

# LRS POLICY BRIEF

Volume 1 | Number 2 | March 2025



## Trade, Employment and Trade Unions in Africa: Some Policy Options



# **TRADE, EMPLOYMENT AND TRADE UNIONS IN AFRICA: SOME POLICY OPTIONS**

---

## **LRS POLICY BRIEF**

Volume 1 | Number 2 | March 2025

---

**Prince Asafu-Adjaye**  
Labour Research Service

Email: [prince@lrs.org.za](mailto:prince@lrs.org.za)

# Table of Contents

---

List of abbreviations	2
Introduction	3
Trade liberalisation discourse	4
Implication of trade liberalisation for employment and trade unions in Africa	6
Trade union policy options	9
Conclusion	11
References	12

## LIST OF ABBREVIATIONS

---

**AfCFTA** African Continental Free Trade Area

---

**FDI** Foreign Direct Investment

---

**ILO** International Labour Organisation

---

**UNCTAD** United Nations Conference on Trade and Development

---

**WAEMU** West African Economic and Monetary Union

---

## INTRODUCTION

Trade liberalisation has profound implications for trade unions in Africa. Typically characterised by removal of trade barriers and restrictions (Celik et al., 2024), it is often accompanied by liberalisation of foreign direct investment (FDI), labour market deregulation, privatisation, and financial liberalisation (International Labour Organisation (ILO), 2001). Together, these processes affect trade unions via their impacts on job quantity and quality. Trade liberalisation has been associated with job losses in several Sub-Saharan African countries, including Kenya, Malawi, Côte d'Ivoire, Zimbabwe, and Morocco (Hobbs and Tucker, 2009). It has also been linked to the informalisation of employment (McCaig and McMillan, 2020) and declines in job quality (Hobbs and Tucker, 2009; McCaig and McMillan, 2020). The destruction of jobs and the dearth of employment creation in the formal sector on the continent undermine valorisation of trade unions. Additionally, the decline in job quality challenges the *raison d'être* of trade unions. In essence, trade liberalisation constitutes an existential threat to trade unionism in Africa.

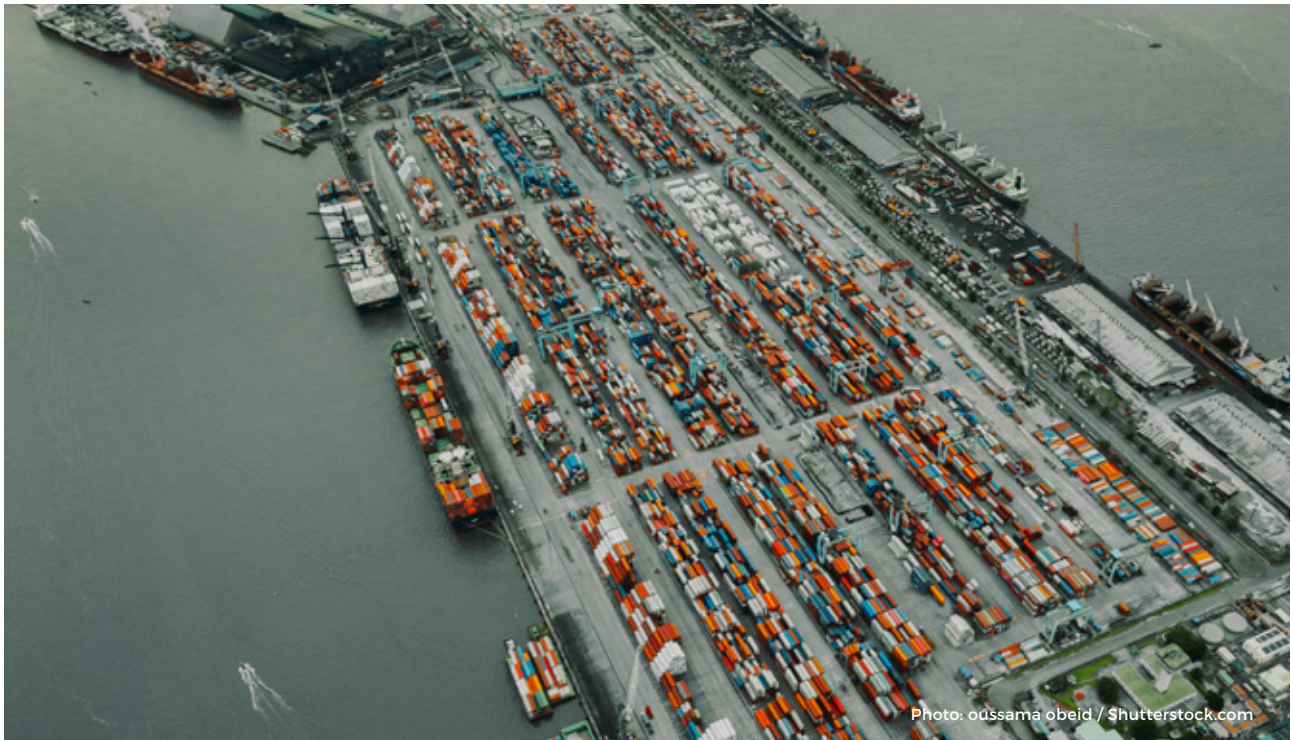
The scale and severity of the labour market impacts of trade liberalisation underscore the necessity for trade unions to actively and effectively engage with national and supranational authorities on trade policies, with particular attention to the African Continental Free Trade Area (AfCFTA). It is in this light that this paper seeks to contribute to trade union advocacy on trade and the AfCFTA. It highlights ideas on the implications of trade liberalisation, focusing on its effects on labour markets in Africa. It proposes a number of policy options for trade unions, such as mainstreaming trade advocacy into union activities, participating in national and continental trade policy dialogues, and monitoring trade developments. The paper also calls for harmonising trade advocacy across unions on the continent, strengthening of labour regulations, and building international solidarity and alliances. While these policy options and strategies may not represent a comprehensive solution, they offer opportunities for African trade unions to revitalise.

The scale and severity of the labour market impacts of trade liberalisation underscore the necessity for **trade unions to actively and effectively engage with national and supranational authorities on trade policies**, with particular attention to the AfCFTA.



## TRADE LIBERALISATION DISCOURSE

---



Trade liberalisation is one of the contentious elements of globalisation (ILO, 2001). Discussions of the topic are often polarised, with optimistic perspectives pointing to the benefits of free trade for socioeconomic development, while pessimistic opinions highlight its adverse and uneven socioeconomic impacts across the world. In essence, trade liberalisation is associated with both positive and negative socioeconomic outcomes.

International trade is seen as an enabler of economic growth and development, facilitating exchange of goods, services, and ideas across borders (Celik, et. al., 2024). It has also been credited with the potential to foster inclusive growth (United Nations Conference on Trade and Development [UNCTAD], 2018). Additionally, free trade has been linked with productive efficiency (ILO, 2001). Trade liberalisation is said to have enabled specialisations in sectors of comparative advantage in ways that engender efficiency and economic growth in West Africa (Celik, et. al., 2024).

In addition, the optimist perspective of trade liberalisation highlights its positive labour market effects, particularly job creation and income growth. The argument goes that firms involved in exports tend to be more productive and create more employment opportunities in the formal sector (MacLeod and Luke, 2023). Significantly, the employment benefit of trade goes beyond jobs numbers or employment creation. It is argued that export has the capacity to enhance job quality by enabling economies to engage in higher value-added activities, thereby driving shifts towards salaried employment (Maliszewska and Winkler, 2024). Another positive effect of trade on employment quality is income growth. Higher trade exposure is linked

with increased earnings in low- and middle-income countries, largely due to integration into global value chains (Maliszewska and Winkler, 2024).

Beyond these direct economic benefits, there are other positive, non-monetary externalities of international trade. Trade flows occur with the dispersion of emerging technology that enable local enterprises to be competitive in world markets (MacLeod and Luke, 2023). These new technologies, as well as innovative management practices, spread through trade, and promote productivity growth (Celik, et. al., 2024). Trade also facilitates upskilling, capital investments, and technological upgrading of domestic firms involved in supply chains (MacLeod and Luke, 2023). Consequently, high trade exposure has been linked with increased labour productivity, especially among unskilled workers in low-tech manufacturing and agriculture in developing countries (Maliszewska and Winkler, 2024).

Nonetheless, it is important to note that not all exports yield positive outcomes. The evidence suggests that export diversification, rather than export specialisation or concentration, has a more favourable influence on growth and structural transformation (UNCTAD, 2018). Export diversification involves expanding the range of products and services of exports or export destinations. It is credited with enabling job creation and improvements in income distribution (ibid.). In contrast, exporting a narrow range of products to a limited number of countries is suboptimal, particularly when considering the potential benefits of trade for job creation. Extractives, such as petroleum and metals, have traditionally dominated Africa's exports to the rest of the world. The challenge lies in the fact that the extraction of fuels, ores, and basic metals is typically more capital-intensive and less labour-intensive, resulting in fewer employment opportunities (MacLeod and Luke, 2023). Indeed, Africa's lack of export diversification has been directly linked to its poor record in employment creation (UNCTAD, 2018). Thus, the composition of exports, as well as the number of export destinations, are just as important as the volume of exports when it comes to the job creation benefits of trade.

Trade liberalisation has been associated with negative, unintended labour market outcomes. Adverse outcomes such as job destruction and poor wages, have occurred in both developed and developing economies. In advanced economies, trade liberalisation has been blamed for rising unemployment and wage inequality (ILO, 2001). It has been noted that trade exposure does not considerably boost job creation or diminish income inequality in low-income countries (Maliszewska and Winkler, 2024). It can be argued that the negative effect of trade liberalisation on job numbers is a function of competition. Job displacement has been found in sectors that are unable to compete with cheaper imports (Celik, et. al., 2024). In essence, the adverse labour market outcomes of trade liberalisation on employment manifest either as job destruction or as constraints to job creation.

Apart from job numbers, trade liberalisation also impacts on employment quality. Increased worker exploitation, driven primarily by a "race to the bottom" in employment conditions and labour standards, has been associated with trade liberalisation in the developing world (ILO, 2001). The manifestations of this include wage stagnation, particularly among workers employed in sectors that are unable to compete with cheaper imports (Celik, et. al., 2024). As such, trade practices, specifically unbridled competition, have significant implications for decent work.

**Apart from job numbers, trade liberalisation also impacts on employment quality. Increased worker exploitation, driven primarily by a "race to the bottom" in employment conditions and labour standards, has been associated with trade liberalisation in the developing world (ILO, 2001).**

## IMPLICATION OF TRADE LIBERALISATION FOR EMPLOYMENT AND TRADE UNIONS IN AFRICA

International trade, and more specifically trade liberalisation, significantly affects workers and trade unions in Africa in many ways. Trade influences both the quantity and quality of employment. These outcomes have profound implications for workers' rights and interests, as well as the *raison d'être* of trade unions. As we shall see shortly, labour market outcomes of trade are uneven across time and space, affecting various categories of workers and their unions in Africa.

There is a narrative that trade contributes to decent work, particularly through job creation and income growth. In Africa, the argument goes that many economies hold comparative advantage in export of labour-intensive commodities, making trade liberalisation a potential catalyst for employment generation on the continent (UNCTAD, 2018). Moreover, trade exposure, especially exports and integration into global value chains has been linked to increased employment in manufacturing sectors and is often associated with higher female workforce participation (Maliszewska and Winkler, 2024).

A notable case study that demonstrates the positive labour market outcomes of trade liberalisation in Africa is Mauritius. In this country, trade liberalisation occurred with increased employment in export industries and no contraction in employment in industries that produce goods and services that can be imported (Milner and Wright, 1998). The growth in employment in the country's export industries was accompanied by increased supply of female labour (ILO, 2001). Mauritius also exemplifies how trade can positively affect employment quality. Export-led growth in the country occurred with improved income distribution (*ibid.*). These labour market outcomes of trade liberalisation in Mauritius highlight the potential of trade to contribute to decent work in Africa.

Arguably, narratives of positive labour market outcomes from trade, as seen in Mauritius, are far and few between on the African continent. Trade liberalisation brought about job losses in many parts of Africa, including Kenya, Malawi, Côte d'Ivoire, Zimbabwe and Morocco (Hobbs and Tucker, 2009). Analysis of panel data collected from seven out of the eight member states of the West African Economic and Monetary Union (WAEMU), revealed negative employment outcomes of trade liberalisation (Agbahoungba, 2019).

In Africa, one of the negative labour market outcomes of trade liberalisation is job destruction. In Zimbabwe, drastic trade liberalisation led to a contraction in employment (Rattso and Torvik, 1998), with

Informalisation of employment and its associated decent work deficits are tied to the neoliberal project on the continent, including trade liberalisation, over the past four decades.





formal manufacturing jobs declining from 75,400 to about 39,000 in 12 years (Hobbs and Tucker, 2009). Ghana experienced an even greater impact, losing 115,000 industrial jobs, a reduction of about 17 percent (Hobbs and Tucker, 2009). Trade liberalisation dampened labour demand in Ghana (Mensah, 2019). In South Africa, local labour markets that were more exposed to tariff cuts faced slower employment growth (Bastos and Santos, 2021). Larger tariff reductions in South Africa were accompanied by declines in both formal and informal employment in the tradable sector, driven primarily by a decrease in manufacturing employment (Erten et al., 2019). Similarly, trade liberalisation in Botswana was associated with a rise in informality and self-employment (McCaig and McMillan, 2020). These cases underscore the challenges posed by trade liberalisation to employment growth in Africa.

In addition to its impact on job numbers, trade liberalisation adversely affects the quality of employment in Africa. Informalisation of employment and its associated decent work deficits are tied to the neoliberal project on the continent, including trade liberalisation, over the past four decades. Job quality deteriorates as countries engage in a race to the bottom, competing in the international market by undercutting each other via eroding workers' bargaining power, weakening social protection legislation, and lowering health and safety standards (Davies and Vadlamannati, 2011). In Zambia, average earnings in the formal sector fell by about 14 percent within five years of trade liberalisation (Hobbs and Tucker, 2009). Similarly, hours of work and monthly income declined in Botswana following trade liberalisation (McCaig and McMillan, 2020). In Zimbabwe, drastic trade liberalisation resulted in real wage declines (Rattso and Torvik, 1998), with wages falling by 9.9 percent annually for five years after reforms were introduced (Hobbs and Tucker, 2009). A more recent study predicts that removing trade tariffs in Malawi depresses wages, with estimated declines of 18.78 percent in the agricultural sector and about 19 percent in manufacturing and construction sectors (Mgomezulua et al., 2024). These trends shed light on the challenges that trade liberalisation poses to decent work in Africa.

It is important to pay attention to the gender dimensions of labour market effects of trade liberalisation in Africa, as trade impacts men and women differently. Growth in agricultural exports, for instance, tends to be less favourable to female farmers (Agbahoungba, 2019). In The Gambia and Uganda, commercialisation of crops traditionally dominated by women has often attracted men to the sector, who subsequently take over production and marketing (ibid.). Trade expansion increased labour-intensive clothing exports in Lesotho, providing employment opportunities for Basotho women, but also bringing about new patterns of inequality and vulnerability (Machacha, 2015).

Trade expansion **increased labour-intensive clothing exports in Lesotho, providing employment opportunities for Basotho women**, but also bringing about new patterns of inequality and vulnerability (Machacha, 2015).



Women working in export processing zones in Lesotho were subjected to extremely low wages, poor working conditions, sexual harassment, and threats of termination for unionising (ibid.). In some cases, trade liberalisation did not translate into employment gains for women. Contrary to the abstraction that trade exposure increases female workforce participation (Maliszewska and Winkler, 2024), analysis of panel data from seven out of eight WAEMU member states reveals that trade liberalisation did not significantly affect women's employment patterns (Agbahoungba, 2019). These instances illustrate the varied and often unequal gender impacts of trade liberalisation in Africa.



A corollary to the negative impacts of trade liberalisation on employment is the decline in trade union membership. It is argued that the entrenchment of neoliberal policies in Africa from the latter half of the 1980s coincided with reductions in union membership in many countries (McQuinn, 2017). Traditionally, trade unions in Africa organise workers in the formal economy. Consequently, substantial job losses in the formal sector, meant a sharp decline in union membership (Schillinger, 2005). Membership loss diminishes the power of trade unions and hinders the fulfilment of their mandate. Many African trade unions have found it difficult to build solid financial muscle and clear values-driven policies and practices (McQuinn, 2017). As trade liberalisation expanded the categories of workers that were difficult to unionise, and as union-busting and the displacement of unskilled labour became more pervasive, deunionisation increased, leading to a decline in the bargaining power of both workers and trade unions (Ajefu, 2014). These developments do not only limit trade union valorisation, but also raise questions about their claims to represent workers, posing an existential threat to trade unions on the continent.

An illustration of the above narrative is the impact of economic reforms, particularly trade liberalisation, on labour market dynamics and unionisation in Ghana. Trade liberalisation in the country began in 1983 and intensified in 1986, exposing local producers to competition from imports, which led to the devastation of several domestic industries (Hobbs and Tucker, 2009). This disruption constrained the capacity for formal employment creation and spurred the growth of informal employment. A notable example is the sharp rise in Chinese imports, which squeezed out domestic manufacturers, limiting their ability to sustain operations and create jobs (Baah et al., 2009).

The above conditions severely affected trade unions in Ghana via the intricate linkage between formal employment and union membership. Like their counterparts across the continent, trade unions in Ghana predominantly organise workers in the formal sector. Therefore, the decline in formal sector employment meant unions could no longer depend on their traditional base for membership. Consequently, by 2018, the Trades Union Congress (Ghana) had about 100,000 fewer members than it had in the mid-1980s (Asafu-Adjaye, 2021). Union density in the country dropped from about 50 percent in 1993 to around 31 percent in 2013 (ibid.). These figures highlight that despite their best efforts to organise workers in the informal economy, trade unions in Ghana have yet to fully recover from the membership losses precipitated by the advent of neoliberalism.

## TRADE UNION POLICY OPTIONS



In view of the debilitating impacts of trade liberalisation on employment and trade unions, this paper proposes the following policy options for consideration by trade unions:

- **Mainstreaming trade into trade union agendas**

Given the existential threat that trade liberalism poses to the collective organisations of workers on the continent, trade issues and by extension the AfCFTA, need to be integrated into the core work of trade unions. Among other strategies, achieving this requires establishing desks or focal positions within unions that follow both national and continental trade policies and practices. These specialised roles would enable trade unions to stay informed of trade and AfCFTA developments, ensuring these critical issues remain on their radar and enabling proactive engagement and advocacy.

- **Participation in trade dialogue**

Trade union voices are largely absent in trade discourse, partly explaining the negative labour market outcomes of trade on the continent. Therefore, active participation in trade policy dialogue by unions is essential in protecting the rights and interests of workers in Africa. To achieve this, unions must advocate for inclusion in national and continental trade policy formulation structures. However, meaningful participation requires unions to build competencies in trade, equipping themselves with the knowledge and expertise necessary to contribute effectively. In addition to engaging with existing national and supranational dialogue mechanisms, unions can initiate trade-focused social dialogues to amplify their perspectives. Supporting these efforts with research and publications can further elevate trade union voices, ensuring their positions on trade and the AfCFTA are heard and possibly considered in policymaking.

- **Making alternative demands**

Inclusion in trade policy formulation structures should not be seen as an end in itself. Instead, these spaces should function as platforms for trade unions to advocate for policy and protocol alternatives that push back the boundaries trade liberalisation. These alternatives may include demands for safeguards to protect employment (job numbers and quality) and overexposed sectors as well as proposals designed to promote more equitable and socially beneficial trade outcomes. The ILO's fundamental conventions (freedom of association, elimination of forced and child labour, non-discrimination, and occupational safety and health) along with the decent work agenda and the tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration), provide a good basis for alternative trade union demands. Continental and domestic employment standards and laws are complementary frameworks, offering regionally and nationally specific entry points for advancing worker-centric trade policies and addressing negative labour market and employment outcomes of trade.

- **Establishment of a trade observatory system**

Trade policies and practices, especially AfCFTA evolve rapidly along with their labour market impacts. To engage in effective advocacy, trade unions need to stay informed about these developments. This necessitates the establishment of monitoring systems that keep unions updated on trade dynamics and changes in the AfCFTA.

- **Harmonisation of trade advocacy by trade unions**

Trade liberalisation presents similar labour market challenges to trade unions across Africa. This underscores the necessity for harmonising trade and AfCFTA campaigns among trade unions on the continent. It also calls for experience-sharing in trade campaigns. Harmonisation of trade advocacy may involve trade unions collaboratively authoring common trade position papers and using them for advocacy. Synchronising trade campaigns is vital to preventing contradictions and ensuring the presentation of a unified trade union stance.

- **Strengthening national labour regulations**

Trade unions require robust laws and institutions to effectively promote the rights and interests of workers. A strong regulatory framework is also crucial to preventing the race to the bottom often associated with trade liberalisation. Consequently, trade unions need to advocate for the strengthening of national industrial relations institutions and push for regulatory reforms where necessary. Strengthened institutions will be better equipped to perform their functions effectively, thereby bolstering the efforts of trade unions to promote labour rights under the AfCFTA.

- **International solidarity and alliances**

Given that trade and its labour market outcomes transcend national and even continental borders, trade unions in Africa need to internationalise their trade advocacy. Building alliances with counterparts in other regions and with civil society organisations can provide vital support. Such partnerships enable sharing of experiences and resources, as well as other forms of assistance, to strengthen trade unions' campaigns on trade and the AfCFTA. International solidarity can amplify African trade unions' voices and enhance their capacity to influence trade-related policies and practices.

## CONCLUSION

---



**This paper has provided insights into how trade liberalisation has played out for trade unions in Africa. It argues that the optimistic view of trade liberalisation, often characterised by abstractions about positive labour market outcomes such as growth in jobs and improved employment quality, has rarely manifested on the continent.**

In contrast, the pessimistic narrative, which underscores the negative employment outcomes of trade liberalisation, appears pervasive in Africa. Importantly, the paper links employment losses and the informalisation, and deterioration of employment quality associated with trade liberalisation to the diminished influence of trade unions in Africa. We have seen how the bargaining power of many trade unions was undermined by membership losses that was occasioned by the neoliberal project on the continent, particularly the implementation of drastic trade liberalisation measures.

This history of trade liberalisation's debilitating effects on job numbers, employment quality, and trade union vitality imposes a necessity on unions to situate trade and AfCFTA in their agenda and work. The paper argues that at a minimum, trade union voices ought to be present in formulation and implementation of trade and AfCFTA policies and protocols. Involvement of trade unions in trade is essential to safeguard workers' rights and interests and reverse the adverse effects of trade on unionism in Africa.

## REFERENCE

---

- Agbahoungba, I. S. W. (2019) 'Impact of Trade Liberalization on Employment in West African Economic and Monetary Union (WAEMU): A Gender Approach' *Journal of Economics, Management and Trade* 24(2): 1-15
- Ajefu, J. B. (2014) 'Globalisation, bargaining power of unions, and labour market outcomes: a review of issues' *International Journal of Economics, Commerce and Management* II (11): 1-13
- Asafu-Adjaye, P. (2021) 'Trade Union Responses to Economic Liberalisation in Ghana' SOAS University of London, PhD thesis  
[https://eprints.soas.ac.uk/36112/1/Asafu-Adjaye\\_2021.pdf](https://eprints.soas.ac.uk/36112/1/Asafu-Adjaye_2021.pdf)  
 Accessed 2 November 2024
- Baah, A. Y., Otoo, K. N., and Ampratwum, E. F. (2009) "Chinese investments in Ghana" in Baah, A.Y., and Jauch, H. (eds) *Chinese Investments in Africa: A Labour Perspective*. Accra, African Labour Research Network. 85-121
- Bastos, P. and Santos, S. (2021) 'Long-Run Effects of Trade Liberalization on Local Labour Markets Evidence from South Africa'  
<https://documents1.worldbank.org/curated/en/133871622641025216/pdf/Long-Run-Effects-of-Trade-Liberalization-on-Local-Labor-Markets-Evidence-from-South-Africa.pdf>  
 Accessed 04 December 2024
- Celik, A., Bajjac, s., Radoine, H., Chenal, J., and Bouyghrissie, S. (2024) 'Effects of urbanization and international trade on economic growth, productivity, and employment: Case of selected countries in Africa' *Heliyon* 10: 1-16
- Davies, R. B. and Vadlamannati, K. C. (2013) 'A race to the bottom in Labour standards? An empirical investigation' *Journal of Development Economics* 103 (1): 1-14.
- Erten, B., Leight, J. and Tregenna, F. (2019) 'Trade liberalization and local labour market adjustment in South Africa' *Journal of International Economics* 118: 448-467
- Hobbs, G. and Tucker, D. (2009) 'Trading away our jobs: how free trade threatens employment around the world' London, War on Want ILO (2001) 'Trade liberalization and employment'  
<https://webapps.ilo.org/public/english/standards/reIm/gb/docs/gb282/pdf/sdg-2.pdf>  
 Accessed 25 November 2024
- Machacha, M. (2015) 'An examination of the gender implications of trade Liberalisation in Southern Africa'  
<https://www.cawtarclearinghouse.org/storage/AttachementGender/Gender%20Implications%20of%20trade%20Liberalisation.pdf>  
 Accessed 9 December 2024

MacLeod, Jamie and Luke, David (2023) 'Trade and investment flows and a perspective for analysing trade policy in Africa', in: Luke, David (ed) *How Africa Trades*, London: LSE Press, pp. 1-21.

Maliszewska, M. and Winkler, D. (2024) 'Leveraging trade for more and better jobs' Washington, World Bank

McCaig, B. and McMillan, M. S (2020) 'Trade Liberalisation and Labour Market Adjustment in Botswana', *Journal of African Economies*, 29 (3):236-270

McQuinn, M. (2017) 'Strengths and Weaknesses of African Trade Unions in the Neoliberal Period with a Sierra Leone Case Study' *Africana Studia* 28: 111-129

Mensah, I. (2019) 'Trade liberalisation and its impact on income distribution in Ghana' *Transnational Corporations Review*, 11(3): 208-221

Mgomezulua, W. R., Thangataa, P. and Njiwa, D. (2024) 'Embracing the African Continental Free Trade Area: Unpacking Malawi's Economy Response to Trade Liberalization' <https://agra.org/wp-content/uploads/2024/09/1-s2.0-S2590051X24000613-main.pdf>, Accessed 04 December 2024

Milner, C. and Wright P. (1998) 'Modelling labour market adjustment to trade liberalization in an industrializing economy', *Economic Journal*, 108: 509-528.

Rattso, J. and Torvik, R. (1998) 'Zimbabwean trade liberalization: Ex post evaluation' *Cambridge Journal of Economics*, 22:325-346

Schillinger, H., R. (2005) 'Trade Unions in Africa: Weak but feared' <https://library.fes.de/pdf-files/iez/02822.pdf>, Accessed 04 December 2024

UNCTAD (2018) 'Export Diversification and Employment' [https://unctad.org/system/files/official-document/aldc2018d3\\_en.pdf](https://unctad.org/system/files/official-document/aldc2018d3_en.pdf), Accessed 23 November 2024



**physical address:**

7 Community House, 41 Salt River Road  
Salt River, South Africa

**tel:** +27 (0)21 486 1100

**email:** [lrs@lrs.org.za](mailto:lrs@lrs.org.za)

**[www.lrs.org.za](http://www.lrs.org.za)**