

ILO SIDE EVENT “SKILLS FOR COMPETITIVENESS” AT THE WTO 4TH REVIEW OF AID FOR TRADE

9 July 2013 – 09.00-11.00- WTO

SPEECH BY DG GUY RYDER ON “SKILLS FOR EMPLOYMENT THROUGH TRADE AND ECONOMIC DIVERSIFICATION”

Ms. Petri Gornitzka, thank you for moderating and even more, thank you for your commitment and support in important issues in this area.

I am pleased also to be sharing this platform with Pascal Lamy – in the ILO’s old former premises!

His mandate has led to unprecedented collaboration between the ILO and the WTO. We have jointly been able to undertake research on the complex interrelationships between trade and employment policies, and to share these findings with our respective constituents, and that has been important.

I recall in particular your statement to the Working Party on the Social Dimension of Globalization of the ILO’s Governing Body three years ago, where you underlined very clearly that trade opening must be complemented by properly designed domestic policies, including employment and social protection policies, to ensure that the benefits from trade are widely shared.

Let me add a further point. It is surely a shared goal of the ILO and the WTO to realise the potential of trade openness for employment to provide more jobs - and more productive and decent jobs – to more people. If so that is an argument that we must together help to develop, and an argument for deepening of the cooperation you got started. I hope that can take place in our future work.

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It is axiomatic that in this era of accelerating technological and organizational change in the world of work in the global economy, it surely has to be a priority to strengthen systems to provide the type of skills and qualifications which in the end bridge the gap that can sometimes exist between the world of education and training, on the one hand, and the world of work, on the other. There is a paradox that even in the current circumstances of mass unemployment, employers continue to say that they are very often unable to fill the vacancies that are available.

Mobilising social partners is key to this endeavour. Employers and trade unions must and often are increasingly taking more responsibility for investing in skills, and in aligning skills development with policies in other areas such as on trade, sustainable development, and equal opportunity for women.

The importance of tripartism is made very clear when we need to deal with negative outcomes of developments in the world of work across the global value chain that characterizes so many industries today. Let me make reference to the sort of industrial catastrophe that we saw, with horrific loss of life, in the Rana Plaza collapse in Bangladesh in April. This is absolutely intolerable and I think it does draw our attention to situations in which some of the dynamics of trade liberalization are not matched by the development of institutions and practices in the world of work, which are necessary to ensure that decent work is the ultimate outcome of such processes.

When three and a half million workers are employed in the ready-made garment sector in Bangladesh, surely there have to be ways of reconciling the development potential of such industries with the absolute need for decent work and safe work. In that context, the ILO has given strong support to the Accord on Factory and Building Safety, and the positive role now being taken by many major buyers and the Bangladesh government working with the ILO with the aim of providing a safe working environment in that country.

On a broader scale, over the past fifteen years, the ILO has been working with multinational firms and governments through the Better Work programme to build capacity and compliance with national labour law in line with international labour

standards. It provides a demonstration of the types of things that can be done in this area.

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Building on respect for the rule of law and mechanisms of social dialogue, skills development can assist further with both trade growth and economic diversification.

This I say in full cognizance that too many countries, and especially too many people in least developed countries, remain on the margins of global trade.

What I would emphasize is that we know that in every country skills shortage is one of the constraints that holds back both workers and enterprises, and hence economic development. And we also know how to fix this problem, so that skills development enables workers and enterprises to participate in, and benefit from, world trade, and it strikes me that skills is one of the ways to achieve inclusiveness for working people.

For example, the ILO's own Skills for Trade and Economic Diversification programme works with policy-makers and industry to identify those sectors with growth potential, to then identify the skills needed in those industries, and to build up the capacity of training providers to meet them. This is how to fix the problem: the chain of economic analysis and partnerships that can turn the potential of trade into the reality of more diversified economies and the creation of more productive and decent jobs.

In this experience we have found that working at the industry sector level builds up enduring partnerships between training providers and businesses. Industry skill councils and other partnerships target training on genuine employment opportunities and reduce the risks of skill mismatches to which I have referred. They also open opportunities for smaller businesses along the value chain.

To put it in a nutshell, when businesses are more confident that they will be able to find well-trained workers, they are more willing to invest in new technologies and to try to compete in international markets.

The recognition that skill gaps pose a serious constraint on trade has increased demand for the ILO's support for skills development. The ILO is part of the "Aid for Trade Initiative for Arab States" with the International Islamic Trade Finance Corporation, UNDP, UNCTAD, UNIDO and the ITC. We are also participating now in the preparation of the Diagnostic Trade Integration Study to assess skill gaps in Cambodia. And at the bilateral level, our support for skills development in export-oriented industries is growing as part of our work in Bangladesh in partnership with the EC and the Canadian government and is being extended to several CIS countries, Viet Nam and Jordan through a new project with the Government of Russia under the auspices of the G20 Development Working Group.

These technical and financial partnerships are enabling us to respond to our constituents who are trying to improve the coherence between trade and employment policies and who are trying to turn the potential of export growth into growth in decent jobs.

As a focus for trade facilitation, skills development is a huge opportunity. It reduces a constraint on productivity and it equips more people to participate in the growth sectors of the economy and realise the benefits of trade for their livelihoods.

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With those comments, let me finish with a word about the need for greater coherence among international organizations in pursuit of their shared goals.

I hope for my part that the ILO's promotion of skills policies to help labour ministries, employers' organizations and trade unions to better prepare their constituents to participate in and benefit from trade will mark a way forward. We are institutionally equipped to contribute to policy coherence in this area. The question is whether there is a will to do more in the future. For my part I have to say yes. It strikes me it can be a conversation for the future and I will be glad to have it.

And as this event demonstrates, we are very eager to partner with the WTO, with other international organizations, with our constituents, and to move forward in this area with all that are appropriate partners.
