

Liaison Committee with International Non-Governmental Organisations

**CONSULTATION MEETING WITH REPRESENTATIVES OF THE TRADE UNION ADVISORY
COMMITTEE TO THE OECD (TUAC)**

SUMMARY RECORD

Monday 12 December 2016, 15:00-18:00, Room CC12

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TRADE UNION ADVISORY COMMITTEE TO THE OECD (TUAC)**

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SUMMARY RECORD

The OECD held its annual Council Liaison Committee Meeting with representatives of the Trade Union Advisory Committee to the OECD (TUAC) in Paris on 12 December 2016. The meeting was chaired by **Angel Gurría, OECD Secretary-General**, and was attended by a number of OECD Directors and officials. The TUAC Delegation was led by **Marc Leemans, TUAC Vice-President and President of the Confédération des Syndicats Chrétiens de Belgique (CSC)**.

In his opening remarks, **Mr. Gurría** discussed how an erosion of trust is influencing geopolitical realities, and the importance from the OECD's perspective of countries' focusing on exiting from the "low growth trap". He welcomed TUAC's discussion paper on *Rebuilding trust: a policy agenda for open and fair economies and societies* and highlighted the need to use fiscal policies and integrated policy strategies to improve growth while addressing inequalities. He also emphasised the benefits of digitalisation for inclusive growth and well-being. **Mr. Leemans** stressed the importance of trade unions as main actors in proposing policy solutions and shielding workers from harsh economic policy decisions. He expressed his appreciation of a frank discussion with the OECD about its role in restoring trust during a time with greater social unrest, when workers have grown concerned about job and income insecurity.

Discussion round 1 - Macroeconomic policies to end secular stagnation and move back to full employment on a sustainable path

Opening the first round of discussions, **Mr. Leemans** stressed a need to break the self-fulfilling prophecy of a low-growth trajectory, and noted that full employment should be one of the main goals of macroeconomic policy. **William Spriggs, Chief Economist for the AFL-CIO (United States)**, presented a post-presidential election perspective by pointing out that mistrust of information will persist, reinforcing distrust in institutions and a disconnect from what workers want. Mr. Spriggs finished by voicing concerns about the OECD's positive outlook for the U.S., given that the level of inequality and prospect of greater tax cuts could exacerbate inequality and slow growth overall. **Veronica Nilsson, Deputy General Secretary for ETUC**, reported on the situation in Europe where public and private investment remain low, growth has not been picking up and recent reforms have made it more difficult for unions to bargain effectively. She stated that minimum wages are not enough to tackle poverty, and expressed a need for pay increases, particularly for young workers, greater social dialogue and collective bargaining, as well as an increase in public spending. **Stefan Koerzell, Member of the Executive Committee of DGB (Germany)**, emphasised a need for a Europe-wide approach to raise private and public investment, along with minimum wage increases that go beyond the Juncker plan, and recommended a target of 2% of GDP for public investment in infrastructure and education. **Naoto Ohmi, General Secretary of JTUC RENGO (Japan)**, spoke of a need for inclusive growth in Japan, where the criteria for wage setting had to be broadened beyond competitiveness and include support for domestic demand. He expressed concerns about unequal pay for those not on regular contracts, women in particular. **Mr. Gurría** asked why the low unemployment rate in Japan has not boosted wages. **Mr. Ohmi** responded that the government has tried to get out of deflation but an increase in wages has not occurred.

Claudia Serrano, Permanent Representative of Chile to the OECD, reported on the 2016 Meeting of the OECD Council at the Ministerial Level, which focused on how to enhance productivity for inclusive growth. She added that future discussions could better address issues like social protection effectiveness, salaries and extreme differences in wealth and income. **Klavs Holm, Permanent Representative of**

Denmark to the OECD, expressed his concerns about globalisation leading to a risk that less-educated people in OECD countries would lose their jobs. He emphasised that the next production revolution could accelerate this trend if people are not educated for future jobs. Additionally, he stated that active participation by the private sector is essential to achieving globalisation that works for all. He referred to the “flexicurity” models in Scandinavian countries as tools toward this end, but agreed that such measures would require a greater level of organisation in larger countries.

Christian Kastrop, Director of the Policy Studies of the Economics Department, shared the view that countries are currently in a low-growth trap with productivity decreasing, and that current growth is too low to deal with scars of the crisis and ageing societies. The OECD recommends that countries use the fiscal space opened by low interest rates. He expressed the OECD’s support of the Juncker Plan, and referred to the 2% investment target suggested by TUAC, cautioning that the focus should be more on quality than on quantity. The Economics Department is currently looking at policies that could help harmonise regulation in Europe and encourage investment. Mr. Kastrop advocated for a holistic view where there is a synergy between macroeconomic and structural policies for a nexus between productivity and inclusiveness.

Discussion round 2 - A policy agenda for reducing income inequality and achieving inclusive growth

Mr. Leemans opened the second round of discussions by pointing out that median household incomes are stagnant and that gender equality continues to be a problem. He welcomed OECD’s reports stressing these issues, noting however a lack of recognition for the positive influence of trade unions. **Therese Guovelin, Vice-President for LO (Sweden)**, said that with greater deregulation and tax cuts for the wealthy, the international middle class has been lagging behind – with greater job polarisation and increased precariousness resulting in low social mobility. Ms. Guovelin underlined the need to invest in individuals through healthcare, education, and/or unemployment insurance. She also highlighted Sweden’s Global Deal project, a global initiative with the objective of jointly addressing challenges in the global labour market and enabling all people to benefit from globalisation through effective social dialogue, which TUAC supports. **Cinzia del Rio, Head of International Department for UIL (Italy)**, spoke about the situation of Southern Europe, where the number of extreme poor has doubled in the past two years paired with an increase in non-standard jobs which fall outside of collective bargaining agreements. She criticised the imposition of austerity measures without proper consultation with social partners or a proper gender assessment, leading to reduced female employment and discouraging investments in upskilling. Ms. del Rio stressed the role of social partners and collective bargaining measures to successfully integrate migrants and refugees.

Daniel Yohannes, Permanent Representative of the United States to the OECD, attending this meeting for the last time during his term of office, thanked TUAC for its perspective and the strength of the discussions. He stated that wage stagnation continues to be a problem for the United States, though individual states and companies have taken action. He affirmed the importance of communicating to the public the benefits that higher minimum wages and collective bargaining bring, not only to workers but to economies as a whole. **Marlies Stubits-Weidinger, Permanent Representative of Austria to the OECD**, called for enhanced social dialogue both through organisations like the OECD, BIAC and TUAC, but also in direct communication, and suggested inviting BIAC and TUAC to some meetings of the Council. She also spoke about Austria’s social stability with 95% of public employees being covered by collective bargaining which is crucial to taking a holistic approach in reducing inequality.

Monika Queisser, Senior Counsellor and Head of the Social Policy Division for Directorate for Employment, Labour and Social Affairs, outlined upcoming OECD work on both income and inequality, namely: the first draft of a policy analysis on general basic income proposals, quantifying potential “winners and losers”; the Action Plan on Preventing Ageing Unequally, which will be presented

during OECD Week 2017; work on social mobility both intra- and inter-generationally, and on the implications of a shrinking middle class; and work on collective bargaining as part of the new Job Strategy, to identify how countries can adapt successful experiences to their national contexts. **Lamia Kamal-Chaoui, Director of the Centre for Entrepreneurship, SMEs, Local Development and Tourism**, added that the OECD is well placed to work towards inclusive growth and ahead in developing social dialogue because it is a unique international organisation with instruments such as the Guidelines for Multinational Enterprises (MNE Guidelines) and due diligence tools that can help support the implementation phase of the Global Deal, as well as help in providing social confidence.

Discussion round 3 - Building a new consensus on trade and investment for the common good

Mr. Leemans opened the third round of discussions. He warned that improved communication of policies is not sufficient to address the erosion of trust, but that policies themselves must develop beyond compensation for those negatively affected by globalisation.

Chris Roberts, National Director of the Social and Economic Policy Department for CLC (Canada), said that the unpopularity of trade and investment, despite supposedly higher rates of productivity, is unsurprising. Regarding free trade agreements, Mr. Roberts reiterated that a failure of communication is not the core concern, but rather the need for those negatively affected to be compensated or protected, including through greater corporate accountability. He added that the current choice must not be between the status quo or populism, and suggested an alternative rooting trade in economies with active labour market protection and support for collective bargaining, with a focus on reducing inequality. **Anne-Juliette Lecourt, Confederal Secretary for CFDT (France)**, argued that there is a need to develop international norms and multilateral agreements that provide guarantees for human rights and sustainable development. She suggested that international trade agreements incorporate civil society to the negotiation process, and called for a strengthening of National Contact Points for the MNE Guidelines.

Annika Markovic, Permanent Representative of Sweden to the OECD, expressed concern about increasing criticism towards trade around the world when she sees it as the only way forward given trade's impact on innovation in Sweden. The Swedish Model, she said, is about protecting people and not inefficient businesses. She pointed out that globally competitive and profitable businesses are essential for labourers to continue to work and earn income. Ms. Markovic spoke about how the Global Deal can lead to stronger safety nets for workers in transition as businesses adapt and change in the global economy. **Noé Van Hulst, Permanent Representative of the Netherlands to the OECD**, said that in order to be serious about responsible business standards and the national contact point system, trade and investment policies must be reset. **Pierre Duquesne, Permanent Representative of France to the OECD**, stressed the importance of emerging economies' adherence to global rules, as well as continued work on tax policies and the openness of governments. He specifically cited the example of France where, as of September 2017, all collective agreements will be public. **Paulo Vizeu Pinheiro, Permanent Representative of Portugal to the OECD**, added that the current national contact points system needs to be improved given that there is no "one-size-fits-all" approach. He said that there is a need for granularity with the OECD to ensure that countries are complying and so that Prime Ministers' offices can improve in responding to individual suggestions. **Mr. Gurría** declared that national contact points should be as close as possible to the centre of governments.

John Drummond, Head of the Trade in Services Division of the Trade and Agriculture Directorate, affirmed that trade policy cannot be created in a vacuum, as governments need more progressive and human aspects so as to achieve their desired outcomes. He evoked the importance of rebuilding trust to escape the "weak trade trap. Governments must build greater coherence between trade and domestic and local policies, investing in people via structural reforms to reap the benefits of trade. **Pierre Poret, Acting Director for Financial and Enterprise Affairs**, suggested that there is a "dark side" to globalisation and,

as such, it is important to ensure fair competition in order to share the full benefits of globalisation. He also asked TUAC for suggestions on how the OECD could better involve G20 and partner countries on the MNE Guidelines.

Damon Silvers, Director of Policy and Special Counsellor of the American Federation of Labour and Congress of the Industrial Organizations (AFL-CIO), referred to the rise of political forces outside of the political consensus and cautioned that the OECD will be challenged to maintain the integrity of its work, stressing the importance of meeting that challenge. **John Evans, General Secretary of TUAC**, summarised that it is important to move from a binary view of a neoliberal status quo on the one hand and populist extremism on the other, towards a constructive dialogue that looks at credible alternatives. He echoed that today's problems go beyond communications: they are about adapting and adjusting policies to treat core problems. He stated that the driving forces of today's problems are job insecurity, stagnant wages and inequality - all of which could be tackled through public policies, strengthened collective bargaining, and social dialogue. He announced TUAC's intention to produce an index to rank National Contact Point performance and to carry this into G20 discussions under Germany's leadership to strengthen decent work in global supply chains. Mr. Evans also voiced TUAC's concern about the trade union rights situation in Korea and Colombia.

Moonhee Kimm, Minister at the Korean Permanent Delegation to the OECD, referred to the situation in Korea, stating that the imprisonment of the former President of the Korean trade union (KCTU) was prompted by illegal and violent acts along with the injuring of public officers. She said that the Korean law allows for unions' activities but violation against the law should lead to necessary legal action.

Catherine Candea, OECD Deputy Director of Public Affairs and Communications, thanked participants for their discussion and closed the meeting.

**CONSULTATIVE MEETING WITH REPRESENTATIVES OF THE
TRADE UNION ADVISORY COMMITTEE TO THE OECD (TUAC)**

FINAL LIST OF PARTICIPANTS

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