

MEDIA RELEASE

More inclusive trade: a new global imperative

Contrary to popular belief, globalisation is not the primary cause of job losses in the world today. In fact, trade and investment have been vital instruments in stimulating economic growth, particularly in the developing countries, and lifting millions out of poverty. Yet technology is changing the nature and availability of work and there is growing pressure to adapt. In 20 years' time, about 50% of today's jobs will have become obsolete. This was the message from World Trade Organization Director-General Robert Azevedo in his opening address at the **2016 WTO Public Forum** which took place in Geneva, Switzerland from 27–29 September.

“Without trade, there would be less choice and economic growth would be much slower. However, we need to make trade work better. We need to redouble our efforts to make trade more inclusive, so that SMEs, women and other marginalised groups can participate.”

Now in its sixteenth year, the annual Public Forum is the WTO's flagship event, providing a platform for heads of state, business leaders, academics and non-governmental organisations to debate pressing issues surrounding trade and investment and to propose solutions to countries' development challenges. This year's event, with the theme 'Inclusive Trade', provided fascinating insights into what different countries are doing to leverage the power of trade — often with the help of technology — to bring more people into the economic mainstream and ensure them a more rewarding and sustainable future.

The **NWU/TRADE research entity** was well represented at the WTO Public Forum this year, with **Prof Wilma Viviers** (TRADE director and WTO Chair), **Prof Derick Blaauw** and **Dr Sonja Grater and Anmar Pretorius** having been invited to share the results of their studies on various marginalised groups which have the potential to come out of the shadows economically and play a stronger role in society.

At the session organised by the WTO Institute for Training and Technical Cooperation (ITTC), the theme of which was 'WTO trade policy and poverty reduction: case studies from WTO Chairs', **Prof Blaauw** delivered a paper titled *'The impact of the recycling industry on poverty levels in South Africa's informal economy: a case study of waste pickers in Pretoria'*. The paper — which was the culmination of extensive research conducted by Prof Blaauw and his fellow researchers from TRADE as well as Dr Rinie Schenck from the University of the Western Cape — offered little-known insights into the world of street waste pickers in South Africa. Although street waste pickers are the first link in the recycling chain, their earnings are generally insufficient to lift them out of poverty and they appear trapped in a hand-to-mouth, twilight zone-type of existence on the streets. Yet some waste pickers display a surprising degree of entrepreneurial resilience and even pride at being able to look after themselves and make an honest living.

Clearly, a new policy position is needed in South Africa that recognises street waste pickers' contribution to cities' waste management systems and to economic development as a

whole. Other presenters at the session were Prof Lucas Ferraz (Professor of Economics at the São Paulo School of Economics, Getúlio Vargas Foundation [FGV] in Brazil), Prof Pinar Artiran (Assistant Professor [Private International Law] in the Faculty of Law at Bilgi University in Turkey) and Dr Robert Koopman (Chief Economist and Director of the Economic Research and Statistics Division at the WTO).

Prof Wilma Viviers and **Dr Sonja Grater** participated in a session with the theme ‘Services and inclusiveness in least-developed countries and low-income countries: sustainable development, SMEs and gender’, which they had organised together with the Swiss-based ICTSD (International Centre for Trade and Sustainable Development). Other presenters at the session were Dr Sherry Stephenson (Senior Fellow at the ICTSD), Mr Nicholas Frank (Programme Officer at the ICSTD) and Ms Julia Lipowiecka, an independent development consultant.

In opening the session, **Prof Viviers** spoke about the paradigm shift that is taking place in global production, with regional and global value chains increasingly driving trade and investment decisions and relationships.

“Value chains favour specialisation, which creates opportunities even for small businesses that might have limited production capacity and market clout but a product or service that could contribute to the value addition process,” she said.

Dr Grater went on to explain that despite SMEs (small and medium enterprises) constituting the majority of businesses in most countries and making a significant contribution to their economies, they are not properly understood by policymakers. As a result, they face many barriers to entry and/or profitability. There is also a dearth of medium-sized firms — the so-called ‘missing middle’ which are particularly well placed to drive growth and employment.

“About 30% of SMEs in the least-developed countries operate in the services sector, with tourism being a strong drawcard,” said Dr Grater. “Our research has shown that there are many other untapped opportunities in the services sector. For example, transport and logistics is a sector that does not have particularly onerous entry requirements but is vital for the effective functioning of value chains. Even in the education field, which typically requires significant up-front investment, small businesses could become local partners or agents of international education groups.

“The cluster concept needs to gain more traction in the services sector in developing countries,” added Dr Grater. “In South Africa, there are plenty of examples of small businesses pooling their individual skills and coming up with a package of services that appeal to various market segments.”

She stressed, though, that the regulatory environment in a country is critical for SME development, from having clear and well-informed industry standards to ensuring that a country’s ICT infrastructure affords businesses reliable and inexpensive access to the internet for the purposes of marketing and e-commerce.

Prof Viviers added that another key to achieving robust and sustainable economies is bringing more women into mainstream economic activity.

“It is an unfortunate reality that the poorer the country, the more likely it is that women will face discrimination in the workplace, from being paid less than men for comparable work, to being denied access to certain jobs because of their inferior education, conflicting loyalties towards family members and employers, and an entrenched bias about women’s role in society.”

Among the NWU-TRADE research entity’s areas of specialisation are: export diversification and competitiveness, economic development, agriculture and foreign direct investment. For more information about its work, contact: wilma.viviers@nwu.ac.za or visit the website: www.nwu.ac.za/trade