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8th GLOBAL COMMODITIES FORUM

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Opening Remarks

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UNCTAD 8TH GLOBAL COMMODITIES FORUM: BUILDING SKILLS FOR SUSTAINABLE DEVELOPMENT

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(10 minutes)

Sangheon Lee, Director, Employment Policy Department, ILO

Thank you for the opportunity to address the Global Commodities Forum. I should start by saying that the ILO supports the objectives of the forum. Decent employment is at the heart of the ILO's mission, and strategies to promote decent employment are at the heart of our work.

The ILO has a longstanding interest in commodity sectors. Production and processing of agricultural commodities provide substantial employment across most developing countries, although the quality of employment is often low. Improving productivity and quality, connecting more effectively to commercial markets, diversifying products and moving into higher value activities can result in better quality jobs if the fruits are shared fairly between business and workers. Extractive industries pose different challenges. Where they are well organized and productive, the quality of jobs in the industry and among its local suppliers may be good, but the number of local workers employed may be too low to bring proportionate economic benefits to the host community. In our work with governments across the world on employment policies, we see that success in extractive industries does not automatically lead to proportionately good employment outcomes.

In this regard, I am heartened by the focus of the Commodity Forum on Sustainable Development, on developing value-added activities, and on integration strategies for commodities industries. This focus is in line with our thinking on pro-employment policies, and it is needed to improve the decent employment impact of commodity industries activity.

Skills is one of the key areas in which the ILO contributes to the Decent Work agenda, as a matter of our mandate, as an area where we contribute distinctive capabilities and new thinking to the development community, and as an area where we engage in development cooperation in collaboration with a great many of our Member States.

When we do work in skills, it is not always because we have started out intending to collaborate on skills. Almost no matter what policy priority we pursue, from supporting our constituents in developing employment policies, to promoting labour standards, to sector development or improving conditions for small and medium enterprises, we increasingly find that getting skills right is part of the practical solution. And as we increasingly work with our constituents to turn policy work into tangible implementation, that means practical collaboration with our constituents on skills development increasingly features across all of the ILO's policy portfolios.

The ILO has a long time interest in the connection between trade policies and decent employment outcomes, the issue which has gained further importance in light of growing call for making trade work better for people. And we have long recognized that skills have an important influence on the decent work consequences of trade. The ILO's Recommendation 195 of 2004 concerning human resource development, for example, highlights the importance of skills to productivity and competitiveness. The G20 Training Strategy, prepared by the ILO in 2011, highlights the importance of skills development for trade. When we discuss at a practical level with businesses and governments what they most need for success in trade, they almost always list the supply of skills among the factors they see as being important.

Even though the connection between skills and trade outcomes is intuitively clear, the availability of skills has not traditionally been addressed by the trade community as a component of the trade enabling environment. Even so, over perhaps the last 10 years it has been gradually becoming more prominent.

Around 2010, the ILO started to pilot its Skills for Trade and Economic Diversification, or STED, methodology, which is designed to investigate the skills that tradable sectors in developing economies need to participate effectively in international trade, and to mobilize skills development action on the priorities that the investigation identifies. After a number of pilots, we developed a methodology for researching and analysing skills needs of tradable sectors. But we found that only doing an analysis did not mobilize action on the skills needs identified. Over time, we have moved from doing the technical research and analysis ourselves to facilitating our country partners in collaborating to do this work themselves. We now stay involved in the process after the analysis is done, helping to implement some of the recommendations, and to support our partners in doing most of the implementation work themselves.

We have now done or enabled STED work in 11 countries with upwards of 20 sectors. As we will hear later, our work has often focused on skills needed for export diversification, which makes it especially relevant to today's Forum.

The ILO is not the only International Organization working on with developing countries on meeting the skills needs of internationally trading industries. The International Trade Centre does good work in this area, especially with Small and Medium Enterprises. And UNIDO does interesting work through Public Private Partnerships with FDI businesses operating in developing countries under its LKDF Programme. UNCTAD itself does important work in developing countries on skills for SMEs and entrepreneur skills under its Empretec programme.

One of the results of doing STED work in a fairly large number of sectors in a significant number of countries is that we have a lot of case study evidence on what skills are needed by tradable sectors in developing countries in order to participate effectively in international markets, and what the barriers are to supplying them. We have used this evidence in a research partnership with the World Trade Organization, and last year we launched a joint publication titled Investing in Skills for Inclusive Trade.

One of the key messages from the publication is that both the availability of skills and skills development policies affect a country's trade patterns and performance. In developing countries skills gaps constrain the performance and expansion of tradable sectors. A country's development path depends on its capacity to accumulate capabilities, including skills, that lead

to product diversification and quality upgrading. For countries aiming to diversify from or add value to commodities, this means that skills policies will be a necessary part of the trade policy mix, and there is a need for governments to coordinate between their trade and skills policies.

Another key message from this work is that investing in skills development to better meet the skills needs of both employers and workers is key to making trade more inclusive for countries at all stages of development. It does not just help exporting industries themselves, but it can help spread the benefits of trade more widely, making trade more inclusive. I think this is an especially important message for countries overly reliant on commodity exports.

A further message is that skills gaps are not just about the level of skill or qualification. It is necessary for skills development at all levels to respond to the skills needs of employers and workers, both current and emerging.

However, this does not mean a narrow focus on the specific technical skills needed to do a job. Increasingly, employers and workers need a well-balanced combination of soft or “core work” skills, and skills likely to be transferrable between jobs, as well as occupation-specific technical skills. Employers need workers who can communicate, collaborate, learn and adjust to change, and workers need these same characteristics to remain employable as technologies and working practices change.

These all point to a broader and more fundamental issue, which is about the future of work. Experience tell us that trade and technological changes create new opportunities for economic growth, job creation, and development. Yet we also know that, in the recent past, productivity gains relating to trade and technology were not shared broadly and the overall inequality was growing. We need for this time to be different. Furthermore, as the current wave of technological changes require significant adaptations by business and workers, they can be disruptive and unequitable unless they are not properly managed with good policies. Special attention should be paid to policies which support the transition process for business and workers and share trade and technological dividend in a broad and equitable manner.

Therefore it is our view that making trade and technology work for development require more and better investment in people. We need policies to help workers to learn new skills and upgrade them continuously over the life cycle. Better social protection floors are also needed to encourage workers to be adaptable, especially when workers find themselves in a long transition process or in precarious jobs such as informal jobs. ILO as a tripartite organization believes that policies can be stronger and more effective when they are based on social dialogue between all actors involved.

I am pleased to inform you that these critical issues are now being discussed at the ILO Global Commission on the Future of Work, which will produce recommendations and guidance to orient the actions of the ILO as well as national policies to make sure that no one is left behind in the new world of work. We would be happy to brief the Forum on the outcomes of the global commission once it concludes its work.

Thank you for your attention. The ILO looks forward to continuous collaboration with this Forum in achieving the common goals for development.