

SDG 8: Decent Work and Economic Growth

The WTO and SDG 8 – Setting the context

SDG 8 aims to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. This goal recognizes that economic growth alone is insufficient without ensuring that it creates quality jobs, improves working conditions and benefits all segments of society. International trade is a powerful vector for achieving these outcomes by fostering productivity gains, technological innovation and the creation of higher-value jobs. In this respect, the WTO plays a central role. Its rules-based trading system promotes a stable and predictable environment that induces investment and growth, enabling economies at various stages of development to participate in and benefit from global trade.

Moreover, as economic activities become increasingly digitalized and data-driven, artificial intelligence (AI) has emerged as a transformative general-purpose technology shaping the future of trade and influencing the structure of employment and the quality of work. At the same time, industrial policies have regained prominence as key tools for countries seeking to shape their economic development trajectories. The WTO's role in ensuring that such policies align with multilateral trade rules has become increasingly important.

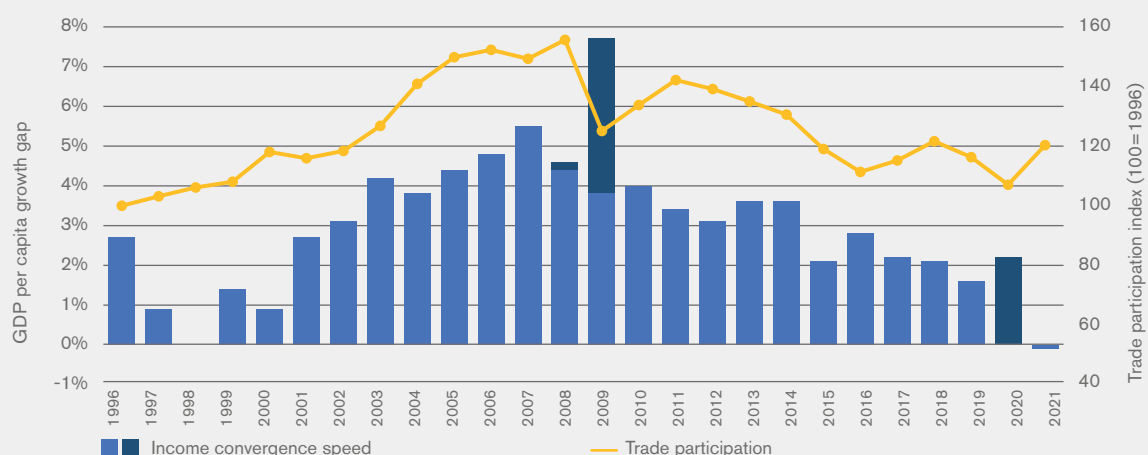
This chapter highlights how the interplay between AI, industrial policy and trade can advance SDG 8 by driving diversification, innovation, economic growth and decent work opportunities worldwide.

Trade, economic growth and decent work

Trade openness has historically been a key driver of productivity improvements and job creation. According to the World Trade Report 2023 (WTO, 2023), “re-globalization” of trade – an expansion of inclusive trade relationships rather than a retreat into fragmentation – generates positive outcomes in terms of poverty reduction, growth and resilience.

The World Trade Report 2024 states that global per capita income has increased significantly over the past few decades, with low- and middle-income economies experiencing substantial growth (see Figure 8). This growth has been driven in part by increased participation in international trade, which has contributed to poverty reduction and improved living standards. For instance, from 1995 to 2023, the per capita income of low- and middle-income economies almost tripled, highlighting the transformative impact of trade on economic development (WTO, 2024).

Figure 8: Positive correlation between low- and middle-income economies' convergence speed and trade participation (1996-2021)

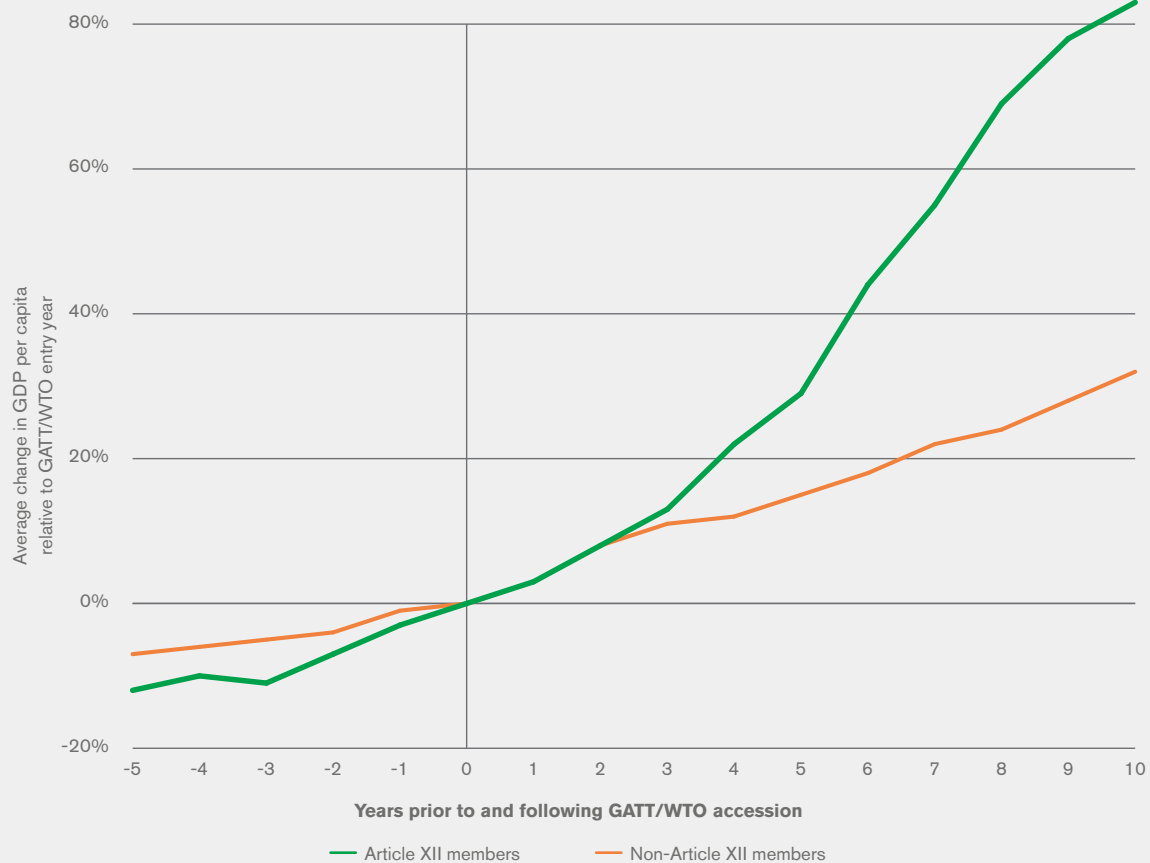


Source: WTO World Trade Report 2024,
https://www.wto.org/english/res_e/publications_e/wtr24_e.htm.

However, the gains reaped from trade are neither automatic nor uniform. Economies that invest in physical infrastructure, skills development and supportive institutions typically see greater economic diversification, higher-value exports and job creation in more sophisticated industries. In contrast, inadequate infrastructure or technology gaps can leave economies reliant on fewer, lower-value exports, restricting decent work opportunities. The 2024 World Trade Report underscores the importance of inclusive trade policies to ensure that the benefits of trade extend broadly within and across economies (WTO, 2024).

WTO membership, in particular, drives economic growth by fostering stability, transparency and predictability in trade policies, which in turn attracts foreign direct investment and facilitates trade expansion. Acceding WTO members undertake extensive reforms, including tariff and non-tariff barrier reductions, regulation of state-owned enterprises, strengthened intellectual property rights and the establishment of independent tribunals. These comprehensive reforms not only enhance domestic governance, but also generate sustained growth benefits, with WTO accession economies typically experiencing accelerated growth both during and after the accession process (see Figure 9).

Figure 9: Higher economic growth in WTO members with more extensive commitments



Source: WTO World Trade Report 2024,
https://www.wto.org/english/res_e/publications_e/wtr24_e.htm.

Trade expansion has long been a powerful driver of economic growth, but it also generates shifts that can pose challenges for workers and businesses. While open markets drive innovation, competition and productivity gains, they can also lead to sectoral disruptions, particularly in industries that struggle to remain competitive or adapt to new technologies. These disruptions may result in job displacements or the decline of certain regions or occupations. To address these challenges, complementary strategies are essential. Investments in human capital – such as targeted reskilling and upskilling programmes – can equip workers with the competencies needed to transition effectively into new, high-value-added sectors.

Additionally, proactive support for innovation and technological adoption helps economies adapt to shifts in global production patterns, ensuring that trade growth translates into quality jobs and inclusive economic development. In an era increasingly shaped by advanced technologies such as artificial intelligence, these strategies become even more critical for securing decent work and achieving sustainable and inclusive economic growth in alignment with SDG 8.

Recent initiatives further underscore the link between trade and development. The Investment Facilitation for Development (IFD) Agreement, finalized in February 2024 by 126 WTO members, aims to make it easier for investors to operate and expand, particularly in developing and least developed countries. Shaped largely by the needs and priorities of developing economies, the IFD Agreement promotes transparent and predictable investment environments, aligned with the goal of fostering sustainable development. As a plurilateral agreement open to all WTO members, it provides new benchmarks for investment climate reform and reflects a strong commitment to inclusive global economic growth.

Similarly, the Aid for Trade initiative continues to play a vital role in supporting the integration of developing economies and LDCs into the multilateral trading system. The 2024 joint OECD–WTO Aid for Trade at a Glance report shows that cumulative disbursements since 2006 exceeded US\$ 648 billion, with renewed momentum post-pandemic. Aid for Trade is enabling economies to invest in infrastructure, boost connectivity, adopt clean energy and strengthen export sectors such as agriculture, manufacturing and digital services. With a focus on women, youth, MSMEs and climate resilience, the initiative directly contributes to poverty reduction, job creation and inclusive economic transformation. Disbursements reached an all-time high of US\$ 51.1 billion in 2022, with LDCs receiving US\$ 14 billion, although further efforts are needed to meet the objectives of the Doha Programme of Action.

Another key development is the Trade in Services for Development initiative, jointly launched by the WTO and the World Bank at the 2024 WTO Public Forum. The initiative builds on the findings of the joint WTO–World Bank publication *Trade in Services for Development: Fostering Sustainable Growth and Economic Diversification* (2023), which underscores the transformative potential of services trade in supporting productivity growth, innovation, and structural transformation in developing economies. Recognizing the growing role of services in driving employment and economic diversification, the initiative provides technical assistance, diagnostics and policy tools to help developing economies capitalize on opportunities in services trade. It supports data collection, regulatory transparency, export diversification and participation in global value chains – all critical for unlocking new development pathways.

Together, these initiatives reinforce inclusive growth and decent work by strengthening the enabling environment for trade and investment, facilitating the transition towards more resilient and diversified economies, and ensuring that the gains from trade are shared widely.

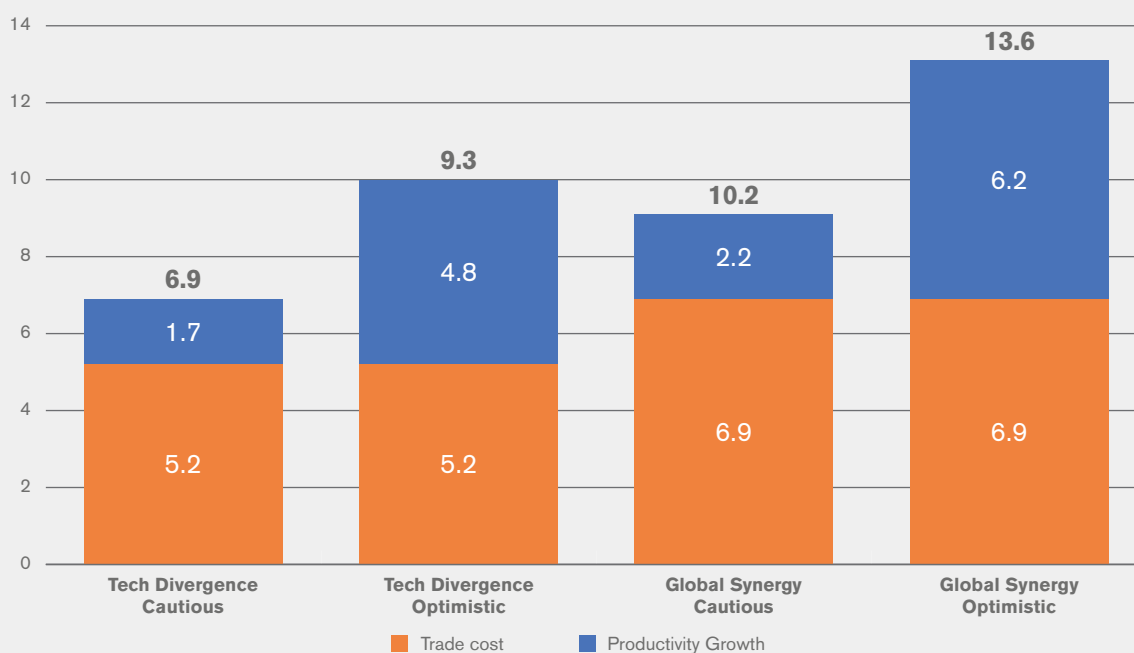
AI, digital trade and economic growth: Opportunities and challenges

The emergence of AI as a general-purpose technology is transforming economic productivity and growth prospects across sectors. According to the WTO report *Trading with Intelligence: How AI shapes and is shaped by international trade* (WTO, 2024), AI can enhance productivity in services sectors that rely on manual processes by enabling workers to leverage best practices more effectively. Research cited in the report shows that “generative AI can amplify the performance of business consultants by up to 40 per cent compared to those not using it” and that AI “increases the productivity of call centre workers by an average of 14 per cent, and by 34 per cent specifically for novice and low-skilled workers”.

These productivity gains translate into economic growth potential. WTO simulations using the Global Trade Model indicate that under an optimistic scenario of universal AI adoption and high productivity growth up until 2040, global real trade growth could increase by almost 14 percentage points (see Figure 10). Even under a more cautious scenario with uneven AI adoption and lower productivity growth, trade is projected to grow by nearly 7 percentage points.

Critically, the WTO's analysis reveals that while high-income economies may see the largest productivity gains, lower-income economies have better potential to reduce trade costs through AI adoption. This suggests that with appropriate policies and support, AI could become a powerful tool for development and convergence rather than divergence.

Figure 10: Cumulative global real trade growth rate (2023-40) – Difference to baseline, percentage points



Source: Simulation results based on the WTO Global Trade Model.

Note: This figure demonstrates the impact of policy shocks on projected cumulative global trade growth (in percentage points) over the period 2023-40 across four policy scenarios. The values represent deviations from the baseline scenario. The value above the bars indicate the total effect.

Digitally delivered services are projected to experience the highest trade growth (WTO, 2024) due to AI, with an estimated cumulative growth of nearly 18 percentage points in an optimistic scenario. Education, healthcare, recreational services, financial services and processed food manufacturing are among the sectors expected to see significant trade growth driven by AI-enabled trade cost reductions.

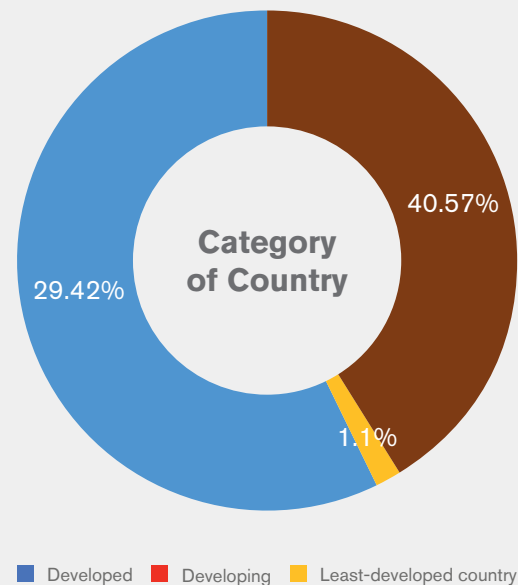
While these transformations create new economic opportunities, they also raise concerns about potential job displacement and labour market disruptions. The WTO's work in this area emphasizes that technological change typically generates both job destruction and job creation effects. Historical evidence suggests that technological innovations have generally led to net employment gains over time, though with significant transitional challenges for specific sectors and worker groups.

The WTO's analysis also indicates that complementary policies in education, skills development and social protection are essential to ensure that AI-driven trade growth translates into decent work opportunities for all. This aligns directly with SDG 8's emphasis on quality employment rather than simply economic growth.

The WTO's research shows that AI adoption rates vary significantly across economies and regions, with developing economies and particularly least developed countries (LDCs) facing substantial barriers in terms of digital infrastructure, skills, data availability and regulatory capacity (see Figure 11). According to data from the Organisation for Economic Co-operation and Development cited in the report, while around 30 per cent of developing economies have put AI policy measures in place, only one LDC – Uganda – has implemented them.

This divide could exacerbate existing economic inequalities, with adverse implications for SDG 8's focus on inclusive growth. The WTO's contributions to SDG 8 in the context of AI involve promoting policies that facilitate the adoption of AI technologies while mitigating their potential negative impacts on employment. This includes supporting education and training programmes to equip workers with the skills needed to thrive in an AI-driven economy, as well as fostering international cooperation to address the challenges posed by AI.

Figure 11: Share of AI policy initiatives by level of development in 2024



Source: OECD database of domestic AI policies, <https://oecd.ai>.

Technology transfer and diffusion are critical for productivity improvements and economic upgrading in developing economies.

The WTO contributes to these processes through various mechanisms, including the TRIPS Agreement, which aims to foster “a balanced IP system that incentivizes innovation through the enforcement and protection of IP rights, while promoting dissemination of and access to technology”.

The WTO's efforts to facilitate trade in digital services and information and communication technology (ICT) products are crucial for spreading technology in AI. The Information Technology Agreement “aims to increase worldwide access to high-technology goods essential to AI by eliminating tariffs on the ICT products it covers”. Trading with Intelligence reports that 84 out of 141 WTO members (60 per cent) have made specific commitments on market access and national treatment related to computer services, which are fundamental to enabling and promoting AI.

The WTO also provides a platform for addressing emerging issues in digital trade, notably through the Joint Statement Initiative (JSI) on E-commerce, which currently involves 91 members, and the Work Programme on E-Commerce, open to all WTO members. The JSI aims to establish global rules on digital trade that promote openness, trust, and inclusivity. Its focus areas include enabling cross-border data flows, ensuring non-discriminatory treatment of digital products, enhancing paperless trading, and protecting personal data. By promoting regulatory cooperation and reducing digital trade barriers, the initiative supports the participation of developing economies and small businesses in the global digital economy.

Complementing this, the Work Programme on E-Commerce provides a forum for all WTO members to discuss trade-related aspects of e-commerce across existing WTO agreements, including market access, development and consumer protection. These discussions contribute to shaping policy frameworks that facilitate technology flows, help bridge the digital divide, and address regulatory concerns such as data privacy and cybersecurity, while also enhancing the understanding of how e-commerce can support inclusive economic growth and development.

In support of Africa's digital transformation, the WTO and the World Bank launched the Digital Trade for Africa initiative in 2023 to help close gaps in connectivity, skills, and regulation. The initiative supports African countries in creating enabling environments for digital trade, including through assessments, policy diagnostics and technical assistance. It builds on the joint policy note Turning Digital Trade into a Catalyst for African Development, which emphasizes the potential of digital trade to promote inclusive growth, diversify exports, and empower women, youth, and small businesses. The initiative's pilot phase, conducted in five countries, has helped identify regulatory gaps and capacity needs, laying the groundwork for targeted support and scaled-up engagement. These efforts contribute to SDG 8 by fostering digital inclusion and unlocking new economic opportunities through trade.

Harnessing AI, trade and industrial policy for SDG 8

Recent years have witnessed a resurgence of industrial policies as tools for achieving economic development objectives, including those related to technological innovation, structural transformation and job creation. This trend has been reinforced by the COVID-19 pandemic, climate change concerns and strategic competition in emerging technologies such as AI.

Industrial policy refers to strategies that governments adopt to nurture domestic industries, promote diversification, or move up the value chain. Traditional industrial policy often focused on import substitution or export promotion whilst contemporary approaches tend to emphasize innovation, R&D support and skills development. The 2023 World Trade Report points out that, while certain forms of industrial policy can address market failures and promote innovation, poorly designed measures risk distorting competition and fragmenting global trade.

Governments are increasingly adopting AI-driven industrial policies to harness technological advancements for structural transformation and sustained economic growth. A prominent approach involves the establishment of innovation hubs and dedicated R&D incentives to foster collaboration among businesses, research institutions and academia, facilitating knowledge exchange and accelerating AI-driven innovation. Additionally, fiscal instruments such as tax credits for research and development expenditures, and targeted venture capital funding are used to help stimulate private sector investment in cutting-edge AI research and to support domestic technological advancement.

To complement this, investments in skills development and education are crucial. AI-driven economic transformation necessitates a workforce proficient in new digital tools and analytical capabilities. Governments can foster such expertise through public-private partnerships that support coding boot camps, digital literacy initiatives and university programmes tailored to AI and related technologies. Special emphasis on vocational training and lifelong learning programmes can equip workers at risk of displacement due to AI automation with new, relevant skills, thus minimizing transitional frictions and promoting inclusive labour market outcomes.

Furthermore, governments must prioritize the development of robust digital infrastructure, including universal broadband access, and expanded cloud computing capabilities, to lay a foundational backbone for AI-intensive industries. Digital infrastructure investment not only facilitates direct AI applications but also yields positive spillover effects across various sectors such as advanced manufacturing, logistics, healthcare, education and financial services. Ensuring universal digital connectivity enables firms of all sizes, particularly micro, small- and medium-sized enterprises (MSMEs), to leverage AI technologies effectively, opening new avenues for productivity, diversification and high-value employment creation.

The co-ordination of efforts on AI standards and regulatory frameworks can mitigate the risks of fragmentation and help developing economies plug more effectively into AI-powered global value chains. This co-ordination can be through collaborative forums, international organizations and multi-stakeholder initiatives that provide inclusive spaces for countries, businesses, academia and civil society to discuss, negotiate and agree upon common standards, principles, or regulatory practices.

Realizing the benefits of AI-driven economic transformation also depends on effective international cooperation. Since AI-related economic activities inherently involve cross-border flows of data, digital services and technological standards, cooperation among economies is crucial. WTO members have increasingly been discussing these AI-related trade issues through various committees and initiatives, including e-commerce and investment facilitation.

Additionally, mechanisms such as raising specific trade concerns within WTO committees provide venues for members to address emerging frictions collaboratively, pre-emptively reducing tensions and facilitating dialogue on regulatory developments. By promoting regular discussions, the WTO helps foster regulatory coherence, identify areas for convergence and promote a coordinated international approach to AI governance.

Yet, harnessing the full potential of AI poses the significant challenge of balancing necessary policy space with multilateral trade disciplines. The WTO plays a central role in addressing these challenges by promoting transparency through provisions that require members to notify domestic measures in different areas such as technical barriers to trade, subsidies and trade-related investment measures. This practice allows for early discussions and adjustments to policies, mitigating potential trade frictions.

