

Global Employment Policy Review

Summary of Chapter 2: Making trade more employment friendly: the role of skills policies

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Over recent decades, trade has helped to drive economic growth in developing, emerging and industrialized economies, raising incomes, and sharply reducing the incidence of poverty in emerging and developing countries. In recent years, however, growth in trade has slowed, and the consensus in favour of continued trade liberalization has weakened. There has been an increasing perception that the global trading system is not delivering opportunities for all; that too many are being left behind, and that a tilted playing field affects the outcomes of trade.

Investing in skills can help make trade more acceptable, through making it more inclusive and employment friendly, and through helping to rebalance the playing field for competition in trade. Investing in skills is both a necessary enabler for effective participation in trade by countries at all levels of development, and one of the key levers to improve the labour market outcomes of trade.

Along with technology, trade is a key factor shaping the future of work, both through the global diffusion of knowledge it drives, and the competitive pressures it exercises. It drives the continual change in workplace skills needs calling for effective lifelong learning, from pre-school to retirement, and making it centrally important to employability of workers at all occupational levels. This sharpens the need for lifelong learning to be inclusive, embracing not only those who are already well skilled, but also those at risk of being left behind.

It is mostly recognized by policymakers that skills development is important to trade outcomes, and this is reflected both in national trade strategies and national skills strategies. However, these strategies frequently lack the granularity in focus required to formulate actionable skills policies for tradable industries. The sense of urgency for such policies is growing due to rapid technological changes which are shifting the contours of the global trading system. The chapter aims to highlight key aspects of this shift relevant to policy learning, and to address key elements for effective skills response measures. It makes use of evidence from ILO STED sector skills studies, from a review of national policies trade and on skills, with corroboration from a US case study on recovering manufacturing sectors that uses big data on vacancies advertisements.

The chapter starts by exploring what is known about skills and trade, drawing both on the literature and on empirical evidence from the ILO's policy work. It reviews the connection between skills and trade in policies, looking at the place of skills in national trade policies, and the position of trade in national skills policies, and at the place of skills in achieving a level playing field in international trade. It looks at how to respond to trade related changes in skills demand, reviewing the constraints on effective responses, and presenting case study evidence based on the ILO's work including analysis of jobs vacancies Big Data. Finally, it draws conclusions, focusing particularly on priorities to respond to change in skills demand.