



Gender equality is achieved when women and men, and girls and boys, have equal rights, life prospects and opportunities, and the power to shape their own lives and contribute to society.

The Gender Tool Box gathers knowledge material and method support on gender equality in the form of Tools, Briefs and Thematic Overviews.

## [ BRIEF ]

# Gender Equality and Trade

**Many stakeholders are increasingly interested in how international trade can better advance gender equality and women's economic empowerment. Sustainable Development Goal 5 has given additional momentum to these questions, as it emphasizes the importance of women's participation in economic life and equal rights to economic resources. This brief provides examples from different economic sectors on how gender equality, and women, men, girls and boys affect and are affected by trade in different manners. It also suggests gender entry points and dialogue questions within trade-related development cooperation.**

Gender equality is important not only for human rights but also makes sense from an economic perspective. Increasing women's participation in the economy means economic growth and more jobs, economic autonomy and poverty reduction.

### GENDER AND TRADE LINKS

Trade can be an important tool for lifting people out of poverty and advancing women's economic empowerment. Conversely, research has shown that gender equality can have a positive effect on countries' export diversification, which is an important factor in economic development.<sup>1</sup> But where gender inequality is high, trade and economic growth has less of a poverty-reducing impact.<sup>2</sup> The distribution of costs and benefits of trade depends on the underlying resources, opportunities, power, voice and security that people have to begin with. Indeed, gender

inequalities are consequently perpetuated unless dealt with. This also means that there is a limit to what trade interventions alone can do, and broader interventions and policy coherence is key. Overall considerations are:

- Women and men tend to work in different sectors and produce different goods and services, and in different jobs within the same industry (with women often at the lower end of the responsibility and pay scales).
- Women have seen increased job opportunities in sectors such as manufacturing following trade liberalisation, but these tend to be concentrated in the lowest paid jobs, often with labour right deficiencies.<sup>3</sup> Although not a sustainable strategy, some countries and businesses have attempted to base their international competitiveness on women's low wages.<sup>4</sup>
- Women, girls and boys are more likely to be found in the informal sector, a sector not sufficiently considered in trade policy-making or negotiations.
- Because of gender-biased laws and other constraints, women often have limited ownership of assets compared to men, such as land, capital, credit and skills in demand by the private sector. These gaps create hindrances when it comes to finding trade-related employment and business opportunities.<sup>5</sup>
- 8–10 million formal Small and Medium Sized Enterprises (SMEs) worldwide are owned by women.<sup>6</sup> Women traders tend to face higher export costs, such as delays in processing export permits, lack of access to trade finance and have less knowledge about trade regulations than men.

<sup>3</sup> E.g. Oxfam Canada, 2017. *Tackling Inequalities in the Global Economy: Making Canada's Foreign Policy Work for Women*. Ottawa: Oxfam Canada.

<sup>4</sup> Viilup, E., 2015. *The EU's Trade Policy: From Gender-Blind to Gender-Sensitive?* European Parliament: DG EXPO/B/PolDep/Note/2015\_194.

<sup>5</sup> Canadian International Development Agency (CIDA), 2003. *Gender Equality and Trade-related Capacity Building: A Resource Tool for Practitioners*.

<sup>6</sup> IFC, 2011. *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*. World Bank Group: Washington DC.

<sup>1</sup> Kazandjian et al, 2016. *Gender Equality and Economic Diversification*. IMF Working Paper WP/16/140.

<sup>2</sup> Bussolo, M.; De Hoyos, R. E., 2009. *Gender Aspects of the Trade and Poverty Nexus: A Macro-Micro Approach*. Washington, DC: World Bank and Palgrave Macmillan.

- Unpaid care and domestic work is often done by women (and girls) leading to time constraints on women's access to labour markets and entrepreneurial activities. At the same time, trade and economic empowerment can contribute to transforming these patterns.
- Traditional gender roles make women the most important consumer group, driving 70–80% of all consumption at a global level, through their purchasing power and influence.<sup>7</sup>
- Trade openness can decrease prices for imports and increase access to imported goods and services, benefiting women who tend to be primary care-givers and in charge of household consumption. This is especially important for poorer households as they generally spend a larger income share on food. However, for rural populations, high transportation costs for rural markets may dilute the benefits.<sup>8</sup>
- Reduction of trade tariffs may lead to revenue loss. If this leads to cutbacks in government spending, they may affect women, girls, men and boys differently as users of public services. It has for example been noted that social services – e.g. education and health – are often affected, with disproportionate impacts on women who tend to be employed in these sectors.<sup>9</sup> If revenue loss is compensated for by e.g. raising value added tax on consumption goods, this will also have different effects depending on consumption patterns.

### A Pioneering Declaration on Women and Trade

The Joint WTO Buenos Aires Declaration on Trade and Women's Economic Empowerment from 2017, was signed by 121 members. It states, inter alia, that: "inclusive trade policies can contribute to advancing gender equality and women's economic empowerment, which has a positive impact on economic growth and helps to reduce poverty..." The signatories agree to collaborate on making trade and development policies more gender responsive, e.g. by sharing of experiences, removing barriers and developing tools.

## ECONOMIC SECTORS

### Agriculture

This sector tends to see the largest increase in exports following a trade opening in developing countries, due to differences in endowments and other factors, with many countries having experienced significant job creation and income generation as a result. There is, however, a distinction to be made between subsistence farming and cash crops for exports, where women are predominantly occupied in the former and men in the latter.<sup>10</sup> But even

in export-oriented crops and horticulture, women often provide substantial labour in the cultivation, harvesting and post-harvest handling, but their work is often low- or even unpaid compared to men's.

Inequality in access to agricultural inputs, support services and markets makes it difficult for women to reap the benefits of trade. For example, extension and advisory services can be important for agricultural productivity and nutrition, yet one review found that women across all reviewed developing countries had significantly lower access to such services than men.<sup>11</sup> In Malawi, only 10% of vehicles, 15% of bikes and 2% of animal drawn carts belong to women farmers.<sup>12</sup> In Kosovo women own 8% of land, and the commercial and agricultural bank credit to women constitute only 3% of all credits, limiting their access to trade.<sup>13</sup>

### The Importance of Small-scale Cross Border Trade (CBT) for Gender Equality

Small-scale, sometimes informal, trade deserves special attention. In eastern and southern Africa, informal trade is e.g. estimated to amount to as much as 30–40% of total formal trade, and a majority of these traders are women. It is reported that traders often face physical harassment, gender-based violence and requirements to pay bribes. These groups, and women in particular, lack power and voice to influence policy-making and regulatory issues. Awareness raising on traders' rights, setting up mechanisms for reporting irregularities, safer procedures, improved border posts and working with the customs officials are recommended actions.<sup>14</sup>

### Manufacturing

The manufacturing sector can provide an opportunity for formal jobs for women without deep skill requirements, as seen in East and South Asia. Increased income and empowerment can come with paid work positively influencing a woman's life and changing the perceptions of gender roles at household and society level. In Bangladesh, a study found that an expansion of garment jobs for women led to increased schooling among younger girls as well as delayed marriage and childbirth. One reason for this was increased demand for and rewarding of skills.<sup>15</sup>

Export-oriented manufacturing generally seems to be associated with better jobs, but gender inequalities and decent work deficits are still very often significant. In Madagascar, 80 percent of new garment jobs were found

7 Brennan, B., 2015. Top 10 Things Everyone Should Know About Women Consumers. *Forbes*, Jan 21<sup>st</sup>, 2015.

8 World Bank Group and World Trade Organization (WTO), 2015. *The Role of Trade in Ending Poverty*. WTO: Geneva.

9 [United Nations Conference on Trade and Development \(UNCTAD\) \(2017\): Trade and Gender Tool Box](#). UNCTAD/DITC/2017/1.

10 UNCTAD, 2014. *Virtual Institute Teaching Material on Trade and Gender*. New York and Geneva: United Nations.

11 Manfre, C.; Rubin, D.; Allen, A.; Summerfield, G.; Colverson, K. and Akeredolu, M. (2013). *Reducing the Gender Gap in Agricultural Extension and Advisory Services*. Modernizing Extension and Advisory Services (MEAS) Discussion Paper 2.

12 Higgins, K., 2012. *Gender Dimensions of Trade Facilitation and Logistics: A Guidance Note*. The World Bank.

13 Sida, 2014. Gender Country Profile of Kosovo.

14 Brenton, P. et al, 2013. *Women and Trade in Africa: Realizing the Potential*. Washington DC: World Bank.

15 Heath, R. and Mobarak, A. M., 2015. "Manufacturing Growth and the Lives of Bangladeshi Women." *Journal of Development Economics*. 115: 1–15.

to be occupied by women.<sup>16</sup> Export processing zones have created many jobs for women, although they can also be associated with low wages and labour right deficiencies. Women working in these export zones have e.g. reported forced pregnancy testing, sexual harassment, and physical abuse.<sup>17</sup>

### Services

The service sector also holds potential for women's economic empowerment. In Sub-Saharan Africa, the share of women employed in the service sector has increased steadily since the 1990s and in tourism as one example, women make up 65 percent of the labour force.<sup>18</sup> Service liberalisation has led to increased employment for women in sectors such as back-office processing and call centres in many Asian countries.

There is, however, a large gap between low-skilled, low-paid line-workers and higher-skilled, higher-paid, positions. Especially in areas such as ICT, financial services and tourism, there is high premium on hard and soft skills, making women disadvantaged and an upward job transition difficult.

E-commerce is another area with huge opportunities. In Africa, around 75 percent of e-commerce firms are women-owned.<sup>19</sup> But a digital gap persists in many countries through which women have less access than men to the internet. Bringing women online could contribute to USD 18 billion to the annual GDP of 144 developing countries, according to one study.<sup>20</sup>

### Analyzing Gender Effects of Trade Agreements between the EU and Eastern Europe

In 2014, the EU signed Association Agreements, including Deep and Comprehensive Free Trade Areas (AAs/DCFTAs), with Georgia, Moldova and Ukraine. Sida commissioned a study to understand how men and women in these three countries might be impacted differently from these agreements, and to identify action areas.<sup>21</sup> Among the recommendations, the study recommended support to women-owned SMEs in complying with EU standards, support the expansion of the service sector and help institutions to implement their own gender action plans. This effort has helped Sida identify future interventions and has also served to encourage Sida to undertake similar analyses of other trade agreements and reforms.

### ENTRY POINTS

While prioritization and design of interventions will always be context-specific, the following four areas illustrate important entry points and potential dialogue questions for development cooperation.

### Trade Analysis and Policy Formulation

- a. Support statistics development, surveys and data-gathering disaggregated by sex.
- b. Encourage "ex-ante" gender analysis of possible trade policy reforms/agreements.<sup>22</sup>
- c. Improve mechanisms for stakeholder engagement and improved capacity to engage. Consultations should be undertaken with all the relevant government stakeholders, including on gender, as well as civil society organisations and women's business networks.
- d. Pay attention to trade and export policies and strategies for gender mainstreaming and/or inclusion of a focus on sectors that are likely to improve women's economic empowerment. As an example, Free Trade Agreements (FTAs) can include gender considerations. More and more FTAs have specific gender chapters, highlighting e.g. important sectors or areas for cooperation.
- e. Assess the level of gender institutional capacity among trade policy lead institutions and other stakeholders. Capacity building or other types of organisational support might be needed to increase their ability to be gender responsive.

### Dialogue – Trade Analysis and Policy

- What sectors are affected by the trade policy/regulation/agreement? Who works in this sector? In what positions? Are there gender pay gaps?
- What working conditions do women, men, girls and boys face in the sector?
- What are the consumption patterns of different groups in the affected sector?
- Who is and/or should be included in policy design and who are not currently represented? Which gender/women's trade and non-trade organisations could be engaged? Are there "change agents"?
- What kind of gendered socio-economic impacts are being monitored – if any – in the implementation?
- What can be done to mitigate potential negative effects and risks for particular groups from increased import competition?

### Trade Facilitation and Standards

- f. Map trade processes and logistics with an aim of identifying partnerships, networks and organisations that aim to address gendered constraints.<sup>23</sup>

16 UNCTAD, 2014. "Virtual Institute Teaching Material on Trade and Gender"

17 Melanson, K., 2005. An Examination of the Gendered Effects of Trade Liberalization. *Journal of Policy Perspectives*, vol 12: 10-17.

18 Lipowiecka, J and Kiriti-Nganga, T., 2016. *The Gender Dimensions of Services*. Geneva: International Centre for Trade and Sustainable Development (ICTSD).

19 International Trade Centre, 2017. *New Pathways to E-commerce: A Global MSME Competitiveness Survey*. ITC: Geneva.

20 Intel, 2013. *Women and the Web*.

21 Spear, A.; Kokanova, N.; Madyuk, L.; Dadalauri, N.; Buzu, A.; Engvall, L. (2016): "Gender analysis of the EU AA/DCFTAs with Georgia, Moldova and Ukraine". InDevelop Final Report for Sida.

22 E.g. UNCTAD, 2017. *Trade and Gender Tool Box*.

23 de Haan, A., 2016. *Enhancing the Productivity of Women-owned Enterprises: The Evidence on What Works, and a Research Agenda*. Ottawa: International Development Research Centre.

- g. Raise awareness on gender aspects in the development and implementation of standards among government officials and experts. In the dissemination, share information and training on how to comply with standards, outreach to both men and women needs to be considered.
- h. Pay attention to informal and/or small-scale women traders, improve legal status of traders, raise awareness on traders' rights, set up mechanisms for legal support or reporting harassment or corruption/sexortion, simplify trade documents and gender-sensitive physical border design (e.g. access to toilets, lighting).
- i. Support improvements in physical and digital connectivity and ensure equitable access for both women and men.

#### Dialogue – Trade Facilitation and Standards

- Who is/should be consulted in the development and implementation of standards and trade procedures (in government, CSOs or the private sector)?
- How can equal access to information and capacity building, including on trade opportunities, among men and women be ensured?
- What constraints and/or opportunities in cross-border trade are there for women and men?
- How does cross border trade affect migration flows? Family compositions and unpaid care work? How does a lower price affect business on each side of the border?

#### Building Capacity of Women to Engage in Trade and Supporting Gender Mainstreaming in Global Value Chains

- a. Support export promotion for women-owned SMEs, e.g. identification of market opportunities, skills development, access to credit, access to information on trading procedures and compliance.<sup>24</sup>
- b. Support inclusion of women in business organisations and networks.<sup>25</sup> This could include support to gendered outreach strategies for business networks or setting up specific business networks for female exporters.
- c. Build capacity on standards and certification for female suppliers/exporters, and improved access to information for female producers.
- d. Support women's upgrading and address Decent Work gaps in export-oriented industries. Examples include on-the-job training, improved social dialogue mechanisms on wages, unionization, awareness raising on

<sup>24</sup> *ibid*

<sup>25</sup> Pozarny, P., 2016. Trade Promotion of Female-owned and/or Managed Small and Medium Enterprises. GSDRC, available online at: <http://www.gsdrc.org/wp-content/uploads/2016/05/HDO1365.pdf>

- work/life balance, health and safety etc. This should complement work on compliance with ILO core conventions (e.g. regarding child labour, equal remuneration and the right to organize).
- e. Related, compliance with Corporate Social Responsibility (CSR) related standards<sup>26</sup> can be actively promoted throughout global value chains, with a special emphasis on gender aspects such as equal pay for equal work, non-discrimination and anti-harassment policies.

#### Dialogue – Private Sector Collaboration and Export Promotion

- Could lead firms be engaged in reforms aimed at improved gender equality in a particular sector?
- When engaging lead firms, what would a gendered value chain analysis entail in terms of differences in jobs, working conditions and rights?
- Are SMEs informed about regulatory changes? Should specific outreach strategies be used for reaching female exporters/importers?
- What are the constraints in access to credit and how does it differ between men and women?
- Who has the main reproductive work share and how does this affect access to trade liberalisation possibilities?

#### Broader Interventions

- a. Support improved gender mainstreaming in Sida's partner organisations implementing Aid for Trade.
- b. Support trade-related adjustment, such as social protection, support to labour mobility and skills development to compensate for potential income losses (for women in particular).
- c. Initiate gender-sensitive public financial management, as tariff reforms and potential cutbacks of government spending can impact women and men differently. New revenue sources might be needed to mitigate potential negative impacts.

#### FURTHER READING

- Spear, A.; Kokanova, N.; Madyuk, L.; Dadalauri, N.; Buzu, A.; Engvall, L. (2016): "[Gender analysis of the EU AA/DCFTAs with Georgia, Moldova and Ukraine](#)". InDevelop Final Report for Sida.
- [UNCTAD \(2017\): Trade and Gender Tool Box](#). UNCTAD/DITC/2017/1.
- World Bank (2013): [Women and Trade in Africa: Realizing the Potential](#). Washington DC: World Bank.

<sup>26</sup> Examples of standards are ISO 26000 and UN Global Compact.