IMPLICATIONS OF CURRENT TRADE POLICIES FOR GENDER EQUALITY

Expert paper prepared by:

Marzia Fontana *
Institute of Development Studies
at the University of Sussex
Brighton, UK

Division for the Advancement of Women
Department of Economic and Social Affairs
United Nations, New York
Fax: (212) 963-3463
daw@un.org
http://www.un.org/womenwatch/daw

* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.
The distributional effects of trade policies are gender specific because women and men have different access to and control over resources, and because they play distinct roles in both the market economy and the household. It is crucial therefore that, as standard practice, gender analysis is used to inform the design, implementation and monitoring of trade agreements. In this way, targeted attention can be given to the many ways in which trade affects women and men differently in their multiple roles as workers, consumers, and users of public services. Gender analysis should cover: changing patterns and conditions of work (including both paid and unpaid work); gender wage gaps; patterns of ownership and control over assets; changes in consumption patterns and in public provision of social services. In line with the principles of the Beijing Platform of Action, such strengthened focus on gender dimensions would contribute to the formulation of policies that enhance the positive trends associated with trade and offset negative consequences for women in general, and particular groups of women in particular.

However, progress towards increased attention to the gender perspectives in trade so far has been slow.

**What progress has been achieved so far?**

When assessing progress towards making trade processes more gender-sensitive and equitable, it is useful to distinguish between research, activism and policy-making. As far as research is concerned, the gender-specific effects of trade policies are now better understood and documented than fifteen years ago, although important gaps in our knowledge remain. Since the first analysis of empirical evidence in this area (Joekes and Weston, 1994), several new studies have been undertaken (van Steveren et al, 2007, and Fontana, 2009 provide recent comprehensive reviews). Initiatives in the form of awareness campaigns, training and lobbying have also been implemented. These include various projects by the Commonwealth Secretariat (for example Atthill, Carr, and Williams, 2007) and by women’s nongovernmental organizations (NGOs), the constitution of gender and trade ‘Expert Groups’ within governments (for example in the UK) and the creation of worldwide networks (such as www.genderandtrade.com). Despite these activities, however, awareness of gender aspects at the level of trade policy-making and implementation continues to be mostly absent.

Most analysts would agree that progress towards meeting the MDG 8 target of ‘developing further an open, rule-based, predictable, non-discriminatory trading and financial system and providing tariff- and quota-free access for LDC exports’ has been disappointing. The failure to conclude the Doha Round of trade negotiations initiated in 2001 to address the needs of developing countries according to a ‘development agenda’ constitutes the most visible gap in the area of trade. The current economic and financial crises present a further challenge to the achievement of the Goal. Protecting and enhancing women’s economic opportunities and rights should be a key element of an equitable trade strategy, but this aspect has not received sufficient attention in trade negotiations.

Efforts at further trade liberalization continue, and a number of new regional trade agreements are being ratified. For example, the European Union (EU) this year signed Economic Partnership
Agreements (EPAs) with six regional groupings from African, Caribbean and Pacific (ACP) countries. EPAs originated from the proposal of the EU to negotiate with the ACP countries on the basis of reciprocal free trade agreements, in contrast with previous agreements based on trade preferences. A broad trade and development strategy known as Cotonou Agreement was approved in 2000 to provide guiding principles for the future negotiations. Whilst the Cotonou Agreement does include some gender-relevant provisions, none of the specific EPAs texts just agreed upon seems to refer explicitly to the gender aspects of trade. A gender equality focus also seems to be missing in many of the recent diagnostic trade integration studies (DTIS), conducted by the World Bank in collaboration with other donors through the Integrated Framework for Trade-Related Technical Assistance.

What do we know about the gender effects of trade?

The effects of trade expansion and liberalization for women have been mixed, and have included positive and negative dimensions, depending on a range of factors and preconditions. Because trade practices and gender relations are diverse, there will always be contradictory effects. Thus, the focus of any trade impact assessment should be on understanding the many channels through which reforms may affect specific groups of women and men, in specific contexts.

Greater trade openness can affect gender inequalities at the macro, the meso and the micro levels. Inequalities in employment between women and men in a country may narrow, for example, if the sectors that expand as a result trade liberalization have a higher percentage of female workers than the sectors that contract. In other countries, women may be negatively affected if they are disproportionately employed in sectors that are exposed to import competition, and, importantly, if their opportunities to find employment in other sectors are limited due to lack of assets, employers’ prejudices and other market biases. Other gender-specific impacts relate to women’s control over household spending, which may decrease or expand, depending on whether trade liberalization destroys or creates sources of independent income for women. The fiscal impact of trade liberalization and its gender-specific effects depend on the relative importance of tariff revenue in government financing, the alternative taxes that the government may introduce to compensate for the loss, and the extent to which public expenditure to address disadvantages women face is a priority for the government. Whether the liberalization of imports benefit poor consumers, and in particular women in their role as principal home managers and family care providers, will depend on whether tariff cuts translate into cheaper consumer goods, and on whether the cheaper imported goods constitute an important share in low income households’ consumption baskets. Employment, consumption and public provision effects may in turn have important consequences for the gender-specific distribution of unpaid work among household members, including children. As this account shows, the net effects of a trade reform on gender equality and poverty reduction can be very complex. Not all of these gender differentiated effects are equally well documented in the literature, and some are better understood than others.
Quantity and quality of jobs

In the past thirty years, women seem to have benefited the most from trade expansion in countries that have specialized in the production of basic manufactures. This is because women are disproportionately represented in the workforce of sectors such as textiles, and because prevailing norms make their entitlement to the rewards from their own labour stronger than to those of other factors of production, such as land. Women’s weaker property rights to land, their limited access to other resources required to run their own businesses, and strong gender biases in a number of markets, have limited women’s gains from trade in agriculture-based countries. These forces are likely to have contributed to the weak supply response of African agriculture to export opportunities (Joekes, 1999a). Evidence that farm output is less than the maximum that could be produced due to unequal resource distribution between male and female household members can be found in Burkina Faso (Udry, 1996 and Smith and Chavas, 1999), Tanzania (Tijabuka, 1994) and Zambia (Wold, 1997).

The greater the share of garments, textiles and electronics in a country’s exports, the greater the employment-creating impact of trade has been for women (Standing, 1999). The gains in manufacturing employment appear to have been particularly strong in Asia (especially the four East Asian ‘tigers’, but also Bangladesh and Sri Lanka in South Asia, and Malaysia, Indonesia, Thailand, and the Philippines in South East Asia), with limited expansion also in Latin America (most notably Mexico, but also Central America and the Caribbean). Evidence from the manufacturing sector of the African region indicates mostly declines in output and job losses due to import displacement, for example in South Africa and Zimbabwe.

The feminization of employment through export orientation appears to have been more common in the manufacturing sector and in semi-industrialized economies than in agriculture-based economies. Expansion of traditional agricultural exports has created employment in some cases, both on the fields and in processing and trading activities associated with increased commercialization. But the employment gains appear to be larger for men than for women. Women farmers find it difficult to become independently involved in the production of export crops because of limited access to credit, technology and marketing channels as, for instance, documented for Samoa, Mozambique, and other Sub-Saharan African countries by Carr (2004).

Even without direct involvement, women often increase the amount of time they contribute to their husbands’ commercial crops, leading to higher female unpaid work burdens. Despite their significant contribution to the cultivation of family crops as unpaid labour, women often have no control over the income generated from their work, as studies on agricultural exports in India, Senegal and Kenya show (for the Indian Punjab, Singh, 2002; for Senegal, Maertens and Swinnen, 2009; for Kenya, Dolan, 1997). The effects of the expansion of agricultural exports on women and men appears to vary also depending on their respective roles in regard to particular crops, but this may itself be endogenous. There is evidence, for example, that even when a crop is traditionally grown by women, its commercialization causes men to enter the sector and take over production. This was the case for groundnuts in Zambia (Wold, 1997), rice in The Gambia (von Braun et al, 1994) and leafy vegetables in Uganda (Shiundu and Oniang’o, 2007).
Poor households, and particularly poor women, seem able to benefit from incorporation into international agricultural trade only through labour markets (i.e. increased employment opportunities on estate farms or packing houses) and not through product markets (as self-employed). Wage employment in non-traditional agro-export production is emerging as a significant source of employment for rural women particularly in Latin America, in countries such as Colombia, Ecuador, Brazil, Chile, Mexico, Peru, as well as in some Sub-Saharan African countries such as Kenya, Uganda, Zambia, Zimbabwe and South Africa and, more recently, Ethiopia. These sectors, however, remain small and employ a relatively small share of the rural labour force.

In non-traditional agricultural exports (NTAEs), the position of women wage workers appears to be more precarious than that of men. For instance, in South Africa, women constitute 69 percent of temporary workers (Kritzinger and Barrientos, 2004), and in Tanzania, the constitute 85 percent of the casual workers planting, harvesting and grading on flower farms are women, while men occupy managerial positions (ILO, 2003). Working conditions in packing plants in the lemon sector in Northern Argentina remain rather poor, particularly for women, despite increasing pressure on business owners to comply with better standards (Ortiz and Aparicio, 2007).

Importantly, most of the jobs created for women by trade liberalization do not seem to challenge gender stereotypes. Many are traditional ‘female’ jobs that do not appear to provide long-term employment opportunities. The growing flexibility and vulnerability in working conditions in export-oriented sectors has been emphasized by many authors (Standing, 1999, Barrientos and Dolan, 2003, Kabeer, 2003, Chen et al., 2005, among others).

Studies (for example ILO, 2009) find little decline in employment segregation over the last two decades: female workers remain confined to female jobs, with little opportunity to enter previously male dominated sectors and occupations. There is evidence of a moderate decline in horizontal job segregation in some countries. In the newly industrialized countries (NICs), for example, women are increasingly employed in export-oriented services such as information processing, tourism and financial services (UN, 1999; ILO, 2009). But vertical segregation appears to persist and, within sectors, hierarchies have become more pronounced. Such is the case in Bangladesh (Paul-Majumder and Begum, 2000), Madagascar (Nicita and Razzaz, 2003) and Mexico (Fleck, 2001), where women are increasingly occupying low-level occupations and men take up supervisory roles.

In Bangladesh, female employment in manufacturing continues to be highly concentrated in one single activity, i.e. ready-made garments, while other, more dynamic export oriented textile sub-sectors, such as knitwear, have predominantly male workers (Kabeer and Mahmood, 2004). In Mexico, maquila employment for men has risen significantly more than for women in the past years, because of the increased importance of sectors such as transportation equipment which is dominated by men.
Women’s share of the total labour force in export processing zones (EPZs) declined from 77 per cent in 1980 to 57 per cent in 1998 (Fleck, 2001). Similar declining trends in the share of female employment in EPZs are found in Mauritius, South Korea, Malaysia and Singapore (Kusago and Tzannatos, 1998, Gammage and Mehra, 1999). These trends indicate that, over time, the process of feminization of export employment may decline (Joekes, 1999b). It is not clear however, what prevents women from benefiting from upgrading and shifting production toward skill-intensive goods, because gender-based educational gaps are narrowing in many countries.

A constraint that often prevents women from seizing new opportunities, both in agriculture and in wage employment, is the heavy burden of household responsibilities that falls disproportionately on them. There is wide-spread evidence of the increasing time burdens for women when they take up paid work. Studies from settings as different as the cut-flower industry in Ecuador (Newman, 2001), EPZs in Malaysia (Kusago, 2000), the off-farm informal sector in Guatemala (Katz, 1995) and NTAEs in Kenya (McCulloch and Ota, 2002), all point to the presence of other female members in the household as a determinant of women’s participation in new opportunities created by trade. These other female household members might be mothers or older daughters who are available to take on household duties relinquished by women who go out to work.

**Earnings**

Evidence on changes in female and male wages associated with trade liberalization is sparser than that on employment, and is mostly limited to formal manufacturing and to a few (mainly middle-income) countries. Data exclude the informal sector, and at times also small firms in the formal sector, which is where many women work, thus providing an incomplete picture even of the manufacturing sector. Overall, the gender wage gap remains large in most countries, surprisingly even in countries where there has been rapid growth in exports that relied on female labour.

Some studies of East Asian countries explain pay discrimination against women as a result of employers’ objective to maintain export competitiveness, predicting, and finding, that greater openness widens the gender wage gap. For example, Seguino (2000) argues that divergent trends in the unadjusted gender wage ratio in Taiwan and Korea during 1981-1992 are related to differences in the nature of foreign direct investment flows in the two countries. Greater mobility of capital in Taiwan’s female labour-intensive sectors leaves women workers more vulnerable to losses of bargaining power in wage negotiations. In Korea, an environment of lesser capital mobility encourages firms to maintain competitiveness by other strategies such as technological upgrading and improvement in product quality.

In Bangladesh, trends in female/male wage differentials in the garment industry indicate a narrowing of the gap from 1983 to 1990, but a widening from 1990 onwards. This change is attributed to a higher proportion of men taking up high skilled jobs and an increase in the number of temporary workers among women (Paul-Majumder and Begum, 2000; Kabeer and Mahmood, 2004). A study of Mexico (Fleck, 2001) finds that female/male wage ratios in the maquila sector
vary greatly between industries. The gender wage gap widens in industries that have a higher concentration of women and greater capital intensity.

One of the factors that inhibits the narrowing of the gender wage gap is related to the informalization of labour contracts through subcontracting and outsourcing. Since workers in these arrangements are mostly female, an increasing proportion of women’s work is being shifted into the informal sector where wages are significantly lower than for jobs in the formal sector (for example Balakrishnan, 2002).

**Allocation of resources and time within households**

By changing employment opportunities and earnings patterns of women and men, trade liberalization is likely to influence the allocation of time and resources among household members. Since women and men, younger and older people, have different needs and preferences (for example, for health care and nutrition), changes in the allocation of time and consumption goods will affect their welfare differently. To the extent that trade leads to changes in the public provision of social services, it might also affect intra-household dynamics, but no study of this relationship seems to exist.

These dimensions are rarely included in analyses of trade impacts. Most of the studies that include analysis of nutrition, health and time allocation effects resulting from trade are in agriculture and fairly outdated. Further research in this area is to be strongly encouraged.

The limited evidence available suggests that women usually do not play a significant role as decision makers and managers in predominantly commercialized crop production, even when cultivation of typical ‘women’s crops’ is promoted (e.g. rice in The Gambia). In Guatemala (von Braun and Immink, 1994), changes in allocation of women’s labour time to export-oriented production came at the expense of women’s other off-farm activities, which had been a source of independently controlled income for them.

An important finding from a study of the expansion of sugar cane production in Kenya (Kennedy, 1994) indicates that increases in women’s own income was associated with decreases in their body mass index. For many women, energy expenditures increase as a result of the additional work. This increase in the energy intensity of activities was greater than the concurrent increase in their caloric intake.

In a study of the impact of growing broccoli and snow peas in the central Highlands of Guatemala, Katz (1995), too, finds a loss of control over income by women. In this case, women’s labour contributions to the new male-controlled crops are not at the expense of their own income generating activities but, rather, are made by sacrificing domestic production, which may in part be compensated by increased activity of older daughters. A negative impact of NTAEs on young girls’ use of time is also found in a study of Uganda (Elson and Evers, 1996). Extra demand on women’s labour time due to vanilla production is transferred to their daughters. Pollination by hand at critical stages in the growth cycle is often undertaken by girls at the expense of their schooling.
In sum, the record of the links between trade, gender equality and poverty reduction is mixed. Some groups of women seem to have benefited in terms of wage employment, mostly in countries that export labour-intensive goods or where non-traditional agriculture is expanding. The vulnerability of workers, however, has increased and most of the jobs created for women by trade liberalization do not appear to provide long-term employment opportunities.

One of the main consistent findings across regions is that, because of restricted access to productive resources, poor infrastructure and market biases, many marginalized women are unable to take advantage of any new economic opportunity resulting from trade, especially if they are small producers. Any differences in effects on women’s and men’s consumption levels and access to public services are not sufficiently documented.

Research on gender perspectives and trade need to be considerably strengthened, particularly with regard to the effects of trade on intra-household dynamics and the availability of social services. Both quantitative and qualitative sectoral studies are needed together with a more systematic collection of detailed sex-disaggregated statistics, with periodic updates.

What actions are required for strengthening attention to gender perspectives in trade policy-making?

Governments and the international community could take a number of actions to enhance attention to gender perspectives in trade policies and increase better outcomes for women. These actions should aim to: (a) create a sound information base, (b) reduce gender biases in access to economic resources and strengthening enjoyment of rights, and (c) support broad-based participation in trade consultations and negotiations.

Creating a sound information base
It is important to include a sound and detailed gender analysis in diagnostic trade integration studies or any other trade impact assessment. Towards this end, efforts of partner governments and statistical offices to regularly collect detailed sex-disaggregated data should be promoted and encouraged. More quantitative and qualitative research aimed at gaining a better understanding of the impact of trade on specific groups of women and men should be funded. More specifically:

- Agricultural data reporting employment status, access to resources, and types of crop grown by workers are rarely disaggregated by sex. Sex-disaggregated information on earnings is even sparser than information on employment patterns. Filling these gaps is crucial, especially for the agriculture-based countries of Sub-Saharan Africa.
- Gender statistics must be collected at a highly disaggregated level: simply knowing how the female workforce is distributed across the agriculture, manufacturing and services sectors in aggregate form is insufficient to analyze gender-specific impacts of trade agreements, which usually list products to be liberalized in tariff codes at the 8-digit level.
Data need to be produced in a timely manner and at regular intervals: without an understanding of trends and changes over time, an accurate assessment of gender-specific impacts of trade reforms cannot be undertaken.

- The collection of time-use data, and their periodic updates, in a representative sample of countries where infrastructure deficits are large, should be supported.
- Gender training for statisticians and local women’s organizations that work closely with national statistical offices and promote the regular use of gender statistics in economic policy-making should be encouraged and supported.
- More independent trade research in key areas, both qualitative and quantitative studies, should be encouraged and supported by different stakeholders.
- Gender analysis should be undertaken as part of monitoring the implementation of trade agreements.
- The completion of gender impact assessments of future trade agreement should be required.

Better data and in-depth research to inform the design of policies would lead to more targeted and effective interventions, and should be better supported by governments, the donor community and other stakeholders.

**Reducing gender biases in access to economic resources and strengthening enjoyment of rights**

Improving the gender-sensitivity of ‘Aid for Trade’ (AfT) efforts should be a key priority for action. The extent to which AfT has been operationalized in a gender-sensitive manner is still unclear. Gender-sensitive interventions in the areas of (i) support for trade-related infrastructure, and (ii) building productive capacity, are crucial to enable vulnerable women and men to take advantage of improved trading opportunities. Interventions should not be limited to protect (through exemptions) a few traditionally ‘female’ industries or to support well-established export sectors, but should be aimed at enhancing the economic participation of vulnerable women and men at every level. Measures will be context-specific and could include, among others:

- Support gender-responsive budget initiatives to ensure that decisions on public expenditure and taxes in response to tariff revenue loss are informed by a sound understanding of the gender implications of fiscal policies.
- Finance road and other physical infrastructural projects that reduce women’s time and energy burdens.
- Promote gender audits of trade-related administrative procedures.
- Design agricultural vocational training and extension services to meet the specific needs of female farmers.
- Promote skills development for women to enhance their ability to participate in non-traditional female sectors.
- Support the full enforcement of core labour standards and anti-discrimination legislation.
- Protect women’s rights to their own savings and financial assets and assist them in claiming a fair remuneration for their contribution to the family business.
- Promote institutional mechanisms that foster women’s participation in groups, particularly focusing on small producers and traders.
Supporting broad-based participation in trade consultations and negotiations

Support is needed for enhancing the capacity of civil society organizations to monitor the implementation of trade agreements and to hold governments and the international community accountable for their commitments on gender equality. This could include:

- Promotion and sharing of gender-aware economic and trade research, knowledge and information amongst women’s organizations and networks.
- Fostering collaboration among various government departments (Trade, Planning, Women’s Ministry, Statistical Bureau, etc.) with civil society organizations.
- Maintaining an open dialogue with civil society stakeholders (workers’ organizations, women’s organizations, the media, etc.) during trade negotiations and in monitoring processes.
References


WorldBank, 