Trade Policy and Sustainable Development Meeting

Geneva, 6 – 8 October 2015

Trade, Jobs and Sustainable Development

Session-1

Mr. Raymond Torres
Director, ILO Research Department
International Labour Organization
Trade, jobs and sustainable development

Raymond Torres, Director, ILO Research Department
Decent work as necessary condition for trade to lead to sustainable development

• It boosts productive basis of the economy, thus backward linkages of trade
  – Informality reduces linkages between dynamic export sectors and rest of the economy; tackling low-productivity traps

• It supports internal engines of growth, which are needed to exploit benefits from trade
  – social protection floors

• Decent work facilitates fair trade, therefore sustainable development
  – core labour standards; functional distribution of income
Policies to enhance complementarity between trade and decent work: international dimensions

1. Trade & investment agreements

   – Labour provisions in trade agreements

   – Balancing investment protection with labour protection

   – Regional integration, which facilitates production diversification
Number of trade agreements with labour provisions

Note: 2015 data is as of the end of January.

Source: ILO Research Department based on WTO RTA Database
Export diversification correlated with lower working poverty

Export diversification and working poverty (2$ a day threshold), 2010

NOTE: The higher value of Export diversification index indicates lower diversification.
Policies to enhance complementarity between trade and decent work: international dimensions (cont’d)

2. Development cooperation

– Strengthen focus Official Development Aid (ODA) on institutional dimensions

– Sharing of policy experiences, e.g. social programmes, transitions to formality

– Migration for development
Working poverty as a factor of emigration

Figure 9.1 A snapshot of global emigration rates, 2005–10

Note: Emigration rate (2005–10) is based on the data by Abel and Sander (2014). Working poor and social protection coverage are the ILO’s estimates.
Source: ILO Research Department.
3. Taxation and financial issues

– Tackling international tax competition (erodes the basis for pro-sustainable development policies)

– Tackling excessive capital volatility (blurs horizon for long-term investments; reduces economic predictability)
Latin America (19 countries): external shocks and aggregate demand, 1990-2009
(% of GDP, and annual rate of variation)

Concluding remarks

• Decent work is crucial to making trade & investment a driver of sustainable development
  – It is also a direct engine of sustainable development, so part of the post-2015 agenda

• There is scope for improving complementarities between DW and trade & investment policies
  – Inter-agency cooperation, including UNCTAD-ILO, especially post-SDGs
  – ILO forthcoming report on ending poverty

www.ilo.org/research