TRADE POLICY AND SUSTAINABLE DEVELOPMENT MEETING

Geneva, 6 – 8 October 2015

TRADE, PRODUCTION PATTERNS AND JOBS

Session-5

Ms. Marva CORLEY-COULIBALY
Senior Economist
ILO Research Department
International Labour Organization
TRADE, PRODUCTION PATTERNS AND JOBS

Marva Corley-Coulibaly, Senior Economist, ILO Research Department
Structure

1. Estimates and trends in jobs related to trade: GSC participation

2. Interaction between trade policies and sectoral employment in GSCs

3. GSC impact on firms and workers

4. Policy challenges
Both trade in intermediate and final goods has been growing fast...

Global trade value in intermediate and final goods (Index, 2000=100)

Source: ILO Research Department calculation based on OECD STAN database.
...with export growth and wage and salaried employment growing hand-in-hand...

Relationship between export and wage and salaried employment, 2000-2013, (% point change)

Export (% GDP), average yearly percentage point change, 2000-2013

Wage and salaried employment (% total employment), average yearly percentage point change, 2000-2013

...and more and more workers in jobs linked to GSCs

Number and share of jobs linked with GSCs, 40 countries (66% of the global labour force), 1995-2013

Source: ILO Research Department estimates based on WIOD.
In most countries, the share of workers in jobs linked to GSCs has increased in the past decade...

Source: ILO Research Department estimates based on WIOD.
...particularly for women in emerging economies...

![Bar chart showing the share of females in GSCs-related and total employment in 2013 for Emerging economies, Advanced economies, and All selected countries.]

Many of the newly created jobs linked to GSCs are in the service sector...

Change in number of GSC-related jobs by sector (millions), 2000-13

...and the share of GSC jobs in business services has increased

Annual change in the share of GSC jobs in total employment, 2000-11, by services sector (percentage points)
Women are not well-represented in some of the sectors that are related to GSCs

Share of women in services employment, 2014 (%)

**Developed economies**

- Education and health
- Hotels and restaurants
- Financial services
- Other services
- Wholesale and retail trade
- Business services
- Transport and communication

**Emerging economies**

- Education and health
- Financial services
- Other services
- Wholesale and retail trade
- Hotels and restaurants
- Business services
- Transport and communication

2. Trade policies and GSC-related employment
Liberalization of goods trade creates a large number of GSC jobs in services...

Estimated impact of a 1-pp-decrease in trading partner’s average applied goods tariff on a country’s number of related GSC jobs, by sector (in %)
Trade agreements also foster GSC-related job creation

Estimated impact of the presence of a trade agreement in force on a country’s number of related GSC jobs, by sector (in %)
3. GSC impact on firms and workers
... but the quality of employment and social upgrading require additional effort.

Notes: For detailed notes, see Chapter 5 of World Employment and Social Outlook: The Changing Nature of Jobs.
Source ILO Research Department estimates based on OECD Trade in Value-Added (TiVA) database and WIOD.
Nearly all firm level evidence support positive productivity impacts, but remains mixed on wages...

In supplier firms, GSC participation can improve productivity through:

• cause productivity gains through economies of scale
• create benefits from a diversified client base
• create knowledge and technology transfers: Brach and Kappel, 2009

In supplier firms, GSC participation may not impact wages because:

• there is self-selection, i.e. the entry into GSCs requires firms to be highly productive and hence pay higher wages: Javorcik, 2014
• there is little evidence for positive wage premiums caused by GSC participation.

Consequently, we find the wage share declining in most sectors.
...there is declining wage share especially in countries with large shares of GSC-related jobs.

Divergence of labour productivity and real labour compensation growths (Index: 1995 = 1)

Source: ILO Research Department based on OECD Productivity database and World Bank.
4. Policy challenges
Achieving Decent Work in Global Supply Chains

Broad based policies to address wages gaps
  • labour market regulations & institutions
  • labour provisions in trade & investment agreements

Specific policies for countries, sectors, enterprises and workers
  • enhance technological capabilities, SMEs
  • enhance protection of temporary, vulnerable workers
Achieving Decent Work in Global Supply Chains

Social dialogue to foster sustainable outcomes

- Codes of Conduct, CSR: voluntary basis
- IFAs: instruments negotiated with global trade unions
- The ILO Better Work Programme
- The Bangladesh Accord on Fire and Building Safety
ILO World Employment and Social Outlook:
www.ilo.org/research

Thank you!