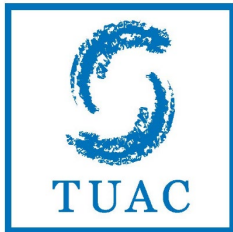
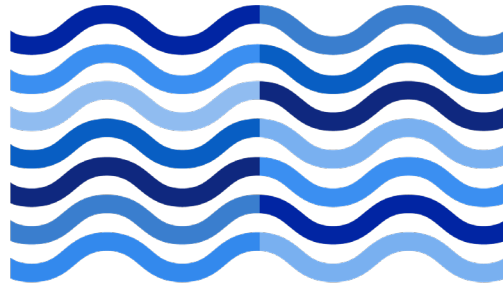




Changing the world
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United Kingdom 2021



Labour 7 Evaluation of the Carbis Bay G7 Outcomes 2021

The Leaders of the Group of Seven (G7) met in Cornwall on 11-13 June 2021 and covered a lot of ground – displayed in a [27-page long communiqué](#). Prior to the Summit, the [Labour7 \(L7\) called for strong commitments](#) on:

- the jobs crisis and recovery, and the climate transition ahead of the COP26;
- the global minimum tax rate;
- affordable access and effective production of vaccines and essential equipment globally
- long-standing discrimination along various dimensions – including ethnicity and race;
- and a recognition of social dialogue as a means to recovery and a pillar of democratic systems.

Together with the B7, the L7 also released [a joint statement](#) as a follow-up to the 2019 B7-L7 and G7 social tripartite declarations. It called on Leaders to strengthen social dialogue to deliver recovery and set out concrete policy prescriptions to build back better.

Here we review the Summit outcomes against these demands. Leaders brought a united voice on geopolitical issues and the pandemic back to the global arena after the hiatus under the US presidency, and made some welcome but limited commitments, on continued government support through the pandemic and for the creation of growth and jobs into the future, for a global minimum tax rate and the need for greater climate finance. However, there were significant disappointments on the lack of meaningful

commitments on vaccine distribution or supporting a waiver on WTO intellectual property rules, or on delivering a co-ordinated recovery for decent work.

Shared values

As expected, Leaders underlined the values of "*democracy, freedom, equality, the rule of law and respect for human rights*" as pillars for open societies and to resolve common challenges. The communiqué specifically endorses international cooperation, multilateralism and an open, resilient, rules-based world order (§4). The G7 made a strong rights-based statement including on labour standards and democratic values and the rule of law. This is set against a tense geopolitical context, triggering other statements including on Hong Kong, Myanmar, Belarus and Ethiopia's Tigray region in the communiqué itself.

In terms of social dialogue as a pillar of democratic systems, the L7 has been listed as part of the G7 multi-stakeholder engagement process and its contributions to the Employment Task Force (together with the W7 and Y7) have been acknowledged (§25). Yet, social partnership and the role of collective bargaining in steering inclusive growth and fighting inequalities is not recognised explicitly. In the absence of a Labour Ministerial, this is a setback from the 2019 G7 tripartite declaration.

Exiting the pandemic: health resilience and economic recovery

One of the main outcomes of the Summit is the commitment to bring **1bn doses of Covid-19 vaccines** pre-dominantly via the Covax facility to developing countries – with at least half delivered by the end of the year (§9). This commitment was applauded but, in reality, falls significantly short of what developing countries truly need for an effective vaccination campaign (11bn doses globally according to the WHO globally). As the G7 recognises, at least 60 per cent of the world's population needs to be vaccinated to end the pandemic next year (§8). As discussed further in the trade section, the G7 refrained from discussing the TRIPS waiver.

It is positive to see the G7 pledging to increase and coordinate on global manufacturing capacity. The promised boost to **end-to-end supply of Covid-19** tools by diversifying production locations and a constructive discussion at the WTO over intellectual property rights, is a good start (§12). G7 Leaders intend to do so via "*open, diversified, secure, and resilient supply chains in the manufacture of COVID-19 critical goods and vaccines and their components*" (§28).

On international **mobility and travel**, Leaders recognised the need to move to common standards and interoperability regarding digital applications, the recognition of the vaccination status and testing requirements (§23). Undoubtedly, a resolution on that would benefit economies and jobs – if privacy and democratic requirements were respected. However, it is not clear, how the G7 will move this quite urgent agenda forward. Besides the WHO, the International Civil Aviation Organisation and International Maritime Organisation, the ILO should be included in the list of UN agencies to work with, given that they have good resolutions and experts observations on the matter. At national level, the cooperation among different government agencies needs to improve between health, transport and labour ministries to speed up the process. Certainly, tripartite and social partner responses in affected sectors are a central means to address

the mobility and travel challenges but also to tackle the social and economic consequences of the crisis on workers. The recovery of these industries will rely on a swift and global vaccination programme that should prioritise front-line workers as recommended by WHO, IMO and ICAO.

It is important that Leaders recognized the Covid-19 pandemic not only as a physical health challenge but also one affecting mental health and social well-being (§7). The **recognition of key workers** (§7) is something the L7 has been calling for from the beginning of the presidency and Leaders paid *“tribute to the extraordinary efforts of first responders, health workers, paid and unpaid care workers, scientists, and manufacturers who have developed and deployed COVID-19 medical tools at a pace few thought possible, opening up a path out of the pandemic”*. Actions such as public investments in the public health and care systems, pay rises and improvements in working conditions have to follow.

On government support during the pandemic to firms and workers, it is welcome that the Leaders commit to a continuation of financial support as long as needed. This is certainly crucial given that some sectors have only re-opened recently or remain inactive, and as new variants of the virus emerge creating uncertainty over the progression of the pandemic. Firms need to get their activities back to pre-crisis levels, while workers need to be supported in case of job loss, under-employment or lost working hours. Leaders outlined *“key priorities including **protecting, supporting and creating decent jobs**, and investing in quality infrastructure, innovation, training and skills and addressing inequalities”* (§21). The G7 also recognised that recovery and transitions should be managed in line with the ILO Fundamental Principles and Rights to Work, and relevant international labour standards. However, they failed to make specific policy prescriptions on the role of collective bargaining, active labour market policies and universal social protection.

While its focus on jobs remains limited – possibly due to the absence of a dedicated Ministerial – the G7 does focus on **labour market participation**. The latter is very welcome as Leaders commit to *“‘level up’ our economies so that no geographic region or person, irrespective of their gender, age, disability, ethnicity, sexual orientation or economic status, is left behind”* (§24). They further mention atypical workers, young people and women in particular – recognising their role as caregivers, often unpaid. There is a specific commitment to address such working conditions. On gender equality, the communiqué dedicates a section that makes important references to gender-based violence (§46) and *“risks reversing hard-won gains especially with regards to gender-based violence, sexual and reproductive health and rights, education and jobs”* (§44). It also references equal pay as a goal and discusses female labour market participation (including by bringing girls into education). The G7 links inclusion, the gender-dimension and the health crisis by acknowledging the importance of: *“Ensuring fairness, inclusion and equity, including the empowerment and leadership of women and minorities in the health and care sectors, and addressing the links between health crises and wider social determinants of health such as poverty and structural inequalities, and leaving no one behind by advancing the achievement of Universal Health Coverage”* (§16). Boosting female participation in trade and economic empowerment is also encouraged (§28), which is good to see, as is the recognition of racial injustice intersecting with gender inequality.

The L7 argued that the protection and creation of jobs do not only need fiscal space for infrastructure development and labour market policy tools – but also coordinated action amongst G7 members.

Thus far, Leaders have only committed to exchanging best practice. This is not sufficient. However the general statement up front in the communique is to be welcomed:

We will continue to support our economies for as long as is necessary, shifting the focus of our support from crisis response to promoting growth into the future, with plans that create jobs, invest in infrastructure, drive innovation, support people, and level up so that no place or person, irrespective of age, ethnicity or gender is left behind. This has not been the case with past global crises, and we are determined that this time it will be different.

The communiqué remains ambiguous on the need to “ensure the long-term sustainability of public finances to enable to respond to future crises and address longer-term structural challenges” (§20), at least emphasizing “once the recovery is firmly established”.

This can be interpreted in different ways but must not entail austerity considerations. Many of the current Leaders seemed to have acknowledged the mistakes of the last crisis – and it must be recognized that a return to austerity would be to repeat these errors. We are also disappointed that the **discussion on inequalities** is inadequate (§24-25) and does not cover inequalities in income or labour market dualities.

The G7 prides itself on paving the way towards a “**fairer global tax system**”. This refers to the Finance Ministers’ announcement ahead of the Summit (5 June) to set the global minimum tax rate to at least 15 per cent on a country-by-country basis (§22). The latter reference is welcome because it will limit the risk for accounting manipulation and regulatory arbitrage by businesses. This collective position will be taken into pre-negotiations towards the G20 July Finance Ministers’ Meeting in July focussed on the G20/OECD inclusive framework. However, G7 Finance ministers remain cautious in their ambition, with a rate of “at least 15%”, which is far too low to effectively reverse the tax race to the bottom. A [TUAC assessment](#) finds that a global minimum tax rate should be at 25%. The average effective tax rate in the OECD ranges between 20-25%. A higher rate would also make a difference in terms of revenues. According to the [OECD’s impact assessment](#), a 15% rate would raise USD 59-98bn outside the US, and USD68-119bn when combined with the current US “GILTI” tax regime. The agreement also does not cover the other pillar of the G20/OECD inclusive framework that lags behind concerning a digital services tax.

On the **digital ecosystem** – given its importance for recovery and significant rise in prominence during the crisis – the G7 continues to insist on values and safeguards for human rights and fundamental freedoms (§32). This is welcome. So are references to an open internet, competitive markets (albeit with no further details) and human centric approaches to technology, including the commitment to address biases. There is a reference to harmonised principles on data collection, which would be much needed – leaving a question mark as to whether this concerns data access and sharing as well, while respecting and expanding existing data protection and privacy regulations – including to the workplace. What is missing are references to jobs and transitions (including the training and governance structures needed for them) and a focus on industrial policy and innovation incentives. This is especially striking given investment discussions around recovery funds and apparent digital divides underway in most G7 countries. What is worrying is the call for “*industry-led inclusive multi-stakeholder approaches to standard setting*” (§33). Not only does this potentially exclude trade unions and civil society, it does not provide confidence that voluntary principles and private sector pledges will be effectively transformed into hands-on regulation.

Climate change

The communiqué is good at underlying the urgency for action – including a reference to the creation of quality jobs: *“Through global action and concerted leadership, 2021 should be a turning point for our planet as we commit to a green transition that cuts emissions, increases adaptation action worldwide, halts and reverses biodiversity loss, and, through policy and technological transformation, creates new high quality jobs and increases prosperity and wellbeing”* (§37). Given the UK’s leadership (together with G20 host Italy nonetheless) of the 26th UN Climate Change Conference of the Parties (UNFCCC COP26), a lot of hope rested on a strong G7 outcome.

While G7 Leaders maintained ambitious targets and reiterated existing commitments such as the 2009 pledge to mobilise \$100 billion per year to support developing countries by 2020 through to 2025 (§40). There was no action on delivering those commitments, and Leaders took no additional steps, for example, setting an end date to coal production. Leaders clearly stated the goal for a *“green revolution that creates jobs, cuts emissions and seeks to limit the rise of global temperatures to 1.5 degrees”*. A reference to just transition is only made in reference to coal (§39) – while it should concern all sectors in transition and all workers affected by it. A reference to **just transition** within the NDCs would also have been warranted. The communiqué otherwise lists some of the key sectors under transformation. It also sets the goal of a *“global green and resilient recovery offer[ing] the greatest economic opportunity of our time to boost income, innovation, jobs, productivity and growth”* (§40). It is good to see that the G7 commits to align trading practices with the Paris agreement goals (§28). The G7 also refers to the Energy Transition Council, but does not provide concrete language on the political direction.

It is welcome to see a commitment towards a **carbon-pricing trajectory** that also takes the gender dimension into account: *“We underline their importance towards the establishment of a fair and efficient carbon pricing trajectory to accelerate the decarbonisation of our economies, to achieve a net zero global emissions pathway. In all this, we will develop gender-responsive approaches to climate and nature financing, investment and policies, so that women and girls can participate fully in the future green economy”* (§41). The text is very weak on starting negotiations at UNEA5.2 on a marine pollution treaty: *“This includes stepping up action to tackle increasing levels of plastic pollution in the ocean, including working through the UN Environment Assembly (UNEA) on options including strengthening existing instruments and a potential new agreement or other instrument to address marine plastic litter, including at UNEA-5.2.”* (§43)

Trade agenda and development agenda

The G7 remained relatively passive on debt relief and fiscal space for developing countries, seemingly reliant on the private sector. The commitments on development finance are vague following the approach of placing efforts on attracting private investments, an approach that since launched in 2015 has failed to deliver. The ambition of the G7 is to embark on a *“step change in our approach to investment for infrastructure, including through an initiative for clean and green growth”*. The details on how to do that have yet to be worked out, it seems.

It is positive that the G7 reaffirmed support for the G20 DSSI and Common Framework but did not address the urgent need to go beyond this framework that currently leaves

out middle-income countries, and all private creditors, while aiming to avoid haircuts on debt. The ambition for rich countries to donate \$100 billion from the SDR allocation is welcome. It is important for it to be used to support the recovery as grants, and not conditional lending. The opportunity to find a sustainable solution to the debt crisis by committing to work in collaboration to develop a binding multilateral sovereign debt work out mechanism, was missed.

Regarding **vaccine distribution**, there is no direct reference to the TRIPS waiver, but an explicit commitment to address the matter constructively at the WTO and a call for development of “voluntary licensing” arrangements, i.e. temporary ad hoc arrangements. Trade unions internationally and Global South governments called the G7 to support their demand for a TRIPS waiver at the WTO that would enable them to scale up vaccine production and produce vaccines at low cost. Instead of supporting this demand, the G7 has taken the route of charity that is far from meeting actual needs.

On WTO reform, the reference to use WTO rules to take action against lowering **labour and environmental standards** is highly important (§30). So is the renewed commitment by the G7 to fight **forced labour** (§29). The communiqué lists several affected sectors, but misses others such as food production and processing, or transport and logistics. It would have been appropriate to see a reference to child labour in the same paragraph (in this UN Year for the Elimination of Child Labour and following the ILO’s publication of the new and rising numbers as a result of the pandemic). Notwithstanding, a good reference on social protection can be found in §47 committing to “*resolve to urgently strengthen income and social protection for poor households to prevent their resolve to child labour and increasing school absences.*”

The L7 represents national trade union centres from G7 countries. This year, it is coordinated by the Trades Union Congress (TUC), the International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee to the OECD (TUAC).