

# Women and trade



## QUESTIONS AND ANSWERS<sup>1</sup>

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### Why do gender issues matter in trade relations/agreements?

We are striving towards more equal societies both because gender equality is a human right, but also because there is an economic imperative for equality. Closing the gender gap is essential for achieving social justice and sustainable development, and reducing poverty, which is why Sustainable Development Goals 5 is: Achieve gender equality and empower all women and girls.

As an important component of economic life, trade both contributes to, and is impacted by inequality. Trade affects women differently than men. Trade also affects different women in different ways. This means that we must be aware of the differences. At worst, trade policy can increase or perpetuate inequalities – leaving women even worse off. But it is more often the case that trade policies and changes maintain the status quo in terms of inequality. This still leaves women worse off as men can access and take advantage of the benefits of trade changes, while women are less able to. At best, trade provides opportunities for women, and contributes to structural change to promote equality.

Gender inequality also impacts trade competitiveness. This makes sense, because when women participate fully in the economy, the economy will do better. Kochlar<sup>2</sup> and others studied the impact of inequality on trade, finding – particularly in developing countries – that countries with more gender equality have more diverse exports. The authors suggest this happens through at least two channels – firstly, the gender education gap constrains the pool of human capital and secondly, gender gaps in the labour force constrain innovation.

Thus, gender equality is good for society, and it is good for trade. Trade can create a virtuous circle – if we design trade policies and agreements to uplift women, we can achieve more equality, which will in turn improve trade.

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<sup>1</sup> Along with other referred sources, this Q&A draws on materials from UNCTAD's Trade & Gender course.

<sup>2</sup> Kochlar et al, 2016. *Gender Equality and Economic Diversification*. IMF Working Paper.

## How do trade policies affect women differently?

When considering making gender sensitive trade policy (including trade agreements) it is essential that we take into account the many roles women play in the economy. It is important to consider how women and men participate in the economy in their capacity as employees, producers, consumers, unpaid workers, traders and as tax payers.

It is important to understand how trade changes affect women in each of these roles. Trade policy can play an important role in narrowing the gender gap. Or, it can contribute to widening the gap.

Trade policy changes are generally designed to change the structure of an economy. By removing trade barriers, trade can cause disruptions to the economy in terms of changed prices for goods – if trade barriers are lowered, lower prices or improved quality usually results as imports compete with locally made goods. For women, this can mean lower prices on staple goods. Lower prices achieved through reducing trade barriers tend to be pro-poor – that is, have a disproportionately higher impact on the poorer in society. As women tend to be poorer, this can improve their wellbeing.

On the other hand, if prices are lowered, this affects women as producers. It can also affect women as workers – as trade barriers shift, this sets in motion a process of adjustment and the costs of adjustment are often much higher for women as they participate in more vulnerable sectors. Formal work opportunities can shift – export driven sectors are likely to expand with the reduction of trade barriers, and sectors subject to import competition may contract. Women tend to be less likely to work in export driven sectors and so may be disproportionately affected by the changes. In addition, women, who often have fewer years of education and lower skills level are also less equipped to change sectors.

If tariffs are reduced, this can mean a reduction in public income. If this reduction results in reduced services provision, women can be particularly affected. Similarly, if it results in increased domestic tax collection, women will also be affected differently. Increases in value added taxes tend to be regressive – having a higher impact on lower income people (such as women) and income taxes increases can be problematic if they are calculated on a family or household basis as it can reduce incentives for women to work. If trade liberalization is combined with the privatization of public services, this can also increase prices and potentially reduce services to non-profitable areas – affecting rural and isolated women more. None of this is inevitable, but it is important to consider distributional affects when making any kind of fiscal policy.

But trade policy is not just about tariffs. Trade policy that is designed to facilitate trade – such as improved logistics and easier customs processes can have similar effects – making it easier for women to trade, by reducing risks and costs of trading, but potentially impacting on the earnings of other women.

Trade in services is also growing in importance. Women are disproportionately represented in services sector employment in Africa (see [tralac's analysis](#) of women in services trade in sub-Saharan Africa)

meaning that services sector development is positively associated with female employment. Trading costs for services are much higher for services than goods, so to the extent that trade policy can reduce trading costs for services, this is likely to positively affect women's trading possibilities. Trade policy that opens up services trade may make more services available to women; and may create more employment in services sectors. The major gains from services trade commitments is arguably the regulatory streamlining – this will increase service sector possibilities for both local and international services businesses.

### **How do we create trade policy that improves women's lives?**

Firstly, by identifying the gender biases that prevent women accessing the same opportunities as men, and from operating at their full productive capacity.

Collecting gender disaggregated data is also essential to understanding the different opportunities women have in an economy and society and to understand the varying impacts policy and structural changes will have on men and women.

It is then important to examine the data – this can be considered in three groups:

- capabilities – such as education, health and other basic capabilities;
- resources and opportunities - including political and economic – such as jobs and representation in leadership; and
- security – including gender-based violence, and in the overall environment.

Once we have this information, we can make trade policy with better knowledge of the impacts it will have on women. Trade policy can be beneficial to women at both the practical level and a structural level. For example, a trade policy and its implementation that helps to make small-scale, informal cross-border trading safer and simpler can support women at a practical level. A trade policy that supports expanded opportunities in other sectors meaning women do not have to rely on informal cross-border trading can assist women at the structural level. Both of these kinds of policies are needed.

Policies to achieve these goals have complex interactions and it is up to policy makers analyse and prioritise. But it is crucial that we have the information to understand the impact on women to inform those policy choices. In some cases, trade policy that is female-friendly may include trade policies that don't have a positive impact on women combined with other policies that mitigate that negative impact.

### **What are the existing mechanisms or tools that should be used to monitor the gendered impacts of trade policies and agreements and to hold governments accountable for their commitments to gender equality and women's empowerment?**

There are various mechanisms in place to monitor commitments on gender. These do not specifically

address trade, but in addressing gender inequality more generally they contribute to the monitoring of gender

Genderlinks monitors the implementation of the SADC Gender Protocol. Its recent [summary](#) for 2018 shows substantial progress in gender equality in the region. For example, 13 out of the 16 SADC countries now have equal numbers of girls and boys enrolled in primary school, up from 5 in 2009, however, the gender pay gap in eSwatini is still 54%, only a little less than the high 58% in Mauritius in 2009.

The African Development Bank produces a [Gender Equality Index](#), while COMESA launched a [Gender Statistical Bulletin](#) in 2017.

Although gender specific commitments in trade agreements are generally not yet subject to dispute resolution and not 'enforceable' as such, the SADC Gender Protocol is subject to dispute resolution. However, given the SADC Tribunal is now defunct, the Protocol is effectively not enforceable. Nevertheless, the monitoring of the commitments as part of general monitoring of both trade agreement implementation and gender equality will help to hold governments accountable.

Civil society has an important role to play in monitoring and putting pressure on governments to meet their commitments and to assess the gender impacts of trade commitments. International organisations also monitor gender equality – for example, the United Nations Development Programme produces a gender inequality index, and the World Economic Forum produces the Global Gender Gap report. UNCTAD has developed a [toolbox](#) to assist countries to assess the effects of trade policy prior to making changes (*ex ante* assessment).

## **What do we know about women traders?**

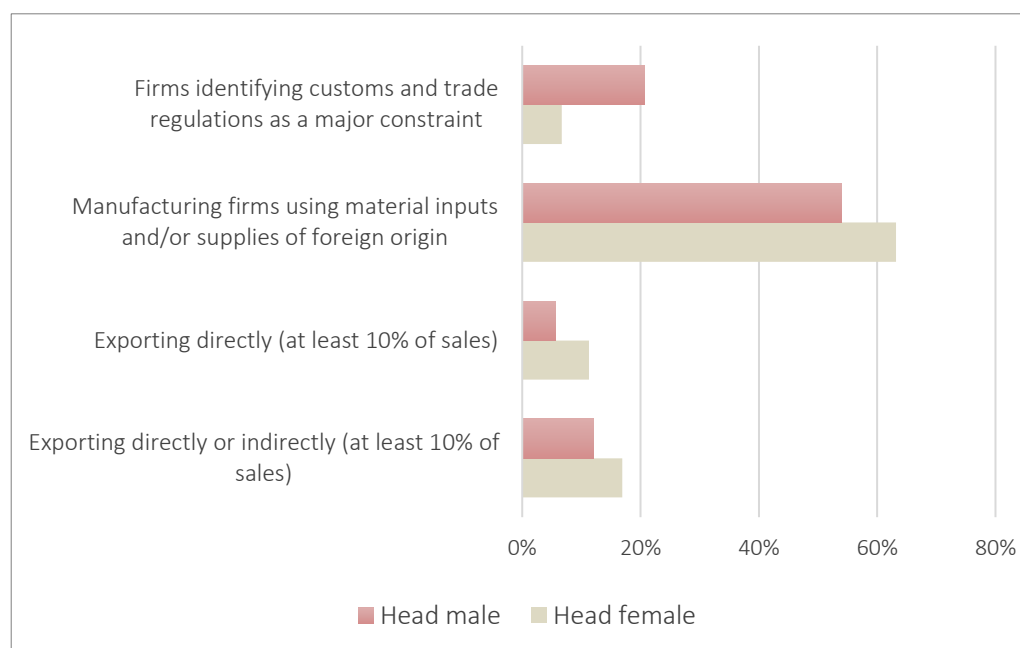
Not enough... National statistics are the best source of gender disaggregated data, and time use surveys and firm level surveys tend to provide the most granular and useful data. However, these are not implemented in all countries and statistical information is not always readily available.

Estimations around women informal cross-border traders suggest that around 70% in SADC are women, and the Food and Agriculture Organisation (FAO) estimates that informal cross-border trade (ICBT) contributes about 30-40% of total intra-regional trade in the Southern African Development Community (SADC) region and 40% in the Common Market for Eastern and Southern Africa (COMESA) region. The FAO estimates that an average of 48% of ICBT incomes are spent on household needs: food, rent, education and healthcare services. However, given the nature of informal trade, these are estimates at best. Data is also rarely updated and not systematically collected.

World Bank Enterprise Surveys provide useful, firm level data although countries are only surveyed every three to four years. Of African countries, 2018 data is available for the Gambia and Chad. Trade related indicators show that more women-headed enterprises (firms with a female top manager) are

exporting than male-headed enterprises and more female-headed manufacturing firms are using foreign inputs. Male-headed enterprises are more likely to report customs and trade barriers as a major constraint.

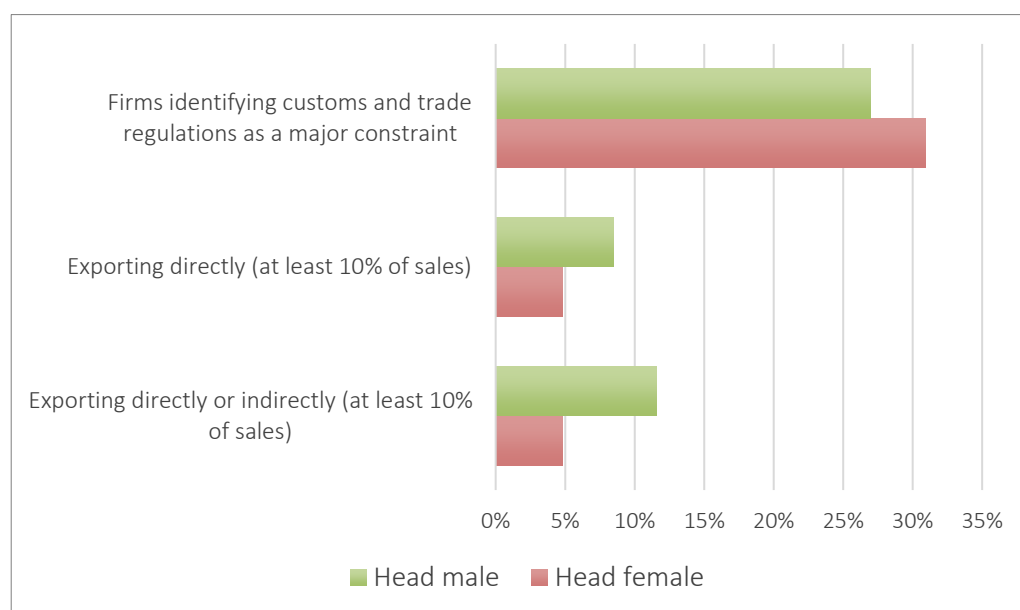
**Figure 1: The Gambia – enterprises in international trade (2018)**



Source: World Bank Enterprise Data

Female-led enterprises in Chad, on the other hand, are less likely to be engaged in international trade and more likely to report customs and trade regulations as a major constraint.

**Figure 2: Chad – enterprises engaging in international trade (2018)**



Source: World Bank Enterprise Data

This is a good indication as to why it is essential that national administrations take the differences in their economy into account in creating gender-sensitive trade policy.

Women entrepreneurs face many similar barriers to other small entrepreneurs engaging in trade, but often these can affect women more than men. Some of these barriers include:

- Concentration in hyper-local markets
- Lack of access to finance
- Informality
- Lack of information and networks
- Legal barriers to ownership of land
- Less access to skills development or vocational education
- Lack of access to transport

## **What are some of the gender commitments already in place in the regional economic communities?**

### *East African Community (EAC)*

Chapter 22 (Articles 121 and 122) of the EAC Treaty address women in development and in business. The objectives (Articles 5 and 6) also recognise the importance of gender equality and of mainstreaming gender.

In March 2017, the EAC *Gender Equality and Development Act* was passed by the East Africa Legislative Assembly.

### *Southern African Development Community (SADC)*

The SADC Treaty objectives including mainstreaming gender in community building and members commit to eliminating discrimination on the grounds of gender. The Treaty also has a Protocol on Gender and Development a 2016 revision of which entered into force on 18 August. Mauritius and Comoros are not parties to this Protocol. This Protocol covers all aspects of gender equality and development.

### *Common Market for East and Southern African States (COMESA)*

Articles 154 and 155 of the COMESA Treaty are on women in development and women in business. The goals of these Articles are supported by the COMESA Gender Policy.

### *Economic Community of West African States (ECOWAS)*

Article 63 of the ECOWAS Treaty is on Women and Development, which is expanded upon by the

Supplementary Act Relating to Equality of Rights Between Women and Men for Sustainable Development in the ECOWAS Region (2015). The ECOWAS Gender and Development Centre supports ECOWAS to achieve the goals of this Act, including an Action Plan on Gender Trade and Development.

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