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Opening Remarks

By

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BUILDING SKILLS FOR SUSTAINABLE DEVELOPMENT

Remarks by

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Thank you Mr. Chairman for inviting the WTO to participate in this meeting.

Since the 1996 WTO Ministerial Conference in Singapore, jobs, skills and trade-related competitiveness have been high on domestic and global political and trade agendas.

It is worth recalling that pursuant to an extensive coherence mandate in the Marrakesh Agreement, the WTO teamed up with the ILO to explore the technical aspects of the linkages between trade, education, skills and innovation. The research covered the fields of trade policy; labour markets; public finance; and education. Our findings were disseminated in three joint ILO-WTO reports between 2007 and 2013.

To underscore its commitment to this issue, the WTO joined several international organisations in the *International Collaborative Initiative on Trade and Employment*, which was led by OECD. The output was a comprehensive report on the relationship between trade, growth and employment.

Skills are critical determinants of competitiveness. Economic growth and development often hinges on the capacity of the private sector to upgrade product value, quality and safety. The Fourth WTO Global Aid for Trade Review, which focused on global value chains (GVCs), confirmed that skills were, indeed, a major supply-side constraint for small and medium enterprises (SMEs) in developing countries. While participation by SMEs in GVCs can help maximise the benefits from trade, participation by developing countries in local and global value chains can only expand if sustained efforts are made to build up relevant skills and human capital.

Even as trade and investment flows foster the dissemination of knowledge and promote the transfer technology and know-how, developing countries, particularly LDCs, confront many other challenges. These challenges hinder the acquisition of the skills, talent and expertise that are required to attain the level of productive capacity needed in trade-oriented commodity sectors.

Among these challenges, I would like to highlight a few: technological changes, the rise of GVCs, and the quest for domestic value-addition in key commodity and industrial sectors. Each of these challenges can be turned into an opportunity if the supply of skilled workers is adequate and if supportive

institutional research and educational frameworks are available at the local, regional and international level.

The WTO is eager to continue making a meaningful contribution.

Raising the awareness of trade lawyers, policy-makers, economists and negotiators of the gains generated by an inclusive and open multilateral trading system is a powerful confidence boosting mechanism. It enhances the participation of developing countries in WTO Committees, in peer review mechanisms, and in dispute settlement proceedings. It also allows delegates to interact more effectively in other trade and development forums, whether at home or abroad.

Alongside WTO's regular trade-related technical assistance, Geneva-based and regional courses, I would like to mention at least three other major mechanisms that many of you are aware of:

- The Aid-for-Trade Initiative (A4T):
- the Enhanced Integrated Framework (EIF).
- the Standards and Trade Development Facility (STDF)

Together with the Trade Facilitation Agreement Facility, all these initiatives are now integral components of the international trade and development architecture.

Through these initiatives, we have enhanced our knowledge base and acquired a better appreciation of how supply chains work in many agricultural and fisheries sectors. Through first-hand exposure on the ground, STDF projects have taught farmers how to handle chemicals and equipment efficiently for safer pest and disease control. State-of-the-art on-farm and post-harvest practices and regulations have been rolled out, increasing farmer productivity, enhancing product quality and safety, reducing post-harvest losses, and successfully mitigating the number of buyer and importer rejections in export destinations.

By showing farmers, processors and traders how to meet international standards and apply good practices in the fruit and vegetable sector, STDF projects have enhanced market access to higher-value domestic and global markets.

Specialized SPS training programmes for extension officers, traders, exporters and standards enforcement officers were rolled out to improve product safety and quality in an integrated manner along the value chain.

Several factors underpin some of the success stories behind WTO's technical assistance and capacity building.

"Partnership" has been a key to our success.

A long-standing and fruitful inter-agency collaboration exists in the field of trade-related capacity-building. I have already mentioned our partnership with ILO, UNCTAD, the International Trade Centre (ITC), FAO, World Bank Group, OECD, and many other agencies cooperate with the WTO in designing and delivering human, institutional and infrastructural trade-related capacity.

Let me give you a concrete example from one STDF project.

Cinnamon farm cooperatives, national institutions and commodity boards, international commodity organizations, research institutes and NGOs focused on boosting the technical know-how and productive capacities and competitiveness of the value chain. Cinnamon exports to high-end markets increased. Training modules were developed by local universities and research centres in developing countries, with assistance from universities in developed countries, the World Bank, IICA and UNIDO.

Hundreds of stakeholders along the Ceylon cinnamon value chains have been trained: farmers, extension officers, traders and processors. A major outcome of skills development in branding and market positioning strategies is how the decline of Sri Lanka's export share of Ceylon cinnamon in international markets has been stemmed.

Similar experiences elsewhere in the world teach us that approaching skills development from an integrated value chain perspective was likely to yield sustained and lasting impacts on the ground. This translates into strengthened relationships at each step of the value chain, enhanced awareness of the needs of respective stakeholders; diffusion of technology and best practices; and increased access to technical and market information.

This is true for women shrimp farmers, ginger cooperatives, cabbage producers, flower sector workers, cocoa producers and processors. In each and every case, opportunities to scale up activities across neighboring countries or regions and build capacity along the value chain have been examined. Many innovative projects and good practice models can be scaled up, contributing to build sustainable trade and development opportunities worldwide.

Role of government policies

The private sector, particularly micro, small and medium enterprises may have challenges in securing the skills and knowledge they need to enhance efficiency. Likewise, internalizing new technical and managerial expertise, technology and know-how within GVCs might pose serious challenges. Governments therefore have a crucial role to play by investing in skills development through research, education, vocational training and innovation programmes.

In the agricultural sector, research, extension and advisory services are particularly important. The WTO ensures that governments have adequate policy space to reach out to the agricultural production and marketing communities with targeted assistance and training programmes and well-designed extension and advisory services. Such programmes are not subject to any monetary limits.

CONCLUDING REMARKS

The WTO will continue to play its part in improving the trade, investment and business climate and facilitating the greater participation of developing countries in the multilateral trading system, which has contributed significantly to improving access to high quality products around the world.

WTO Trade capacity-building will continue to take into account the core functions of the organization, namely: implementation of existing agreements, negotiation, policy monitoring, and dispute settlement.

Needless to say, the capacity building programmes are flexible and can be adapted in light of evolving needs of countries with a view to developing new or adjusting existing skill building components. To ensure that developing countries benefit from commodity value chains, the WTO will continue building on a well-

coordinated institutional framework in partnership with research, academic and international agencies to increase synergies and avoid duplication.

THANK YOU.