

**EMPLOYMENT WORKING GROUP MEETING I
26-27 FEBRUARY 2015, ANTALYA
CO-CHAIR'S SUMMARY**

DAY 1: 26 February 2015

1st Session: Overview of the 2015 agenda and adoption of the Terms of Reference for the G20 Employment Working Group

The session was inaugurated by the welcoming remarks of Turkey, China and Australia as co-chairs of the Employment Working Group (EWG) and the remarks of Azerbaijan as the guest country of Turkish G20 Presidency. Turkish Sherpa Track Coordinator Mr. Sabri Tunç ANGILI briefed the EWG on the Turkish G20 Presidency Priorities for 2015 and on the issues to be addressed by the Sherpa and Finance tracks.

Turkey presented the agreed employment agenda and the priorities of the EWG for 2015. Then the Draft Terms of Reference was opened to discussion and adopted after receiving the consent of all the Delegates with some minor further changes. The final and adopted version of the ToR document is available on the G20 Employment Turkey website which can be accessed at www.g2oemploymentturkey.org

2nd Session: Labour market situation, challenges and opportunities

In this session, the ILO, OECD and the World Bank Group delivered presentations on labour market situation, challenges and opportunities. It was stated during the presentations that the growth rate forecasts are revised downward and the low economic growth rates might have negative influence on labour markets. According to the forecasts, average unemployment rate in G20 countries for the next three years is going to be stable around 5%. The unemployment rate among youth is in a slowly receding trend which differentiates from country to country. It is also underlined that the gap between labour productivity growth and wage growth continues to widen in advanced countries in particular.

The rising inequality was another issue that was emphasized in the presentations. Several reasons were mentioned as reasons behind the rising inequality of which skills shortages and low wages were stressed in the context of employment. In this framework, the employment priorities of the Turkish Presidency to tackle with the labour income share and creating quality jobs are acknowledged by EWG members.

The delegate of Italy has also made a presentation on “Silver Economy and Aging Society: An Opportunity for Growth and Job Creation within the G20” which received widespread support and interest among EWG delegates.

All presentations delivered and documents circulated throughout the meeting are available online at the G20 Employment Turkey website.

Action:

- 1.** Italy will organize a workshop on Silver Economy and Aging Society in June and the result of that workshop will be brought to the attention of EWG during its third meeting.
- 2.** IOs will produce a report on labour market outlook and challenges for the LEMM to be held in September.

3rd Session: Cooperation with social partners and other engagement groups

The B20, L20, and T20 presented their priorities and expressed their views on the works of the EWG as well as their firm belief in the G20 as a significant platform for promoting social dialogue.

At this session B20 was represented by Mr. Ali KOÇ and Mr. Daniel Funes de RIOJA, co-chairs of the B20 Employment Task Force. The B20 underlined the importance of implementation as their key priority regarding the employment plans and proposed a joint review and coordination mechanism among the G20, B20 and L20. The B20's approach was prominently focused on implementation including structural reforms, innovation and project based actions. The B20 also indicated their expectation to include B20 recommendations in the Ministerial Declaration.

L20 was represented by Mr. Enis BAĞDADIÖĞLU, Expert from Confederation of Turkish Trade Unions (TÜRK-İŞ) and Ms. Alison TATE, Director of External Relations of International Trade Union Confederation (ITUC). The L20 pointed out the necessity to increase the share of wages in national income to grow more equally. They stressed unregistered employment as a big obstacle against creating quality jobs and recommended to take action for promoting registered employment. Another point made by the L20 was the low participation rate of the groups such as women, disabled persons and youth who are at the margins of the labour market and the need for special policies to address their problems.

The groups recommended ensuring policy coherence with SMEs track and strongly supported the proposal for a joint ministerial meeting between Finance and Labour Ministers while some delegates asked for clarification about its agenda. The EWG members underlined the role and importance of social partners and together with the social partners they agree that creating more and quality jobs is the number one objective for all which requires commitments and actions not only at the G20 level but also at national and international levels.

T20 was represented by Ms. Feride İNAN from the Economic Policy Research Foundation of Turkey (TEPAV). The T20 presented their views on the causes of cyclical and structural unemployment, and other employment challenges such as advances in labour-saving technologies, skills-transformation issues, and labour market and social security regulations that fall short of meeting contemporary demands. They asked the Employment Working Group to support vulnerable groups including women and youth. The T20 also mentioned that the G20 should consider collaborating towards the adoption of policies that enable cross-border labour mobility that maximize job potential of the public and private sectors.

Action:

3. With the support of the delegates, the Turkish Presidency will discuss with the Finance Track for the working modality on the way to the joint ministerial.

4th Session: G20-OECD Conference on Promoting Quality Apprenticeships

In this session, the results of the Conference and its contribution to the employment agenda of the EWG were presented by Mr. Erhan BATUR from Turkey and Mr. Stefano SCARPETTA from

the OECD. The conference provided an opportunity to exchange of information and ideas on how to make apprenticeship systems fully effective particularly in tackling youth unemployment in G20 countries. Governments, social partners and companies presented best practices and recent initiatives on apprenticeships. The main issues highlighted in the Conference were the following:

- Countries seem to have made significant progress in the apprenticeship programmes and on the job training in recent years.
- Involvements of all relevant social partners in the processes are of particular importance.
- The importance of work-readiness-programs was stressed out and quality work-based training was emphasized as one of the key factors in addressing the youth unemployment problem.
- There is no one-size-fits-all system in apprenticeship; thus each country should establish its own system considering their own national circumstances
- It was agreed that global cooperation initiatives such as Global Apprenticeships Network (GAN) could be useful in order to ensure dissemination and sustainability of the apprenticeships systems.
- The need for scaling up apprenticeship programs was emphasized.
- It was agreed that investment in apprenticeship programs is not waste of sources as it pays back so much more and it has multiplier effects in return for both countries and societies.

5th Session: Strengthening the link between employment and growth

The ILO and the OECD made presentations regarding the link between employment and growth. The ILO put forth the important differences across country groupings regarding this linkage. In the emerging G20 countries there has been a decline in employment elasticity of growth while it increases in the advanced G20 countries. The ILO explained the situation through structural differences among countries which become evident by level of productivity, employment type, quality of jobs and sector characteristics.

The ILO recommended developing policy options to overcome slow growth in advanced economies. The ILO also stressed the need for achieving job intensive growth with putting special emphasis on job quality and vulnerable employment which are deemed to have direct link with reduction of jobs.

The OECD presented its new conceptual and operational framework to measure job quality based on three broad and complementary dimensions. The new framework which needs time to be fully operational may foster inclusive labour markets and enhance job quality around the world by providing a more comprehensive picture of labour market performance and the role of labour market policies and institutions.

Action:

4. International Organizations will prepare G20 Framework on creating quality jobs.

DAY 2: 27 February 2015

6th Session: Enhancing policy coherence between Employment Plans and Growth Strategies

The session started with OECD's presentation on "Enhancing policy coherence between the G20 Growth Strategies and Employment Plans". The delegates discussed the ways to better align "Employment Plans" (EP) and "Growth Strategies" (GS) and ensuring their complementarity. Two specific proposals (developed by the OECD) regarding the mapping of the main commitments in the broad areas of labour market and social policies of the two exercises (GS and EP) were discussed: "Simple mapping" and "upgraded mapping". It was agreed by the EWG delegates to follow "simple mapping" option in the first instance. Monitoring of the EPs was also discussed in the session and it was seen that the EWG members were in favour of self-reporting process rather than a peer-review. Turkey presented its preliminary study on the coherence of Turkey's GS and EP and basing on their recent experience Australia presented the possible next steps in 2015.

Actions:

- 5.** International organizations will develop a template for country-self reporting on implementation of Employment Plans. Also, Russia suggested providing inputs and recommendations on the template.
- 6.** Enhancing policy coherence between EPs and GSs were identified as the key issues that need to be addressed both by Labour and Finance Ministers. Turkey will consider putting this issue as one of the agenda items of the joint ministerial meeting.

7th Session: Impact of labour income share on employment and growth

At this session, the ILO made a brief overview on the impact of labour share on employment and growth in G20 economies. Technological change, globalization, financialization and weakened labour market institutions were presented as the potential causes of this declining trend.

Presentation by Korea and the ILO on the findings of the "Joint Project on Inequality" was also shared with the countries to have a better understanding on channeling mechanism to inform policy developments.

Following these, country presentations by Argentina, Brazil, China and the USA also revealed that the wages are the main sources of rising inequality which is not sustainable anymore.

Argentina proposed to establish a sub-group to further deepen and analyze the impacts of labour share on employment and growth. After discussions on whether such a sub-group would cause duplication of outputs with the IOs', the sub-group establishment has been agreed to act as a group which will develop policy recommendations rather than a technical research group; and country level working group, depending on a volunteer basis, will be formed and meet one day prior to the second EWG meeting and work together to provide input with the relevant sessions of EWG meeting. In this regard, countries decided on undertaking an out-of-session work and to come together one day before the May meeting of the EWG. On the other hand, IOs

stated that they have been making similar technical researches and preparing relevant reports/documents so there is no need to repeat same studies.

Delegate of Brazil gave some information on inclusive growth and income distribution in Brazil. The determinants to decrease of income inequality were listed as increase of minimum wages, cash transfer programs and increase of labour income.

China also shared their experiences on declining labour share and required policy measures were listed as supporting modern service industry, supporting SMEs, implementing equal pay for equal work, raising minimum incomes and expending social security.

Finally, the presentation by the USA on trends and responses revealed the ultimate test of an economy's performance as the well-being of the middle class. In the presentation it is stated that this, in turn, has been shaped by three factors: how productivity has grown, how income is distributed, and how many people are participating in the labour force.

Action:

7. In line with the Terms of Reference for the EWG, a mandate and working modality for the proposed sub-group on labour income share will be prepared by Turkish Presidency and shared with all Delegates by 6th March, 2015 for countries' consideration.

8th Session: Trends and progress on youth employment

In this session, the ILO and the OECD representatives delivered a summary of the report titled "Achieving Better Youth Employment Outcomes: Monitoring Policies and Progress in G20 Economies".

Issues note and the proposed "Dashboard" raised by the report jointly prepared by the IOs were discussed among participants. Some of EWG members mentioned their newly developed legislations and incentives for promoting youth employment since Guadalajara.

The main objectives and trends cited at the report was introduced by the ILO representative and then the OECD delivered a presentation on mainly stressing a "Youth Scoreboard (Dashboard)" as a way of monitoring developments in youth labour markets on a regular basis by the EWG.

The proposed indicators listed in the Dashboard in the report were discussed among member countries. Most of the countries arrived at a consensus on the proposal in principle by drawing some reservation based on their national circumstances.

It was emphasized by almost all delegates that each determined indicator could be perceived differently by each State and they should be rendered understandable similarly by each country. For instance temporary work or part-time based working of young people cannot be monitored or measured in some countries. So some questions/indicators need to be reconsidered..

A collective commitment was seemed difficult to identify, though not ruled out.

Action:

8. Although Dashboard prepared by the IOs was accepted as an important tool including indicators that could be used to set a quantitative target for improving youth employment outcomes, some indicators will be reconsidered based on the concern expressed and the other

reports prepared for the same objectives will be combined with the newly proposed dashboard in order to prevent duplication. IOs will review and share the revised Dashboard.

CLOSING: Other Actions

Turkey closed the meeting, thanking all members for their participation and the international organisations for their great contributions. As the members of troika, delegates from Australia and China also made short concluding remarks.

The meeting closed at 06:00 pm.