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## Mainstreaming gender in trade policy

Note by the UNCTAD secretariat

### *Executive summary*

Trade policies often have a strong redistributive effect, both across economic sectors and among individuals. They can create opportunities for women's empowerment and can also create burdens as they disrupt markets in which women operate. This is why the gender perspective should be included in the design and implementation of trade policies. Two main links have to be considered: (a) the extent to which trade policies affect women's empowerment and well-being; and (b) the impact of trade policies on the level of inequality between men and women.

Gender equality is not only a legitimate policy goal by itself as better opportunities for women lead to improvements in human development; it is also highly desirable from an efficiency perspective. Societies where income inequality and discrimination against particular kinds of individuals are lower tend to grow faster. The strong correlation between the gender gap, economic development and national competitiveness suggests the importance of incorporating gender equality into policymaking. The present note calls for further research to be carried out on the links between trade policy and gender, and policy advocacy to make gender mainstreaming in trade policy a reality at the multilateral and national levels. Collaborative analytical and policy advocacy efforts, including through the United Nations Task Force on Gender and Trade, provide a promising path to this effect.

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## Introduction

1. Empirical studies on the determinants of economic growth often find that greater income equality has a positive effect on economic development. Societies where income inequality and discrimination against particular kinds of individuals are lower tend to grow faster. The intuition behind these findings is that, by crippling part of their human capital, unequal societies tend to be less efficient (Alesina and Rodrik, 1994; Persson and Tabellini, 1994; and Perotti, 1996).

2. Inequality between gender stems from cultural, social, tradition-related and economic factors. Social norms, economic opportunities, education and skills are in most cases largely biased against women. Gender equality is desirable from an efficiency perspective: enhanced opportunities for women lead to improvements in human development outcomes, poverty reduction and accelerated rates of economic growth (Sinha et al., 2007).

3. Besides being desirable from an efficiency perspective, gender equality is itself a legitimate policy goal, as better opportunities for women foster human development. Both governmental and non-governmental organizations have long recognized the importance of closing gender bias and of including women in the process leading to economic and social development (box 1).<sup>1</sup> Notwithstanding, gender bias is still often regarded as an afterthought in policy decisions, especially at the national level, as gender is generally little present in discussions focusing particularly on economic policy, development and trade.

4. Gender-related issues are more frequently discussed at the international level and appear to be increasingly integrated into the multilateral economic agenda. Gender is regarded as a cross-cutting issue linked to development issues in the human rights sphere and beyond. Governments and the United Nations made commitments in the Beijing Platform for Action (1995) to implement gender mainstreaming: that is, to consider the realities of – and the potential impact of planned activities on – women and men before any decisions on goals, strategies, actions and resource allocations are made. The inclusion of a goal on gender equality and the empowerment of women within the Millennium Development Goals (MDGs) and the Task Force on Education and Gender Equality of the United Nations Millennium Project confirmed the commitment voiced in Beijing. A decade after the endorsement and adoption of gender mainstreaming by countries and institutions, its implementation is still lagging (Mehra and Gupta, 2006). While the ability to translate the awareness of the need to close the gender gap into concrete policy and rules is often missing, the expectations are that social policies, economic development and trade rules will increasingly be integrated and will shape a new phase of economic globalization.

5. Whether at the unilateral, bilateral or multilateral level, sound trade policies should rely not only on the assessment of the impacts they may have on economic growth and social welfare, but also on gender equality. Integrating gender issues into policy discussions is particularly relevant for trade policies, given their strong redistributive effects both across economic sectors and among individuals. Protective measures shield domestic suppliers from international competition at the expense of consumers and favour the competing import sector, to the detriment of the export sectors. In welfare terms, the redistributive effects of trade policies (liberalization or protectionism) trickle down to households and individuals, depending on their ties to specific factors of production – e.g. labour, land and capital – or economic sectors.

6. During the past two decades, trade liberalization policies have been used as an effective development tool based on the evidence that there are many benefits a country could gain through a more active participation in world trade. Thus, both developing and developed countries have signed more and more trade liberalization agreements. The effect of liberalization has been large, both on the labour markets and on the prices of goods.

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<sup>1</sup> Convention on the Elimination of all Forms of Discrimination Against Women (1979); Beijing Platform for Action (1995); MDGs (2000); World Summit Outcome (2005).

7. When analyzing the effect of trade on gender, there are two specific issues to consider: the extent to which trade policies affects women's empowerment and well-being; and the impact that trade policies have on the level of inequality between men and women.

8. International trade offers great opportunities for women's empowerment and well-being. Globalization has created a large number of new jobs in developing countries, most of which have been filled by women. Female farmers who have been able to switch from staple or subsistence agriculture to cash crops have seen their incomes increase. Trade liberalization has created new business opportunities for women entrepreneurs. Migration has also offered new opportunities for women, both as migrants and remittance recipients. In summary, trade integration has offered women the opportunity to enter a more productive form of labour. Being able to work and earn income is a strong force behind women's empowerment and decision-making, both within and outside the household.<sup>2</sup> On the other hand, trade has also had a negative impact on some women, as it has disrupted economic sectors and markets where they were active. In more general terms, the opening to international markets requires adaptation. Workers, farmers and entrepreneurs who are unable to adapt to the challenges of international trade can end up worse off.

9. Regarding the gender wage gap, while trade is not the cause of gender income inequality, it can magnify or reduce existing disparities. By increasing competition from abroad, trade liberalization provides an incentive to increase efficiency and thus reduces discrimination, including between genders. However, trade liberalization is often associated with an increase in the skilled/unskilled wage gap. Given that women are generally employed in more low-skilled positions than men, this generally increases gender inequality.

10. In summary, the overall effect of trade policies on women's well-being largely depends on factors such as pre-existing policies, the extent of the gender gap, and the ability to which women are able to react to economic changes. In this regard, to limit the negative consequences that further trade liberalization may have and ensure a fair outcome for women, specific gender issues should be mainstreamed into trade policymaking.

#### **Box 1. The Global Gender Gap Index**

The Global Gender Gap Index developed by the World Economic Forum (WEF) benchmarks national gender gaps in four fundamental categories: economic participation and opportunity, educational attainment, political empowerment, and health and survival. It provides country rankings allowing for comparisons across regions and income groups, and over time. The rankings are designed to create greater awareness of the challenges posed by gender gaps and the opportunities created by reducing them. Furthermore, the methodology and quantitative analysis behind the rankings may serve as a basis for designing effective measures for reducing gender gaps. According to the 2008 report, no country has achieved gender equality. However, the four highest-ranking countries – Norway, Finland, Sweden and Iceland – have closed about 80 percent of their gender gaps. The index reconfirms the strong correlation between the gender gap and national competitiveness, and sends a clear message to policymakers to incorporate gender equality into their national priorities.

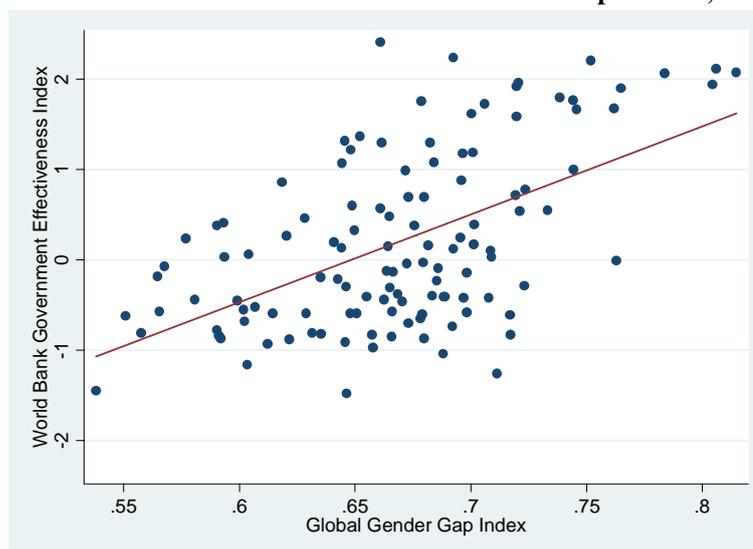
*Source:* WEF, 2008.

11. Gender equality is highly correlated with effective governance as measured by the Worldwide Governance Indicators developed by the World Bank. States where Government is more effective tend to have lower gender discrimination. (See figure 1.) Gender equality is also correlated with economic development and national

<sup>2</sup> Moreover, studies from both developing and developed countries find evidence that women's empowerment has a direct effect on economic development. When women's control over resources increases, households allocate more resources to productive investments such as children's health and education (Lundberg and Pollak, 1996; Haddad et al., 1997).

competitiveness, thus suggesting the importance of incorporating gender equality into the policymaking discussion.

**Figure 1. Worldwide Governance Indicators and Gender Gap Indexes, 2008**



*Source:* UNCTAD's calculations based on the Worldwide Governance Indicators (World Bank) and the Gender Gap Indexes (World Economic Forum).

12. Mainstreaming gender in trade policy means (a) assessing the impacts trade policies and trade liberalization could have on the well-being of men and women, under the assumption that distinct sectors and groups within a country will be impacted differently; and (b) consequently formulating trade policy and pacing trade liberalization in a gender-sensitive manner. Once trade policies have been set up and commitments have been taken at the multilateral, regional or bilateral levels, such policies must be translated into programmes and actions from which women and the entire society can effectively benefit. By assessing the gender implications of trade policies, policymakers can direct them to facilitate women's empowerment and well-being, while at the same time avoiding the increase in disparity between men and women.

13. This issues note is divided into two sections. The first provides the intuitions behind the relationship between trade policies and gender. The second discusses effective ways of mainstreaming gender into trade policies and provides policy recommendations. This note is accompanied by document TD/B/C.I/EM.2/3, which presents seven case studies.

## **I. Trade policies and gender linkages**

14. As noted above, recent trade policies have been geared towards trade liberalization, promoting decreasing tariff and non-tariff barriers, elimination of behind-the-border measures, implementation of competition policies and enforcement of intellectual property rights. Trade liberalization has an impact on prices and production of goods and services, fiscal revenue, employment and balance of payments. Although it is generally conducive to export-led gross domestic product growth, it typically impacts economic sectors and economic actors differently. Especially in the short term, some individuals may end up worse off, while others may reap great benefits. However, in the medium-long term, individuals who are able to adapt will greatly benefit from the opportunities offered by a more efficient economy, cheaper imports and an expanding export sector.

15. The effects of trade policies on economic and social activities tend to be different across gender. This is due to cultural, tradition-related and social factors as well as

economic factors. Women and men may have different skills, face diverse challenges and have different access to resources. It is also important to note that women are not a homogeneous group. A change in trade policy may have a diverse impact on different sub-groups of women, depending on social and political factors, economic roles, demographics and geographic location.

16. The main issue relating to trade and gender is that, to reap the full benefit from trade policies, economies and workers must adapt. Adaptation is intended as switching resources from declining to expanding sectors. Such a shift may prove difficult, as has been highlighted by the least developed countries (LDCs), which have experienced only minor changes in their structure of production during the past 10 years (UNCTAD, 2008a). This adaptation problem is more relevant for countries with rigid labour and capital markets, and for individuals who are less prone to adjust. In this regard, women are relatively disadvantaged as, in an economic sense, they are generally less adaptable.

17. The relatively poor adaptation of women to the challenges and opportunities of integrated markets is among the most important factors why trade policies pose particular problems to women. This handicap originates because of women's relative disadvantages in terms of education, command over resources, and in gaining access to credit, new technologies, training and marketing networks. This problem is often more relevant in developing countries for at least two reasons: (a) differences between genders are often higher in low-income countries; and (b) developing countries generally lack efficient government institutions, safety nets and compensative policies which may make adjustments swifter and easier.

#### **Box 2. The gender wage gap**

There are two opposing factors that affect the relationship between trade liberalization and the gender wage gap. First, trade policies that are aimed at fostering market integration, such as domestic deregulation, should lead to a reduction of the gender wage gap, as competition among firms increases. The resulting pressure from competition results in less discrimination against women with comparable skills to men, leading to increases in wage equality. Second, trade often results in a premium on skills. The resulting consequence of the increase of the skilled/unskilled wage gap is generally reflected in the gender wage gap. This is a consequence of the education gap and the lower skill accumulation that penalizes women.

There is mixed evidence on whether trade liberalization has increased or reduced the gender wage gap. Economic theory suggests that trade liberalization favours the production of goods in which countries have comparative advantages, and thus should benefit unskilled workers relative to skilled workers. In practice, there are at least two empirical reasons why trade integration often benefits skilled workers. First, export sectors likely employ both skilled and unskilled workers. While the pool of unskilled individuals is large in developing countries, skilled workers are much rarer. This creates an upward pressure on skilled wages and stagnant unskilled wages. Second, it is often the case that the pre-existing structure of protection favours sectors employing a large number of unskilled individuals (Harrison and Hanson, 1999). In such cases, the removal of trade protection penalizes unskilled workers.

Empirical evidence suggests trade has often been found to increase the skilled and unskilled wage gap, while decreasing gender discrimination. That is, while the pay difference between skilled and unskilled individuals has increased, the pay difference between similarly skilled men and women has decreased, with mixed results on the gender wage gap. In a cross-country study, Oostendorp (2004) finds that, within occupations, increasing trade in most cases is associated with narrowing gender wage gaps. In some other studies, trade liberalization has been found to increase the gender wage gap (Menon and Van der Meulen, 2006).

18. To clarify the interface between trade policies and gender, it is suitable to spell out the main links. Although other effects may play a role,<sup>3</sup> the present note focuses on how trade affects gender through labour markets, small-scale enterprises, agricultural production and migration.

#### **A. Labour markets and small-scale enterprises**

19. Evidence shows that trade tends to increase the availability of formal jobs in developing countries. These low-skilled, labour-intensive jobs have been largely filled by women. Women workers have been particularly sought by the export-oriented industry because women are generally more readily available, less unionized and less expensive. Arguably, a large number of women have benefited from new employment opportunities. Being able to earn cash is a tremendous advantage in empowering women, both outside and within the household. Table 1 shows the increasing participation of women in the formal labour market. Working conditions for women have improved, especially in fast-growing East Asian economies, with more women gaining wages/salaries and fewer getting involved in precarious jobs or unpaid activities. There are still large differences between genders, especially in Africa and South Asia, where women's employment is largely relegated to unpaid and vulnerable activities.

20. One of the most important issues regarding women's employment in developing countries is that it is often temporary. Besides providing financial instability, this makes the development of specific skills more difficult. The result is that women generally remain low wage earners in the pool of unskilled workers. Indeed, a number of studies suggest the precarious nature of women's jobs in the manufacturing sector, with frequent spells of unemployment and a reduced ability to negotiate wages and working conditions (Levinsohn, 1999; Ozler, 2001; Nicita and Razzaz, 2003). All this results in an increase in women's paid employment, which has not been matched by an equal reduction in poverty, especially in women-headed households (World Bank, 2001).

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<sup>3</sup> The relationship between trade and intra-household allocation of resources, government spending on social services, and knowledge transfer, among others.

**Table 1.**  
**Male and female status in employment (as share of total employment),**  
**1997 and 2007**

	Wage and salaried workers (%)		Employers (%)		Own-account workers (%)		Contributing family workers (%)		Vulnerable employment (%)	
	1997	2007*	1997	2007*	1997	2007*	1997	2007*	1997	2007*
<b>Female</b>										
WORLD	41.8	46.4	2.1	1.8	21.6	26.9	34.5	24.9	56.1	51.7
Developed Economies & European Union	85.1	88.0	4.2	3.9	6.8	5.8	4.0	2.3	10.7	8.1
Central & South-Eastern Europe (non-EU) & CIS	77.5	78.5	3.6	3.0	11.4	13.6	7.6	5.0	18.9	18.6
East Asia	28.7	39.2	1.6	0.7	25.7	36.8	44.0	23.3	69.6	60.1
South-East Asia & the Pacific	29.4	35.1	1.0	0.9	23.2	28.0	46.5	36.0	69.6	63.9
South Asia	11.4	15.5	0.5	0.3	17.4	25.2	70.7	58.9	88.1	84.2
Latin America & the Caribbean	67.8	64.6	2.1	2.7	21.7	25.5	8.4	7.1	30.1	32.7
Middle East	43.7	55.3	1.1	1.5	25.7	17.9	29.4	25.3	55.2	43.2
Sub-Saharan Africa	12.4	15.5	2.6	2.8	48.0	46.9	37.0	34.7	85.0	81.7
North Africa	49.3	58.4	2.2	3.2	16.2	12.4	32.3	26.0	48.4	38.4
<b>Male</b>										
WORLD	44.9	47.9	4.3	3.4	37.2	37.4	13.5	11.3	50.7	48.7
Developed Economies & European Union	80.6	82.1	8.1	7.9	10.1	9.3	1.2	0.8	11.3	10.1
Central & South-Eastern Europe (non-EU) & CIS	74.7	76.1	4.2	4.1	17.5	17.7	3.6	2.1	21.0	19.9
East Asia	38.4	46.4	3.7	1.3	39.8	40.5	18.1	11.8	57.9	52.3
South-East Asia & the Pacific	38.1	41.6	2.9	2.3	43.3	41.5	15.7	14.6	58.9	56.1
South Asia	21.0	24.4	2.2	1.2	58.0	56.1	18.8	18.3	76.7	74.4
Latin America & the Caribbean	62.4	60.6	5.5	5.9	26.6	29.7	5.6	3.8	32.1	33.5
Middle East	58.7	65.2	5.8	6.7	28.1	23.0	7.4	5.2	35.5	28.2
Sub-Saharan Africa	25.2	30.3	3.4	3.2	49.6	48.0	21.8	18.4	71.4	66.4
North Africa	57.1	59.9	9.4	11.9	17.9	16.2	15.6	12.0	33.5	28.2

\*Preliminary data.

Source: International Labour Organization (ILO) (2008).

21. From a policy perspective, there are two main ways of assuring that workers in general – and females in particular – fully benefit from the employment opportunities arising from trade integration. The first is to assure that the labour force, especially women, can meet the skills sought by the expanding industries. This should be achieved through appropriate education policies and technical training. The second is to limit possible exploitation of workers. Unfortunately, those policy responses are clearly more difficult to achieve where government resources are limited. They may work poorly in countries where unemployment and underemployment are high. However, any measure improving workers' skills, employment stability, working conditions, unemployment benefits and workers benefits – such as paid leave and health care – is likely to greatly benefit workers, especially those in the most precarious conditions.

22. Trade policies also affect women through the impact they have on the viability of small enterprises (box 3). While trade integration may offer opportunities for small enterprises to grow, it also exposes them to international competition. Small enterprises generally operate in protected markets and the increase in foreign competition means that they are forced to grow and/or upgrade technologically (Melitz, 2003). This affects women in two ways. First, in developing countries, a relatively large number of small enterprises are run by women. Second, women often have less access to marketing networks, credit and technical knowledge, all of which are essential to improving small enterprises' competitiveness. In this regard, policies aimed specifically at small enterprises to facilitate access to credit, exporters associations and technical training to fit with the requirements of the export markets are most likely to smooth the transition of small enterprises to the open market environment.

**Box 3. Integrating women entrepreneurs in the international market**

In developing countries, 40–50 per cent of microenterprises or small and medium-sized enterprises (SMEs) are owned by women. Women entrepreneurs are particularly affected by globalization and market deregulation, since they represent the most vulnerable segment of the SME sector and face special difficulties in accessing finance and technology to expand their enterprises, as a result of various legal, cultural and social barriers. Additionally, women entrepreneurs often have very different responsibilities, goals and business strategies than men. Most women have, for instance, significant family obligations that place extra demands on their time and income. In general, the design and structure of SME programmes do not sufficiently take into account the needs and local realities of women entrepreneurs, who therefore have problems in improving their skills through business development services. Evidence shows, however, that when such major obstacles are overcome, often with external support, trade liberalization may create plenty of new business opportunities for women entrepreneurs. In particular, targeted entrepreneurship training may become a key success factor in assisting women entrepreneurs to face international competition and to grasp the opportunities created by open markets.

Women trained in Ethiopia and Uganda under UNCTAD's Empretec programme have indicated that they often mix personal and business finances, keep poor financial records, and have limited capacity to deal with arithmetic and financial statements. Therefore, they need better and more training in financial management, and simple and standardized business accounts. They lack self-confidence, which causes distrust for financial institutions. They also tend to be risk-adverse, preventing them from exploring new opportunities. These gender-related patterns of entrepreneurship development must be taken into account when formulating support policies and programmes to promote a better integration of SMEs in international trade. Moreover, these cases show there is a need for new initiatives that focus especially on assisting women-owned/managed enterprises to access business development services that enhance their economic growth and competitiveness.

**B. Agricultural production**

23. Women are largely affected by the way in which trade liberalization impacts their agricultural productive activities (table 2). In developing countries, women are generally held responsible for the well-being of the household, providing not only household chores but also food and cash through staple agriculture. This is relevant as trade liberalization has often had the effect of increasing the production of export (cash) crops, while increasing import competition (and thus depressing prices) of food crops (Food and Agriculture Organization of the United Nations (FAO), 2003). This affects men and women differently, as women are usually small-scale food-crop farmers, while men are typically more actively engaged in the marketing of traditional and non-traditional agricultural commodities to regional and international markets (Fontana et al., 1998).

24. Cheaper imports adversely affect the competing import industries as processing factories linked to liberalized export cash crops may no longer stand the external competition. Furthermore, the agricultural subsistence-oriented smallholders, many of which are run by women, are not likely to gain much from a reduction in import prices of wage goods and producer goods, as the import content of their expenditures is rather low. Finally, small farmers, who are likely to engage more women, are likely to see the benefits from the price increases, following from the trade liberalization, captured by middlemen.

**Table 2. Share of females in agricultural labour force (%)**

	1950	1970	1990	2000 (estimates)	2010 (estimates)
World	39.01	41.13	42.69	43.55	44.16
Developed countries	41.07	43.77	38.38	36.13	33.73
Developing countries	38.59	40.85	42.93	43.83	44.44

Source: FAO, gender and food security statistics.

25. Because of trade liberalization, farmers are forced to expand and introduce technological improvements in their farming techniques to compete both with import products and in the international markets. As women working in agriculture are largely small-scale farmers with limited access to credit, agricultural inputs and knowledge, they are the most disadvantaged by the liberalization of the agricultural markets. Farmers unable to survive in the new environment generally abandon agriculture. In several developing countries, smaller farmers are abandoning or selling farms at an increasing rate, leading to land concentration and expanded production of commercial crops (Young and Hoppe, 2003), while some may be shifting to subsistence agriculture

26. The impact of trade policies on subsistence agriculture is an important issue, although understudied. From a gender perspective, this is relevant, as women's participation in subsistence agriculture is generally high, especially in LDCs (box 3). Subsistence agriculture is largely seen as an inefficient economic activity, a harsh and risky way of living, with little or no hope for improvement. Any policy that is able to free farmers from subsistence agriculture is likely to produce benefits. Conceptually, international trade provides opportunities for growing more profitable crops, thus facilitating the switch from staple agriculture to cash crops. In practice, trade liberalization has been shown to reduce subsistence where farmers are able to adapt to new farming products and techniques. In this regard, women are less likely to switch to alternative and more remunerative forms of agriculture, especially as commercial agriculture requires inputs to which women generally have poor access, such as investments, training and marketing. Policies aimed at increasing access to credit, facilitating farmers in acquiring improved agricultural technologies, and providing crop-specific training are likely to greatly help farmers in benefiting from the opportunities offered by international markets. Such policies can be headed by Governments or be donor-driven, as is the case in LDCs.

27. The switch to export-oriented cash crops, however, is to be critically set against the current situation of food insecurity, especially in Africa. Most notably, the recent food crisis has brought renewed emphasis on traditional staple food crops and urban/peri-urban agriculture, at least as a coping mechanism in situations of food insecurity. From a policy perspective, a key challenge is to produce substantial marketable surpluses of these crops, so they can be locally traded, which may involve some shifts from agriculture to agribusiness, but in the traditional segment.

28. This strategy to "dynamize" the traditional sector could well involve a significant gender component. Since women are traditionally involved in household staple food production and local marketing of traditional food crops, it is relatively easier to relate gender empowerment to increasing productivity and output in traditional staple food production than in the cash crop sector. In other words, strategies specifically aimed at addressing the link between trade and food security open new opportunities for women's empowerment and entrepreneurship.

## C. Migration

29. Migration influences gender relations, either entrenching inequalities and traditional roles, or challenging and changing them (BRIDGE, 2005). Despite growing evidence about the gender-specific aspects of migration, most migration policies are not gender-specific in either the origin or receiving countries.

30. From a gender perspective, it is important to understand the causes and consequences of international migration. Regardless of gender, migration is often a way to improve living standards by escaping poverty or persecution. However, women often face much harder burdens in migrating. The participation of women in migration flows depends greatly on their social roles, their autonomy, their access to resources, and the existing gender stratification. In general, migration is related to the level of empowerment of women, with female migration higher in countries where female earning potential is more highly valued.

31. According to United Nations data (United Nations Department of Economic and Social Affairs (DESA), 2005), in 2005 there were 191 million international migrants worldwide, corresponding to 3 per cent of the global population; half were women. Most women migrate for family reasons – to form or reunify families. However, more women are now migrating autonomously. In either case, women tend to have greater difficulties than men in finding employment. They face the “double disadvantage” of being immigrants and female (Organization for Economic Cooperation and Development (OECD), 2005). Low-skilled or unskilled migrant women tend to find jobs in a limited number of occupations in the services sector with gender-associated roles such as cleaning and catering services, entertainment and care-giving. Relatively few are found in the agricultural sector, while there are many in the textile and garment industry. The marginality of unskilled immigrant women is often reflected in low-status jobs, low earnings, poor working conditions, lack of union representation and insecure contracts, often coupled with a precarious legal status. Skilled migrant women often go into welfare and social professions, including education and health care.

32. Migration often takes place illegally, posing further risks for women, as it is often related to human trafficking. In these cases, women are most vulnerable, as illegal immigration often involves exploitation, coercion and abuse of power. Trafficking builds on existing gender inequalities. Trafficked women frequently originate from regions where gender discrimination is higher.

33. Even if migrant women often face more hardship than men, migration generally helps them in raising their autonomy and social status. An important positive contribution of female migration to developing countries is the money they earn and send back home. Low-skilled migrants, particularly women, tend to send proportionally more money home than high-skilled male migrants. Migration also affects women who stay behind. Women are the greatest recipients of remittances and tend to use them to improve the welfare of family members (OECD, 2007a). Remittances are an important capital source for developing countries.<sup>4</sup> Remittances are also a vehicle for changing gender relations – winning respect for women who remit and providing more resources to women who receive remittances.

34. From a policy perspective, facilitating remittance transfers, minimizing transfer costs, improving the financial literacy of migrants and their families, and diversifying the supply of financial services are all desirable developments (United Nations General Assembly, 2006). Practices such as banks requiring approval from a male family member before allowing women to open bank accounts, obtain credit or transmit remittances

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<sup>4</sup> According to the International Organization for Migration (IOM) Global Estimates and Trends, in 2007 remittance flows were estimated at \$337 billion worldwide, \$251 billion of which went to developing countries. Remittances to LDCs – which amounted to some \$13 billion in 2006 for 35 countries for which data was available – were bigger than foreign direct investment inflows (\$9 billion), but lower than the \$28 billion they received as net official development assistance disbursements in 2006 (UNCTAD, 2008a).

should be reconsidered. Women's financial autonomy is a precondition for achieving economic efficiency and equal social status.

35. Even when migration has positive effects on individuals, it may have contradictory effects in countries of origin. Migrants reduce the labour force in countries of origin and can negatively impact growth potential, as they may create shortages in the supply of labour in expanding sectors. These negative impacts are even more pronounced in the case of "brain-drain" of highly skilled individuals, especially when migration subtracts skills that are important for the process of economic development. The gender-segregated labour market influences which professional categories are able to migrate. For example, the flow of nurses from developing to developed countries is overwhelmingly female, yet the flow of other professionals – such as scientists, engineers and doctors – is overwhelmingly male (BRIDGE, 2005). A related but little-studied phenomenon is "brain waste". That is the significant degree of deskilling and disqualification that many migrants – especially women – with full high school and even graduate-level education experience when finding employment abroad (Piper, 2005 and 2006).

36. More recently, countries of origin have become more aware of the positive impact of migration on poverty reduction and development, and are therefore more inclined to encourage the return of their citizens to their home countries, even on a temporary basis, and to create links with their transnational communities and facilitate the flow of remittances. Where brain-drain is happening, receiving countries need to mitigate the effects by providing training and capacity-building in countries of origin. This is, for example, the policy put in place by Canada and the United Kingdom for nurses and teachers (BRIDGE, 2005). Other countries have established codes of practice to discourage the targeted recruitment of health workers from countries experiencing shortages.

#### **Box 4. Gender equality in education: evidence from LDCs**

According to available data, between a third and a half of LDCs are on track to achieve the MDG target on gender equality in education. The ratio of girls' to boys' enrolment in primary and secondary school increased from 0.79 in 1991 to 0.89 in 2005, and from 0.77 in 1999 to 0.81 in 2005. Although important disparities affecting girls' school enrolment still prevail in some countries, due to cultural factors, gender equality in primary education seems to be easier to reach than gender parity in secondary and tertiary education. In 2005, a third of the LDCs for which data was available had achieved gender parity in primary education, compared to a fifth in secondary education and a tenth in tertiary education. UNCTAD (2008a) argues that, unless the achievement of MDGs is placed in an economic development framework, and efforts are focused on generating jobs and livelihoods as well as increasing the provision of public services directly linked to the MDGs, progress towards meeting the targets will remain elusive.

*Source:* UNCTAD, 2008a.

37. The provision of services abroad through the General Agreement on Trade in Services (GATS) mode 4 represents the only multilateral treaty-based regime in existence today for managing the temporary movement of certain categories of persons. There has been comparatively less progress in liberalizing this form of trade in services compared with other forms of trade. The ongoing trade in services negotiations within the World Trade Organization (WTO) have not changed the situation.

38. The precise boundaries of GATS mode 4, however, are not well-defined. GATS recognizes that services delivery may require the presence of foreign natural persons, but it does not detail specific ways in which this can be achieved. Lack of clarity on the issue has led to a diversity of views among countries on the types of movements of natural persons that fall under GATS. Nevertheless, consensus exists that job seekers, permanent establishment and citizenship do not fall within the purview of GATS, while contract-based services provision by individuals or firms and investment-related movement of persons are covered.

39. Mode 4 issues in most countries are dealt with in the same manner as migration issues, blurring the boundaries between temporary and permanent movement. Conversely, treating mode 4 as a trade issue – instead of a migration issue – would facilitate the movement of services suppliers and could pre-empt some of the problems currently generated by permanent migration and illegal labour flows (UNCTAD, 2003).

40. UNCTAD argues that an increase in women's participation and benefits from international trade in services through mode 4 would be facilitated and supported by the following measures: (a) simplifying the granting of visas, work permits and licensing requirements; (b) enhancing temporary movement of lower-skilled workers; (c) eliminating economic needs tests or reducing their coverage, and making them more transparent and predictable; and (d) facilitating recognition of professional qualifications. It has been found that granting recognition could have a certain degree of gender bias, especially in higher skill services – for example, rationalizing social security concerns through portability of social security or through the reimbursement of social contributions upon return of the services provider to the home country (Puri, 2004).

## **II. Mainstreaming gender in trade policy: from theory to practice**

41. Discussion in chapter I illustrated the main links between trade policies and women's empowerment and gender equality. Those links are the main issues to consider when assessing and analyzing the implication of trade policy on gender. Mainstreaming gender in trade policy essentially means analysing the impact that policies and programmes have on men and women separately, to help identify ways for using trade to empower women, and possible remedies for when trade policies negatively affect women. While mainstreaming gender in trade policy is a more recent endeavour, countries have acquired much experience in mainstreaming other issues in trade policy, such as environmental protection and sustainable development. The lessons learned through this experience may prove useful when mainstreaming gender (Coche et al., 2006).

### **A. The ex ante assessment of the impacts of trade agreements**

42. A number of countries – including the United States, the European Union (EU) and Canada – routinely include ex ante assessment studies of their trade agreements. Although the assessments vary in scope and purpose, most contain environmental impact assessments. Through such assessments, countries try to find out whether policy changes would be required as a result of a trade agreement, whether such changes might have an impact on existing domestic environmental regulations, or whether they would have an impact on the country's ability to comply with its obligations under multilateral environmental agreements. While in some cases the assessments concern only the country conducting them, in others it covers all countries involved in the trade agreements.

43. Something similar to the environmental impact assessments may be carried out in the case of gender. In other words, in parallel with or prior to the negotiation of a trade agreement, an assessment could be carried out concerning the potential gender-related implications that the trade agreement may have. For example, trade negotiators could be provided with a list of gender-sensitive sectors where trade liberalization should be expedited, delayed or exempted, to enhance female employment and empowerment.

44. Indeed, different trade policy measures could be used to mainstream gender in international trade, including (a) trade liberalization agreements; (b) unilateral liberalization – for example, unilateral reduction of tariffs on intermediate inputs into productive sectors with high female employment; (c) tax incentives in favour of women-owned enterprises for encouraging exports; and (d) the build-up of trade-related infrastructure to enhance the links between women entrepreneurs and domestic and international markets (UNCTAD, 2008b). However, while trade liberalization should be paced in a way that reflects, inter alia, its potential impact on women, this does not mean

that inefficient or non-competitive business sectors should be protected just because they provide employment to women. In these cases, professional training and educational policies should be put in place to upgrade women's skills, to enable them to move to more competitive sectors of the economy.

45. Experience shows that the ability of many developing countries to undertake environmental assessments autonomously from those carried out by their developed partners remains limited because of weak research capacities.

46. In more recent developments, some countries are calling for specific gender assessments of trade agreements. The African, Caribbean and Pacific Group of States (ACP)–EU Joint Parliamentary Assembly<sup>5</sup> called upon the ACP States to undertake sustainability studies to inform the economic partnership agreements (EPAs) negotiating process, and called upon the European Commission and EU States to provide financial support for studies that, among other things, involve research on the impact of trade arrangements on women in the different ACP countries.

47. Encouraging both developed and developing countries to include in their legislation some requirements to conduct a gender-related assessment of trade agreements before signing them, while a sound theoretical solution, could turn out to be too much of a burden on developing countries – especially LDCs – if parallel capacity-building were not provided. Indeed, most developing countries would have little or no capacity to make an assessment of the possible repercussions of trade agreements on discrete segments of the population, including women.

48. Supporting the establishment of independent research capacity for gender impact assessment in the developing world would accomplish several objectives: it would encourage developing countries' Governments to take ownership of gender policy, and it would enhance the legitimacy of the gender assessments carried out worldwide, since a broader number of views, solutions and models would be readily available. The research agenda of relevant international organizations could usefully include the development of a methodology for assessing the gender impacts of trade policy.

## **B. Negotiation of trade agreements**

49. In certain cases, gender is directly mentioned in the main body of the agreements. This is the case, for example, of the Cotonou Agreement. The preamble, article 1, article 9 (2) and article 20 (1) (2) state the parties' respect for international conventions regarding women's rights, their belief in men's and women's equality, and their commitment to include a gender perspective in "all areas of cooperation".

50. In the same vein, the EPA between the EU and the Caribbean Forum of ACP (CARIFORUM) States confirms the commitment of the parties to promoting the development of international trade in a way that is conducive to full and productive employment and decent work for all, including women (article 191).<sup>6</sup>

51. The EU–Mexico Global Agreement states that, within regional cooperation, "special attention shall be given to the role of women, particularly in the production process" (article 37(3)).<sup>7</sup>

52. Again making a parallel between environmental and gender concerns, several trade agreements include environmental provisions in specific side agreements. A similar process is taking place where gender issues are concerned; namely, gender is increasingly addressed in agreements that accompany trade agreements. The North American Agreement on Labour Cooperation – one of the two side agreements of the North

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<sup>5</sup> Resolution on EPAs: problems and prospects, adopted on 19 February 2004.

<sup>6</sup> EPAs redefine the trade regime between the EU and the ACP countries, replacing the system applicable since Lomé 1, and build on the provisions of the Cotonou Agreement.

<sup>7</sup> The Global Agreement, which entered into force in 2000, has three main pillars: political dialogue, trade and cooperation.

American Free Trade Agreement – exhorts the ministerial Council of the Commission for Labour Cooperation to promote cooperative activities regarding, among others (a) the equality of women and men in the workplace; (b) the elimination of employment discrimination, including gender-based; and (c) equal pay for women and men.

53. The Canada–Chile Agreement on Labour Cooperation – which complements, along with the agreement on environmental cooperation, the Canada–Chile Free Trade Agreement – urges the council to promote activities regarding the equality of women and men in the workplace and includes, in its annex 1, the elimination of employment discrimination and the principle of equal pay for women and men.

54. Developing countries have been traditionally cautious about incorporating environmental considerations into trade agreements. Among the concerns are that environmental considerations may result in trade barriers or that their implementation may constitute an excessive burden in terms of financial and human resources. Moreover, asymmetries in power also call for caution. The size and economic weight of the country wishing to include environmental considerations in the agreement will help to influence the outcome of the discussion. One additional difficulty encountered by some developing countries is the need to negotiate environmental chapters in trade agreements while their own national environmental regulatory system is in its infancy (OECD, 2007b). The same kind of difficulties will likely be encountered when incorporating gender considerations into trade agreements. Trade partners could (a) request some gender-related standards to be included in the agreements; (b) seek the inclusion of different types of enforcement and dispute-settlement mechanisms; or (c) request the harmonization of some aspects of gender-related legislation among the parties to the trade agreement.

55. On the other hand, including environmental issues in trade agreements has (a) raised the profile of such issues; (b) encouraged a broader participation of civil society in the negotiation and implementation of the agreements; (c) made it easier to find funds to finance environment-related activities; and (d) enhanced environmental cooperation among the parties to the agreements. Similar results may be achieved through the inclusion of gender considerations in trade agreements. Moreover, trade agreements, especially when one of the parties is a developing country, often combine trade commitments with environmental cooperation and capacity-building. This same solution could apply in the case of gender considerations. Gender-related commitments, if included in trade agreements, should be balanced and realistic, and take account of the economic and political realities in all the countries which are parties to the agreement.

### **C. Cooperation and capacity-building after the entering into force of trade agreements**

56. Once trade or partnership agreements enter into force, another crucial phase starts: implementation.

57. Some agreements include gender issues within the capacity-building mechanisms embedded in the texts. For example, the Labour Cooperation and Capacity-Building mechanism of the United States–Central America Free Trade Agreement sets out gender issues, “including the elimination of discrimination in respect of employment and occupation” as a cooperation and capacity-building priority (annex 16.5). Within the EU–Mexico Global Agreement, gender, along with human rights and environmental issues, is regarded as a cross-cutting issue to be mainstreamed in the development cooperation between the parties.

58. In other cases, gender issues are addressed as part of the parallel process of activities and discussions surrounding the implementation of regional agreements or forums. This is the case, for example, with the Asia–Pacific Economic Cooperation Forum and of the Commonwealth, which aim at integrating gender into all policies, programmes and practices of member Governments, in order to achieve greater gender equality.

### III. Conclusions

59. Gender inequalities undermine people's well-being, diminish the prospects of economic growth and create inefficiency. During the last 20 years or so, trade policy in most countries has been geared toward trade liberalization and market opening. Globalization and trade liberalization generate complex and often contradictory effects on women's access to employment, livelihood and income. In some cases, trade liberalization has been associated with rising employment and entrepreneurial opportunities for women. In other cases, it has exacerbated existing gender inequalities and worsened women's economic and social status. Clearly, trade policies have impacts on women as a discrete segment of the population. Yet trade policies have long been gender-blind.

60. Mainstreaming gender in trade policy means assessing which impacts trade policies could have on men and women and making them responsive to gender considerations. In particular, the analysis should investigate the impact of trade policies on employment, small enterprises, agricultural prices and productivity, subsistence agriculture and migration. By assessing the gender implications of trade policies, policymakers can direct such policies to facilitate women's empowerment and well-being, and at the same time avoid increasing gender disparities and attempt to mitigate the existing ones.

61. Policymakers should consider a broad range of issues if both men and women are to reap the full benefits of international trade. The most important factors include (a) skill acquisition (education); (b) non-discriminatory labour markets; and (c) equal access and control over resources, including land titling. Among these issues, women's education and skill accumulation are likely the most important factors determining the impact of trade on women's employment and on the gender wage gap. As long as women remain less qualified than men, they are likely to remain in lower paying, less secure jobs.

62. While trade policy and trade liberalization should be formulated and paced in a way that reflects their potential impact on women, this does not mean that inefficient or non-competitive business sectors should be protected only because they provide employment to women. Rather, professional training and capacity-building policies should be put in place to enable women to meet the new skills sought by the market.

63. Gender-related considerations could usefully be included in trade agreements to ensure that such agreements are beneficial to all segments of the population, including women. Developing country capacity to assess the impact of trade policies on women should be enhanced. Including gender considerations in trade agreements could raise the profile of such issues and enhance cooperation among the parties, but it should not become a precondition for market access.

64. Additional research and policy advocacy is needed on the interlinkages between trade policy and gender. Areas for further analysis include (a) the links between food security, trade and gender; (b) migration policies and temporary movement of services suppliers and the boundaries between these two policies; (c) the correlation between the gender gap, economic development and national competitiveness; (d) the further development of methodologies for assessing the gender impacts of trade policy; and (e) the impact of trade preferences and rules of origin on specific sectors where women's employment is particularly high. The research agenda could be conducted usefully through collaborative efforts. On such crucial issues, policy consensus should be pursued. The United Nations Task Force on Gender and Trade provides a suitable mechanism for this purpose.

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