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Women's economic empowerment and trade

International trade can be a driver of growth but can also disrupt markets and employment patterns, with different impacts on different segments of society. Research supported through GrOW shows that, beyond progressive trade agreements, a range of policy measures—and partnerships—are needed if women are to benefit.

WHAT'S AT STAKE?

International trade has been credited with boosting growth and wealth across the world, while also blamed for rising inequalities. It has created opportunities for large numbers of people, including jobs for millions of low-income women in large parts of Asia. But there are also concerns: the jobs created are often of poor quality; women tend to occupy the lower-skilled and lower-paid positions within global value chains; and the disruption of international trade can also destroy local jobs as it creates opportunities elsewhere. Women, for example, make up some 80% of the work force in the export-oriented garment industry worldwide. But production is highly mobile, shifting frequently to where wage costs are lower.

FINDINGS

- Trade liberalization has varied impacts on women's economic empowerment.
- Trade interacts with broader trends underway in shaping opportunities for women.
- Government policies therefore play an important role in promoting more inclusive trade.

POLICY INSIGHTS

- Gender equality can be made an explicit aim within trade agreements.
- There is a critical need to gather and analyse gender-disaggregated data.
- Gender disparities need to be addressed simultaneously in trade agreements and public policy.
- Capacity, leadership, and partnerships are key.

If trade can have both positive and negative consequences for women's opportunities and empowerment, how can a progressive trade agenda—such as Canada's—best be pursued? Research supported through the the Growth and Economic Opportunities for Women (GrOW) program shows that the impacts of trade and trade policies on gender equality are diverse. It is crucial to understand these impacts in order to craft well-designed measures to achieve a 'win-win'—benefiting economies while advancing gender equality.

APPROACH

This brief is based on a set of studies supported through the GrOW program, and syntheses carried out by experts in macro-economics and labour markets. It further builds on seminar presentations held in 2017 at the International Development Research Centre (IDRC) by Janneke Pieters of Wageningen University and Stephanie Seguino of the University of Vermont.

KEY FINDINGS

Trade liberalization has a varied impact on the gender gap.

Contrary to economists' hypothesis that trade liberalization would reduce various forms of discrimination—including gender bias—through increased competition, GrOW-supported research has found that its impacts vary. Studies by Janneke Pieters and colleagues show that trade liberalization in Brazil had a small negative impact on women's employment, but strong negative effects on men. Trade liberalization in Indonesia, in contrast, was found to have increased employment of women. In India, trade liberalization in the 1990s saw both an aggregate decline in women's labor force participation and increased 'distress' participation linked to high rates of poverty in some segments of the population.

Since trade liberalization affects different sectors of an economy in different ways, its specific impacts on men and women largely depend on the type and gender composition of the trade-oriented sectors within each country. There is strong gender segmentation in economic opportunities and labor force participation, with women and men remaining clustered in certain sectors. Research carried out by the University of Göttingen shows that this segmentation is



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more persistent than generally thought, increasing even as gender gaps in education decrease. This segmentation appears to play an important role in determining the gendered impacts of trade.

Trade liberalization in Brazil had a small negative impact on women's employment, but strong negative effects on men.

Trade interacts with other changes underway in shaping opportunities for women.

The impacts of trade identified in this research are embedded in broader social and economic changes underway. As Seguino highlights, the expansion of employment opportunities for women seen globally in recent decades is coming to a halt; but this is also true for men. This slowdown may be part of a broader trend of growing inequalities and changing relations of production.

Automation is another major factor that is determining how growth translates into opportunities or displacement.

The nature of trade itself has changed, with global production increasingly organised through value chains. The impact of multi-national companies on local development therefore continues to increase, as does their influence on economic and social policies. The protection of foreign investors, dispute resolution mechanisms, and intellectual property rights embedded in trade agreements can restrict governments' abilities to enact policies that protect or benefit various groups, including women. These impacts need to be addressed in discussions aimed at making trade more progressive.

Government policies have an important role to play.

The impact of trade is mediated through national institutions. If the gendered impact of trade liberalization depends on patterns of segmentation within countries, government policies to address these—such as promoting education, investing in transportation and public service infrastructure, and widening access to child care—are vital. Similarly, in a globalized economy, social protection and wage equity policies are needed to address the frequent labour market adjustments that come with more open economies.

The fact that links between trade and gender equality are complex does not imply they are impossible to leverage. On the contrary, rigorous analysis can help us understand why we are not seeing more positive developments for women and other disadvantaged groups from trade, and identify the conditions under which a win-win might emerge.

POLICY INSIGHTS

To enhance the impact of trade and value chains on gender equality, well-designed initiatives, anchored in international commitments and informed by evidence, are both needed and possible. Four core directions emerge from recent research:

Gender equality can be made an explicit aim within trade agreements, as shown by the gender chapter in Canada's trade and investment agreement with Chile, and in the Joint Declaration on Trade and Women's Economic Empowerment signed at the World Trade Organization conference (WTO) in Buenos Aires in December 2017.

According to analysis by the UN Conference on Trade and Development, the gender chapters in recent trade agreements contain few nationally specific goals and measures and are not covered by dispute settlement mechanisms. They can, nonetheless, promote cooperation on initiatives for women's economic empowerment.

Supportive policies that address women's lack of access to better-paid jobs and sectors is one way to help them benefit from increased trade.

There is a critical need to gather and analyze gender-disaggregated data. Information about sex- and age-distribution of employees is essential to understanding the impacts of trade and investment, and of protective policies put in place to mitigate their negative effects. Very few countries have consistently tracked gender and women's access in financial systems, Chile being a major exception. Gender-disaggregated data is also instrumental to ensuring that public procurement regimes and trade facilitation efforts address the specific needs of women-owned enterprises.

Gender disparities need to be addressed simultaneously in both agreements and public policy. As the impact of trade is mediated through government institutions, promoting gender simultaneously in public policy and through trade is essential. In its 2017 global review, the WTO-led Aid for Trade initiative highlights the importance of building in measures to address the gaps women face, such as in connectivity. Supportive policies that address women's lack of access to better-paid jobs and sectors is one way to help them benefit from increased trade.

Capacity, leadership and, partnerships are key. It is important that countries and groups in the Global South have an equal say in shaping policy measures for more inclusive trade. There are also important opportunities for public-private sector collaboration and to build on women's empowerment and inclusion initiatives of multinational companies, as described in a recent report by Oxford University's Linda Scott. Deepening collaboration between the diplomacy, trade, and development sides of countries' foreign policies may help unlock new opportunities.



Photo: Adnan Ali

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