

G8 Labour and Employment Ministers Conference, Chair's Conclusions

Germany

May 8, 2007

1. Labour and Employment Ministers from the G8 countries and the European Commissioner for Employment, Social Affairs and Equal Opportunities met in Dresden from 6 to 8 May, together with representatives of the International Labour Organisation (ILO) and the Organisation for Economic Development and Cooperation (OECD) to discuss the theme "Shaping the Social Dimension of Globalisation". The Brazilian Minister for Social Provision and a representative of the World Bank were invited as guests. In preparation for the meeting, a consultation of ministers with representatives of the social partners was held on 6 May 2007.

2. Upon the proposal by the German Presidency we, G8 Labour and Employment Ministers, have discussed opportunities and challenges of the social dimension of globalisation with an eye to three areas of action. They relate to

1. strategies for more and better employment in our countries
 - the broadening and strengthening of social protection in the developing countries and emerging economies and
 - corporate social responsibility (CSR).

3. Against this background, we have agreed on the following fundamental positions:

- We underline that globalisation offers the world economy potential opportunities for more wealth, growth, employment and better lives for people. Government policies can and should help people to take advantage of these opportunities.
- Globalisation can also entail disparities and adjustment difficulties, therefore we firmly believe that it is necessary to have employment and social protection strategies for shaping the social dimension of globalisation.

- We recognise the concerns of citizens about the adverse effects of change. Support is required to enable them to adapt and make successful work transitions without compromising social protection.
- We also recognise that the need to develop social protection alongside with the effective promotion and implementation of international labour standards is most urgent in countries and regions where social protection is under-developed or does not exist at all.
- National governments, international organisations and social partners have a role in addressing this challenge as do businesses.

4. As Labour and Employment Ministers we want the topics of our Conference also to capture the attention of the Heads of Government at the G8 Summit in Heiligendamm to the social dimension of globalisation and show them points of approach for shaping policy.

Strategies for more and better employment in the G8 countries

5. We have reported on labour market developments and reforms in our countries. In this context the restated OECD Jobs Strategy plays an important role. We agree that Labour and Employment Ministers can actively contribute to the achievement of economic growth and more and better jobs in the framework of growth-oriented macroeconomic policies.

6. As stated in the new OECD Jobs Strategy, facilitating and building on policy interactions between macroeconomic, labour market and social policies can improve employment performance, growth and social inclusion. We believe that, in addition to the basic significance of economic, structural and technology policies for growth and employment, we can promote increased overall labour market participation, including underrepresented groups, efficient matching processes and employability.

7. To best adapt to changes in the era of globalisation, it is crucial to enhance flexibility and adequate labour market security for individuals. Experience shows that there is no single successful policy package to achieve this. Indeed, the way flexibility and security are combined depends on national circumstances - in a globally competitive world, individual countries need to be innovative. But every successful package requires well-

designed employment regulations and contractual arrangements, adequate employment-oriented social protection, as well as effective active labour market and lifelong learning policies.

8. Successful labour market policies should ensure that work pays and that benefit recipients have an opportunity and incentive to get a job and have a career prospect through a mutual obligation approach, as appropriate. We encourage the creation of more training and skills development programmes and, following the Conclusions of the 2006 G8 Meeting in Moscow, support the development of programmes and mechanisms that facilitate employment transitions. Governments must ensure that there are efficient, well-functioning employment mechanisms that integrate job placement, unemployment benefits and active labour market policies.

9. Some of these measures require considerable public investment and ongoing evaluation to improve their effectiveness. These steps are necessary to ensure increased employment and growth and thereby achieve more sustainable public finance.

10. These policies would also help developed industrial countries meet the demographic challenge of shrinking working-age populations, by increasing participation of underrepresented groups. In many countries, special attention must be devoted to the older age groups to promote longer labour market attachment and ensure that they have the knowledge and tools they need to contribute to the workforce.

11. Governments, employers and trade unions should also consider ways to create, preserve and restore employability in all phases of working life. They should also consider policies that better address the balance between work and life and are family-friendly. The objective should be to promote gender equality and enhance labour force participation.

12. The issues of migrant workers and their productive participation in the labour market are important. Their integration into the labour market can constitute an important element of stabilisation and increasing labour force participation. In this regard we refer to the Conclusions of our G8 Meeting in Moscow in 2006.

13. In view of these considerations

- and the impacts of globalisation and demographic change, we reinforce our commitment to promoting employment through well-designed labour market policies and social protection by ensuring a balanced combination of flexibility and security,
- we support continuing, and initiating new efforts to develop balances between work and life and to develop family-friendly employment policies with the aim to increase the labour force participation rate, especially the rate of women, people with disabilities and older workers,
- we should continue to exchange information about particularly successful strategies and measures (best practices) in the G8 framework, and
- we acknowledge the contribution of social dialogue to promote more and better employment in the G8 countries.

Broadening and strengthening social protection in the developing countries and emerging economies

14. We recognise that social protection is very important, and many aspects are even crucial in combating poverty and promoting economic and social development. It is therefore part and parcel of the social dimension of globalisation. We note the findings of the ILO and the World Bank that adequate social protection is only available to roughly 20% of the world's population, whereas some 80% of all people have insufficient social protection. This situation is particularly acute for workers in the informal economy and is especially challenging with respect to health coverage, child benefits, old-age benefits, and the lack of safety and health measures in the workplace.

15. We point out that broadening and strengthening social protection is one of the four strategic objectives to which ILO's "Decent Work Agenda" is orientated alongside endorsing and observing the fundamental principles and rights at work (core labour standards), the promotion of freely chosen and productive employment and intensification of the social dialogue. This is a component of international development as underlined in the 2005 World Summit Outcomes and the Ministerial Declaration of the UN Economic and Social Council, held in 2006.

16. We thus consider the strengthening and broadening of social protection one of the most important tasks in the context of globalisation processes. The ILO has worked for several decades to develop a set of minimum standards in this field. However, implementation of some of these standards and social protection programmes has remained low. We ask the ILO to analyse the reasons and suggest solutions aiming at intensifying the efforts to observe and implement the principles of these standards. We also encourage the ILO to work with the World Bank, WTO and other international organisations to address these issues.

17. Our bilateral and multilateral development cooperation policies already contribute to promoting social protection. We need to build on this and intensify our efforts, in conjunction with national governments, to facilitate broader coverage of social protection which includes benefits and services aimed at improving effective health coverage, child benefit, old-age pensions and employment.

18. The G8 countries are convinced that every country must decide on its own how to institutionalise and finance its social protection systems. Nevertheless, we, the G8 countries believe that social protection systems should be based on universal elements and values such as social equity, fairness, and justice in order to promote equal opportunities and participation.

19. With this in mind

- while stressing that labour standards should not be used for protectionist purposes, we invite the WTO members and interested international organisations, in close collaboration with the ILO, to promote the observance and the implementation of internationally recognised core labour standards. We also commit to fully take into account decent work, notably the respect of ILO core labour standards, in bilateral trade agreements.
- we will consider ways in which we can help broaden, strengthen and implement effective social protection systems for those countries where these are insufficient including through bilateral and multilateral development cooperation,
- we will work with international organisations in their commitment to pursue their joint efforts to strengthen and broaden social protection as part of the

Decent Work Agenda. We encourage greater cooperation and coherence between international organisations, and

- we will offer to share our expertise and our experiences with the developing countries and the emerging countries to help them develop and implement social protection systems, taking into account their effect on poverty reduction, as was pointed out, *inter alia*, by the international conference held in Paris in March 2007.

Corporate social responsibility (CSR)

20. As a complement to the responsibilities of governments, companies can make an important contribution to shaping the social dimension in a world economy of ongoing globalisation by voluntary assumption of their social responsibility. We have been shown impressive examples of corporate activities where sustainable economic success is achieved by equally taking into account economic, social and ecological factors and cooperation with the relevant stakeholders in society.

21. We are aware that CSR can be of interest for large companies as well as for small and medium-sized companies operating domestically and internationally, including, for example, supply chains and subcontractors in emerging and developing countries.

22. It is primarily the task of governments to implement and improve human rights and labour standards. Companies, by voluntary commitment, can go beyond compliance with legal obligations. Companies should recognise their responsibility to their workers through the promotion of the rule of law, transparency, good governance, and ending corruption and implementing sound industrial relations. In this context we note with interest the development of voluntary framework agreements between a number of companies and global unions.

23. The ILO Multinational Declaration, the OECD Guidelines for Multinational Enterprises and the UN Global Compact provide an international framework for CSR initiatives which must also function within the specific legal and political context of particular countries. To increase awareness, the G8 countries would welcome the establishment of an extensive compilation of the most relevant CSR principles.

24. In view of these considerations

- we recognise the potential of CSR to add value towards sustainable development while improving the quality of life of the employees as well as of the community in which companies operate,
- we call on the companies in the G8 countries to assume social responsibility, to reinforce their commitment and we encourage effective and transparent information sharing as an important component of improved CSR,
- we consider it an important task to promote the dissemination of CSR in small and medium-sized enterprises, with particular regard to the needs of these groups of enterprises,
- we strongly encourage companies in the G8 countries and beyond to observe the OECD Guidelines for Multinational Enterprises and commit ourselves to actively supporting the dissemination of these guidelines and promoting a better governance through OECD Guidelines' National Contact Points,
- we appeal to the governments of emerging and developing countries to associate themselves with the values and standards contained in these guidelines and we note with interest the proposal to include newly industrialised countries in a high level dialogue on social responsibility issues at the OECD,
- we support the application of ILO's Tripartite Declaration concerning Multinational Enterprises and Social Policy and call upon the ILO to further develop this instrument, and
- we note with interest the UN Global Compact as a further CSR initiative and invite corporations from the G8 countries, from emerging nations and developing countries to participate actively in its implementation and to support the worldwide expansion of this network.

G8-Summit and next steps

25. We ask the Heads of State and Government to endorse the stabilising and supportive role of the social shaping of globalisation processes at their Heiligendamm Summit. We attach special importance to

- creating strategies for more and better employment in our countries, promoting and further developing social standards,
- broadening and strengthening social protection in the developing countries and emerging economies, and
- encouraging the implementation of Corporate Social Responsibility, and
- acknowledging the importance of international collaboration among all partners in order to achieve these objectives in a coherent manner.

26. We welcome the offer of the Japanese Government to host the next G8 Labour and Employment Ministers Conference in 2008.