

## June 2013 Meetings Summaries

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### Summary 1

**G20 Task Force on Employment 2013 Second Meeting, Saint Petersburg, June 3-4, 2013**

## JUNE 3-4 Sessions Overview

### Day1

#### **Session1 – Opening Remarks/Outreach Session**

**Objective of the Session** – to discuss and finalize the format and the agenda of the forthcoming high level meeting of the Ministers of Labour and Employment with Social Partners

**Participated:** G20 Task Force delegates, Representative of **B20** (*Erol Kiresepi* - co-chair of the B20 Task Force on Job Creation, Employment and investments in Human Capital), Representative of **L20** (*John Evans* – chair of the Global Agenda Council on Employment, General Secretary Trade Union Advisory Committee to the OECD),.

**Presentations and interventions made by:** L20 representative (Evans), B20 representative (Kiresepi), Russia, France, Turkey, South Africa, EU, Italy, Brazil, Saudi Arabia

#### **Session Outcomes:**

- The delegates discussed and expressed no objection to entitle the high level meeting of the Ministers of Labour and Employment with Social Partners - «Social dialogue on labour and employment priorities for job creation» and to focus the discussion around two topics “Creating Good Jobs in G20 countries including in Small and Medium-Sized Enterprises” and “Trade Unions and Entrepreneurs' Role in Job Creation and Labour Markets Development”. The issues which social partners would like to address within these topics also include the need to restore the fairness and equality, the need for labour markets flexibility, the need to address demographic situations and labour costs

- The delegates agreed on the total number of delegates from B20 (26 delegates) and L20 (26 delegates) to meet with the Ministers of Labour and Employment.
- The delegates supported the following pattern - 7 speakers from B20 and 7 speakers from L20 representing different countries will sit at the table with the Ministers while other delegation members will be seated in the same meeting room but behind those making presentations.
- The delegates noted the proposed list of speakers from B20, which include representatives from Germany, France, USA, India, and International Organization of Employers and agreed to further discuss and coordinate the lists of speakers through Russia's G20 Experts Group on Employment.
- The delegates noted that the cooperation and collaboration with social partners at the national levels becomes an important factor of the countries' labour market policy development and implementation.
- The delegates acknowledged the joint efforts made by B20 and L20 in delivery of past commitments and expressed their appreciation of the forthcoming signing of a Joint B20 and L20 Statement on Quality Apprenticeships (the topic which was in focus of the G20 Task Force on Employment in 2012)

## **Session 2 – Presentations of the Background Documents Prepared for the Meeting of Ministers of Labour and Employment**

**Participated** - G20 Task Force delegates

**Presentations and interventions made by:** The World Bank Representative (P.Paci), OECD representative (S.Scarpetta), ILO representative (Philippe Egger), Russia, France, India, Australia, Turkey, Italy, UK, Argentina, Indonesia, China, EU, USA, Mexico,

### **Session Outcomes:**

- The delegates were informed about the progress of preparation of key deliverables planned to be submitted to the Ministers of Labour and Employment:
  - (i) Job creation and labour activation policies in G20 countries (G20 countries database) (task force on employment)
  - (ii) Addressing employment, labour market and social protection challenges in G20 countries: Key measures since 2010. (ILO and OECD)
  - (iii) **The** Short-term labour market outlook and key challenges in G20 countries, Statistical update for the Meeting of G20 Labour and Employment Ministers, Moscow, 18-19 July 2013, (ILO and OECD)
  - (iv) Activating vulnerable and under-represented groups in the G20 countries: key policy challenges and good practices (OECD)
  - (v) Labour Market Trends and Policy Responses (World Bank)
- The delegates exchanged views on the topics covered by reports and advised IOs to pay special attention to the analyses of interrelation between flexibility- labour demand-economic growth.

**Session 3 – The Draft Declaration (continued till after lunch of Day 2)**

**Participated** - G20 Task Force delegates

**Presentations and interventions made by:** Russia, Brazil, Australia, Turkey, UK, USA, EU, India, Argentina, Germany, China, Mexico, Canada, Japan France

**Session Outcomes:**

- The delegates discussed different approaches towards shortening of the draft of the Declaration (version 3) and ways to make statements more concise, focused and sharper, with stronger and more ambitious political messages for wider public.
- The delegates agreed that the Declaration should not be limited only to statements implementation of which is within responsibility of Ministers of Labour and Employment, but should cover all spheres important for labour market development and employment growth including education, finance etc., which are beyond responsibilities of Ministers of Labour and Employment
- The delegates agreed that there is a need to clearly define the notion of “labour market flexibility”, emphasized crucial importance of looking into the employment-related issues within a broader macroeconomic perspective and the need to strengthen monitoring activities
- The delegates through bullet by bullet review and editing agreed upon new final version of the Declaration (version 4)

**Day 2**

**Session 4 – The Draft Joint Statement of Labour and Employment and Finance Ministers Meeting**

**Participated** - G20 Task Force delegates

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

**Session Outcomes:**

- The delegates discussed the draft Joint Statement (version 3) and agreed that finalization of the text will be done by the Task Force after joint meeting of the heads of the delegations with the Deputy Ministers of Finance.
- The delegates agreed with the title of the discussion “Sound fiscal framework and supportive environment for job creation and employment policies» and topics for discussion (i) “Government role is to create incentives and eliminate barriers to investment in job creation» and (ii) «Cost effective social policies to facilitate job creation and inclusive societies» proposed in the Issues note for the joint meeting of the Ministers of Labour and Employment and Ministers of Finance

- The delegates were informed and that the joint meeting of the Ministers of Labour and Employment and Ministers of Finance will be on July 19 at 15-00 pm at Manezh Hall (Moscow) and will have two sessions 1.15 minutes each with a break for coffee for 30 minutes.
- The delegates agreed that 5 ministers of Labour and Employment and 5 Ministers of Finance will make presentations around the first topic and 5 Ministers of Labour and Employment and 5 Ministers of Finance will make presentations around the second topic. The presentations will be followed by discussion.

## Key Messages

While acknowledging the critical role of the private sector in offering jobs, government's role should not be underestimated. Governments have an important role to play both in the short (immediate response to labour market situation) and in the longer runs (building enabling business environment, assisting the vulnerable, foreseeing future crises, etc.). An effective policy response usually combines both measures to stimulate growth and promote economic recovery and efforts to protect workers, jobs and firms (coherent policy package focused on long-term investment in jobs creation while building institutions that mitigate the impact of economic downturns on workers and firms). Factors that influence policy response include, among others, the nature of economic shock, the prevailing labour market transmission mechanism, the available fiscal space, the functioning of the economy and the business environment, the existing institutional capacity and political economy conditions.

General "lessons learnt" from the recent crisis are: - i) the importance of prudent fiscal management, presence of effective stabilizers, soundness of credit and labour market policies to minimize the depth and duration of shocks; ii) limitations linked with setting programs amidst the crisis (in terms of timing and fiscal space); ii) better performance of coherent and comprehensive policy packages compared with myopic responses; and iii) common elements of effective government interventions (feasibility – tailoring policies to country's circumstances, flexibility – capacity for scaling up and down in response to uncertain environment, incentive compatibility – smart targeting of interventions).

There are substantial structural differences across the G20, but regardless of local circumstances, activation policies can play a key role in addressing low incomes and poverty reducing inequality through better utilization of labour resources, and must be focused on improving the labour market outcomes for disadvantaged and underrepresented groups of population.

The results of activation policies could be potentially higher if they include a broad set of measures that support and encourage job search, productive participation in the labour market, and lower dependency on public support, combined with reaching out to disadvantaged groups. A key to successful activation policies lies in the sphere of developing overarching institutional reforms (e.g. reforms oriented on organizational mergers of services combining employment assistance with benefit administration, market-based provision of employment services or strengthening public employment services in case of countries with limited institutional capacity). Another factor determining the success of activation policies is their proper targeting. Governments should reach out to diverse categories of the vulnerable population and take into account a broad spectrum of people's needs.

The G20 countries still have a long way to go to return to the pre-crisis employment situation (67 million jobs are required to restore the 2008 employment to working age population ratio). Structural difficulties pose challenges for policymaking to return to the pre-crisis situation.

Minimal wage policies and principles of regulation of minimal wages vary significantly in G20 countries. Low minimal wage does not normally correspond with low GDP per capita and does not mean low income of population. The reasons for introduction or not introduction of minimal wage floors are different in different countries and depend on countries situation as well as minimal wage regulation patterns. There is no proved evidence that minimal wage have an adverse employment effects neither there is an evidence that minimal wages have no adverse employment effects. This issue should be explored within the specific circumstances of each country and no universal recommendations could be given on this matter.

Labour market flexibility is an important pre-condition for labour market development, job creation and labour activation. Flexible labour markets are expected to outperform those less flexible in terms of growth rates. Nevertheless different studies demonstrate that the rigidness of the labour market is not a major constraint to job creation and increasing the productivity of labour compared to low aggregate labour demand. Before making any statements related to labour market flexibility there is the need to bring clarity to the understanding of flexibility of the labour market and come up with a universal definition. In different cases flexibility of the labour market may mean different things, varying from such characteristics of the labour market as mobility, dynamism, flexible patterns of work organization, allowing the labour market to adjust to changes and absorb innovation to the notions of deregulation of the labour market institutions and self-regulation of the labour market.

Underemployment is an even more pressing issue for the developing G20 countries, and tackling underemployment (in such areas, as expenditure switching policy, developing core sectors, boosting investment, etc.) is an important issue, which should be addressed.

## Summary 2

### G20 Task Force on Employment Heads of Delegations Meeting with Deputy Ministers of Finance

Saint Petersburg June 5, 2013

## June 5 Session Overview

**Participated** - G20 Task Force heads of delegations, Deputy Ministers of Finance of G20 countries and finance track representatives

**Presentations and interventions made by:** Russia, Australia, Brazil, Saudi Arabia, UK, Italy, India, Canada, Korea, EC, EU, Argentina, USA, China, France, Indonesia, Singapore, Spain, ILO,

### Session Outcomes

- The delegates were informed about the preparation process for the joint meeting of Ministers of Labour and Employment and Ministers of Finance. The meeting will be in Moscow on July 19 from 15:00 till 18:00 with a short coffee-break. At the end of the meeting the ministers will approve a joint statement and after it the Finance Ministers will continue their work with the central banks. A note on registration and access will be distributed soon.
- The delegates discussed and agreed upon the Issue paper for the Joint meeting of ministers, including with the title of the meeting “Sound fiscal framework and supportive environment for job creation and employment policies» and two topics for discussion 1) «Government role is creating incentives and eliminating barriers to investment in job creation» and «Cost effective social policies to facilitate job creation and inclusive societies»
- The delegates discussed the draft Joint Statement (version 3) of the Ministers of Labour and Employment and Ministers of Finance and agreed to provide comments to the draft by June 12, 2013

## Key Messages

Integrated approach is important for job creation. Unemployment is high and rising, youth is very vulnerable. The questions of job qualifications are challenging. Flexibility of labour laws is fruitful in short-term, in longer-term we need to balance it with the rights of workers. We need to think on productivity to strengthen domestic market for growth and labour. Job creation and labour activation is a core stone for G20 policy

It's important to find ways to promote innovation. In Korea they have reduced working hours to share jobs. This is important for a balance of work and life but it is not an easy step. We need to seek social solidarity in sharing jobs including solidarity with social partners. We need a social compromise.

The balance between labour supply and labour demand should be ensured and supported by social protection measures

The non-wage labour costs reduction should be in focus of the discussion between Ministers of Labour and Employment and Ministers of Finance.

Special attention should be paid to improvement of SME's access to finance and development of infrastructure through public investment .