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**TRADE AND DEVELOPMENT COMMISSION**  
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**Geneva, 17-21 June 2013**

*Item 4: The impact of trade on employment and poverty reduction*

**Speaker: Mr. Sandy Boyle**

President of the EESC's Follow-up Committee on Trade

# **The impact of trade on employment and poverty reduction**

**Presentation by Mr Sandy Boyle, President of the EESC's  
Follow-up Committee on Trade  
Geneva, 17 June 2013**



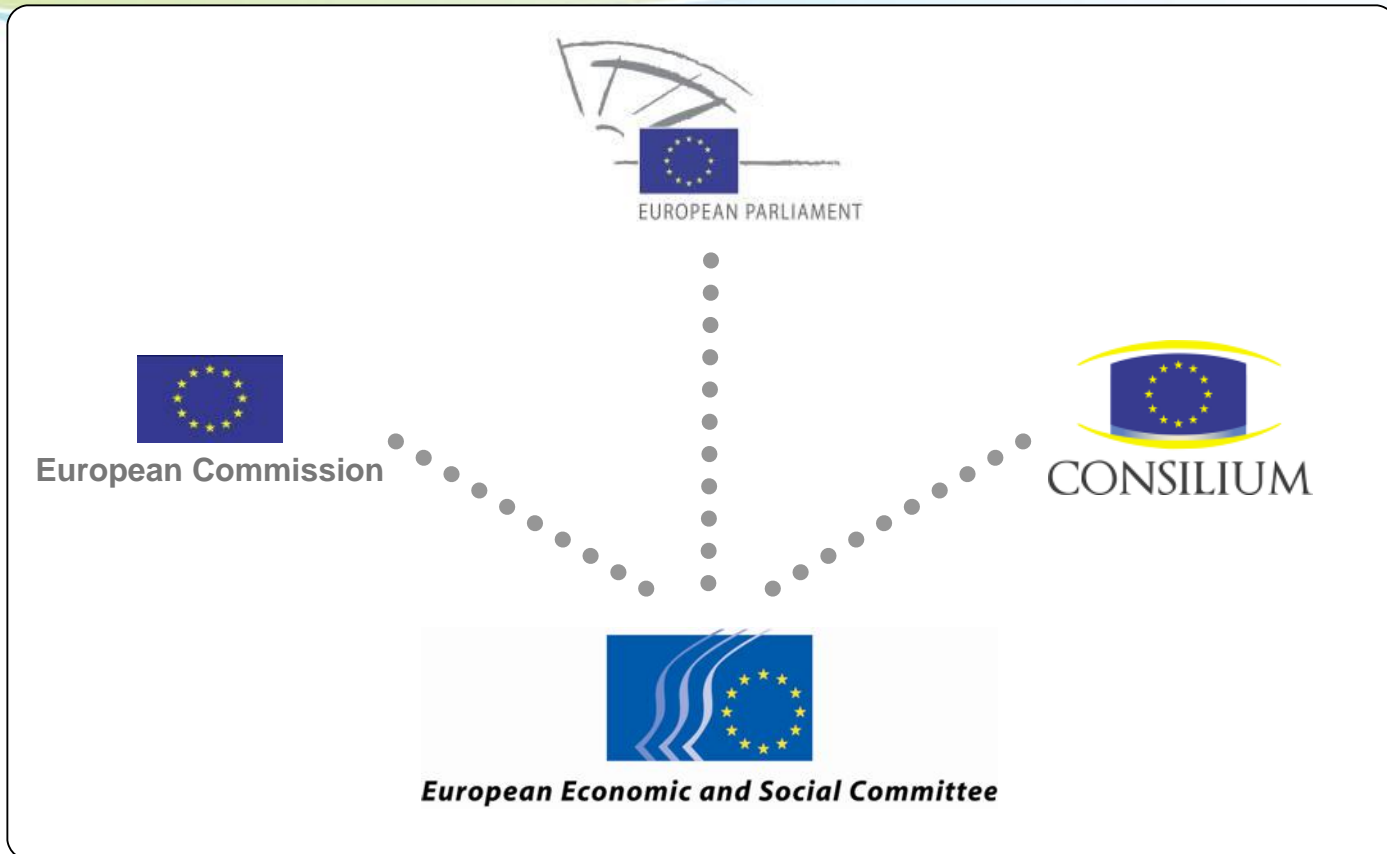
*European Economic and Social Committee*

# What is the EESC?

- **The EESC is a consultative body of the EU**
- **Established by the Treaty of Rome (1957)**
- **Treaty of Lisbon 2009**
  - Representatives of **organisations of employers, of the employed, and of other parties representative of civil society**, notably in socio-economic, civic, professional and cultural areas



# Institutional position of the EESC



# What is the structure of the EESC?

- It is an **assembly** of **344 members** from the **27 Member States** of the EU.
- Members are appointed for a renewable **five-year term**.
- They are appointed by the **Council of Ministers** on the basis of lists drawn up by national governments.



# The activities of the EESC

- The role of the Committee is to issue opinions
  - (approx. 200 per year)
- The Committee may be consulted by the Council, the European Commission or the European Parliament
- Mandatory or optional referrals
- **In addition, the EESC**
  - has the right of initiative
  - may receive requests for exploratory opinions by the Council, the Commission and the EU Parliament
  - takes on the role of facilitator and promoter of civil dialogue within and outside the EU



# The Section for External Relations of the EESC

- The **Section for External Relations** of the EESC comprises 135 members
- Its role is to monitor relations of the EU with third countries and regions and to develop relations with civil society organisations in these countries
- It is active in 4 areas: external policy of the EU, enlargement, trade and development
- The EESC has developed relationships and is organising regular meetings with organised civil society in third countries



# The Section for External Relations of the EESC

- **Recent EESC's opinions related to trade and development:**
- Trade, growth and development – tailoring trade and investment policy to those most in need -18 September 2012
- Social protection in European Union development cooperation - 21 March 2013
- A decent life for all: Ending poverty and giving the world a sustainable future – 22 May 2013





# How can trade contribute to create employment in developing countries

- **The link between trade and employment and eradication of poverty is not automatic**
- **Why?**
- Average level of trade integration of the LDCs, measured by the ratio of exports and imports of goods and services to GDP, has actually been higher than that of the advanced economies since the early 1990s;
- Convergence between the incomes of developed and developing countries is reducing but non-emerging developing countries are lagging behind
- **What are the reasons?**
  - specialisation
  - failure to promote structural transformation,
  - reduced possibilities to build productive capacity



# How can trade contribute to create employment in developing countries

- **How to create employment through trade liberalisation?**
- promote specialisation higher added value sectors
- Strategic trade policies and progressive trade liberalisation



# Can Trade in Services resolve current unemployment problems?

- **The impact of further liberalisation of trade in services on employment could vary significantly between developed and developing countries:**
- Developed countries expect significant job creation in the services' sectors from the currently negotiated Trade in Services Agreement (TiSA) and from bilateral or regional FTA negotiations (EU-US, EU-Japan, TPP)
- What about developing countries?
- they have to :
- focus first on services that support trade performance and competitiveness in both merchandise and services trade
- Implement gradual liberalisation in the services sector (also at regional level) in order to open their economy and secure access to other markets



What are the domestic requirements, including infrastructure and institutional, and complementary measures for trade to have a positive impact on employment?

- **What should be done at national level in developing countries to ensure that trade has a positive effect on employment?**
- **Need for sustainable economic development strategies providing for:**
  - Strengthening of the private sector and encouraging public-private partnerships
  - promote capacity building for SMEs and exporting companies
  - Creation of secure investment climate and predictable legal system
- **Need of public investment in:**
  - creating, developing and strengthening key port, transport, energy and telecommunications infrastructure, and in particular cross-border infrastructure;
  - Creation of e-commerce infrastructure and services as a part of strategy to diversifying exports



What are the domestic requirements, including infrastructure and institutional, and complementary measures for trade to have a positive impact on employment?

- **What should be done at national level in developing countries? (cont'd)**
- Designing an education and skills development strategy that is linked to trade development strategy
- Improvement of quality infrastructure at national level that will facilitate compliance with technical and SPS standards in export markets
- **Policy to be developed at regional level:**
- regional cohesion and integration of markets through cross-border cooperation
- Promotion at regional level of sustainable trade opportunities that can generate growth (organic agriculture and processed agricultural products, sustainable fisheries, sustainable tourism)



What are the domestic requirements, including infrastructure and institutional, and complementary measures for trade to have a positive impact on employment?

- **How to deal with impact of trade liberalisation on employment and poverty?**
- Importance of social protection to correct some negative effects of trade liberalisation:
- Social protection levels are very low, in particular in developing countries:
- 75% of world population lack adequate social protection
- Only 30% of economically active people are covered by unemployment insurance
- Only 15% of unemployed people receive unemployed benefits
- in many developing countries workers in the informal sector, farm workers and self-employed have no social protection
- **What should be done:**
- Promote conformity with ILO recommendation 202 on social protection floor
- Development of tax collection and management capacity for being able to develop durable public system for social protection
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# The EU contribution to create a positive impact of trade on employment

- In its trade relations with developing countries the EU contribute to create a positive impact of trade on employment by:
  - Aid for trade
  - Sustainability impact assessment of preferential agreements
  - Sustainable development chapter in trade agreements including social provisions
  - Civil society monitoring mechanisms in trade and association agreements with developing countries



# The EU contribution to create a positive impact of trade on employment

- **Aid for trade**
- Almost 10,5 billion euro per year, aims to help developing countries to negotiate and implement trade agreement in order to benefit from these agreements and to be able to spread the growth generated to all sectors of the economy
- It is part of the global EU development assistance
- The EESC insists that 20% of the EU development assistance should be devoted to social integration and human development
- The EESC insists that trade related technical assistance should have a particular focus on capacity development of private operators





# The EU contribution to create a positive impact of trade on employment

- Sustainable impact assessment of trade agreements
- These assessments help to integrate sustainability into trade policy:
  - ■by analysing the issues covered by a trade negotiation from a sustainable development perspective;
  - ■by informing negotiators of the possible social, environmental and economic consequences of a trade agreement;
  - ■by providing guidelines for the design of possible complementary measures, the scope of which can extend beyond trade policy (eg, internal policy, capacity building, international regulation), and which are intended to maximise the positive impacts and reduce any negative impacts of the trade negotiations in question.
- **EESC** has criticised some of the aspects of the methodology of SIA (timing of the analysis, lack of update of the analysis during the implementation of the agreement, over-reliance on econometric models, lack of sufficient qualitative analysis, cooperation with civil society and private sector)



# The EU contribution to create a positive impact of trade on employment

- Chapters on sustainable development in trade agreements
- These chapters provide for adherence to key international labour (ILO core conventions, Decent work agenda) and environment standards and agreements, the prudent use of natural resources such as timber and fish, the promotion of practices favouring sustainable development such as Corporate Social Responsibility, and the set-up of mechanisms for wider civil society involvement.
- **EESC is part of civil society monitoring mechanisms in EU trade agreement.**



# The EU contribution to create a positive impact of trade on employment

- Examples of civil society monitoring mechanisms in trade agreements
- EU-Central America Association Agreement (cont'd)

## 2 civil society monitoring mechanisms

### Join Consultative Committee

**Members:** *equal number of representatives of the European Economic and Social Committee, on the one side, and of representatives of the Comité Consultivo del Sistema de la Integración Centroamericana (CC-SICA) and of the Comité Consultivo de Integración Económica (CCIE), on the other side*

**Prerogatives:** *it is competent to advise on the implementation of the whole agreement*

Its main task is to submit the opinions of civil society organisations to the Association Council regarding the implementation of the Agreement.



# Monitoring mechanisms in trade and Association agreements

- EU-Central America Association Agreement

Domestic Advisory Groups and Civil Society Forum in the Trade and Sustainable Development chapter

**Composition:** Independent representative organisations in a balanced representation of economic, social and environmental stakeholders, including **local authorities**

**Prerogatives:** The DAG makes **recommendations** on trade-related aspects of SD and **advise** the parties on how to achieve the objectives

There is no participation in governmental consultations

Civil society forum – open civil society forum, not only members of the DAG

The Civil Society forum express views and opinions on implementation of the chapter on trade and SD



# Monitoring mechanisms in trade and Association agreements

- EU-Cariforum Economic Partnership Agreement

Joint Consultative Committee

**Composition:** Economic and social organisations, NGOs, academics

**15 members of the EU side (3 EESC), 25 members on the Cariforum side**

**Prerogatives:** assisting the Joint CARIFORUM-EC Council to promote dialogue and cooperation between the parties, in the context of the implementation of the agreement.

Possibility to participate in government consultations and to act on its own initiative

Possibility to be consulted by the parties on the implementation of the social chapter of the Agreement



# Monitoring mechanisms in trade and Association agreements

- EU-Colombia Peru Multiparty Agreement

## Domestic Advisory Groups

each party shall consult domestic labour and environment or SD committees or groups or create such committees or groups when they do not exist

the agreement does not provide for any *ad hoc* setting up of a unique advisory body gathering social, environmental and economic civil society representatives all together

**prerogatives: DAGs** may submit **opinions** and make **recommendations** on the implementation of the trade and SD title, including on their own initiative

## Dialogue with Civil society:

Once a year - session with CSOs and **the public at large to carry out a dialogue to matters related to trade and SD**



For more information - <http://www.eesc.europa.eu>

**Thank you very much for your attention**

