by closing the gender pay and career gaps but also promoting work-life balance and a fairer share of caring responsibilities in households. Care workers, and women in particular, are much more exposed to physical and mental health risks than other employees and markedly more exposed to violence and harassment. The G7 Action Plan should underline the importance of ratifying and complying with ILO Convention No. 190 on Violence and Harassment in the World of Work and its accompanying Recommendation. The Action Plan should foreground the need to ensure non-discrimination on any ground, including gender, origins or migrant status. It should also promote health, safety, and wellbeing of *all* care workers – including zero tolerance for abuse against all groups that are disproportionately exposed to violence and harassment.

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### **C. CHANGING SKILLS NEEDS: MAKING TRAINING POLICIES MORE INCLUSIVE**

Building on existing international initiatives and previous commitments made by G7 Labour and Employment Ministers, the work undertaken this year can make a valuable contribution by focusing on the need to make training policies more inclusive and accessible to all workers, tackling all forms of discrimination. The L7 recalls the importance of qualifications in securing access to better employment conditions and pay.

G7 Labour and Employment Ministers should also recall that increased public investment in free and universal basic education, which is high-quality and accessible to all, holds the key for future skills adaptability and development. Education must support the development of individuals. Rather than being based on the immediate needs of companies in the labour market at a certain time, education should be framed in a lifelong learning approach to adapt to the evolving needs in the world of work.

Access to training, reskilling and upskilling programmes will be critical for workers amid the green, digital and demographic transitions. Yet too many workers still do not have access to training, upskilling and reskilling opportunities: those most in need of training tend to be less likely to receive it. Considering the significant labour shortages and skills shortages in fields that are essential for the green transition, workers need to be able to access their right to training. Filling these gaps is essential to meet our climate targets and foster a just transition.

**Against this background, G7 members should commit to ensure that all workers have adequate and free access to training, reskilling and upskilling opportunities, preferably during their working time, and irrespective of their employment status, level of education, gender, age, origin or income.**

Specific programs should be implemented to enhance access to STEM skills that are required on the labour market, in particular for the youth and for women and girls. In this regard, G7 members should reaffirm their commitment to respect, protect and promote ILO Convention No. 111 on non-discrimination as a cornerstone to ensure equitable access to skills and training opportunities, as well as ILO Convention No 140 on Paid Educational Leave Convention, and ILO Recommendation No. 208 on Quality Apprenticeships.

Furthermore, the G7 should clearly identify existing obstacles, as well as priorities, to guide governments' actions, underlining the need to invest significantly in sectors and regions that will be severely impacted by the green transition. An appropriate skills and training strategy is an indispensable component of a just transition. To successfully navigate these transitions however, skills policy should be part of a broader and comprehensive policy package which includes social protection, wage and other active labour market policies. The G7 should recognise the importance of investing in public education and in skills development of adults, and NEETs, while also underlining the specific responsibility and interest of the private sector in financing the up-skilling and the cost of reskilling programmes.

Last but not least, G7 members must promote social dialogue and the essential role that it should play at all stages of the skills policy cycle. Trade union contribution is key to ensuring that adult learning systems and workers' trainings are responsive and inclusive: it will serve to anticipate training needs by conducting skills assessment and anticipation exercises; encourage take-up of training and support workers facing obstacles; and ensure quality in adult learning and trainings by taking a role in its implementation and overseeing its progress. Collective agreements can address many of the factors that might prevent workers from exercising their right to training and lifelong learning, covering issues such as training rights and responsibilities, the financing of training, training paid-leave arrangements and job protection both during and after the training has been completed.