

G20 TASK FORCE ON EMPLOYMENT 2013

First Meeting

Moscow, February 21-22, 2013

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Sessions Overview

DAY 1

Session1 – Introductory

Objective of the Session – To discuss Terms of Reference for the G20 Task Force on Employment 2013 (TFE) including Task Force priorities, working schedule, deliverables and coordination of the Task Force activities with the Framework Working Group and the Development Working Group

Participated: G20 Task Force delegates, Ksenia Yudaeva, Russia’s G20 Sherpa, and Andrey Bokarev, Ministry of Finance, Co-Chair of the G20 Development Working Group

Presentations and interventions made by: Russia, Turkey, France, China, India, Brazil, UK, South Africa, USA, EU, Japan, Canada, Italy, Spain

Session Outcomes:

- The delegates agreed upon Terms of Reference for the G20 Task Force on Employment 2013. The TOR for the TFE was prepared for the first time since 2011.
- The delegates supported the three priority areas of the TFE: Job creation, Labor Activation and Monitoring of the Progress of Implementation of the G20 Leaders Decisions on Employment.
- The delegates agreed on TFE Working schedule – two more meetings of the TFE in Saint Petersburg on June 3-4 (to discuss the draft Declaration of the Ministers of Labor and Employment and draft Joint Statement/communiqué of the Joint Meeting of the Ministers of Labor and Employment and Ministers of Finance), and in Geneva in October (to wrap up Russia’s Presidency), were approved.
- **The delegates proposed to have one more meeting on July 17** before the meeting of Labor and Employment Ministers and a joint meeting of Labor and Employment Ministers and Ministers of Finance (to fine tune the draft documents developed by the TFE for these meetings).
- The delegates agreed on TFE deliverables - Declaration of the G20 Labour and Employment Ministers; Input to Joint Statement of Finance and Labour and Employment Ministers. The Task Force supported by relevant IOs will make an inventory of G20 countries best practices of job creation and labour activation policies, and compose set of recommendations on stimulation of job creation and labour activation in both emerging and advanced economies); ILO and OECD will prepare Progress report on implementation of the G20 commitments (including, but not limited to, youth employment).
- The delegates agreed on coordination of the Task Force activities with the Framework Working Group and the Development Working Group through information exchange.

- **The delegates proposed to organize a joint meeting with FWG.** Mr. Bokarev, Ministry of Finance, proposed a joint meeting of the TFE with Deputy Ministers of Finance to be held on June 5 in Saint Petersburg to discuss the draft joint statement of the Ministers of Labor and Employment and Ministers of Finance and preparation to their meeting.
- The delegates were informed about the launch of the TFE web site as the platform for discussion and information exchange and were provided individual user names and passwords to access the web site

Session 2 – Outreach

Participated - G20 Task Force delegates, Representatives of **B20** (*David Yakobashvili* – co-chair of the B20 Task Force on Job Creation, Employment and investments in Human Capital, *Erol Kiresepi* - co-chair of the B20 Task Force on Job Creation, Employment and investments in Human Capital, *Matthias Thorns* - International Organization Of Employers, *Andrey Mitukov* - Severstal, *Marina Moskvina* - sherpa of B20 Task Force on Job Creation, Employment and investments in Human Capital), Representatives of **L20** (*John Evans* – chair of the Global Agenda Council on Employment, General Secretary, Trade Union Advisory Committee to the OECD, *Sharan Burrow* - General Secretary of the International Trade Union Confederation,, *Aleksey Zharkov* - Federation of Independent Trade Unions, Russia), Representative of **C20** (*Yelena Kocheshkova*, moderator of Civil-20 internet dialogue platform)

Presentations and interventions made by: B20 representatives (Yakobashvili and Kiresepi), L20 representatives (Evans and Burrow), C20 representative, Russia, Turkey, EU, India, Brazil

Session Outcomes:

- The delegates were informed about the Outreach Strategy of the Russian Presidency
- The delegates of the TFE were informed about the positions of B20, L20, C20 on labor and employment challenges and ways to address them
- The delegates agreed on the need of coordination of the TFE activities and B20 and L20 activities related to employment agenda
- The delegates agreed to invite social partners to their meetings, to share documents and provide social partners with access to the TFE web site
- The delegates noted that B20 and L20 are planning the joint meeting on operationalization of commitments of G20 countries related to labor and employment, financial stability of pensions systems, exchange of experience and that as soon as the dates of the meeting are determined TFE will be informed and invited to participate

Session 3 – Job Creation

Participated - G20 Task Force delegates

Presentations and interventions made by: Russia, World Bank, Argentina, China, Italy, Japan, USA, Germany, EU, UK, India, ILO, OECD, Brazil, France, Canada, Indonesia

Session Outcomes:

- The delegates discussed different aspects of job creation
- The delegates agreed that the job creation is crucial for all G20 countries not depending on their current unemployment rates and degree of informality of the labor markets
- The delegates agreed that the job creation topic should be the key topic of discussion at the joint meeting of Labor and Employment and Finance Ministers

DAY 2

Session 4 – Labor Activation

Participated - G20 Task Force delegates

Presentations and interventions made by: Russia, OECD, Brazil, Canada, Germany, India, Turkey, Spain, Saudi Arabia, Australia, UK, South Africa, USA, EU, Indonesia, France, China, Argentina

Session Outcomes:

- The delegates agreed that labor activation policies are within key focus of the Ministries of Labor and Employment of G20 countries
- The delegates agreed that sharing their experience is important as it could provide the basis for Declaration drafting and that they will make an inventory of labour activation policies (best practices) designed and implemented in G20 countries,
- The delegates agreed to develop recommendations on stimulating of labour activation in both emerging and advanced economies

Session 5 – Monitoring of the Results of Implementation of G20 Leaders Employment Related Decisions

Participated - G20 Task Force delegates

Presentations and interventions made by: Russia, ILO, Germany, India, France, China, Italy, EU, World Bank, USA

Session Outcomes:

- The delegates agreed that the progress made by the G20 countries in implementation of the G20 Leaders Employment agenda should be tracked, summarized and presented to the Ministers of Labor and Employment and reflected in the Declaration of the Ministers of Labor and Employment
- The delegates agreed that monitoring systems are country owned and monitoring process is organized and conducted by a country itself
- The delegates proposed to review results achieved in implementation of G20 Leaders Employment agenda and to highlight what was achieved since the first meeting of the Ministers of Labor and Employment in Washington five years ago

Session 6 – Wrap Up – Preparation For Labor and Employment Ministers Meeting and Labor and Employment Ministers and Ministers of Finance Meeting

Participated - G20 Task Force delegates

Presentations and interventions made by: Russia, India, UK, Canada, France, Brazil, China, Italy, EU, Australia, Mexico

Session Outcomes:

- The delegates proposed that co-chairs based on the discussions during the first TFE meeting prepare a draft declaration of the Ministers of Labor and Employment and draft statement of the joint meeting of the Ministers of Labor and Employment and Ministers of Finance and share the drafts for review and comments among TFE delegates using e-mail exchange and web site posting

Key Messages

Basic Methodology

The situation in the countries is different. There are countries with the strong role of the government and the countries with more market influence. There can't be one size fits all labor policy. There should be a set of policy recommendations from which each country can select those which are applicable to this particular country.

To apply integrated public policy approach to labour market policies - through addressing both labor supply and labor demand and applying the combination of active and passive labor policies and investments for jobs policies to create jobs for better prepared workforce and to decrease structural unemployment - is the key new proposal agreed upon by TFE.

It is important to monitor and ensure balance between the labor demand, labor supply and social protection.

Declarations

Declarations should be focused on the priorities and should be concise, for the best effect. They should not repeat what was already been discussed.

The World Bank, OECD and ILO papers contain many useful suggestions and provide the basis for key points to include in our Declarations. When considering job creation, the OECD/ILO/IMF/World Bank June 2012 report, 'Boosting Jobs and Living Standards', is a valuable reference as regards the effectiveness for job creation of structural reforms.

The Declarations could have a 'real-time' feel about them to give them immediacy and a sense of relevance, by including updates on reform and (more or less) current employment performance across different countries / groups, with comment on the effects and likely effects of structural reforms implemented / soon to be implemented.

In the Declarations we must, collectively and individually, show commitment to confidence and stability, and tackle uncertainty around policy reform.

The Declaration of Labor and Employment Ministers could usefully set out the advantages of flexible and dynamic labour markets which, through various challenges (e.g., economic crises, demographic and technological change), support high levels of employment and labour market participation, including for disadvantaged groups.

The Joint Labour and Finance ministers' meeting gives the opportunity and the responsibility to demonstrate more explicitly how structural reforms support employment growth.

The joint Labor and Employment and Finance ministers statement can emphasize the importance of labour market and demand-side policies working alongside each other to ensure that companies have incentives to create jobs for a better-prepared workforce. Obstacles to hiring should be addressed.

One of the deliverables to the Labour and Finance Joint Meeting will be the data base of best practices in job creation and labour activation which will allow ministers to be informed about situation with labour market policies.

The importance of automatic stabilisers (and reforms to make them more effective) should be highlighted. For countries that do not have any more fiscal space, automatic stabilisers continue as counter-cyclical measures to help individuals find employment and to maintain a certain level of domestic demand.

The G20 leaders need to set a jobs target to tackle unemployment and inequality (*L20 input*)

Unions say governments must commit to investment in infrastructure, providing affordable credit for small to medium enterprises, setting minimum wages, helping older people and those with disabilities to access work, strengthening collective bargaining and more apprenticeships and internships. *(L20 input)*

Job Creation

The private sector creates jobs. Governments need to commit to addressing within their economies the barriers that restrict or dissuade the creation, operation and growth of businesses. *(B20 input)*

An enabling environment is especially crucial to the success of small and medium sized companies, which are the main employers globally. *(B20 input)*

Demand and supply side reforms implemented and planned by countries, include reducing unnecessary regulations which are obstacles to job creation and other ‘enabling environment’ priorities for job creation, including encouraging domestic and international investment. *(B20 input)*

To stimulate labor demand through:

- (i) Government stimulated and market-based incentives for investments in job creation and for stimulating sustainable and balanced growth (including but not limited to improvements in investment climate, withdrawal of administrative barriers for investments in jobs, improvement of legal framework, investments governance, and taxation (including taxation waivers for new job places), increased stability of banking systems, development of public-private partnerships and small and medium enterprises);
- (ii) Long-term investments (including in infrastructure) as a basis for job creation and economic growth – possible sources (such as pension funds), state guarantees and other instruments stimulating and protecting investments in job creation;
- (iii) Increased flexibility of labour regulations, including on dismissals, development of distance jobs, part-time jobs, temporary jobs etc. for those who needs such types of jobs or who can’t find regular full-time jobs.

For developing countries it is needed to tackle job creation issues with respect to quality jobs and social protection matters.

This narrative could then link to the broader macroeconomic framework to demonstrate that labour market policy can only do so much and that stability and confidence in economies and across economies is necessary to support job creation.

Important barriers to employing people are over high non-wage labour costs and legal compliance costs, which need to decrease to make employment affordable. If the burden of non-wage labour costs can be eased, there would be an immediate impact on employment. Linked to the question of non-wage costs is the question of the future of pension systems in light of the ageing of societies. This demographic revolution impacts greatly on social welfare in every country and its early effects are already being felt. If governments do not address the issue of demographic aging much more determinedly, the impact of this trend on non-wage labour costs for financing pension systems will be devastating *(B20 input)*

Labor Activation

To stimulate labour supply through improved education systems, vocational training systems, apprenticeships and other methods, enforcement of active labor market policies and rearrangement of passive labor market policies.

Labor Activation requires a comprehensive policy approach which needs to be tailored to local circumstances as G20 countries face different labour market challenges. If properly targeted and implemented, activation programmes can have potentially high pay-offs in the short- and medium-term.

All G20 countries have vulnerable groups that could benefit from activation programmes. These include: Low-skilled, Long-term unemployed; Youth, Women, Disabled.

Labor Activation should also include the support of cost-effective measures to: expand the access of particular groups to productive employment; to reduce the size of informal employment and to match the skills to the labor demand through training (vocational, academic, life-long).

Activation programs must be properly targeted. Evaluation of the programs is important. Programs must start from the bottom.

TFE should continue to acknowledge the importance of labour market demand and skills matching, highlighting the importance of local labour market knowledge for public and private employment service providers (this is not easy to get right and further knowledge-sharing would be beneficial).

For disadvantaged groups, TFE can focus on the importance of promoting independence and incentives to work and, where we have the resources, offering tailored support to people, particularly those with complex barriers to employment. TFE will probably have to mention as examples all of the disadvantaged groups, but can probably avoid too much detail on each – as far as different national situations should mean that high-level principles, with one or two examples, will suffice.

A good policy example to promote would be that of flexible working (e.g., part-time, compressed hours, part-year working), which has advantages for workers and employers, increasing opportunities for individuals and increasing access to skilled workers for business, with positive effects on productivity.

For Vulnerable groups in the labour market, especially young and low-skilled workers, the so-called non-traditional forms of work are an important stepping stone into employment. *(B20 input)*

Key priorities must be: to improve the education and skills systems through the promotion of early childhood education and through compulsory, free and high quality education systems that ensure proper knowledge in core competences, particularly literacy, numeracy and STEM-subjects. Moreover, *employability* has to be a key component of education and training systems in order to avoid skills mismatches in the labour market.

A second barrier to labour market integration on the supply side is the lack of affordable child care facilities which continues to hamper the quick re-entry into the labour market of young parents and the lack of care facilities for the elderly *(B20 input)*

Monitoring

The issues of monitoring should be discussed with regard to individual country circumstances and credible methodology.

Identifying country policies that conform to previously agreed G20 employment principles is important to demonstrate that G20 action has saved or created a certain level of employment in some countries, compared to previous recessions (as per the 2009 Summit Declaration).

As far as labour market policies likely to be country-specific, TFE should be able to identify principles and policies, eg active labour market policies, which are particularly relevant across countries.

The World Bank, ILO and OECD will play important role in facilitation of collection of the information from the countries and assembling it in the draft report format, which will be discussed by the Task Force delegates.

TFE can endorse efforts by employer and worker representatives to promote apprenticeships, highlighting the important roles and responsibilities of these actors generally and in the G20 process.