

**Gender in Global and Regional Trade Policy: Contrasting
Views and New Research.**

University of Warwick, 5 – 7 April 2006

Title: Trade and Gender: Opportunities and Challenges

Author: Anh-Nga Tran-Nguyen (UNCTAD)

Email: Anh-Nga.Tran-Nguyen@unctad.org

Tabled paper for session 2; Approaches.

Introduction

" The issues of inequality relates centrally to the disputes over globalisation. A crucial question concerns the sharing of potential gains from globalisation, between rich and poor countries, and between different groups within a country" (Amartya Sen)

The social impact of trade liberalisation and trade negotiations is as important as the economic impact. The poor and vulnerable group of people are those who suffer the most from any setback in the economy, as they do not possess income or capacity to adjust to any adverse impact, and the risk of further social inequality will undermine social peace and the foundations for an equitable development. Gender equality is an important aspect of this debate on social impact of trade liberalisation.

Let me begin by saying that the question of gender equality has multiple implications in the economic, social and cultural spheres because of women's roles both as economic agents and caretakers of families and communities. Gendered social norms derived from the sole consideration of the reproductive role of women have tended to limit their status in both the economic and political arenas, thus perpetuating gender inequality in society.

Gender inequality in the economy has many dimensions, involving inequality of opportunities (capacity to earn income) as well as outcomes (role and status of women in the economy). These dimensions may be expressed in terms of:

- Employment opportunities - opportunities to participate in the labour market in all sectors (horizontal distribution of activities) and all occupations (vertical distribution of activities in a profession);
- Returns from labour (wage equality);
- Conditions of work and quality of employment;
- Access to basic services (such as health and education);
- Access to resources (such as land, credit and business services);
- Empowerment (participation in decision-making);
- Distribution of income inside and outside the household (or poverty levels).

Trade and gender equality

Trade, while an essentially economic phenomenon, has, nevertheless, significant consequences for gender equality. For example, trade can positively influence the distribution of income between men and women, by creating new employment and business opportunities. Indeed, by expanding markets and increasing production, trade is a window of opportunities for women, as workers or as entrepreneurs.

Generally speaking, trade can affect gender equality in different ways, through:

- A positive or negative impact on growth and employment opportunities;

- Competitive pressures, which may reduce or encourage gender discrimination, in particular wage differentials;
- Facilitating or raising barriers to access by women to resources and services; and
- Multilateral trading rules, which may facilitate or constrain governments in applying policies or regulations that address gender inequality.

Women, in turn, have largely contributed, as workers or entrepreneurs, to enhancing the export capacity of their countries. It has been asserted, for example, that the industrialization of the newly industrialized countries is as much female-led as it is export-led. In the services sector, which is growing fast in many countries, developed as well as developing, a large number of service firms are very small or micro enterprises owned by women, and over half of them operate as a home-based business. Women-owned businesses also appear to be as likely, or even more likely than men-owned businesses, to export services.

It is generally found that international trade has, in a number of developing countries, contributed to the redistribution of income in favour of women, due to the numerous employment and business opportunities created by trade in the textiles and clothing and other labour-intensive manufacturing, non-traditional agricultural exports and services (related especially to outsourcing activities and movements of natural persons) sectors. As a result, not only is the status of women in society and within their households enhanced by their capacity to earn income, countries as a whole also benefit from women's work as it significantly contributes to export competitiveness and industrial diversification. It is estimated that the percentage of female employment in export processing zones in developing countries varied between 51 and 90 per cent.

However, there are cases where women, in particular poor women, have been made worse off. In the agricultural sector, poor women growing traditional crops suffer from increased marginalization as a consequence of the growing competition brought about by import liberalization, combined with their difficulties of access to land and other resources.

In the sector of services, the possible impact of liberalization in trade in services on women can be significant in some sectors such as outsourcing, movement of natural person, Information and Communication Technology (ICT). The vast majority of services firms in developing countries are small and are facing formidable competition in the global marketplace as a growing proportion of the largest firms in the world are service firms. Women-owned service firms are in general small or micro-firms. Much of the lobbying for liberalization of trade in services has come from these major service transnational corporations who seek more liberal and predictable access to foreign markets. This has led to an overemphasis in the negotiations within the GATS on Mode 3 (Commercial presence), which is of particular interest to large service suppliers, rather than Modes 1 and 4, which are more commonly used by small service suppliers.

Women's participation in developing-country trade in services has been growing steadily, in many cases mirroring the feminization of many light manufacturing export

sectors. Mode 1 and Mode 4 delivery of services have become the main vehicles for greater participation by women in developing countries' exports of services. Mode 1 involves cross-border trade in services, most commonly through the use of ICT. Mode 4 involves the temporary movement of service suppliers of one country to supply services in the territory of another country. Women also have a strong interest in Mode 2, which involves the movement of consumers from one country to another to avail of the services there. Mode 2 is particularly relevant in the tourism and health services sectors, in which women workers are predominant. Mode 3, the establishment of a commercial presence in another country for the supply of services, is not used much by women as it involves the deployment of capital and risk-taking in foreign markets, for which women entrepreneurs are not generally equipped, often due their limited access to financial resources. However, women do benefit from the establishment of the commercial presence of foreign firms in many developing countries, especially in the financial and commercial service sectors, although they continue to be concentrated in lower paid and support positions.

While export-oriented sectors offer more employment opportunities for women, female workers are often preferred in labour-intensive industries because they are considered as cheap and flexible labour. There is a risk that female wages are kept low in order to maintain cost competitiveness in labour-intensive industries. Furthermore, these industries, like the case of textiles and clothing after the phasing out of the MFA, might migrate to countries offering a large pool of cheap labour. Under these circumstances, safety nets or retraining for affected female labour force, especially in low income countries, should be put in place to alleviate adjustment costs for women.

In a few, limited instances, existing multilateral trade norms can create some constraint on the ability of governments to pursue gender equality through domestic policies and measures. Furthermore, as gender equality is a fundamental human right, the interface between the human rights legal framework and international trade law obligations remains important in the context of promoting sustainable human development.

The opportunities that international trade promises, as well as the challenges it poses, call for action to ensure a more equitable sharing of benefits. Capacity-building for policy-makers, as well as the use of specific analytical tools designed to assess gender-specific trade impacts, can contribute to increase awareness on gender equality concerns in the negotiation of any new trade agreement. Capacity building is also important for women traders, to help improve their abilities to share in the benefits that international trade can bring. In today's globalized world, information and communication technologies are an indispensable tool to improve women's competitiveness.

Finally, the involvement of the private sector and civil society is also important to ensure respect for gender equality in the workplace. A review of different codes of conduct implemented by transnational corporations, as well as of civil society initiatives such as fair trade, highlights possible avenues for enhancing gender equality while expanding trading opportunities for women, especially in developing countries.

Although there has been significant growth in female participation in the labour market, owing to an increase in trade, gender inequality persists under other forms:

precarious conditions of work, wage inequality, vertical and horizontal job mobility (women being confined to low-status jobs), and access to resources (finance and other business services) and services (such as health and education). Attention also needs to be paid to the risk of worsening working conditions for women because of the greater flexibility of working arrangements. Improving women's skills as well as their broader human development thus remains fundamental. Proactive government policies are needed to ensure equal employment conditions, and to provide special support to women workers and entrepreneurs. In this respect, flexibility in the implementation of multilateral trade rules is perhaps needed in order to allow governments to take affirmative action for the pursuit of the gender equality objective.

In many low-income countries (particularly those with a predominant agricultural sector), trade liberalization can displace domestic production. While women may gain as consumers of cheaper imported goods, they may lose as displaced producers, in some cases threatening the food security of their households. As women's vulnerability to adverse shocks is exacerbated by existing inequalities, any negative impact of trade liberalization and attendant adjustment costs is likely to be felt more by women than men. Under these circumstances, there is perhaps a need for careful sequencing and pacing of trade liberalization, and for concurrent efforts to diversify areas of production and provide support to small producers the large majority of whom are women. In particular, women producers, who often play a critical role in the supply of food and in the diversification of agricultural exports should be given access to adequate resources. In addition, these countries would need a special and differential treatment within the multilateral trading system along with other preferential measures from trade partners.

Potential impact of WTO rules on the pursuit of gender equality

The assessment of the impact of trade law and policy is particularly difficult, as they are generally considered as gender-neutral. However, because international trade in goods and services has a differential impact on women and men, this underscores the need for well-targeted domestic and international policies and measures, aimed at addressing any negative impact that trade liberalization may have on gender equality.

The better the impact of international trade liberalization on gender is studied and understood, the more the need for targeted policy interventions may be felt and, consequently, the more the potential constraints of current WTO rules can be appreciated. There are instances where formally "gender-neutral" rules could have, in effect, an impact on governments' ability to address trade-related gender issues and adjustment costs.

Let us take for instance the case of agriculture. The Agreement on Agriculture (AoA) does not specifically aim at ensuring food security and fostering self-sufficiency. WTO developing-country Members that intend to provide specific support for subsistence farmers need to make use of the "special and differential treatment" provisions contained in the Agreement, and, in particular, the "green box" exemptions from aggregate limits on domestic supports in such areas as extension services, stockholding for food security, domestic food aid and disaster relief. These are

important areas where existing social and economic biases against women may call for specific public intervention.

In the services sector, the flexibility of the General Agreement on Trade in Services (GATS) in allowing domestic regulations in this sector should be noted.

Governments, in principle, retain their sovereignty over domestic regulations, and can decide on the pace and extent of liberalization in services. Commitments can be made subject to conditions that address domestic concerns, such as protection of domestic suppliers, technology transfer, local content, or local employment creation. Subsidies and government procurement are not, at present, subject to discipline under the GATS. However, some ambiguity persists: under GATS Article VI, countries have a specific obligation to regulate those services where they have filed a commitment, in a reasonable, objective and impartial manner, and domestic regulations should not constitute unnecessary trade barriers. The challenge is to balance the need for transparency in domestic regulations without sacrificing public policy concerns, in order to ensure the primacy of public objectives of equity and development.

The Agreement on Trade-Related Aspects of Intellectual property Rights (TRIPS) generally recognizes the importance of promoting and enforcing private rights of intellectual property “in a manner conducive to social and economic welfare”. The regime established by the TRIPS Agreement seeks to strike a balance between, on the one hand, the positive effects that private rights may bring to society through the provision of incentives for research and development and, on the other hand, the negative effects from giving inventors temporary rights to exclude competitors from the use of new technology. In this context, there are many critics that the protection of the public interest has been penalized. For example, developing countries should use the flexibility contained in the TRIPS Agreement as far as possible to avert high costs that can accompany patent protection in the future.

Conclusion

The complexity of the interconnections between trade policy and trade rules on one hand, and gender equality, on the other hand, needs to be further understood, in order to make the objective of an open and rule-based multilateral trading system consistent with the objective of gender equality as a fundamental human right. Markets alone cannot lead to social, and gender equity in particular. Government policies are needed to address market failures and support the objective of gender equality . In some instances, policy makers need to be aware of the implications that international trade as well as multilateral trade commitments or negotiations may have in this area.