

# **Inclusive and job-enhancing trade (APTIR 2013):**

Definition and assessment of  
'inclusive trade'



# Outline

- What is 'inclusive trade'?
- Assessment of 'inclusive trade'
- Tentative structure of APTIR 2013



# What is ‘inclusive trade’?

- **Trade is inclusive** if all people can contribute to and benefit from international trade (**equality of opportunities** as precondition)\*

---

\* “Trade” for simplicity includes imports and exports of goods and services, FDI and movements of labour across borders, trade related policies as well as trade facilitation

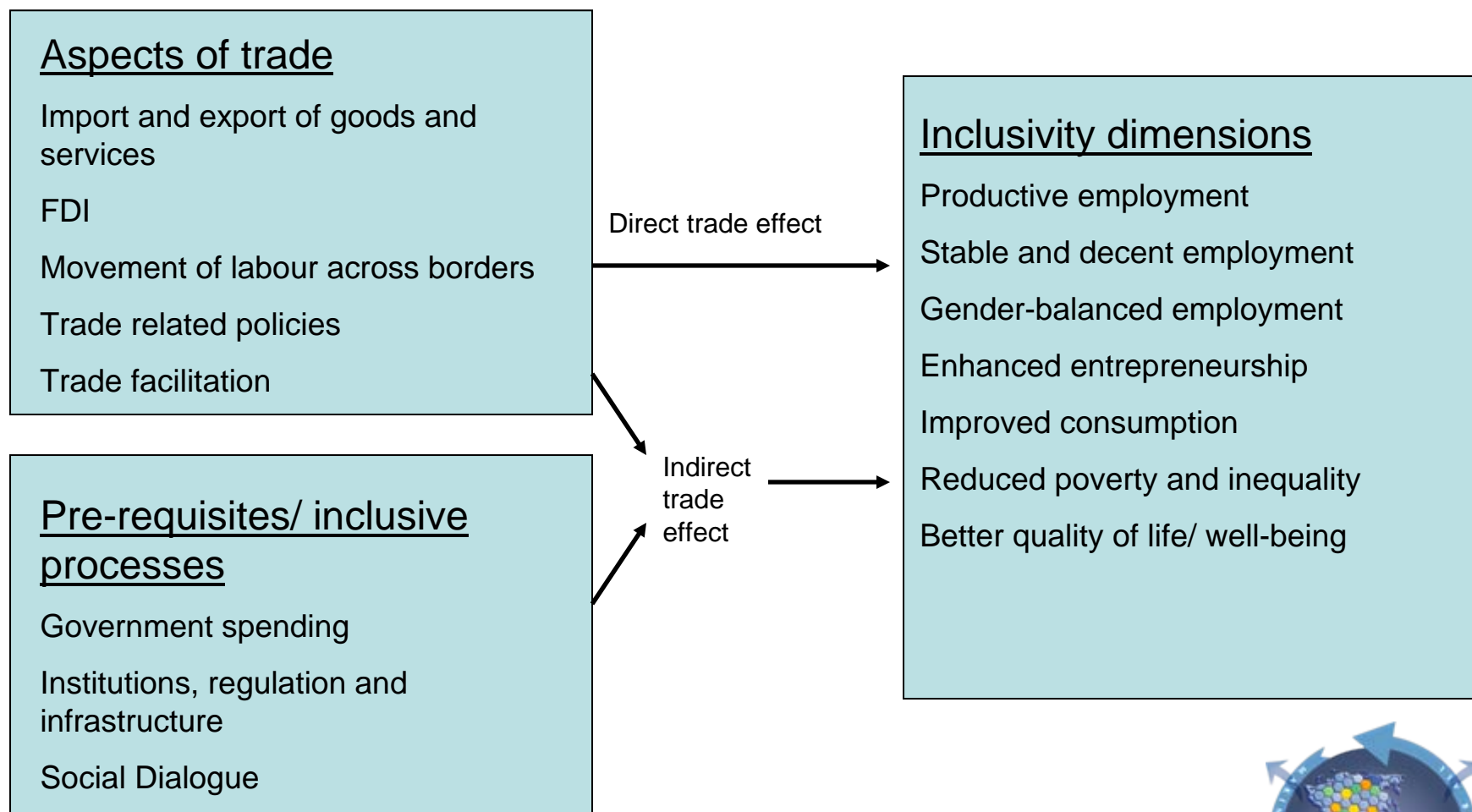


# What is 'inclusive trade'?

- **Equality of opportunities** in terms of access to employment, entrepreneurship, finance, education, health and information ***may contribute to...***
- **...inclusivity** in terms of different dimensions such as productive employment, stable and decent employment, gender-balanced employment, enhanced entrepreneurship, improved consumption, reduced poverty and inequality as well as quality of life/ well-being



# What is 'inclusive trade'?



# Assessment of 'inclusive trade'

- **Possible approaches** (- disadvantage, + advantage)
  - Econometrics (aggregate data): - causality difficult to identify, + many inclusivity dimensions can be investigated, + provides broad overview of potentially important pre-requisites/processes
  - Econometrics (household/firm data): - limited data availability, limitation of scope, + causality can be identified
  - CGE: - limitation to few employment and poverty aspects, - strong functional assumptions, + general equilibrium effects considered
  - Sectoral case studies: - limited to anecdotal evidence, - selective, + detailed insights for some specific groups and sectors
- **Approaches are complements** rather than substitutes



# Econometrics (aggregate data)

- **General aim of econometric study:** Ranking of 'processes' that together with trade are associated with inclusivity (e.g. formulation of a concrete negotiation strategy)
- **Which inclusivity dimensions/indicators can and should be studied?** (left-hand side variables)
- **Which aspects of trade and pre-requisites/inclusive processes can and should be taken into account?** (right-hand side variables)





# Inclusivity indicators?

## ent and productivity

of total population)\*(Total factor

ity

of total population)\*(Average

of total population)\*(Skilled vs.  
loyment ratio)

orker employment ratio

t in technology-intensive sectors

## ployment

ent (e.g. variance of share of  
ulation)

.g. variance of wages)

ns (e.g. hours per day, leave per  
-place, child labour)

## loyment

loyment of total employment

ker wages

loyment of total skilled

al high-tech sector employment)

## Enhanced entrepreneurship

- Establishment of new firms
- Innovation (e.g. number of patents)

## Improved consumption

- Consumer prices (e.g. CPI)
- Variety of products

## Reduced inequality and poverty

- GINI
- Variance in wages
- Share of population with less than 1\$/5\$ per day
- Share of population with basic social security coverage

## Better quality of life/ well-being

- Well-being index
- Happiness index
- Leisure time

