



## THE ECONOMIC IMPACT OF COVID-19 ON WOMEN IN VULNERABLE SECTORS AND ECONOMIES

### INFORMATION NOTE<sup>1</sup>

#### KEY POINTS:

- Women are at risk of suffering more than men from the trade disruption generated by the COVID-19 pandemic. One of the reasons for this is that a larger share of women works in sectors and types of firms that have been particularly hard-hit by the pandemic.
- Women make up a larger share of the workforce in the manufacturing sectors, such as textiles, apparel, footwear and telecommunication products, that experienced some of the largest falls in export growth during the first months of the pandemic. For example, female employees represent 80 per cent of the workforce in ready-made garment production in Bangladesh, in which industry orders declined by 45.8 per cent over the first quarter of 2020, and by 81 per cent in April alone.
- A larger share of women than men works in services, such as tourism and business travel services, that have been directly affected by regional and international travel restrictions.
- A large share of firms owned or managed by women are micro, small and medium-sized enterprises (MSMEs), and lower levels of financial resources and limited access to public funds are placing the survival of such businesses at greater risk.
- The economic impact of the pandemic is expected to be particularly significant for women in least-developed and developing economies because fewer women than men are employed in these economies in occupations which can be undertaken remotely, and a larger share of women is employed in sectors highly exposed to international travel restrictions.
- The effects of the pandemic are aggravating existing vulnerabilities. Many channels through which COVID-19 is having a greater impact on women are those at the heart of gender inequalities, such as lower wages for women, fewer educational opportunities, limited access to finance, greater reliance on informal employment and social constraints. Limited access to digital technologies and lower rates of information technology (IT) skills further reduce women's opportunities for teleworking and e-commerce, and thus for adapting to the current crisis.
- Many governments have adopted a broad range of support measures to help individuals and businesses. Some of these measures, mainly social protection initiatives adopted by some central or local governments, are specifically targeted at women.
- Maintaining open trade during the economic recovery period is key to building faster and more inclusive growth.
- The joint World Bank and World Trade Organization report on trade and gender, "[Women and Trade: the role of trade in promoting gender equality](#)", published in July 2020, highlights ways in which trade can continue to benefit women in the post-COVID-19 recovery period.

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<sup>1</sup> This document has been prepared under the WTO Secretariat's own responsibility and is without prejudice to the positions of WTO members or to their rights and obligations under the WTO.

## 1. INTRODUCTION

Although the economic impact of COVID-19 pandemic is still emerging, early evidence suggests that the pandemic is likely to hit women disproportionately hard. The impact on women is likely to exceed that of past crises because of COVID-19 safety measures, and to affect many sectors with a larger share of female employees, and the crisis is likely to have a particularly negative impact on women in low-income countries. This information note explores why the economic impact is likely to affect women disproportionately.

Travel restrictions and border closures have severely affected trade in services, especially in sectors dependent on people travelling abroad, such as tourism.<sup>2</sup> In manufacturing, the disruption of business travel and the lockdown have had a particularly large impact on sectors dependent on global value chains, as well as on season-sensitive sectors in which many women work, such as textiles and clothing.

Keeping international markets open during the COVID-19 pandemic has been crucial in providing affordable access to essential food and medical products. The pandemic has also highlighted how the temporary movement of healthcare workers, of whom many are women, has particularly helped the most affected countries to deal with the crisis. Maintaining open markets during the recovery period is key to building faster, more inclusive growth.

As economies emerge from the pandemic crisis, governments may find economic recovery strengthened if they specifically address the constraints faced by women. For example, in some sectors, teleworking has proved to be a tool to mitigate the impact of the crisis, but access to digital connections and IT skills rates are much lower for women in certain economies. In addition, lower financial resources and inequality of access to public funds put the survival of women's businesses at greater risk.

## 2. THE ECONOMIC IMPACT OF COVID-19 HIGHLIGHTS THE PRECARIETY OF WOMEN'S EMPLOYMENT

Preliminary evidence for the United States suggests that women are being hit harder than men by the COVID-19 crisis. According to official statistics, in April 2020, US monthly unemployment rates rose sharply from 3.4 to 13.0 per cent for adult men, and from 3.1 to 15.5 per cent for adult women (Figure 1).<sup>3</sup> A similar pattern has been observed in Canada, where women face a higher rate of unemployment than men.<sup>4</sup>

Many of the different channels through which COVID-19 is having a greater impact on women are those at the heart of gender inequalities. Wage and educational gaps, as well as limited access to finance, a greater proportion of women in informal employment and social constraints all tend to make women more vulnerable to economic recessions.

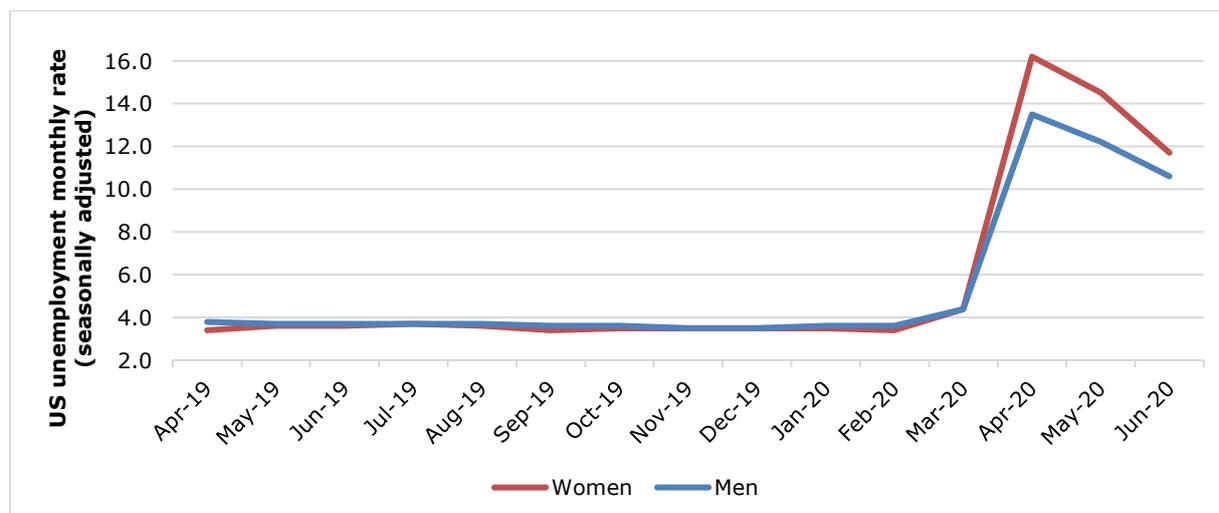
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<sup>2</sup> WTO (2020), "[Trade in services in the context of COVID-19](#)".

<sup>3</sup> Recent estimations report higher figures for unemployment rates in the United States, including for women (<https://www.pewresearch.org/fact-tank/2020/06/30/unemployment-rate-is-higher-than-officially-recorded-more-so-for-women-and-certain-other-groups/>). In addition, monthly unemployment rates for April 2020 reported by the OECD for other countries, such as Israel, Japan and the Republic of Korea, do not appear to show any impact of the crisis yet (see <https://stats.oecd.org/index.aspx?queryid=36499>).

<sup>4</sup> Kelsey Johnson, (2020), "[Canadian youth, women hit hard by massive coronavirus-related job losses](#)".

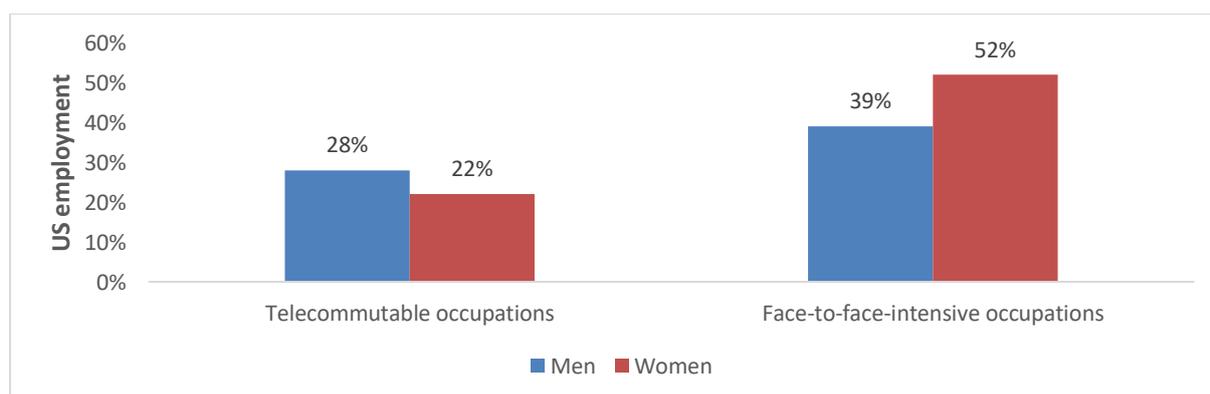
**Figure 1: US unemployment rate for women and men**



Source: US Bureau of Labor Statistics.

However, this crisis is having a different impact from previous global crises. Past recessions have typically had a greater negative impact on men's employment because more men work in sectors most exposed to business cycles, such as construction and manufacturing, while women's employment is concentrated in relatively less cyclical sectors, such as education and healthcare. The COVID-19 recession is likely to have a harsher impact on female workers and entrepreneurs because the sectors in which they are economically active are among those most affected by lockdown and distancing measures.<sup>5</sup> Many women are employed in jobs which have been critical to the COVID-19 response, such as health and social care, and in essential sectors, such as sales of food and other necessary goods.<sup>6</sup> This has meant continued employment but also greater exposure to the virus. At the same time, women are disproportionately represented in a large number of activities requiring face-to-face interactions, such as retail, which prevents them from telecommuting (Figure 2).<sup>7</sup>

**Figure 2: Occupations undertaken by telecommuting and by face-to-face interactions**



Source: Authors' own estimations based on telecommuting data based in [Alon et al. \(2020\)](#) and face-to-face data in [Avidiu and Nayyar \(2020\)](#).

<sup>5</sup> See Alon, T., Doepke, M., Olmstead-Rumsey, J. and Tertilt, M. (2020), "[The Impact of COVID-19 on Gender Equality](#)", CRC TR 224 Discussion Paper Series crctr224\_2020\_163, University of Bonn and University of Mannheim, Germany and Adams-Prassl, A., Boneva, T., Golin, M. and Rauh, C. (2020), "[Inequality in the Impact of the Coronavirus Shock: Evidence from Real Time Surveys](#)", CESifo Working Paper No. 8265.

<sup>6</sup> See, for example, <https://voxeu.org/article/covid-19-and-gender-gaps-latest-evidence-and-lessons-uk>

<sup>7</sup> Avidiu, B. and Nayyar, G. (2020), "[When Face-to-Face Interactions Become an Occupational Hazard: Jobs in the Time of COVID-19](#)", World Bank Policy Research Working Paper No. 9240.

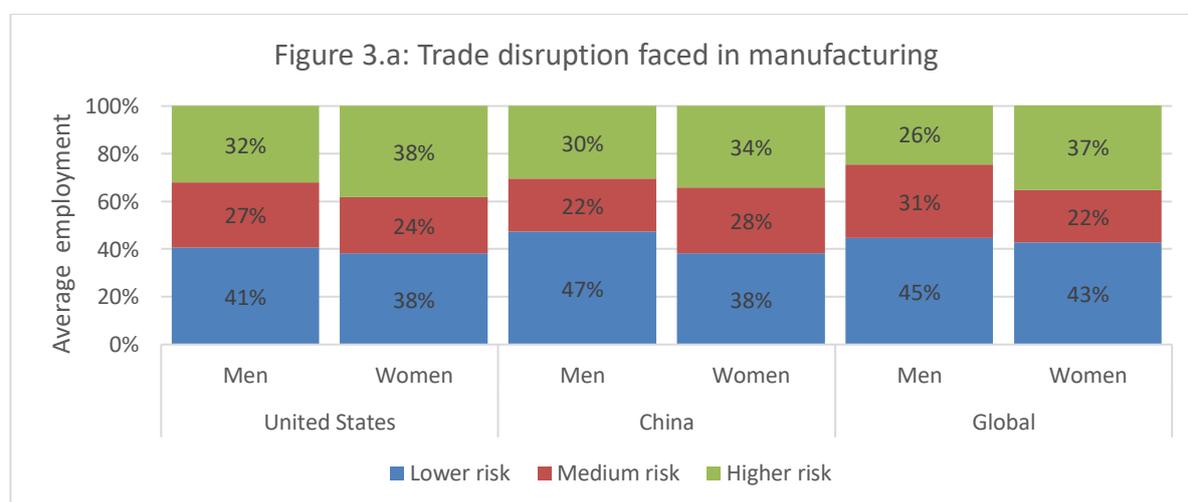
The temporary closures of schools and childcare facilities has had a significant impact on working families, with the resultant burden falling disproportionately on working mothers. Some have had to change their work schedules, reduce their working hours or take unpaid leave.<sup>8</sup> Stay-at-home orders have also increased incidences of domestic violence against women and children.<sup>9</sup> In parallel, women who lose their jobs or are required to reduce working hours also face lower opportunities than men of finding other jobs, in part because employers may believe women have more limited flexibility due to greater housework and childcare responsibilities compared to their male counterparts.<sup>10</sup> Given that, on average, women continue to earn less than men, income losses due to the COVID-19 recession may further increase poverty among women.

### International travel restrictions and supply chains disruptions risk curtailing women's gains from trade

The COVID-19 pandemic has given rise to dual supply-and-demand disruptions across the globe affecting production, consumption and trade. Partial or full lockdown in many economies has led to major interruptions in production across the world. Only the production of essentials goods and services has been allowed in many countries. In parallel, some factories have reduced or temporarily suspended their production because of shortages of imported inputs and low demand. Supply chain disruptions, delays in shipping times and the unavailability of intermediate inputs have rapidly spread the economic effects across the global economy, including in countries that did not apply stringent lockdown measures. As a result, world trade fell steeply in the first half of 2020.<sup>11</sup>

Some of the sectors in which women tend to be overrepresented are particularly exposed to international travel and trade restrictions (Figure 3). Recent monthly and quarterly export data for China and the United States confirm that a majority of women tends to work in the manufacturing industries that experienced the largest fall in export growth during the first few months of the COVID-19 pandemic (Figure 3.a). Some of the most severely affected manufacturing industries are highly connected to global value chains, such as textiles, leather and footwear, apparel, telecommunications products, transport equipment, furniture, and machinery and equipment. Some of these manufacturing industries are also characterized by high female labour shares, in particular in developing and emerging countries.<sup>12</sup>

**Figure 3: The effects of trade disruption on employment by gender**



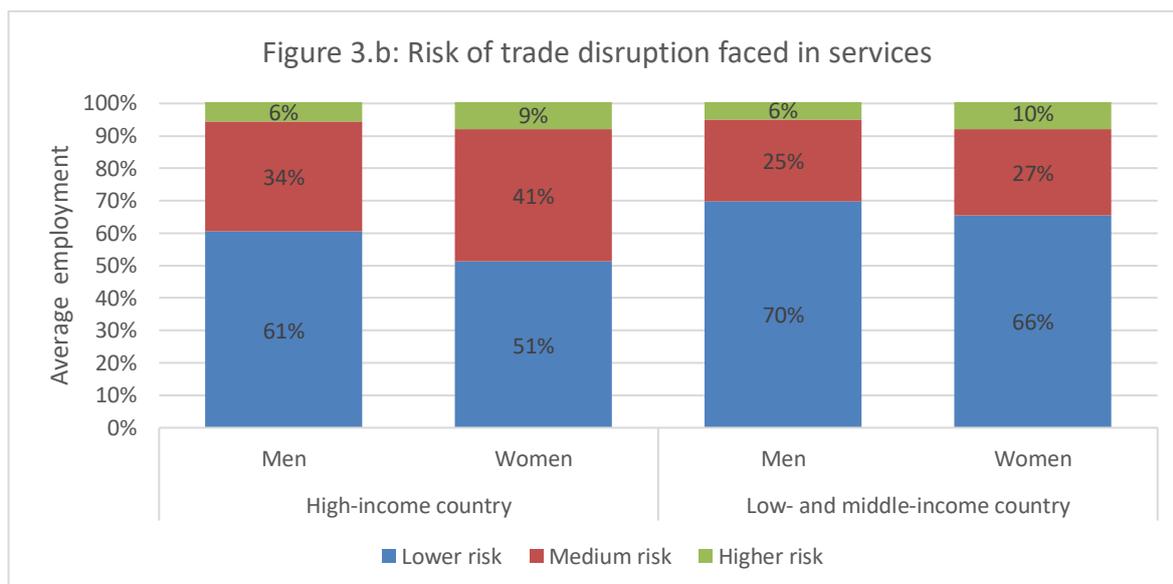
<sup>8</sup> Alon, T., Doepke, M., Olmstead-Rumsey, J. and Tertilt, M. (2020), "[The Impact of COVID-19 on Gender Equality](#)", University of Bonn and University of Mannheim, Germany.

<sup>9</sup> United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) (2020), "[COVID-19 and ending violence against women and girls](#)", [EVAW COVID-19 briefs](#).

<sup>10</sup> Coffman, K. B., Exley, C. L. and Niederle, M. (2017), "[The Role of Beliefs in Driving Gender Discrimination](#)", Harvard Business School Working Paper, No. 18-054.

<sup>11</sup> WTO (2020), "[Trade falls steeply in first half of 2020](#)".

<sup>12</sup> World Bank and World Trade Organization (2020) "[Women and Trade: the role of trade in promoting gender equality](#)".



Sources: Authors' own estimations based on employment data taken from the [World Bank Enterprise Surveys](#); manufacturing trade disruption risk index based on monthly goods US exports data taken from the [US Census Bureau](#) and monthly goods China exports data taken from the [World Integrated Trade Solution \(WITS\)](#); and services trade disruption risk index based on WTO Trade in Services data by Mode of Supply ([TISMOS](#)).

Note: The manufacturing trade disruption risk index ranks China's or the United States' exports growth of manufacturing products between January and March 2020 relative to the same period in 2019. The lower, medium and higher risk thresholds are based on the 33<sup>rd</sup> and 66<sup>th</sup> percentiles. The services trade disruption risk index ranks services sectors according to their relative global shares of mode of supply and corresponding potential exposure to travel restrictions and distancing measures based on [TISMOS](#) data for 2017. Services supplied across borders (General Agreement on Trade in Services, or GATS, mode 1) by information technology are ranked as relatively low-risk sectors. Services traded largely through consumption abroad (GATS mode 2) and the temporary movement of services suppliers abroad (GATS mode 4) are considered as high-risk sectors. Tourism and business travel services are therefore considered as sectors at high risk of trade disruption because a large share of their trade occurs via GATS modes 2 and 4 (some trade in tourism happens also via GATS mode 3, or the establishment of a commercial presence abroad, i.e. foreign hotels serving domestic tourists, but this represents a lower share of trade). Although some sectors, such as recreation services, are mainly traded through GATS mode 3, they are considered to be exposed to medium risk because their supply can be limited by social distancing measures.

The global garment and textile industry, which employs a large number of women, has been heavily impacted by a large number of order cancellations and the temporary closure of retail shops resulting in many factory shutdowns in countries such as Bangladesh, Cambodia and Viet Nam<sup>13</sup> (Box 1). Given that a large amount of spending on clothing is driven by seasonal factors, many winter and spring sales were permanently lost during the lockdown.<sup>14</sup> The apparel and accessory store revenue losses have translated into job losses and financial hardship for people, many of whom are women, across the global supply chain, from those picking fibres and making textiles to those selling the finished fashion product, whether in physical shops or online.<sup>15</sup>

<sup>13</sup> <https://www.bloomberg.com/news/articles/2020-03-23/europe-retailers-cancel-1-billion-of-bangladesh-garment-orders>

<sup>14</sup> Steve Dennis (2020), "[Coronavirus Shutdowns Came At The Worst Possible Time For Fashion And Luxury Retail](#)".

<sup>15</sup> McKinsey & Company (2020), "[The State of Fashion 2020 – Coronavirus Update](#)".

### Box 1: The effects of COVID-19 on Bangladesh's ready-made garment sector

Annual export revenue generated by Bangladesh's ready-made garment (RMG) sector for 2019 was estimated at US\$ 3.41 billion, a figure encompassing 84 per cent of the country's aggregate export value for that year.<sup>16</sup> In addition, the sector functions as a significant employer of women, with female employees representing 80 per cent of the 4 million employed in RMG production.<sup>17</sup> However, women tend to occupy the lower rungs of the production chain, with limited representation in managerial roles. For instance, studies estimate that women account for four out of every five production line workers, but just one out of every 20 supervisors.<sup>18</sup>

The pandemic has exposed the sector's sensitivities by destabilizing global supply chains and leading to a decline in demand. Orders received by Bangladesh's RMG factories declined by 45.8 per cent over the first quarter of 2020, with an 81 per cent contraction experienced in April alone.<sup>19</sup> This leads to a marked effect on employment. Recent surveys indicate that more than a million garment workers in Bangladesh have already been dismissed or furloughed due to future order cancellations and customer refusals to pay for current orders.<sup>20</sup> The significant representation of female employees in the RMG sector, coupled with the fact that they tend to be employed at the lower end of the production chain, exposes them to a higher degree of job risk relative to other social groups.

Although data on services trade for the first quarter of 2020 are not available yet, available data and evidence suggest that more women than men tend to work in services activities that are more exposed to trade disruptions, in particular regional and international travel restrictions (Figure 3b). Services, for which the main modes of supply as defined by the General Agreement on Trade in Services (GATS) are consumption abroad (mode 2) and the temporary movement of services suppliers abroad (mode 4), are likely to be directly impacted by international and regional travel restrictions. Although for some services, a mode of supply more exposed to trade disruption can be substituted by a less affected one (e.g. mode 1 – services supplied across borders), a decline in consumers demand can reduce the likelihood of substitution. In addition, the largest trade-related COVID-19 economic costs are likely to be borne by non-storable services activities, such as recreational and tourism services. By their very nature, these services cannot later offset the economic losses accumulated during the pandemic.

Tourism activities have contracted significantly following the national and international restrictions adopted to fight COVID-19.<sup>21</sup> Women have been particularly affected by this contraction because they not only make up the largest share of employees in tourism, but are also more likely to be entrepreneurs in tourism than in other sectors of the economy, thanks to lower entry barriers.<sup>22</sup> Tourism is expected to require a long recovery period because of lower consumer confidence and a higher likelihood of continuing restrictions on the international movement of people.<sup>23</sup> Other sectors that depend on tourism, including food services and handcrafts, have also been indirectly and negatively impacted by international mobility restrictions. This is particularly challenging for women with low skills or who work informally, in particular in economies highly dependent on tourism and offering limited job opportunities in other sectors.<sup>24</sup>

<sup>16</sup> <https://www.bgmea.com.bd/home/pages/TradeInformation>

<sup>17</sup> The World Bank (2017), "[In Bangladesh, Empowering and Employing Women in the Garments Sector](#)".

<sup>18</sup> Heath, R. and Mobarak, A. M. (2015), "[Manufacturing growth and the lives of Bangladeshi women](#)", Journal of Development Economics, Elsevier, vol. 115(C), pages 1-15.

<sup>19</sup> Financial Express (2020), "[Bangladesh's RMG export in April declines nearly 85 per cent](#)".

<sup>20</sup> Anner, M. S. (2020) "[Abandoned? The Impact of Covid-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains](#)", Research Report, PennState Center for Global Workers' Rights (CGWR).

<sup>21</sup> WTO (2020), "[Trade in services in the context of COVID-19](#)".

<sup>22</sup> Zarrilli, S. and Aydiner-Avsar, N. (2020), "[COVID-19 puts women working in SIDS tourism industry at risk](#)".

<sup>23</sup> UNWTO (2020), "[International Tourist Arrivals Could Fall by 20-30% in 2020](#)".

<sup>24</sup> Barkas, P., Honeck, D. and E. Rubio Colomer (forthcoming), "International Trade in Travel and Tourism Services: Economic impact and policy responses during the Covid-19 crisis", WTO Staff Working Paper, Trade in Services and Investment Division

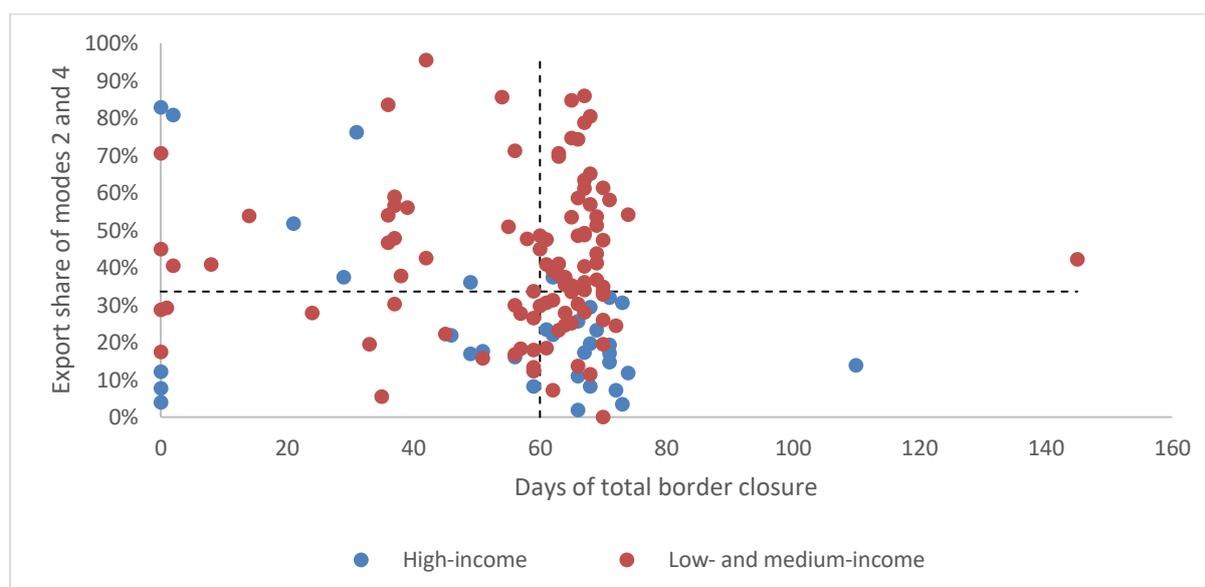
The trade shock is also likely to affect female entrepreneurs, who tend to own MSMEs.<sup>25</sup> Existing problems facing many MSMEs, including limited financial resources and borrowing capacity, are exacerbated by the economic impact of the COVID-19 pandemic. Many MSMEs are also affected by a limited workforce availability, supply disruptions and policy uncertainty.<sup>26</sup> Many MSMEs depend on international trade, because they export their goods or services, including indirectly through global value chains, or they import inputs to produce goods and services sold domestically.<sup>27</sup> Recent survey evidence confirms that many MSMEs in both developed and developing economies have been forced temporarily or, in some cases, permanently to close down their activities during the pandemic.<sup>28</sup>

### 3. WOMEN IN DEVELOPING COUNTRIES ARE LIKELY TO BE HIT THE HARDEST BY THE COVID-19 RECESSION

The economic impact of COVID-19 is expected to be particularly significant for women in least-developed and developing economies for several reasons.

First, developing economies' trade in services is highly exposed to travel restrictions. Many developing countries export services tend to require physical proximity between suppliers and consumers (e.g. tourism and recreational services). At the same time, like all countries affected by the pandemic, many of these developing countries closed their borders for a significant number of days (Figure 4).

**Figure 4: Developing economies' exports of services are highly exposed to travel restrictions**



Source: Authors' own estimations based on WTO Trade in Services data by Mode of Supply ([TISMOS](#)) and Oxford Coronavirus Government Response Tracker ([OxCGRT](#)).

Note: Export shares of mode 2 (i.e. trade in services occurring through consumption abroad) and mode 4 (the temporary movement of services suppliers abroad) are used in this chart as an index of the extent to which trade in services require physical proximity between suppliers and consumers. Broken lines correspond to the median. Data on border closure cover the period between 1 January 2020 and 6 June 2020.

Second, the share of women who can telecommute for their jobs tends to be lower in low-income countries (Figure 5). Many women have therefore been unable to work and, in some cases, to earn a living during the lockdown. Limited IT skills can also prevent some women from telecommuting.

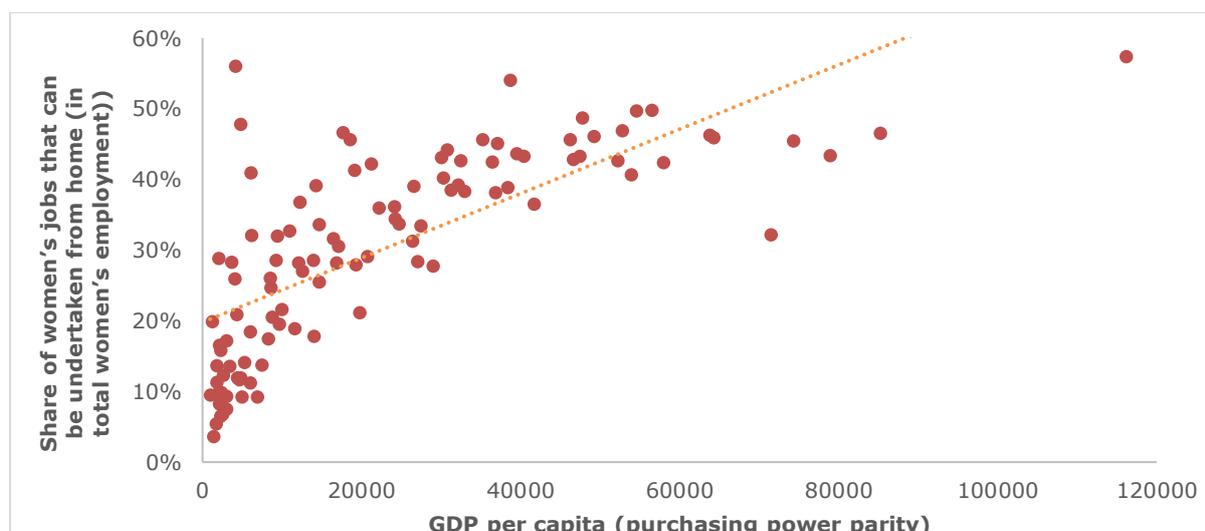
<sup>25</sup> WTO (2019), [World Trade Report 2019: The future of services trade](#).

<sup>26</sup> OECD (2020), ["Coronavirus \(COVID-19\): SME Policy Responses"](#).

<sup>27</sup> WTO (2020), ["Helping MSMEs navigate the COVID-19 crisis"](#).

<sup>28</sup> Borino, F. and Russo, V. (2020), ["Quantifying the effect of COVID-19 on small business around the world"](#), ITC Blog.

**Figure 5: Women's jobs that can be undertaken from home increase with income level**



Source: Authors' own estimations based on Dingel and Neiman's (2020) data on occupational tele-workability index, [ILO data](#) on women employment and [World Bank data](#) on GDP per capita.

Third, in developing economies, many women continue to work in the informal sector. These women workers may be more heavily affected by the economic crisis because they may lose their only source of income without the possibility of benefitting from social and legal protection during lockdowns.<sup>29</sup> In addition, occupations in the informal sector tend to be low-skilled and low-paid jobs which provide women with limited resources to adjust to the economic crisis.

Finally, limited digital connectivity and access to technology, as well as poor IT skills can also prevent women entrepreneurs and workers, in particular in developing economies, from fully making use of digital technologies to mitigate the adverse economic effects of the pandemic.

Partial or full lockdown measures have led some consumers to change partly their shopping behaviours. Some individuals have cut back on spending because of the COVID-19 outbreak.<sup>30</sup> Others have switched to online shopping and avoided in-store purchases.<sup>31</sup> Whereas online shopping for some products, such as clothing, has declined, online purchases of groceries, essential products and health and safety products increased significantly during the lockdowns.<sup>32</sup> Electronic commerce has therefore proved to be an important way of mitigating the impact of the crisis.

#### **4. AN INCLUSIVE RECOVERY NEEDS TO TAKE ACCOUNT OF GENDER SPECIFICITIES**

The pandemic has led many governments to adopt a broad range of support measures to help individuals and businesses.<sup>33</sup> Although not gender-specific, some of these support measures could particularly benefit women. Some governments have prohibited firms, including in industries where female employment is high, from laying off workers during complete or partial lockdowns.<sup>34</sup> Some of these urgent support measures have been tailored specifically to MSMEs and start-ups with direct and indirect liquidity assistance.<sup>35</sup> Similarly, some of the support measures address trade-related

<sup>29</sup> ILO (2020), "[COVID-19 Crisis and the Informal Economy: Immediate responses and policy challenges](#)" and ILO (2020), "[ILO Monitor: COVID-19 and the world of work](#)", third edition – updated estimates and analysis, 29 April 2020.

<sup>30</sup> Carufel, R. (2020), "[Coronavirus crisis' consumer impact—new data on purchase decisions and behaviors](#)".

<sup>31</sup> Petro, G. (2020), "[Coronavirus And Shopping Behavior: Men And Women React Differently](#)".

<sup>32</sup> Nielsen (2020), "[Pandemic Pantries' Pressure Supply Chain Amide Covid-9 Fears](#)".

<sup>33</sup> OECD (2020), "[OECD Policy Responses to Coronavirus \(COVID-19\): Government support and the COVID-19 pandemic](#)".

<sup>34</sup> KPMG (2020), "[Government Response – Global landscape](#)".

<sup>35</sup> WTO (2020), "[Helping MSMEs Navigate the COVID-19 Crisis](#)".

issues, including facilitating imports of raw materials and providing stimulus packages for export-oriented industries.

In some cases, the lack of any gender dimension in the design of support measures can prevent women from fully benefiting from the support. In that context, specific gender-sensitive policies, mostly in the form of social protection initiatives, have been adopted by some central or local governments.<sup>36</sup> These gender-sensitive initiatives take different forms, from cash transfers and in-kind food or vouchers, to paid sick leave and childcare subsidies.

The tourism industry, comprising many female workers and entrepreneurs, has been particularly affected by the pandemic. Restoring safe transport channels and taking women's concerns into account are key to supporting the sector. In the immediate future, support measures for workers in these sectors could help vulnerable women workers adjust to the recession, especially because women in many economies continue to face barriers to resources (e.g. access to finance or to transport) that could help them to build up resilience.

Increasing women's participation in economic activity can be part of the solution to the post-pandemic recovery. In many countries, the rise in women's employment was achieved through trade-related activities. Maintaining open markets during the recovery period is key to building faster and more inclusive growth. Inclusive growth cannot, however, rely only on open markets. Open markets need to be accompanied by appropriate labour and education policies as well as legal and social reforms to support women workers, consumers and traders.

Digital technologies offer great opportunities for women. Teleworking could be an important tool to promote a positive family/work balance. However, it is important to put women in a position to be able to take advantage of this opportunity, including by taking childcare needs into account, in order to generate long-run gender-inclusive growth.

International cooperation can further contribute to raising awareness about the trade-related gender impact of the COVID-19 pandemic through relevant data collection and analysis. The joint World Bank and World Trade Organization report on trade and women, "[Women and Trade: The role of trade in promoting gender equality](#)", published in July 2020, provides information upon which policy-makers can draw to find ways in which trade can continue to benefit women in the post-COVID-19 recovery period.

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<sup>36</sup> Gentilini, U., Almenfi, M., Almenfi, M. B. A., Dale, P., Lopez, A. V., Mujica Canas, I. V., Cordero, R. E. Q., Zafar, U. (2020), "[Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures \(June 12, 2020\)](#)". COVID-19 Living Paper Washington, D.C.: World Bank Group, and Lewis, A. (2020). "[Women are losing out from Covid-19 economic measures](#)".