

**Trade and Development Board, sixtieth session**  
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**Plenary on Item 7:**  
**Evolution of the international trading system**  
**and its trends from a development perspective**

**Speaker: ILO**

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**Sixtieth session of UNCTAD's  
Trade and Development Board**

UNCTAD, Geneva, 23 September 2013

**Panel on the evolution of the international trading system  
and its trends from a development perspective**

**The ILO perspective**

*Aurelio Parisotto, ILO*

It is a special honour and a privilege to address this audience. I should start congratulating Dr. Kituyi for his appointment as a Secretary General of UNCTAD and on behalf of the Director-General of the ILO, Mr. Guy Ryder, convey to him a warm welcome to the world on international organizations and to our international community in Geneva.

In my remarks I will focus on progress in the process leading to the design and negotiation of the global development agenda beyond 2015, looking in particular at the discussions on the questions of employment, productive transformation and growth and some of the connections with the topic of international trade.

I'll draw mainly on the results of the global thematic consultations on growth and employment that have taken place over the past several months under the auspices of the Government of Japan. In fact, the reason the ILO Director-General is not sitting in this room today is that he will be launching the final report with the main messages from the consultations within a few hours in New York.

I should mention that although ILO and UNDP took the driving seat, the organization of the consultations was truly a collaborative effort, with contributions from several UN agencies and from representatives of private sector, trade unions and civil society - an example of good practice in international multi-stakeholder governance.

I should specially acknowledge the inputs of several colleagues from UNCTAD. This is one example of the collaboration between our two organizations, a collaboration that the ILO is committed to pursue and strengthen further.

## CHECK AGAINST DELIVERY

As you well know, as we approach the end date of the Millennium Development Goals, a serious international debate is underway about what should follow. There are aspects of both continuity and change in the way this debate has been unfolding so far.

Continuity rests on the strong focus on basic social services to alleviate poverty, in line with the core content of the MDGs. Change arises from the need to encompass the challenge of environmental sustainability but also to address the complex structural underpinnings behind poverty, inequality and instability.

In the post-2015 global thematic consultation on growth and employment, we focused exactly at those structural underpinnings, in an effort to collect the views, the concerns and the priorities of people, practitioners and experts in all regions.

It is a rich collection. I will highlight two central messages.

### **Jobs - A global priority**

First, there is widespread recognition that the question of jobs – decent jobs - should feature prominently in any new framework of global goals.

As you probably know, the ILO Governing Body is proposing the adoption of full and productive employment and decent work as an explicit goal of the future global development agenda, including a reference to the need for social protection floors. This call goes well beyond the ILO.

Better job opportunities were among the top three priorities - together with education and healthcare - identified by nearly 800,000 participants in the Myworld 2015 global survey, a concern particularly strong among younger respondents and respondents from the poorer countries – i.e. the primary stakeholders of the future agenda.

Job creation also emerged as a pressing need in nearly all the countries where the UN had post-2015 national consultations and it was among the key priorities identified by the High-level Panel of Eminent Persons and other groups of experts and stakeholders.

Therefore, the suggestion from the consultations that the post-2015 agenda should have a stand-alone goal on employment, with targets and indicators appropriate to

the labour market circumstances of each country, is not a surprise. The development community must give a response to the pressing demand for more and better jobs.

The rationale is clear if we look at the state of the global labour market. The broad picture is one of high global unemployment, hitting the youth particularly hard. In addition, one in every three workers in the world is still living with their families below the US\$2 a day poverty line.

The jobs challenge is not a cyclical phenomenon. It will last well beyond 2015. Based on current estimates, around 45-50 million new jobs will be needed each year over the next ten years just to keep up with the growth of the world's working age population. In addition, more will have to be done to ensure those jobs are decent, offering people the opportunity to lift themselves out of poverty and have some shelter from a turbulent international economic environment. And those decent jobs will be needed mostly in the Least Developed Countries, exactly where it will be most difficult to generate them.

### **Inclusive growth - The quest for a policy shift**

A second main message concerned the policy front: a widespread, consistent call for a shift in the policy mode, for new development practices centred on the quality of economic growth.

The topic of productive transformation attracted special attention. The MDG experience shows that major achievements in reducing poverty have been made because of strong development strategies, economic upgrading and productivity, higher earnings and decent wages. Focus on health and education alone, was not sufficient.

The policy front is vast and controversial. The participants in our consultation warned against the danger of one-size-fits-all approaches and argued the need for national policy space. Emphasis was put on a wide range of suggestions for policies to promote inclusive growth and decent jobs by means of productive transformation, private sector development, broader social protection coverage and measures to ensure fairness and equity, within the framework of comprehensive, balanced and coherent national policy packages.

### The question of trade

How the discussion related to trade? International trade is a major driver of productive transformation, with significant impact on investment, employment and incomes. Trade opportunities are critical for developing countries in order to diversify their economies, especially for smaller countries. The participants in our consultations acknowledged the potential benefits but expressed some concern for the actual distribution of the gains.

Complementary policies that go beyond liberalization and facilitation were called for in order to make the effects of trade less ambiguous, along three main dimensions.

First, better assessments of the impact of trade on employment and the environment, to help devise measures to account for and mitigate those impacts especially in the poorer countries.

At the ILO, we have started working on collecting data and improving methodologies and indicators on the employment effects of trade, as a first step. Here, one distinctive question is to improve measures of the developmental quality of jobs. As said by one of the participant in the consultation: [quote] *“It is the quality of employment, not the number of jobs that makes the most difference for development and poverty reduction”* [unquote].

Second, policies are needed to alleviate the pressures on the sectors that lose as trade expands and ensure wider acceptance of trade reforms. Those include labour market policies, training, retraining as well as well-targeted, country-designed social protection measures to help during the adjustment period.

Third, policies are needed to support the capabilities of countries, especially poorest countries, to take advantage of the opportunities of openness to trade: investment in infrastructure, finance, assistance to small enterprises and local suppliers, skills development and innovation.

Incidentally, a similar policy package might be required to kick-start and smooth the transition to environmental sustainability. The transition mainly entails a process of structural change towards new technologies and new modes of production and consumption. In the process, there will be losers and winners, new market opportunities but also adjustment costs and resistance. What is forestalling

negotiations might not be the lack of “green” advocacy, but the concern for the asymmetries in bearing the brunt of adjustment and the lack of credible measures to mitigate it.

To sum up, our consultations pointed to the need to think seriously at how to broaden the portfolio of international development assistance, to encompass measures to assist enterprise development and productive transformation at the same time as supporting the social and labour market policies and institutions that ensure that productive transformation is inclusive, equitable and sustainable.

### **The post-2015 framework**

How do we factor all this in the development agenda beyond 2015? Many changes have been suggested, but there remains one strong element of continuity: the MDG format – a small list of simple, concrete and measurable goals that can capture the imagination of the public. This approach has been criticized by many for its reductionism, for not taking into account the complexity of development challenges. However there seems to be consensus that the formula has worked, more than many overloaded UN statements. So, it should be retained in order to influence the priorities of key actors and set the new global agenda.

Yet, the key challenge is to agree on a clear “transformative” framework within which a manageable number of themes can be organized and prioritized. In other words, the final stand-alone global goals should not just be discrete “achievable proxies”, time-bound and easy to communicate, which governments voluntarily agree to pursue. They should simultaneously function as high leverage points to drive the wider process of economic and social transformation toward more inclusive and sustainable outcomes.

The process to decide about the future framework is just at the beginning. It is hard to predict the final outcome of the intergovernmental negotiation. There are many competing priorities. Here I should go back to one of my initial statements: Employment with rising income and dignity is a development goal that the future development framework cannot neglect if it wants to be relevant. And it is a transformational goal.

## CHECK AGAINST DELIVERY

Employment speaks to people, it motivates politicians, it triggers development. As a goal or a target, it could prompt a new twist in international development assistance, addressing greater attention to the questions of trade impact, adjustment measures and country capabilities. The connection between employment and trade is clear and direct.

An employment goal might also act as a catalyst helping prioritize and stimulate steps forward in global discussions and negotiations on key drivers of development, not just trade but also finance, macroeconomic coordination, migration. These are controversial areas requiring detailed regulations, specialized expertise, multilateral treaties and delicately-balanced international bargains. Those bargains will continue to take place, in any case, outside of the frame of global development goals, whatever goals are finally adopted. Better if there is a connection, if those bargains are set with some scrutiny and a public eye on their consequences for employment and development.

### **Conclusion**

To conclude, during the consultations one participant recalled the preamble of the Marrakesh agreement that established the WTO and should underpin the current international trading system. It says [quote]: “Trade and economic endeavour should be conducted with a view to raise standards of living, ensuring full employment and a steadily growing volume of real income and effective demand” [unquote].

This commitment, clear and strong in words, has been largely unattended during the MDG era. It is time to look at it again, as a foundation of the new agenda for action.

Thank you.