



**The trade and gender nexus and its relevance
to inclusive development**

Geneva, 14 October 2016

**Trade, Gender and Development Programme
Division on International Trade and Commodities (DITC)**



Prosperity for all



OUTLINE

- 1. The many facets of inequality**
- 2. Why promote gender equality**
- 3. The trade and gender nexus**

The first side of the equation: Gender affects trade

The other side of the equation: Trade affects gender

- 4. The Work Programme on Trade, Gender & Development**

Main achievements

Ongoing and planned activities



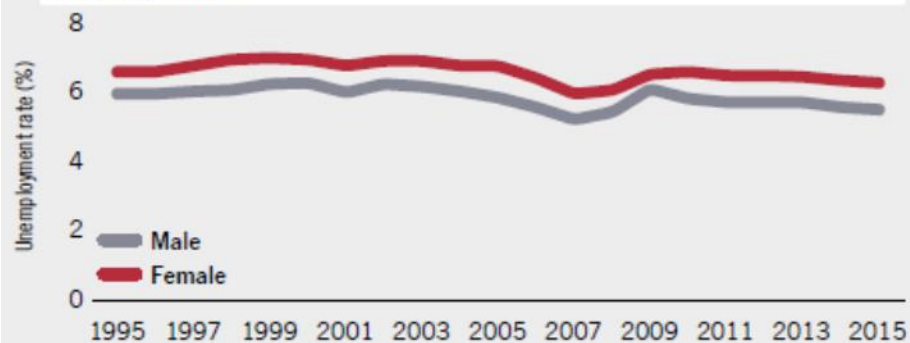
The many facets of inequality

- Women are less likely to have a job than men
- Women work in fewer sectors than men
- When they have a job, women earn less than men
- Women are more likely to be underemployed than men
- Women spend much more time on housework and care work and much less time on market work than men
- Women represent two-thirds (505 million) of adults who can not read or write (758 million). Young women aged 15-24 are making the strongest gains, but still lag behind young men
- Women constitute 22.8% of the members of parliaments
- In many countries women have restricted rights or no right to own land, to conduct a business, or to inherit

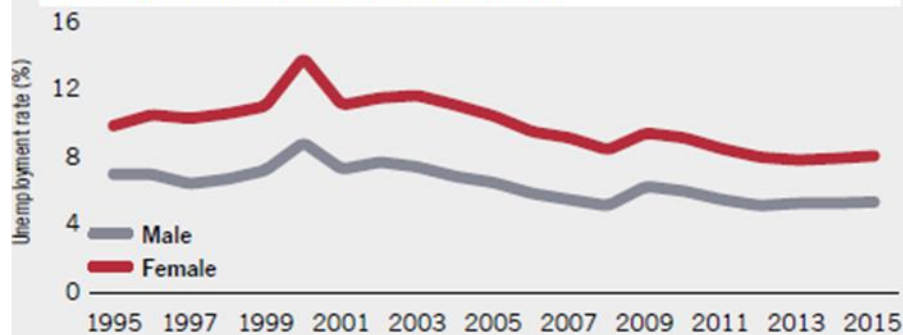
Women are less likely to have a job than men



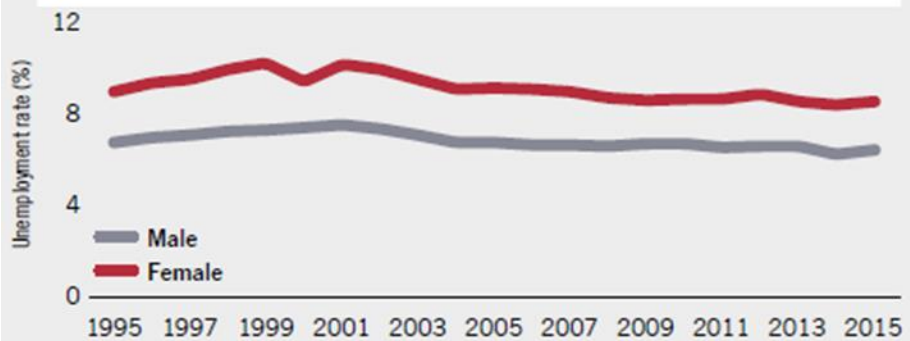
Panel A. World



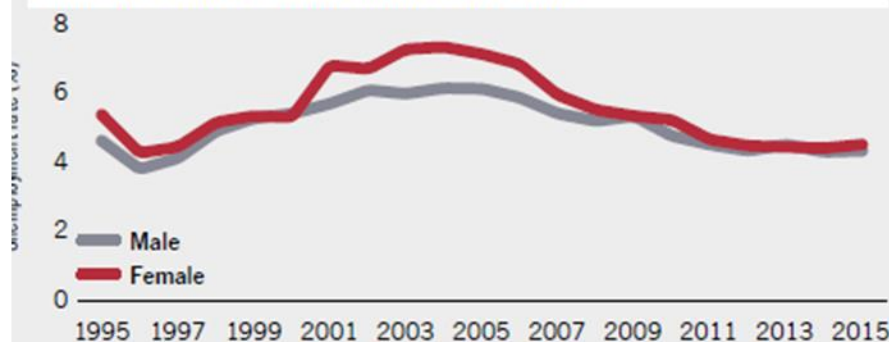
Panel D. Latin America and the Caribbean



Panel C. Sub-Saharan Africa



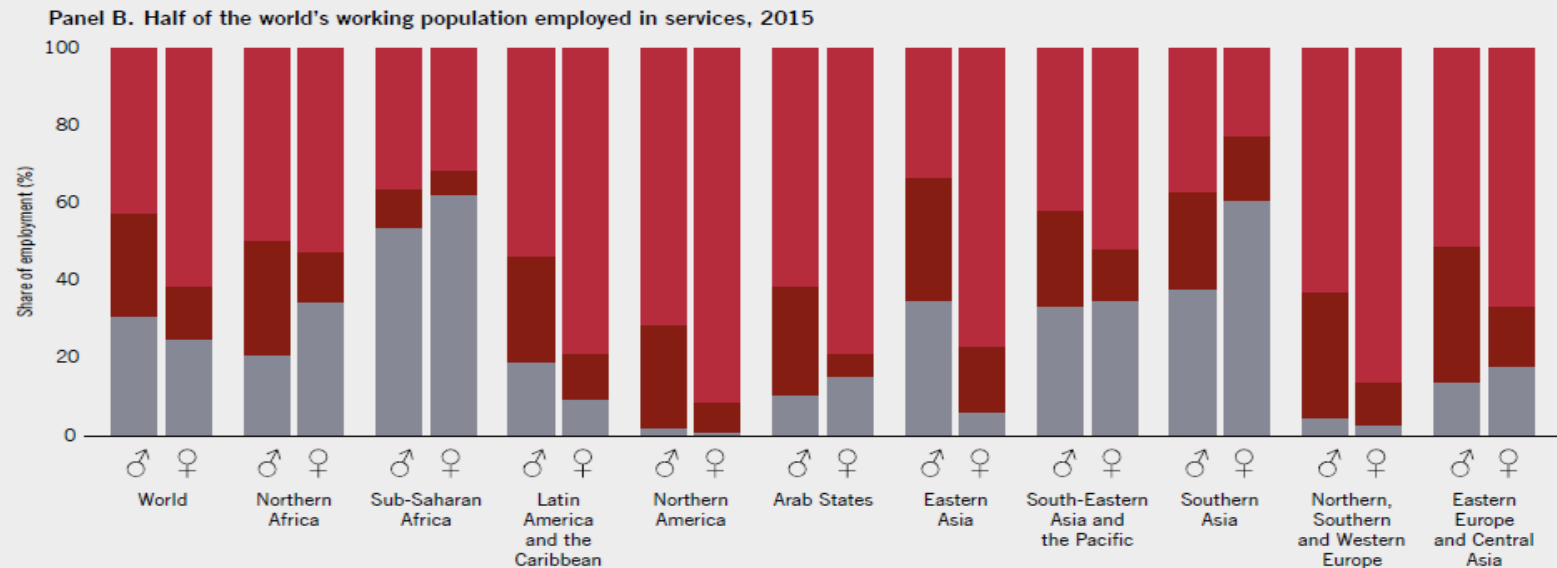
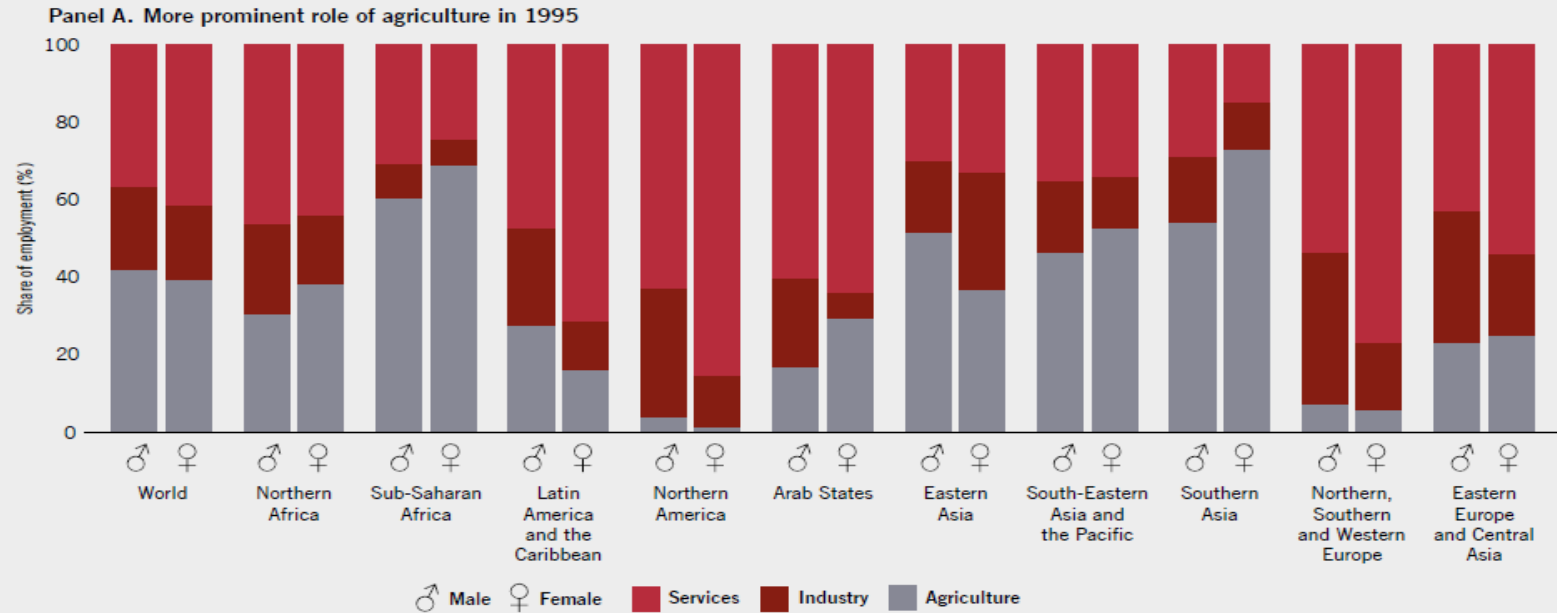
Panel H. South-Eastern Asia and the Pacific



Why? Temporary contracts; educational attainment; labour market segregation; household chores

In Which Sectors Do Women Work?

Figure 13 Employment by sector and by sex, 1995 and 2015



Source: ILO calculations based on ILO, *Trends Econometric Models*, July 2015.

Labour market segregation

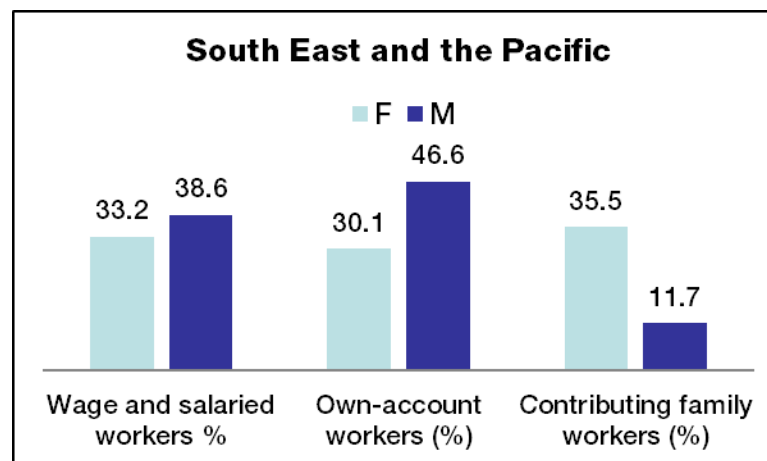
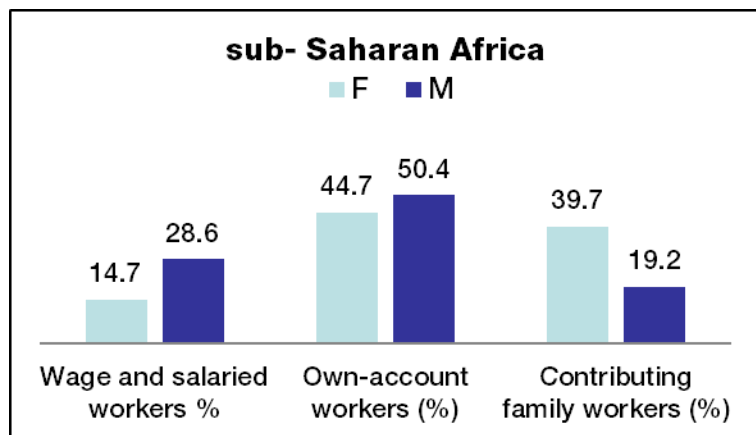
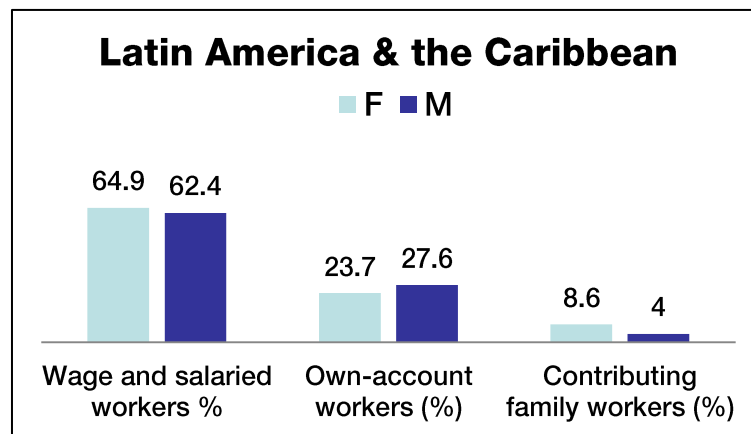
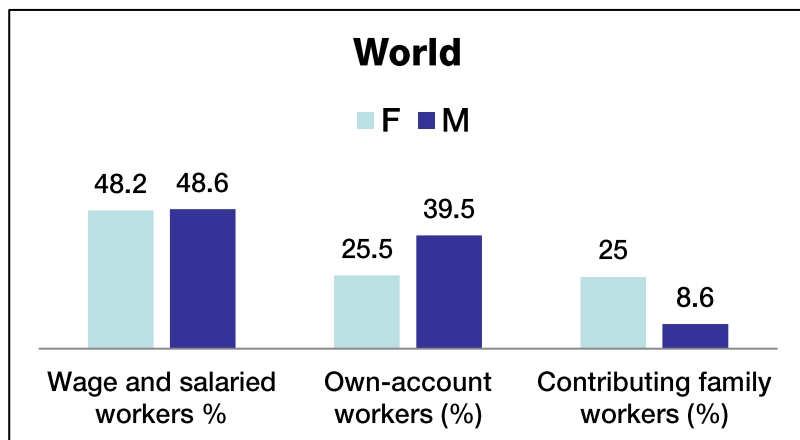
Men and women work in different sectors & occupations, often according to social norms →

- It limits the extent to which women benefit from and can contribute to economic growth
- It prevents the efficient allocation of labour with negative consequences for productivity & income distribution
- It reduces the ability of labour markets to respond to shocks
- It contributes significantly to gender wage gaps →

Women are highly represented in "clerical, service and sales" occupations and "elementary occupations"

Men are highly represented as legislators, senior officials and managers

Which kind of employment do women have?





Unpaid work and time poverty

- In **all** countries, women do the bulk of unpaid work and are the main providers of care to children, the elderly and the sick → time poverty
 - Difficulties in entering or maintaining formal, waged labour
 - Women assigned to low-paid, low status jobs, such as home-based work
 - Limited opportunities to gain new skills
 - Double burden → care work critical to the survival of the economy and society



Figure 10

Time spent on paid and unpaid work (for persons in employment, unemployed or inactive) by sex, 65 developing and developed economies (latest year available)



The Gender Wage Gap

- The difference between male and female earnings expressed as a percentage of male earnings
- Globally estimated at 23% and unrelated to economic development
- Gender wage differentials may be due to a variety of factors, including:
 - Crowding of women in low paying sectors/occupations
 - Differences in skills and work experience
 - Residual part: discrimination
- The gender wage gap is not narrowing enough despite rapidly narrowing gender educational gaps → at current trends, it will take 70 years to close it.



Why promote gender equality?

- *A moral challenge*: Equality between men and women is a human right
- *A drag on growth*: Women play a fundamental role in development, reducing inequalities will have overall beneficial consequences
- Economic development can play an important role to bridge inequalities: gender equality improves when poverty declines
- Economic development is not enough to reach gender equality → Policy action is necessary to accelerate this process

McKinsey Global Institute: The Power of Parity, 2015

- In a full-potential scenario in which women play an identical role in labor markets to men's, as much as \$28 trillion, or 26%, could be added to global annual GDP in 2025 (equivalent to the current GDP of the US and China combined)
- If all countries were to match the progress toward gender parity of the best performer in their region, it could produce a boost to annual global GDP of as much as \$12 trillion in 2025 (equivalent to the current GDP of Japan, Germany, and the UK combined)



The Trade and Gender Relationship



The first side of the equation

- Gender-based inequalities can impact significantly on trade outcomes and performance:
 1. Gender inequality as a growth strategy
 2. Gender inequality as a burden on countries' competitiveness



Gender inequalities as a growth strategy

- Women as a source of competitive advantage in their role as wage workers;
- Large pool of low cost female workforce employed in labour intensive export industries;
- The gender wage gap indirectly improves international competitiveness;
- When exports increase there is more foreign exchange available → new technologies to upgrade production;
- Firms' higher revenues are re-invested rather than directed to improve wages.



The economy enjoys sustained export, economic growth and technological upgrading

Two stories



The manufacturing sector in **Taiwan, Province of China**

- Three-stage export based growth policy:
 1. 1960-mid1970s: massive pool of low paid, low skilled women to feed the labour intensive phase of export-led industrialization;
 2. Mid 1970s-mid1980s: gradual transformation of the country's productive base from manufacturing to higher technology products → firms demanded higher skills that women didn't possess;
 3. Starting in the mid-80s: relocation of Taiwanese labor-intensive firms to lower labour-cost countries → dismantling of most of the labour intensive manufacturing production → women suffered the most from layoffs



...and the Republic of Korea

The country relied on a large amount of low wage women to achieve a competitive advantage in labour intensive manufacturing production on foreign markets.

In those years (1970s-1980s) any attempt to grant women higher wages or enter higher skilled jobs was therefore discouraged



Is this a smart strategy?

- Human rights/ethical perspective/labour standards
- Societal evolution may make gender inequalities unacceptable and a source of social conflicts
- Gender inequalities may reduce the appeal of products in the markets of destination



Undesirable and unsustainable strategy



Gender inequality as a burden on countries' competitiveness

- Women as under-achieving economic agents:
 - Women face constraints in all domains of gender inequality: Access to and control over resources; Capabilities; Security
- Women's limited effectiveness affects the sector/country's export competitiveness → the economy is unable to release its growth potential;
- Women are responsible for food and children's education, diminishing women's opportunities affects not only their living conditions but the livelihoods and future prospects of many more.

An example

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

- If female farmers in developing countries had the same access to productive resources as men→
 - Yields: + 20-30 percent
 - Agricultural output in developing countries: + 2.5 to 4 percent
 - Global number of hungry people: - 12-17 percent



Gender gaps in land, assets, inputs, and technologies have a high opportunity cost in terms of gains in yields, production, and potentially, reduction in hunger



The second side of the equation: Trade affects gender

Women in the various dimensions of their lives

From trade to gender patterns of employment



- Trade expansion causes changes in the structure of production of a country: some sectors expand, some sectors contract
- Women and men work in different sectors: women clustered in fewer sectors; men more evenly distributed across occupations and productive activities
- Gender roles in the households and labour markets are rather rigid → women are less likely to enter expanding non-traditional female sectors because of limited access to productive resources and training, and time constraints →
Trade expansion has different effects on men's and women's employment and working conditions

Women as wage workers



- **Can benefit from trade liberalization if they are active on sectors that expand – But what is the quality and security of their employment? In which sectors?**
- **Can lose from trade liberalization if employed in sectors that contract (import-competition);**
- **The participation of women in the economy depends on the structural change of the economy, in particular the growth and decline of different sectors. This process is strongly affected by trade policy.**



- Trade liberalization increases competition from imported goods;
- However, it also allows to buy cheaper goods (lower import prices) to resell on the market;
- Moreover, trade liberalization creates more export opportunities and leads to higher prices of export goods



Three stories

Madagascar: very fast growth in the apparel sector between 1997 and 2003 (about 150,000 new jobs) → 80% of the new jobs filled by women. First formal employment for 85% of women. Comparable level of education between men and women, but most women relegated to unskilled jobs → low wages → the gender wage gap increased from 20% to 30%

Jamaica: decline of the textile/apparel sector due to «trade preference dilution» in the 1990s (NAFTA) and in the 2000s (CAFTA) → negative repercussions on the Jamaican female workforce

Angola: integration into the world economy mainly as an oil exporter → oil-induced macroeconomic distortions (i.e. the excessive appreciation of local currency) → constrains to the diversification of the economy, crowd out productive activities, such as agriculture and light manufacturing, which could absorb the female workforce and provide women with decent incomes

Women as consumers

UNCTAD

- By and large more affected than men by changes in the relative price of basic consumption goods - an important component of their consumption basket
- **But**
- Cheaper food imports resulting from trade liberalization tend to have limited effects in terms of increasing food security of poor and very poor women - as they essentially consume what they produce



Two stories

Cape Verde country case study: Simulated 10% decrease in the price of basic foodstuff → the fraction of people below the poverty line declines by 2.6 percentage points (the impacts tend to be larger for women than for men)

- **But**
- Rwanda country case study: Cheaper food imports resulting from intra-EAC tariff liberalization are likely to have limited effects in terms of increasing food security of poor and very poor women - as they essentially consume what they produce

Women as tax-payers

UNCTAD

- Tariff liberalization → reduced tariff revenue → may translate in reduced public spending on essential services → increased burden on women;
- If the government replaces tariffs with alternative taxes → gender differentiated impact.

Cape Verde country case study: Revenues from import taxes accounted for about 21% of tax revenues in 2009. Tariff liberalization in the context of EPA would lead to a reduction of about 80% of tariff revenue that would translate into 16% decrease in total government revenue

Summary



- Gender inequalities are pervasive in society and in the economy
- Gender inequality affects women according to the different economic and social roles they play in society;
- Development fosters gender equality but it is not sufficient
- In this lecture we have focused on the two sides of the relationship between trade and gender: the one that goes from gender to trade and the other that goes from trade to gender;
- Gender-based inequalities can impact significantly on a country export competitiveness:
 1. Gender inequality as an export growth strategy
 2. Gender inequality as a burden on countries' competitiveness
- Trade expansion has different effects on men's and women's employment and working conditions