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A DISCUSSION OF SYSTEMIC CHALLENGES FOR A JUST TRANSITION TOWARDS A LOW CARBON ECONOMY

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1. INTRODUCTION: A NEW DEVELOPMENTAL APPROACH FOR SOUTH AFRICA

The term “Just Transition” first surfaced in the late 90s when it became obvious that preservation of the ecosystem and resources, and employment are inextricably linked. The originator of the just transition concept, Canadian labour member Brian Kohler stated:

“The real choice is not jobs or environment. It is both or neither.”

(Kohler, 1996 in ILO, 2010)

A simple enough statement, but if we are wise enough to choose both, there are still immense and complex challenges involved in ensuring a just transition to a low carbon economy. This briefing paper aims to give clarity to the terminology “just transition” and related concepts like “growth”, “economic democracy” and “second generation rights” within the context of the current South African political economic model. It will then highlight the structural dysfunctions of our current economy and how this economic model is failing to achieve South Africa’s developmental and environmental goals of sustainability. In this, we can see an opportunity for combining developmental and environmental goals in a new developmental approach – a “just transition to a low carbon economy”. We will highlight the challenges and opportunities of achieving a just transition to a low carbon economy. Finally, we will highlight key issues and questions which need to be mainstreamed in policies and negotiations which will ensure that adaptation and mitigation policies and interventions support and promote economic democracy.

This paper is the third in a series of six briefing papers commissioned by the WWF-SA and is aimed at deepening the discussions needed to facilitate South Africa’s transformation to a low carbon economy.

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2. WHAT'S WRONG WITH "GROWTH"?

"The argument that the expansion of the economic system as we know it will make it possible for those people to secure their rights is simply not realistic. If the world's inhabitants generated greenhouse gases at the same rate as some developed countries, we would need nine planets"
(UNDP, 2007 in ILO, 2010¹).

South Africa is one of the most unequal societies in the world. Traditional economic policies insist that 'growth' will get us out of poverty and unemployment. The concept of 'growth' is problematic as, in many cases, the true cost of growth to the planet and people is not costed into perceived success, and profits are achieved at the expense of downstream and future social, economic and environmental damage. A recent study of poverty and employment found that growth in expenditures by the poor is the result of the expansion of grants as opposed to trickle down effects of economic growth (Bhorat & van der Westhuizen, 2010)ⁱⁱ.

In the past, labour and the private sector have made strange bedfellows in protesting the policies of environmental organisations that want to reduce or stop unconstrained economic growth. Labour because growth is assumed to provide jobs and the private sector because exploitation of resources delivers profit.

A robust discussion of wholesale commitment to 'growth' is beyond the scope of this briefing paper, but as the corner stone of our current economic model, it is necessary to point out the evidence that the type of 'growth' that we prize today, is neither sustainable¹, nor does it contribute to greater

economic democracy. This notion is increasingly being supported by respected traditional economics thought leaders like Joseph Stiglitz, and appears in myriad South African strategy documents – most notably the National Planning Commission's 2010 Economy Diagnostic. This point will be illustrated later in a brief analysis of why the South African economy is not working to achieve our developmental goals.

Growth in itself is not bad. It is the type of economic model which is the issue. Many alternatives exist – social economies which exist on a trade-off between economic and social values, decoupling resources from profits, cooperatives, mutual societies, community based organisations, private-public partnerships, moving to service based economies to name but a few vehicles (Patel, 2009). The finite nature of environmental services and resources and the risks of pollution have made reshaping of our economic model impossible to ignore. Ironically, many governments have used the excuse of the risk of job loss as a reason not to enforce more sustainable economic policies. Increasingly, amidst the compounding effects of financial crisis and increasing resource scarcity, our economic model avoids, and even denies, the challenges of low carbon economic transition. In questioning reasons for inaction against such overwhelming evidence of failure to address developmental goals, we ask: Why are we not addressing this change? What are the costs of change? Who stands to lose? Two key issues that surface in answering these questions are "just transition" and "economic democracy".

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¹ The use of 'sustainable' in this paper refers to the use of the word in the Brundtland definition – finding ways of meeting our development goals without compromising the ability of present and future generations' ability to do so.

3. A 'JUST TRANSITION' AND 'ECONOMIC DEMOCRACY' – CLARIFYING THE TERMS

3.1. Just Transition

Often we hear terms bandied around, but do we know what others mean by these buzzwords? Bringing clarity can assist us in formulating progressive dialogue and strategies to move all South African stakeholders closer towards finding a solution that addresses our constitutional rights and developmental goals.

The International Labour Organisation (ILO) defines 'just transition' as:

"the conceptual framework in which the labour movement captures the complexities of the transition towards a low-carbon and climate-resilient economy, highlighting public policy needs and aiming to maximize benefits and minimize hardships for workers and their communities in this transformation." (ILO, 2010)

The International Trade Union Confederation (ITUC) says:

"Just Transition is defined as a "tool the trade union movement shares with the international community, aimed at smoothing the shift towards a more sustainable society and providing hope for the capacity of a green economy to sustain decent jobs and livelihoods for all" (ITUC, 2009b in ILO, 2010)

The International Transport Workers' Federation (ITWF) adopted a resolution at its 2010 Congress stating:

"while the urgent adoption of these policies is vital to tackle climate change, the ITF and its affiliates must defend the interests of transport workers by fighting to ensure that these policies are implemented in a way which protects jobs and creates new ones through a process of just transition" (ITF, 2010 in ILO, 2010)

And the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), states that:

"with a Just Transition, we can build a public consensus to move towards more sustainable production" (ICEM, 2009 in ILO, 2010)

Cosatu's 2011 Policy Framework on Climate Changeⁱⁱⁱ defines it as:

"A 'just transition' means changes that do not disadvantage the working class worldwide, that do not disadvantage developing countries, and where the industrialized countries pay for the damage their development has done to the earth's atmosphere. A just transition provides the opportunity for deeper transformation that includes the redistribution of power and resources towards a more just and equitable social order."

From the above definitions we can see that use of the term 'just transition' can range from a set of demands which advocate for fair treatment of worker's rights in climate change mitigation or adaptation policies and action (which assumes a passive role in the determining of a future economic model), to recognizing it as the opportunity to design a new political economic model.

The ILO expands on its definition by saying that their Just Transition framework is a package of policy proposals addressing aspects related to the vulnerability of workers and their communities – uncertainties regarding job impacts, risks of job losses, risks of undemocratic decision-making processes, risks of regional or local economic downturn and the like (ILO, 2010).

A Just Transition is a supporting mechanism rather than a barrier to

climate action; however the issue of employment must be addressed comprehensively if it is to achieve widespread support from labour members. (Cosatu, 2011)

3.2. Economic Democracy

"Since apartheid was essentially a system to create a cheap migrant labour force deprived of its own means of accumulation, how has the present system altered that?"

(Ben Turok, 2009)

On paper, Just Transition strategies seem uncomplicated and rather logical. Place them in the current context of the status quo of the South African economy and conflict and complexity involved in such a transition bubble to the surface. Central to a Just Transition is the concept of 'economic democracy'. Economic democracy can be defined simply as the transfer of the concentration of economic power and access to a society's resources in a small percentage of the population to the majority of the population.

Economic democracy is core because both developmental and climate change agendas aim to address a current economic model which is not geared to afford the majority of the planet the same economic rights and opportunities as it does the select few - the 20% who are responsible for the consumption of 80% of the world's resources. In South Africa, first generation rights refer to the right to franchise and full citizenship. Second generation rights, which include the right to basic services, housing, economic and food security, and safety are still an aspiration for most of South Africa. Only 41% of adults work which includes informal economic activity (NPC Economy Diagnostic, 2010).

Are we really a democracy, when our political economic model does not afford the poor a place in the economy to realise these rights?

It is not just climate change which poses threats to the poor and workers. Water, strategic metals, land, ecosystem services and fuel resources are all in limited supply. The issue of economic democracy is central to the discussion of the systemic challenges of a just transition because limited resources will mean determining who has access to these resources. The current economic model and government economic policy and implementation to date have not resulted in wide spread economic democracy, and the rate at which a small minority of the population consumes the majority of our resources does not support evidence that resources will be sustained long enough to meet these goals.

To a large extent, who holds the 'right' to economic power (and access to the global commons) is the elephant in the room in climate change negotiations. Who wins and who loses, who will get which resources and who comes up short are all questions which political powers are loathe to address or negotiate openly.

*See *Climate Change Risks to the Labour Movement and the Poor* on page 10.

4. WHAT DOES A LOW CARBON ECONOMY MEAN FOR LABOUR?

Broad international scientific consensus has been established regarding the amount of greenhouse gas emissions (carbon) that we can emit, while retaining a reasonable chance of avoiding an increase in the average global temperature of more than 2 degrees (above the pre-industrial average temperature during human history). The total to which we need to limit further emissions - for the foreseeable future of over a century - is referred to as a 'global carbon budget'.

The United Nations Framework Convention on Climate Change commits all participating countries – the parties – to cooperation to avoid “dangerous” changes to the climate system. South Africa is hosting the 17th Conference of the Parties (COP) in Durban this year. Developing countries need to secure the support, particularly financial, required to assist them in making the transition to a low carbon economy. They must also push for developed nations² to allow the largest part of the carbon budget to developing countries, including emerging economies like South Africa, that are responsible for only a small portion of the emissions that have accumulated in the atmosphere. The logic behind this is that Annex 1 countries have been using the earth's resources, including atmospheric space³, to build wealthy and powerful nations. Emerging economies are thus not responsible for the bulk of the emissions generated to date, although our share of total emissions is increasing.

² Listed in Annex 1 of the Convention and often referred to as Annex 1 countries

³ More literally, what has been exhausted is the carbon-cycling capacity of our ecosystem, such that human-induced emissions are accumulating in the atmosphere to the point that the climate system is over-heating and becoming increasingly erratic.

Moving to a low carbon economy will take huge financial and technical resources – and emerging economies will need to mobilise these resources both locally and internationally. As it stands, if emerging economy countries and Annex 1 countries were required to both start reducing emissions, this would leave emerging economy countries at a competitive disadvantage in a globalised economy. This in turn will affect the poor. If one looks at the situation from this perspective, the better solution appears to be looking at how we can start reducing our emissions and ensuring a more sustainable use of our country's resources, while using the opportunities to deepen economic democracy. Ensuring that this is done in equitable ways which seek to create jobs, new industries and which realise more sustainable, inclusive economic policies means going beyond minor tweaks to existing economic mechanisms and policies like inflation and budget deficit. It requires a transition to a new economic model.

This new model will include mitigating and adaptive measures to address climate change impacts and risk and reverse unsustainable resource use. Mitigating measures and mechanisms to mobilise finance, like a financial transfers tax, bunker fuel levies, emissions cap and trade systems and/or carbon taxes, will all have effects on labour. Ensuring that these do not have perverse effects on employment and wealth distribution will require that we hold the uphold values of economic democracy in our approach and planning.

5. THE SYSTEMIC CHALLENGES OF A JUST TRANSITION

Transformation towards a fair and equitable system of governance in South Africa is not a new fight. Advocates of climate change action and low carbon economic transformation bump up against the same structural issues which dog labour in their goals of a more just and democratic economic society. It is necessary to understand the structural dysfunctions of the current economic model before developing policies that would facilitate or safe guard a just transition. Failing to do would miss the opportunity to tackle the root cause of inequality and unsustainability.

A transition includes finding solutions to the following key issues⁴:

- Cheap energy and abundant coal supplies have resulted in an energy intensive economy which make the costs of transition high and political opposition to transition strong
- South Africa is a commodity producer operating in an environment of abundant resources, and is highly resource intensive
- Efforts to reduce energy inefficiency are progressing slowly
- Coal reliant energy intensive investments have resulted in high carbon emission intensity and lock-in
- Domination of markets by large holding companies and retail companies has crowded out economic activities like artisanship, small scale agriculture and micro-enterprises which provide buffers for the poor against shocks
- Black economic and gender empowerment strategies are not working
- Externalities⁵ aren't included in the price of production of economic goods and services
- Corruption, and bad management of public administration and relationships with private sector
- Uncompetitive practices and weak regulatory capacity in both public and private sectors resulting in distorted price structure and barriers to entry e.g. the stalling of Renewable Energy Feed In Tariff, the Independent Power Producers agreement and the Working for Energy programme
- Poorly planned and managed urban development
- Pursuing large budget surpluses in the face of urgent social needs and the future risks of not addressing low carbon, sustainable development and transformation
- Poverty levels are high and inequality is extremely high and persistent
- Government has failed to alter the pattern of growth and development
- A weak conceptualisation of developmental state approach which continues to assume that economic growth and development must remain dependent on consuming fossil fuels in ways that ignore eco-system thresholds (Jara, 2009)

⁴ Most of these dysfunctions and challenges have been identified in the NPC's Economy Diagnostic Report

⁵ Externalities are the impacts and consequences of production which are not included in the price of the product/service. In most cases, neither the consumer or company picks up the tab directly for by-products of production – i.e. pollution, unemployment, ill effects to health care, impact on social services and government social and municipal services

6. THE DEVELOPMENTAL STATE - A POSSIBLE ECONOMIC MODEL TO SUPPORT A JUST TRANSITION

The political economic model of a developmental state is one of the more obvious models which require similar responses, policies and mechanisms needed for an effective response to climate change (Harriss-White, 2008). Developmental state models are labour intensive and require labour intensive industrialisation. This industrialisation is designed to move economies away from extractive models which do not encourage labour absorbing, diversification or beneficiation activities. Regional economic integration with similar economies would provide a market base, together with trade access to favourably priced resources. The development finance needed for necessary public investment programmes should be mobilised in the global south as opposed to relying on Bretton Woods institutions whose conditions of structural adjustments

of developing country economies just serve to perpetuate the extractive economy model (Jara, 2009). Regional trade agreements like the ALBA agreement are based on mutual and equitable economic development (as opposed to trade liberalization). Venezuela exchanged oil at favourable prices for an export of Cuba's health care and education professionals. South Africa is one of the mineral exporting economies that can mobilise significant domestic financial resources for investment (NPC Economy Diagnostic, 2010).

Regionalism is imperative to climate change adaptation and mitigation because it supports the transition to an industrialised economy by meeting local and regional markets' needs first instead of being export orientated (Jara, 2009). Trade policies must take

a back seat to an industrial and broader development policy approach featuring a set of state-led interventions that drive and promote sectoral growth and development. It should be noted that strategies like this do not avoid the common structural dysfunctions which also face capitalist approaches – corruption, lack of education and skills, crime, cronyism and mismanagement of government services.

Policy ignores options for a new developmental path based on renewable energy, local food production and local markets (Jara, 2009).

7. ENABLING STRATEGIES AND OR CONDITIONS FOR A JUST TRANSITION:

The ITUC has proposed six enabling conditions in order to facilitate a just transition (ILO, 2010) namely:

1. Investment
2. Research and early assessment
3. Consultation and social dialogue
4. Education and training
5. Social protection and security
6. Economic diversification

Cosatu's central policy requirements and strategies reflect and expand on the above ITUC conditions:

1. Investment in environmentally friendly activities that create decent jobs that are paid at living wages, that meet standards of health and safety, that promote gender equity, and that are secure
2. The putting in place of comprehensive social protections (pensions, unemployment insurance etc) in order to protect the most vulnerable
3. The conducting of research into the impacts of climate change on employment and livelihoods in order to better inform social policies
4. Skills development and retraining of workers to ensure that they can be part of the new low-carbon development model

Cosatu has also said that environmentally-friendly jobs can provide opportunities to redress gender imbalances in employment and skills. A recent study found that common beliefs suggest that South Africa's labour laws are not the principal cause of high unemployment which supports the argument for fair and decent wages (Study by the Organisation for Economic Cooperation and Development (OECD), International Labour Organisation (ILO) and the International Monetary Fund (IMF))^{iv}. Although it poses an economic risk, the rise in energy and resource costs serves to spur action and investment in the type of clean technology and industries that would make a Just Transition possible. The rising cost of energy and emissions could also make the strategy of local production more attractive. Local production reduces emissions and energy needed due to reduced transport and storage and SMMEs have the potential to provide this

service. SMMEs have traditionally not been supported in South Africa and supporting and growing SMMEs are an important developmental and adaptation strategy. The investment needed in education and technology to support employment growth in the services sector could provide South Africa with an opportunity to diversify its economy to include service sector exports (Jara, 2009).

Adaptation policies can have positive effects on employment, both avoiding job losses and creating jobs. Avoiding job losses could involve changing an element in a production process affected by climate change, while investment in labour-intensive projects like infrastructure projects can create jobs. Rosenberg^v asserts that these policies can create "a virtuous circle driving local jobs creation which, with decent wages, can increase workers' wealth, and by doing so, reduce their vulnerability."

8. CHALLENGES FOR A JUST TRANSITION

Dominant strategies to deal with climate change could potentially negatively affect a Just Transition. Some key areas are highlighted in this section.

On investment in research and development:

In the lack of investment in research and development in climate change mitigation and adaptation, industries often leave mitigative measures to reducing production costs, closing factories and sourcing cheaper labour supply elsewhere instead of investing to modify the emissions patterns of their activities. Such behaviour needs to be safe guarded against.

On market mechanisms:

In its rejection of market mechanisms, Cosatu points out the dangers of fixing problems with the same tools which were used to build them. Jara reinforces this in observing that space for renewables has been made – but within a frame of the mineral-energy complex which casts doubt on how seriously low carbon economic transformation is being addressed. This reinforces the need to address political power and economic values around accumulation and ownership; however the value of market mechanisms shouldn't be ruled out altogether. Properly researched and applied taxes can be used to influence supply and demand of carbon intensive products and processes and can also contribute to funds for mitigation and adaptation.

On investment in capital and skills intensive sectors:

On the list of adaptation strategies is the investment in new clean industry. Such investment could exacerbate the gap in wages between skilled and unskilled workers. Reindustrialisation needs to consider labour intensive industries, the up skilling of labourers and regulation of market-led approaches to supply and demand of skilled labour. Safeguards must be in place to ensure the “development of new green industries does not become an excuse for lowering wages and social benefits” (Cosatu, 2011). Doing so would ensure the rejection of a transition by labour members.

Technology - no silver bullet:

Reindustrialisation and investment in research and development of new technologies, and even the notion of investing in a service based economy as opposed to a unit based economy can also have adverse effects. Considering the poor state of education, the large portion of illiterate and unskilled workers, these interventions could serve to reinforce an economy which serves a small elite force of highly skilled workers. Education and skills development needs to be developed in conjunction with planning for the development of labour intensive industry sectors.

On unity of common purpose and clear coherent policy:

Sector responses to a low carbon economy are largely piecemeal and fragmented. There is no clear, intersectional or inter-institutional strategy for emissions reduction or to change our economic behaviour (Peters, C. 2011). Labour forces should assert the

need for clearer, more explicit mitigative and adaptive sector strategies which show how these strategies intend to work in a multi-sectoral context. This is where research and development would play a key role in identifying the pros and cons of various responses.

On government commitment to a labour intensive reindustrialisation:

The ANC and government have provided insufficient detail on how far the state will go in leading an industrialisation strategy which will “promote a labour-intensive manufacturing sector as the basis to transform, diversify and build an economy actively linked with the supporting major infrastructure, skills and equitable spatial development” (Jara, 2009)^{vi}.

On social stability:

Sustainability will not be possible without social security. Intensive investment in social services is needed like addressing the poor state of health services, education, poor performance on pay and productivity (NPC Economy Diagnostic, 2010)

On clarity of trade-offs:

At present there is little clarity on what types of trade-offs there will be in reducing carbon. With industries competing for a scarce water resource base – mining, agriculture, households and ecology (NPC Economy Diagnostic, 2010) - which industries stand to be affected and how does government intend to develop policies and regulate resource use within these industries. Market-led strategies are not going to succeed in adequate resource use mitigation.

On SMMEs:

Localisation and the boosting of SMMEs is a common adaptation and mitigation strategy. To date, South Africa's SMME policies have had limited success, mainly due to market domination by large holding firms and powerful retailers selling their produce at cheaper prices which smaller companies cannot match (NPC Economy Diagnostic, 2010). Liberalised trade regulations have resulted in cheap imports from developing countries like China and India making it impossible for SMMEs to compete. The lack of infrastructure and lack of rail makes access to markets by rural agriculture and product producers difficult together with lack of access to finance, crime and other external factors (NPC Economy Diagnostic, 2010).

On state-led strategies:

The weakness of state to provide favourable economic environments to various industries casts doubt as to whether it will have the capacity to initiate and support a transformation to a more sustainable economic trajectory. This requires the reversal of market-led approaches to economic development in favour for state-led approaches. Again, the approach suffers from the poverty of current economic approaches which favour market-led regulatory measures whose mandates do not prioritise poverty reduction and employment creation.

On leadership

In a political climate dominated by party politics and in-fighting, achieving national consensus – depending on what that is – will require leadership from all social partners - government, business, trade unions and the community sector (NPC Report: Economy Diagnostic, 2010). This is no small task.

On long-term planning:

Turok comments that current policies to address employment and poverty are fixated on incremental reforms around changes in salary, as opposed to transforming the economic base (Turok, 2009)^{vii}.

Long-term investment versus instant gratification is a strategy which is a necessary part of the climate change policy artillery. However, how this is posed is often problematic as it inadvertently asserts that avoiding cataclysmic climate change effects is a reward and not a necessity. The NPC document makes little mention of environmental consequences of avoiding long term planning and no mention of intergenerational risk. This needs to be articulated more clearly with some sort of bottom-line attached which indicates unacceptable levels of risk.

On understanding dysfunction:

Government policies overall have not led to significant job creation (Turok, 2009) therefore this needs to be audited and analysed to assess why and to address these issues. Failure to do so could run the risk of repeating the same mistakes in the administration of employment funds and future funds directed to employment projects such as the Green Fund and Green Jobs.

On Green Jobs:

Due to its relatively non-threatening approach, Green Jobs have become a favourite strategy adopted by government and business to indicate that they are addressing sustainable development. As green jobs are emerging areas of work, they can be created as decent jobs from the start.

South Africa, and labour in particular, needs to ensure that green jobs accord with the ILO (International Labour Organisation) Decent Work Agenda

which include the four basic attributes if they are to contribute to (socially) sustainable development:

“adequate pay (equal remuneration), accessibility (upward mobility), accountability (social protection), and advocacy (social dialogue).”
(Stevens, 2009 in Naude, 2011)^{viii}

From a gender empowerment perspective, most green jobs are expected to be in the secondary sectors of construction, manufacturing and energy production. Women are significantly under-represented and may fare better in the tertiary sector where most are now employed. The issue with this is that men dominate the better paid jobs in engineering, financial and business services, where the bulk of green service positions are likely to be created (Galbraith, K. 2009)^{ix} which asserts that aggressive strategies to reduce this issue by increasing skills training, education and affirmative hiring processes to open up more jobs to women must be prioritised.

9. IN CONCLUSION: MEASURING THE SUCCESS OF A JUST TRANSITION

As the old saying goes, you can't manage what you don't measure. The crises we face today largely exist and remain unresolved because using Gross Domestic Product (GDP) as an indicator of economic progress is no longer adequate to measure success, given the complexity of the challenges we face. This involves a narrow, isolated concept of growth that does not accord with how the three spheres of environment, society and economy are embedded in each other. For a Just Transition, growth needs to be measured in terms of targets for housing, health, education, access to services, and even in terms of leisure, happiness and wellbeing (Cosatu, 2011). If we continue to evaluate the success of our economic policies and management upon a one-dimensional indicator such as GDP, then there is little hope of us having the insight and maturity to achieve a Just Transition. If we expand our concept of what determines successful 'growth', we can start to assess the decisions and choices required to achieve a Just Transition to a truly sustainable economy, embedded in a healthy society and environment.

Climate change risks to the labour movement and the poor

The ILO identifies some of the risks of inaction to climate change which labour should consider:

- Increasing occurrence of extreme weather events will affect urban employment due to damage to transport, industrial infrastructures and settlements and will affect the ability of workers to commute and/or find alternatives when workplaces close (ILO, 2010)
- Displacement of workplaces to areas less prone to environmental risks (i.e. tidal waves, sea level rise, cyclones)
- Rural Employment will be affected by crop damage, drought – especially seasonal jobs which depend on harvesting and crop-processing
- Climate change will reduce workers' productivity through increase in mortality and morbidity due to
 - epidemics of certain diseases
 - worsening working conditions of workers who carry out their activity outdoors because of rising temperatures i.e. construction workers
- employment negatively affected by increases in respiratory, water and food-related diseases and risk of malnutrition
- Malnutrition will reject the future incorporation of young workers into the workforce due to irreparable childhood health damage (WHO, 2009)
- Increased migration and mortality will further aggravate worker turnover and the loss of qualified workers which is problematic as technical knowledge is essential in order to adapt to changing working conditions
- Negative impacts to employment due to changes in trade regulations which might have impacts in export-oriented sectors
- Increased awareness by developed country consumers might lead to consumption pattern changes which could affect developing countries' labour markets
- Job elimination – because of changes across sectors as there will be no direct replacement for certain jobs

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