



**Course on Key Issues on the  
International Economic Agenda  
Division on Technology and Logistics**

**Trade and gender through the lens of  
UNCTAD**

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# Trade, Gender and Development

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# Outline

- 1. Origins of gender and development: women in development**
- 2. Definitions:**
  - economics, sex, gender
- 3. What does economics have to do with gender**
  - Is gender a social issue or a macroeconomic issue
- 4. How about trade and gender?**

# Quiz

**During 1950s-1960s, western colonial and post colonial targeted development projects on agriculture, has been failing and not producing the expected outcomes ( in this case, yields)?**

**WHY?**

# It is really costly to ignore women

Because the trainings were targeting men (because farmers in the west are predominantly men).

In the developing world, it is almost a **stylized fact** that women consist of the majority of farmers.

**Woman's Role in Economic Development**  
(published in 1970)- Ester Boserup

# What is economics- mainstream definition

➤ Economics is the study of **fulfilling unlimited wants/needs** with **limited means**, i.e., resources.

The goal of **economics is to produce more with less because human wants are unlimited, but resources are limited**....the more the merrier...explains why the success criteria for economic development is GDP per capita. ...

We call this **technical efficiency** in economics

Technical efficiency= **maximum** output with **minimum** input

# What is Economics- heterodox definition

1. Economics is the study of **how productive** and **distributive** aspects of human life are organized.
  - Productive aspect: include activities that satisfy our day-to-day demands as human beings such as clothing, automobiles, cereals, movies, so on
  - Distributive aspect: the ways **how society allocates** what is produced in the society.
  - Economics is **about the relations** between **people, nations, groups....**
  - **How are goods and services distributed in our society? Who gets what and why do they get what is produced, and why not some others?**

# What is different in this definition



Who gets what and why do they get that is justified in market economies by a criteria called “**allocative efficiency**”

**Allocative efficiency:** resources are allocated to those who use them most efficiently, i.e., those who produce most with minimum input, **that is technical efficiency.**



# What is economic policy

Any policy that is designed to affect technical or allocative efficiency is called an economic policy

But the largest **positive impact of economic policy** is when it affects **allocative efficiency**, i.e., if the resources goes to those who use them much better, and if all the resources are used efficiently, then a country is at full employment, i.e., on its **economic possibilities frontier**...

When that frontier shifts out, that is the definition of economic development.

**Where is GENDER in all of this discussion  
of allocative and technical efficiency??**

# Sex and Gender

1. **Sex is a biological difference**
2. Gender: set of **cultural, economic and political processes** that define and transform **the meanings of 'being a man' or 'being a woman'**. It focuses on the **relations between men and women** and how society defines the roles of men and women in these relations.
3. When there is relations involved, **there is always power....**

# Gender

**Gender is a power relation that permeates all aspects of our lives, including economic and non-economic.**

# What else affects allocative and technical efficiency?

## POWER

1. Economic power
2. Political power
3. Cultural, religious, power structures that dictates choices and behavior
4. **GENDER** is among the most important power structures that affects allocative and technical efficiency – WHY and HOW?

In short, all **economies are power structures** and **gender** is part of that **power structure** that affects division of labor, employment, prices, and technology

**why is gender a macroeconomic issue that has to be taken VERY seriously in economic policy design and implementation including trade?**

# Gender and macroeconomics

## Three pillars of macroeconomics

**Prices ( price stability)**

**Employment ( full employment)**

**Economic growth**

# International Trade

**Free Trade** is all about **international allocative efficiency**, those who are more productive ( i.e., produce more with less) should end up with more resources flowing to them...( assuming no barriers to trade)

But then if there are power structures that affect this, then there is no global allocative efficiency....agricultural trade is a perfect example of this....

# Deconstructing trade theory



**Comparative advantage theory** suggests that nations benefit from free trade as long as they **specialize in the production and trading of the goods that they have a relative comparative advantage in relation to other commodities it produces** when compared with their trade partners.

Additionally, the **conventional theory, promises factor price equalization**, otherwise known as Heckscher-Ohlin theory.



# Factor Price Equalization

According to the H-O theory free trade will close wage gaps between skilled and unskilled labor, because **international trade will increase the demand for the factor that is abundant** thereby **causing its price to rise relative to the scarce factor.**

# Free trade promise for women

**Given developing countries are abundant in low skilled labor**, one should expect international free trade, to lift the boats of **women and girls** more so than other groups, because they **constitute the majority of low skilled in any country**.

They should be among the groups that benefit most from free trade, right?

May be not so right....why?

# First- abundant supply of low skilled labor

First of all, **low skilled labor supply has been increasing** at a rate that is much higher than the demand for its products as the world has been flooded with cheap labor, particularly **since 1980s with China and Soviet bloc opening to the world markets**, along with increased female labor force participation.

**Second, trade openness contributes to skill-biased technological change.** Most often **middle-income countries who cannot compete** with low labor cost of populous countries **resort to increasing their capital intensity in production to keep their market share.**

Third, **the share of skilled-labour in total production has been increasing as a result of digitalization and technological change.** As industry 4.0 pick momentum in developing countries, we are going to be facing higher increases in this ratio.

**With the AI and all, the technology bias will even be more emphasized....**



**Women in developing countries** are often not part of the skilled group, so they **crowd in the lower productivity parts of global value chain**

**higher capital intensity lowers women's relative access to industrial sector jobs.**

in Trade and Development Report (TDR 2017), Seguno and Braunstein found that higher capital intensity lowers women's relative access to industrial sector jobs.

[https://unctad.org/system/files/official-document/tdr2017\\_en.pdf](https://unctad.org/system/files/official-document/tdr2017_en.pdf)



Lastly, in the developing world, **free trade seems to be breaking endogenous growth paths, the backward and forward linkages between agriculture and industry** as a result of cheap flood of imported food items.

Losing agrarian jobs **particularly hurt women and girls** because agricultural **sector is predominantly female in developing countries.**





Following from that, it is **no surprise** to see that it is **women and girls who crowd into precarious** services sector jobs.

In an effort to include women and girls, we then try to **patch this development failure** with band aid solutions like **micro credit to micro enterprises** and **celebrating women entrepreneurs**, and introducing them to the world as the **solution to world poverty**.



These could **only work** when supplemented **with macro policies** to provide **access to finance, markets**, and also **investment in social infrastructure** that allows women to participate to the public spheres (markets, states) through **social provision of unpaid care work**.

Trade policy is only one leg of macro policy

## So what can we do?

There is no silver bullet, but **we need to get the macro-economic policies right.**

And **they can only be right if gender is included in the economic analysis,** because **gender is a macro variable**



**failing to realize gender as a major macroeconomic factor that affects macroeconomic outcomes** including trade **prevents us from having certain and very important discussions.**

And **ensures us to keep producing wrong economic policies** which are not sustainable, because sooner or later **uncounted costs and misaligned prices and resources will hit the fan....**

# Thank you

