

Boom in international trade fails workers in developing world – UN report



Hundreds of families with young children work and live in these brickyards near Islamabad – often under conditions of bonded labour [File Photo]

12 October 2009 – The surge in world trade in recent years has failed to improve the working conditions and living standards for the majority of workers in poor countries, according to a new United Nations labour agency study launched today.

A high incidence of informal employment has curbed any benefit workers in the developing world have felt from the boom in trade, the joint International Labour Organization (**ILO**) and World Trade Organization (WTO) study found.

WTO Director-General Pascal Lamy **noted** that trade “has contributed to growth and development worldwide, but this has not automatically translated in an improvement in the quality of employment.”

In the developing world, job creation has largely taken place in the informal economy, which ranges from 30 per cent of the workforce in Latin America to more than 80 per cent in some sub-Saharan and South Asian countries.

Informal employment involves private, unregistered enterprises which are not subject to national law or regulation, offer no social protection and involve self-employed individuals, or members of the same household.

The study said that the informal economy has remained high and even increased in some countries, especially in Asia, leaving most workers with limited job security, low incomes and little benefit from globalization.

“Trade opening needs proper domestic policies to create good job,” said Mr. Lamy.

The study confirms that by promoting fair working conditions together with national labour market, trade and financial policies, developing countries would be much better placed to benefit from trade openings, said ILO Director-General Juan Somavia.

Mr. Somavia highlighted the recent Group of 20 industrialized nations (G20) call to implement "recovery plans that support decent work, help preserve employment, and prioritize job growth... and to continue to provide income, social protection, and training support for the unemployed and those most at risk of unemployment."

Reducing informality can release additional productive forces, enhance diversification and strengthen the capacity to trade internationally, according to the "Globalization and Informal Jobs in Developing Countries" study.

In addition, entrepreneurship and risk-taking is reduced when informality is high, partly as a result of badly designed tax systems, weak social protection and poor business regulation, it said. Informality also prevents countries from fully benefiting from trade reforms by creating poverty traps for workers in job transition.

News Tracker: past stories on this issue

G20 nations could save up to 11 million jobs this year, says UN labour chief