



Global trade and employment



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Outline



- Background: trends in trade and employment
- Institutional context: collaboration between ICCRF, the WTO and the ILO
- Research on trade and employment : results and gaps



Background:

Trends in trade and employment

Longer term trends: globalization



- Globalization and trade, if properly harnessed can be powerful engines of growth and job creation
- But, country specific employment effects are diverse
 - Higher perceived job insecurity in the North
 - Persistent informal employment in the South
- Wage inequality has increased in many countries

Recent developments: the crisis

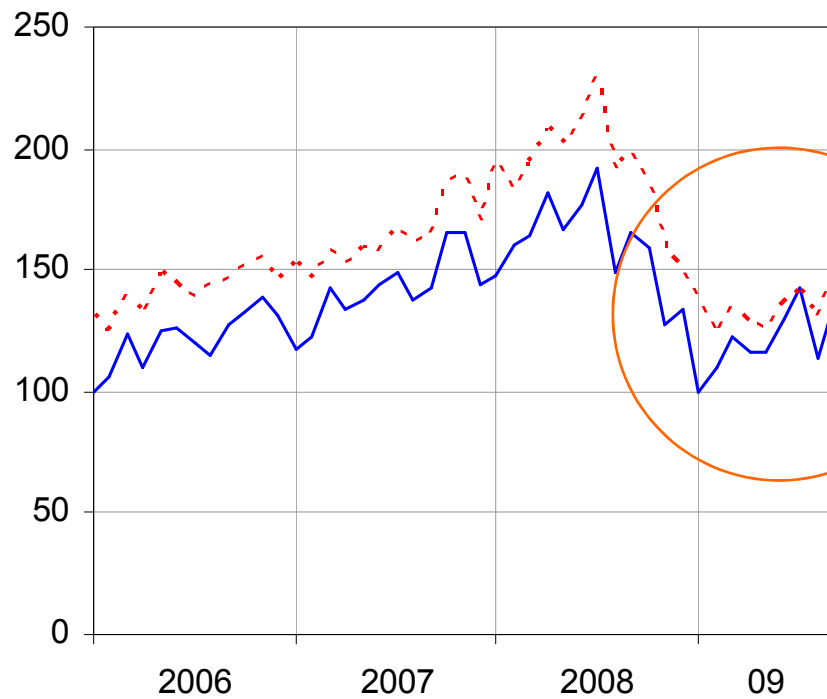


- After an almost free fall, trade is growing again
- And so is GDP
- Asia is leading the pack
- Problem is unemployment, which, in some countries has increased significantly
- And which, according to most experts, will remain high

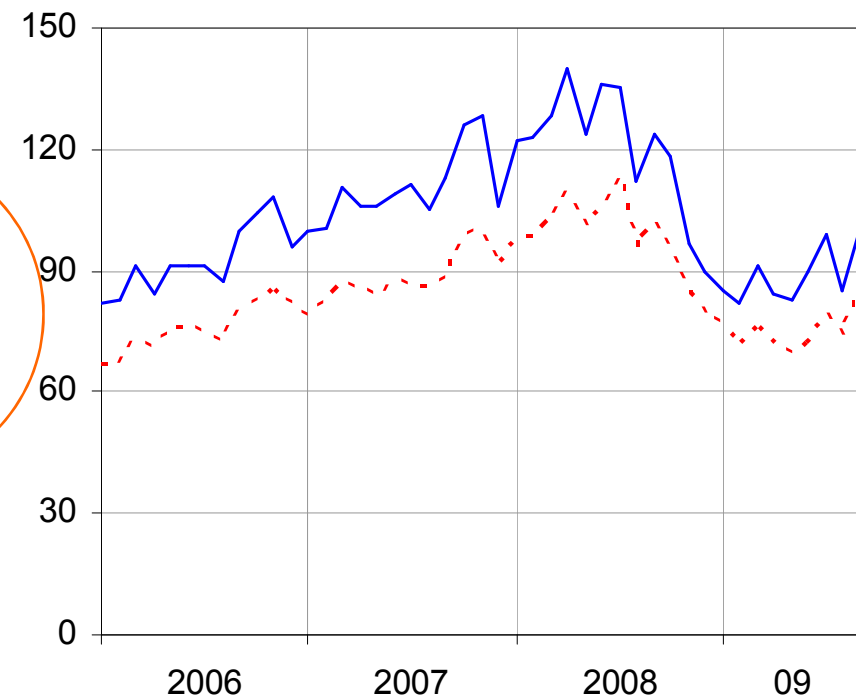
Monthly merchandise exports and imports, January 2006 - September 2009



European Union (extra trade)



Germany



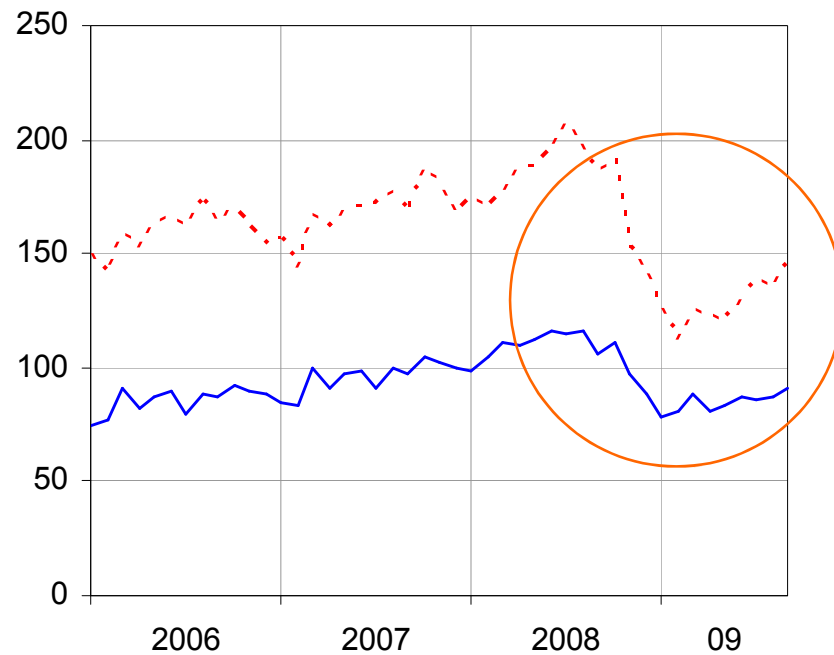
— Exports - - - Imports

Billion dollars

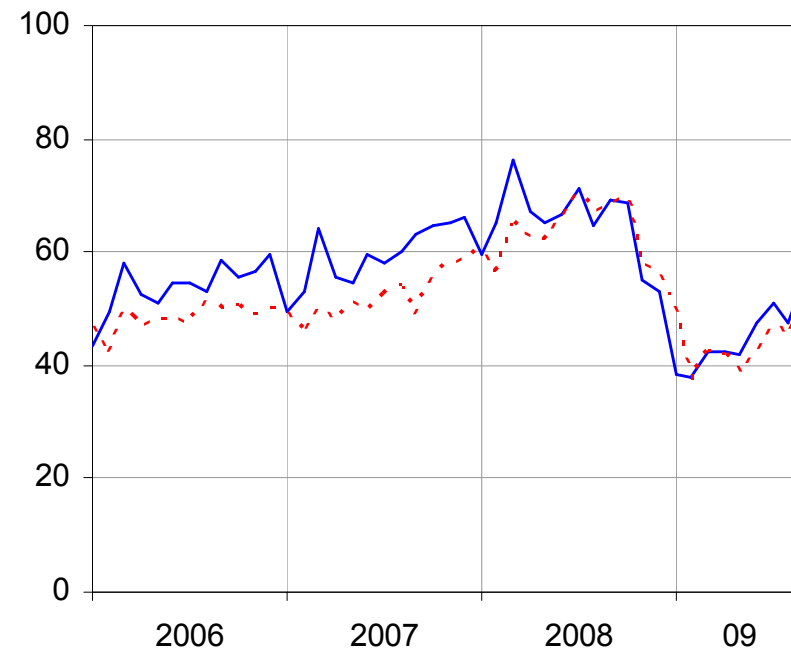
Monthly merchandise exports and imports, January 2006 - September 2009



United States



Japan

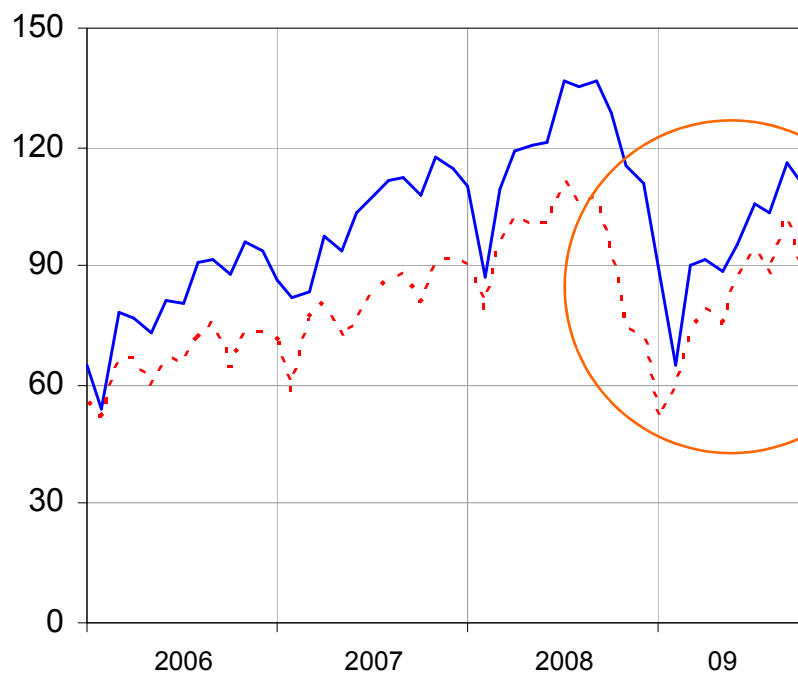


Billion dollars

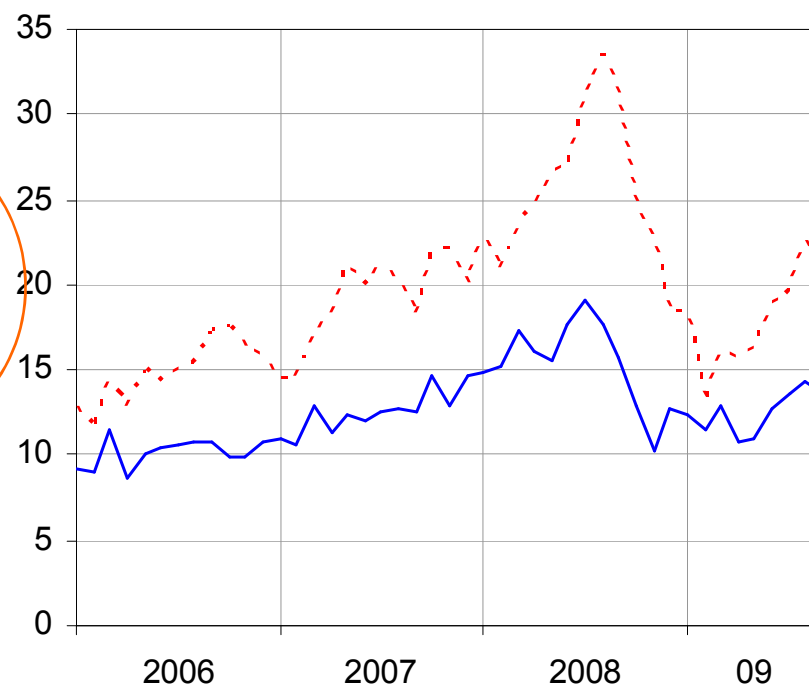
Monthly merchandise exports and imports, January 2006 - September 2009



China



India

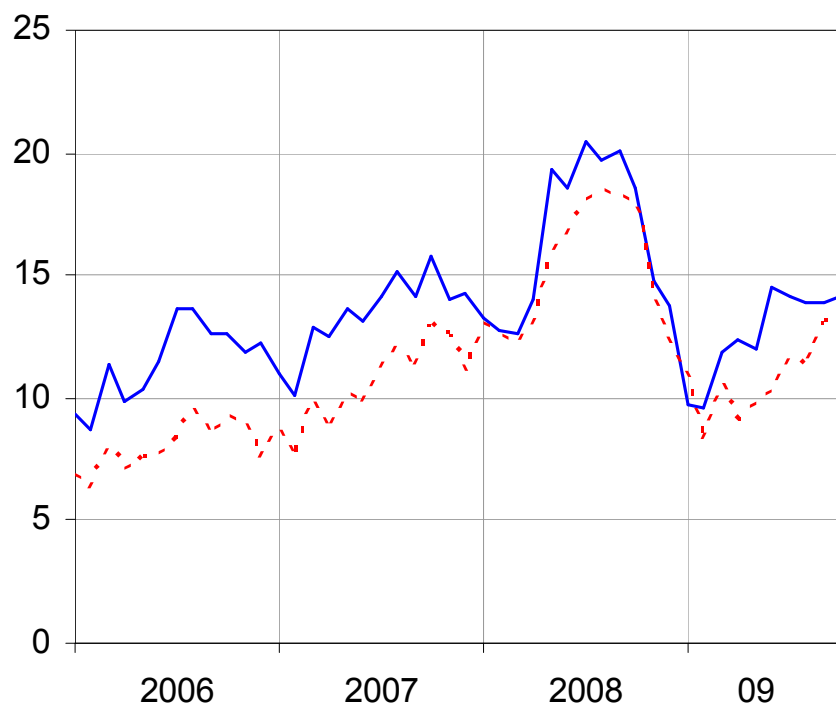


Billion dollars

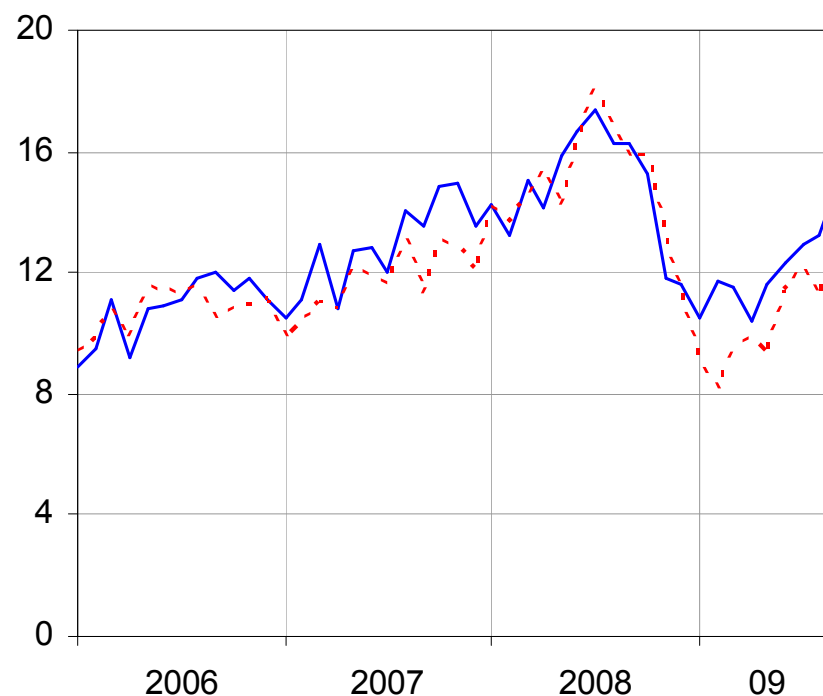
Monthly merchandise exports and imports, January 2006 - September 2009



Brazil



Thailand

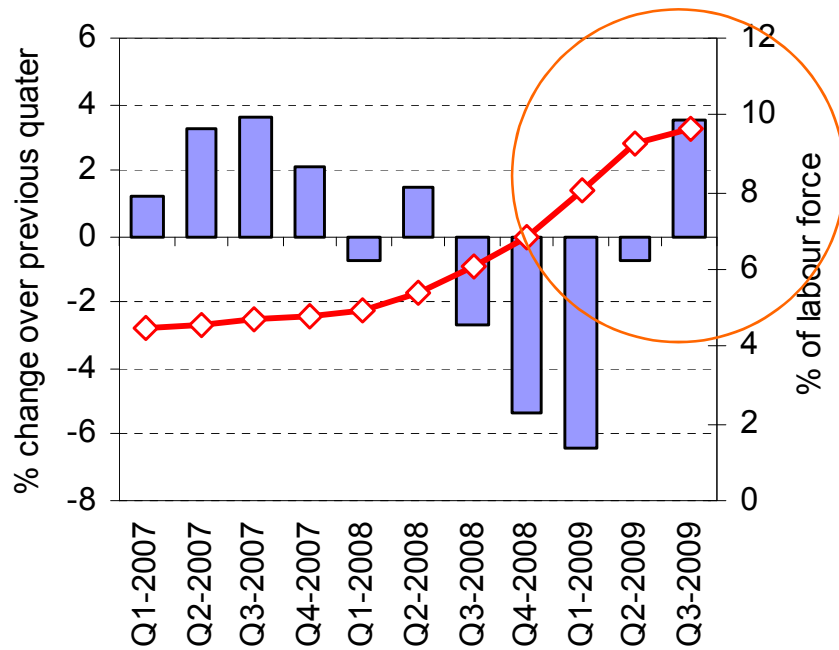


Billion dollars

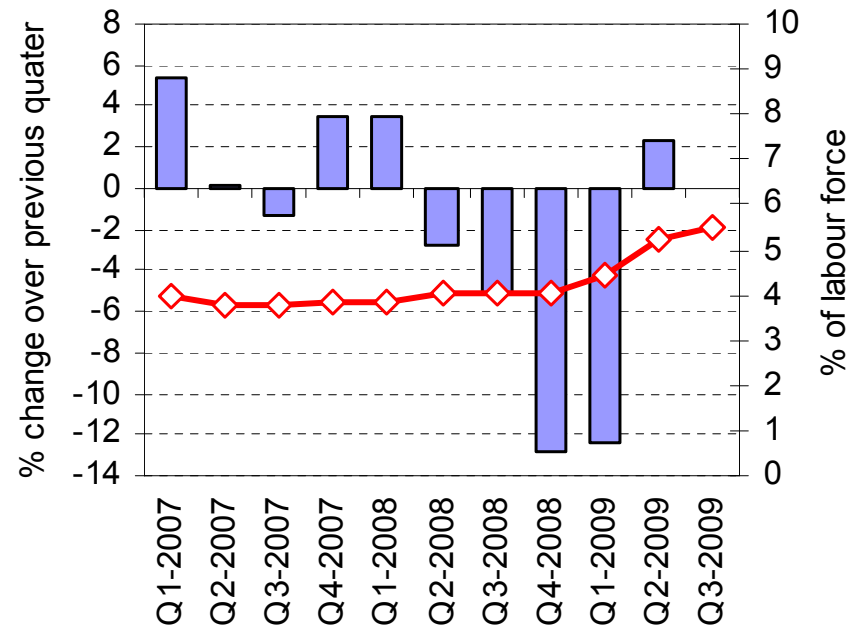
Quarterly GDP growth and harmonized unemployment rates



United States



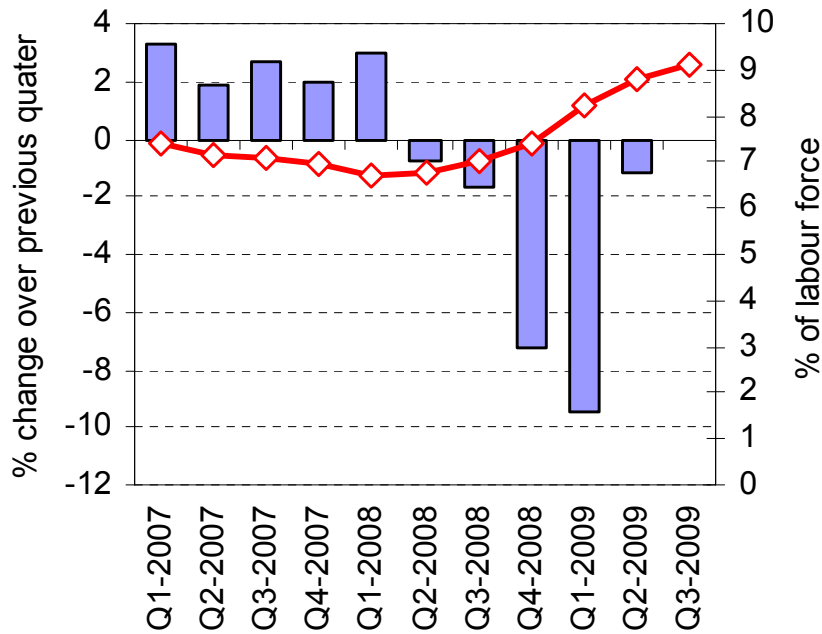
Japan



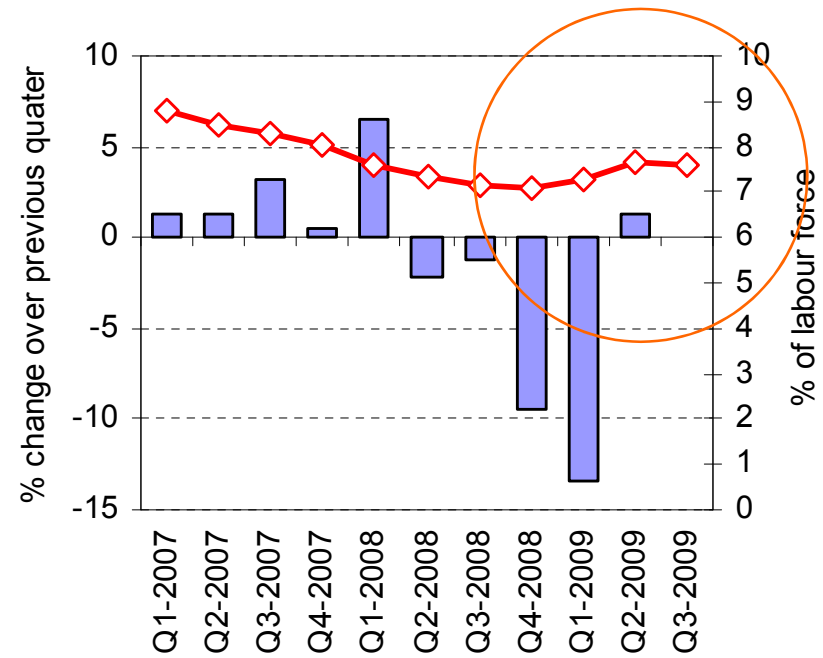
Quarterly GDP growth and harmonized unemployment rates



European Union (27)



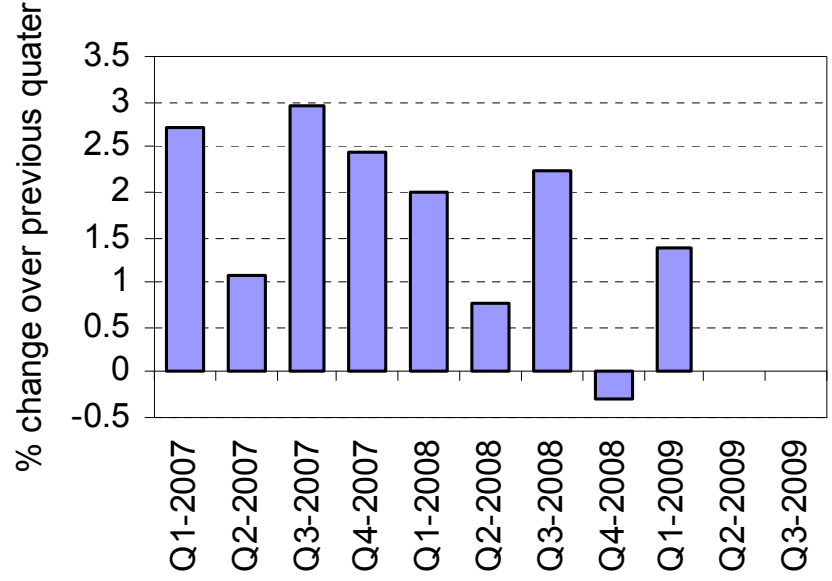
Germany



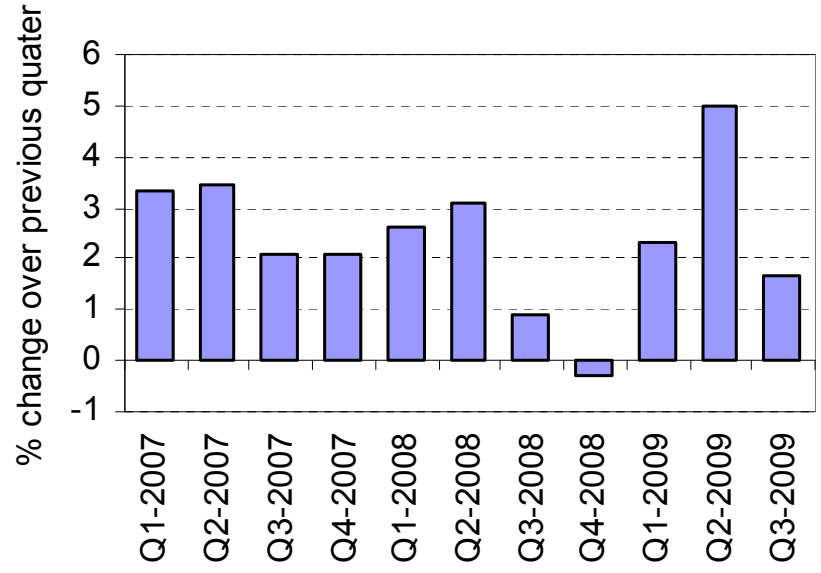
Quarterly GDP growth



India



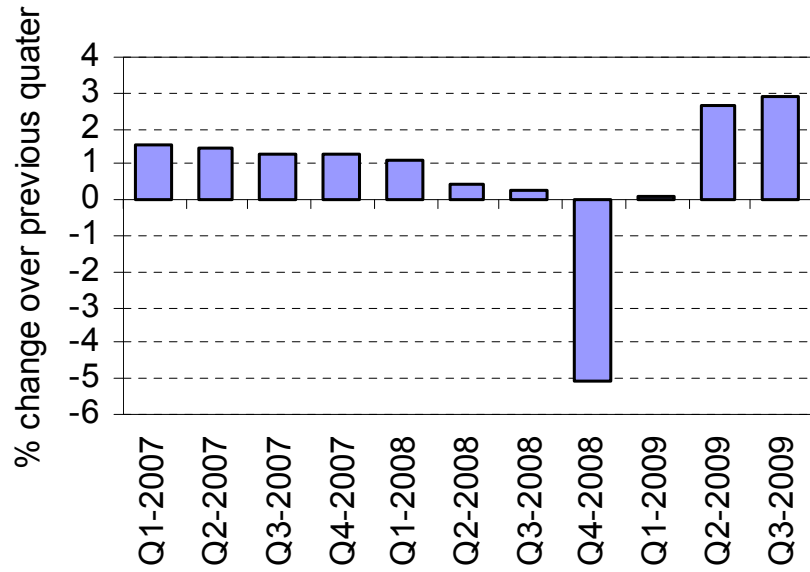
China



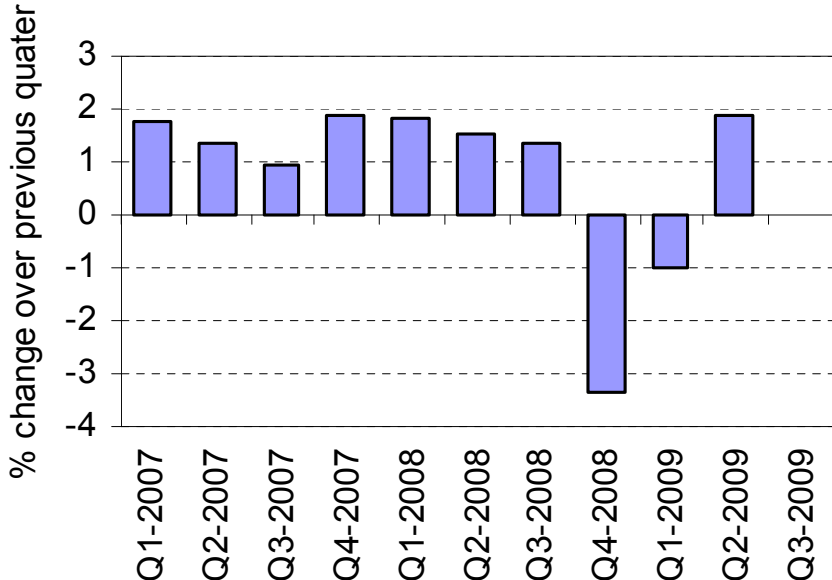
Quarterly GDP growth



Korea



Brazil



The role of research



- Trade and employment policies in the short and the long run
 - Short run: focus on employment policies and avoid protectionism
 - Long run: focus on coherence and coordination of trade and employment policies
- Research can help design sustainable policies
 - What do we know about the relation between trade and employment ?
 - How did globalization affect labour markets ?



Institutional context:

Collaboration between the ICCRF,
the WTO and the ILO

WTO and ILO: the Singapore Ministerial Declaration



- WTO Members recognize the ILO's responsibility to set and deal with labour standards
- WTO Members reject the use of labour standards for protectionist purposes
- The WTO and ILO Secretariats will continue their existing collaboration

WTO-ILO collaboration



- Two main publications in the last few years:
 - Trade and employment: challenges for policy research (2007)
 - Globalization and informal jobs in developing countries (2009)
- Workshop is part of the follow-up



WTO-ILO-ICCRF Workshop to take stock of current research on global trade and employment

Geneva, October 2009

The workshop



- WTO and ILO research teams with the support of the ICCRF invited 30 leading researchers
- Participants presented a summary of their current research on trade and employment and identified research gaps
- Outputs:
 - presentations and edited transcript of discussions will be made available online
 - list of priority research topics prepared by ILO and WTO organisers
 - Detailed proposal for specific research on trade and employment to be prepared by ILO/WTO

Highlights



Off-shoring and labour demand

- Small effect of material offshoring on wage inequality in offshoring country, not much on services

Trade, firms and employment

- Firm level data bases show that exporters are larger, more productive, pay higher wages, etc.

Trade and inequality

- Exploring the reasons why the skill premium increased in developing countries: trade and technology

Trade and informality

- Evidence on the effect of trade on informality is mixed

Highlights (ctd)



Labour market adjustment to trade reforms

- Little is known

Trade and skills

- Evidence of trade induced skill upgrading

Trade and labour market regulations

- Some evidence that the effect of trade opening on employment depends on labour regulations

Trade and bargaining power of workers

- Some evidence that trade has reduced the bargaining power of workers

Relevance for India



- Indian researchers are actively involved
- Some of the main research areas are of great relevance for India
 - Impact of **services offshoring** on employment and wages
 - Effect of trade on **informal employment and wages**
 - Effect of trade opening on employment with **variable labour regulations**