

# Economic Partnership Agreements: The Social Dimension

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# Effects of trade liberalization on employment

- Short-run: trade liberalization triggers an adjustment process:
  - Some companies/producers expand and create jobs
  - Other companies/producers shrink and destroy jobs
- Short-run: trade liberalization can lead to losses in government revenues (lower tariff revenues)

Domestic Interventions  
To help Companies reap Opportunities  
And help Workers adjust

Fiscal reform  
May be necessary



# Effects of openness on employment

Open economies have bigger governments

Domestic Policies Can Help

- Openness leads to higher growth **potential** and increases opportunities for better jobs
- Openness (in particular if combined with financial openness) increases exposure to external shocks: possibly increased volatility (continuous need to adjust)

How to redistribute from mobile winners to immobile losers?

Is global Policy Coordination Necessary?

- Openness has been associated with increased inequality
- Openness to trade and FDI flows has been associated with races to the bottom in policies that affect production costs (environmental policies, corporate taxation, labor standards)



# Relevant provisions in EPA-CARIFORUM-EC

- Corporation (aid for trade):
  - Tax reform
  - Promoting private sector and enterprise development (small operators?)
  - (Assistance to meet TBT and SPS standards)
  - Strengthening of social and labor legislation; skills training; labor market adjustment
- Maintenance of standards: no lowering of protection (social and labor legislation) to encourage FDI or trade



# Aid for Trade, Private Sector Development and Decent Work

- ILO is developing trade related technical assistance projects:
  - Increased productivity through workplace cooperation
  - Increased productivity through enhanced skills



# Overcoming the adjustment burden

- ILO implements EU-funded project (Investing in People): “Assessing and addressing the effects of trade on employment”
  - Provide detailed understanding of employment effects (sectors, small/large firms, skill level, gender, regions)
  - Assist constituencies in designing strategies/policies to reap opportunities of trade and lowest possible cost



# The Social Dimension in Practice

- Our observation in SADC and ECOWAS (ITCILO training):
  - Low level of involvement by social partners
  - No or little consultation on EPAs between commissions of trade and labour and social affairs within the RECs.
  - Inadequate awareness on EPAs - as a result, general unease, resentment and misunderstanding of what EPAs are and are not.

# What need to be done

- More capacity building activities to enhance social dialogue on EPAs - including for:
  - Implementation and monitoring capacity of the social dimension;
  - Comprehensive and effective post-EPAs labour market restructuring policies – enterprise restructuring, social protection, skills development, gender ...

# The Way Forward

- There is scope for enhanced EC/ILO-ITC/ILO collaboration on this