



Trade and Gender Equality

The role of trade policy

2020



The National Board of Trade Sweden is the government agency for international trade, the EU internal market and trade policy. Our mission is to facilitate free and open trade with transparent rules as well as free movement in the EU internal market.

Our goal is a well-functioning internal market, an external EU trade policy based on free trade and an open and strong multilateral trading system.

We provide the Swedish Government with analysis, reports and policy recommendations. We also participate in international meetings and negotiations.

The National Board of Trade, via SOLVIT, helps businesses and citizens encountering obstacles to free movement. We also host

several networks with business organisations and authorities which aims to facilitate trade.

As an expert agency in trade policy issues, we also provide assistance to developing countries through trade-related development cooperation. One example is Open Trade Gate Sweden, a one-stop information centre assisting exporters from developing countries in their trade with Sweden and the EU.

Our analysis and reports aim to increase the knowledge on the importance of trade for the international economy and for the global sustainable development. Publications issued by the National Board of Trade only reflects the views of the Board.

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Foreword

We know today that trade is not gender-neutral. Trade and trade liberalisations can provide both women and men with economic opportunities, but these opportunities are not equally distributed. Existing gender differences in economic participation affect the capacity of men and women to take advantage of such opportunities. This means that even if trade rules have a gender-neutral design, international trade and trade reforms affect women and men differently.

These insights have created a demand for a more gender-responsive trade policy. With this report, the National Board of Trade aims to contribute to the ongoing discussion about the role of trade policy in addressing trade-related gender gaps. The report explores the links between trade and gender gaps in three main areas: employment and the labour market, entrepreneurship, and consumption. It also recommends ways for trade policy to contribute to gender equality.

In June 2019, the National Board of Trade finalised the report 'Trade and gender gaps – can trade policy contribute to gender equal value chains?' written by Trade Policy Adviser Amelie Kvarnström. It analyses the gender gaps in production chains and barriers to gender-equal participation from an economic and social perspective. In addition to trade policy, it discusses several policy fields and private sector initiatives on women's participation in global value chains.

Based on the findings in the previous report, we now publish this shorter version, focusing primarily on trade policy and the economic dimension of gender equality. The author of this version is Senior Adviser Malin Ljungkvist. Senior Advisors Karolina Zurek, Magnus Rentzhog and Henrik Isakson contributed valuable insights and peer review.

The case has been decided by acting Director-General Pernilla Trägårdh in the presence of Head of Department Oscar Wåglund Söderström, Chief Legal Adviser Jonas Jeppson, Senior Advisers Karolina Zurek, Magnus Rentzhog and Henrik Isakson, and Senior Adviser Malin Ljungkvist, rapporteur.

Stockholm, February 2020



Pernilla Trägårdh
Acting Director-General
National Board of Trade

Executive summary

International trade is not gender neutral. Due to differences in representation in the economy as well as due to various social inequalities, women and men are affected differently by international trade and trade policy. This report describes some of these differences for men and women as employees, entrepreneurs and consumers in high and middle income countries and discusses possible ways for trade policy to take these into account.

More men than women have jobs supported by trade. There are also indications of larger wage differences in trading sectors and companies than in the economy in general.

Businesses owned or led by men are much more likely to engage in international trade than those owned or led by women.

Women on average spend a higher share of their income than men on products for the household, such as food and clothing, which generally face higher tariffs than other goods.

These differences contribute to the fact that despite gender-neutral design of trade rules, international trade and trade reforms affect women and men in different ways. The 2030 Agenda identifies trade as an engine for inclusive economic growth, which includes ensuring

All countries, regardless of income level, could increase growth and raise GDP by promoting paid employment, equal wages and economic empowerment for women

that women and men can benefit equally from the potential gains and opportunities offered by trade. All countries, regardless of income level, could increase growth and raise GDP by promoting paid employment, equal wages and economic empowerment for women.

These insights have created a demand for a more gender-responsive trade policy. Depending on the specific challenge at hand, different policies or policy combinations will be appropriate for countries and for regions. Case-by-case analyses are needed, highlighting the importance of improved methods and access to data. In addition to being a sustainability issue, gender equality is relevant in market access priorities, to ensure that equal opportunities are provided for both men and women.

Policy initiatives on multilateral, regional and unilateral levels are suggested to allow trade policy to take gender equality into account. These include introducing a requirement of gender impact analysis for potential new WTO agreements, including gender as standard content in the Trade Policy Review Mechanism, reaching a possible plurilateral agreement on trade and gender, adding gender content to additional sections of free trade agreements, unilaterally initiating trade policy reform and ensuring male and female participation in trade promotion activities. Supported by appropriate national policies and private initiatives, such trade policy could then facilitate international trade flows that contribute to inclusive and sustainable growth.

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1

Introduction

The 2030 Agenda identifies trade as an engine for inclusive economic growth, which includes ensuring that women and men have equal opportunity to benefit from the potential gains trade offers.

Trade and trade liberalisation can provide both women and men with economic opportunities, but existing inequalities and gender gaps affect their capacity to take advantage of these opportunities. These insights have created a demand for a more gender-responsive trade policy.

The purpose of this report is to identify trade-related gender gaps and relevant barriers to participating in and benefiting from international trade. The report explores the links between trade and gender in three main areas: employment, entrepreneurship, and consumption. It compiles relevant research and provides policy conclusions to contribute to ongoing discussions

about the role of trade policy in addressing trade-related gender gaps.

This report focuses on the connection between trade and gender in a high-income country context, and the rationale for high- and middle-income countries to make trade policy more gender-responsive. All countries are committed to working towards increased gender equality through the 2030 Agenda. However, most previous analyses of gender and trade have focused primarily on development, particularly on developing countries and emerging markets. But gender equality is not a development issue: **gender gaps are found in all countries regardless of income level.** Furthermore, there is an economic argument for every nation, regardless of income level, in striving toward increased gender equality. All countries could increase growth and raise GDP by promoting paid employment, equal

Focus

The purpose and main focus of this report

This report focuses on the connection between trade and gender in **high- and middle-income countries.**

It explores the economic dimension of gender equality in **three main areas:**

- employment
- entrepreneurship
- consumption

The purpose is to identify **trade-related gender gaps that affect how men and women participate in and benefit from international trade.**



wages and economic empowerment for women. Studies also indicate that findings from developing countries are not automatically valid in a high-income context, emphasising the need for increased focus on the situation in that context.

Dimensions of gender equality include social, political, economic and cultural aspects. This report focuses mainly on the economic dimension while acknowledging that it is necessary but insufficient for achieving full gender equality.

Definitions of gender equality usually incorporate the aspiration for equality between women and men, girls and boys, in all dimensions of life, and the idea that all people should have the same

rights, obligations and opportunities. This includes eliminating all discrimination based on sex, including economically.

A central concept in this report is gender gaps. According to the World Economic Forum, a gender gap is ‘the difference between women and men as reflected in social, political, intellectual, cultural, or economic attainments or attitudes’.¹ It is also a way of measuring gender equality or progress towards gender equality.

In this report, **the term gender gaps describes a difference between women and men in a trade-related area in the categories of employment, entrepreneurship and consumption.**

Definition

Gender equality

Equality between women and men, girls and boys, in all dimensions of life, means that all people have the same rights, obligations and opportunities.

2

The economic argument for gender equality

Equality between men and women is a fundamental human right and central to the non-discrimination principles of the United Nations. Achieving gender equality and empowering all women and girls is one of the sustainable development goals of the United Nations' 2030 Agenda for Sustainable Development. It shows vast economic potential: increasing the number of women in the economy as paid employees or as entrepreneurs will contribute to economic growth.

The size of the economic gender gap differs between regions and countries but can be found everywhere

and countries but can be found everywhere, both in high, middle and low income countries.

The size of the economic gender gap differs between regions

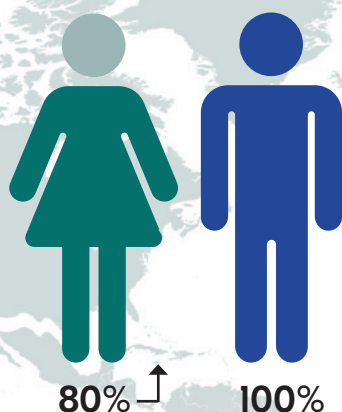
According to the World Economic Forum 2018 report, women have at least 80 per cent of the economic participation rate and opportunities of men in only 14 countries; a majority of those are developing countries. Even the best performer (Lao PDR) only reaches 91 per cent.

According to the McKinsey Global Institute, a so-called 'best in region scenario' in which all countries matched their degree of improvement in gender equality with the country in their region that is improving the fastest, could add as much as 11 per cent to global GDP between 2017 and 2025, amounting to 12 trillion USD.²

12 000 000 000 000 USD

In 2014, G20 leaders committed to reducing the gap in labour market participation rates between men and women by 25 per cent by the

In only **14** countries in the world women have at least **80** per cent of the economic participation rate and opportunities of men



- | | |
|-------------|-----------------|
| 1. Lao PDR | 8. Cameroon |
| 2. Barbados | 9. Sweden |
| 3. Bahamas | 10. Latvia |
| 4. Benin | 11. Norway |
| 5. Burundi | 12. Namibia |
| 6. Belarus | 13. Botswana |
| 7. Guinea | 14. Philippines |

Source: The World Economic Forum



year 2025, achieving ‘25 by 25’.³ According to an estimate in 2017 from the International Labour Organisation, reducing the gap in economic participation rates between men and women by 25 per cent by the year 2025 could add 5.8 trillion USD to the global economy. It could also unlock large potential tax revenues.⁴

According to the World Bank, about 40 per cent of the income loss in OECD countries caused by gender gaps is due to the gap in entrepreneurship.⁵

This means every country in the world could increase growth and raise GDP by reducing the gender gaps – getting more women into paid employment, paying equal wages and empowering women economically. **This is not a zero-sum game, nor a women’s issue.** With the right supporting policies, this growth can increase gender equality and benefit whole societies, both men and women.

But progress is slow. The World Economic Forum estimates that, at the current rate, the gender gap in economic participation and opportunity will take 202 years to close.⁶ Some of the reasons for this are slow progress in reducing the gender gaps in labour force participation and wage equity, which are closely connected to the effects of trade on the labour market.



**This is NOT a
zero-sum game**

202 years

3

Trade-related gender gaps

The ways men and women participate in economic activities and in trade are structurally different. This chapter describes some trade-related gender gaps in employment, entrepreneurship and consumption.

3.1 Employment

This section highlights some differences in the way men and women, on an aggregate level, participate in the labour market: to what extent men and women are employed, in what sectors they tend to work and how much they earn.

More men than women are in paid employment. In every OECD country, men are more likely to be in paid employment than women.

More men than women are in paid employment

In some OECD countries,⁷ the gender employment gap actually increased between 2012 and 2016.

Studies show recent stagnation in women's labour market participation rate. In the United States, for example, the previous trend of increased women's labour force participation has plateaued or slowed since the 1990s.⁸ Still, in some countries the employment participation gender gap has decreased. The United States, Australia and Japan have all experienced a significant decrease in men's labour force participation.⁹ This development is a reflection of a global trend of a decreased gender gap caused not by more women getting jobs but by men holding fewer jobs.

Men and women tend to work in different sectors. For instance, men predominate manu-

facturing sectors. Services sectors hire both men and women, but women and men generally tend to work in different services: women dominate education, health, and social work, while men dominate construction and transport, storage, and communication.¹⁰ Since these sectors differ in their openness to trade, there are structural differences in how men and women, as employees, participate in trade.

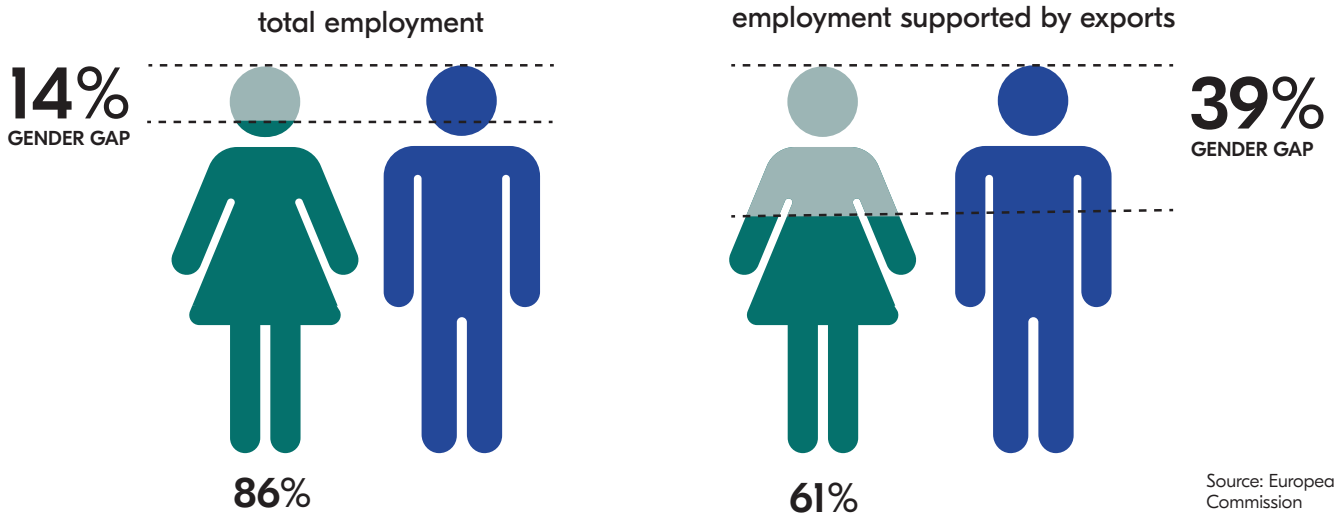
Gender segregation within occupational groups, interestingly enough, is almost twice as prevalent in high-income countries as in emerging markets.¹¹

These differences in the labour market could at least partially explain why fewer women than men work in employment connected to trade. Looking at the European Union (EU) as an example, in 2014,¹² women represented 38 per cent of employment supported by exports to the rest of the world, an increase of only a few percentage points since 1995. The share of women in the entire EU labour market was then 46 per cent. This means that women's employment corresponds to 86 per cent of men's for total employment and to 61 per cent of men's for employment supported by exports. Thus, the gender gap in exportssupported employment is wider than in overall employment.

The link to trade also differs between men and women. In most OECD economies, women's share in employment sustained by exports is higher in indirect channels, within suppliers to

Fewer women than men work in employment connected to trade

WOMEN'S EMPLOYMENT AS A SHARE OF MEN'S IN EU



companies that export, compared to their share in exporting companies.¹³

Just looking at the number of jobs created by trade is insufficient to assess the gender effects of trade on employment. The kinds of jobs and the working conditions for those jobs should also be considered. While data on labour force participation is often readily available, this is not the case for labour quality, such as working conditions and wages, making research more difficult.

Women in exports-supported jobs tend to have low- or medium-skilled jobs. Looking at the EU as an example, women's and men's skill profiles are similar in exports-supported employment, but with certain differences. First, women's exports-supported employment is biased in favour of low-skilled jobs. Second, the gap between the share of high-skilled jobs in total employment and the share of high-skilled jobs in exports-supported employment is wider for women than for men.¹⁴

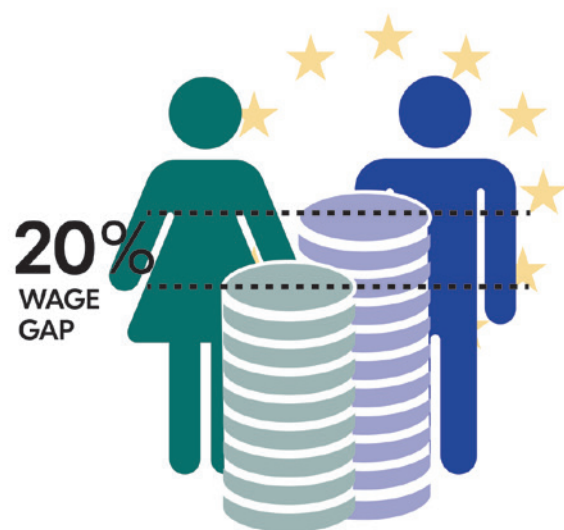
Women are generally more likely than men to hold low-skilled jobs across all OECD countries.¹⁵ This is primarily connected to gender segregation of education sectors and occupations, but gender-based discrimination in employment is also an important factor.¹⁶

As for wages: **on average, men have higher incomes than women.** Comprehensive overviews of studies on these wage differences show that human capital variables, such as education and other labour market attributes, inadequately explain the gender wage gap.¹⁷ Gender discrimination cannot be excluded as an explaining factor.

In most countries for which data is available, the gender wage gap has narrowed over time, but not closed, and largely remains unexplained. The average gap is generally lower in high-income countries than in low-income and middle-income countries but is still significant.¹⁸

The gender wage gap is bigger at high income levels. Looking at Europe for example, the average gender wage gap is almost 20 per cent, but between CEOs it is nearly 40 per cent.¹⁹ The gender wage gap is particularly large within enterprises with high average wages.²⁰ In the 1 per cent of enterprises with the highest average wages in Europe, the gap is almost 50 per cent.²¹

The gender wage gap is bigger at high income levels





These increased differences with higher incomes, combined with differences in skill levels, indicate a higher gender wage gap in trading sectors. A US study showed that the gender

...indicate a higher gender wage gap in trading sectors

wage gap was larger in sectors requiring high-skilled workers than in other sectors. This indicates that any changes to the labour market that increase demand for high-skilled workers, such as the potential

effects of trade liberalisation, tend to favour men. To the extent that women are overrepresented in lower-skilled jobs, increased gender wage gaps are likely to occur in trading sectors.

In high-income countries, some evidence supports a bigger gender wage gap in trading companies than in non-trading companies.²²

One example, a study from Norway looking at the manufacturing sector between 1996 and 2010, found that college-educated workers in exporting firms have on average a 3 percentage points higher gender wage gap than non-exporters.²³

3.1.1 Effects of trade and trade policy on employment gender gaps

Empirical evidence shows that trade and trade reforms may affect gender equality and gender gaps by changing factors such as women's and men's employment.

Recent evidence from high-income country contexts reveals larger gender gaps in sectors and occupations connected to trade²⁴ than in other sectors. This indicates that the previous general conclusion that trade is positive for women's

employment rates, based on evidence from developing countries where trade liberalisation raises women's employment participation rates, is less evident in a high-income context than in developing countries. Until now, these findings from developing countries have most likely affected gender discussions in the field of trade policy.

In some cases, **trade creating jobs for predominantly men or women in one part of the world may result in job losses for their peers elsewhere.** On some occasions, expanding export industries in developing countries reduced job opportunities for workers in developed countries. During the 1970s to 1990s, job losses in industries in the global north that suddenly faced competition from industries in developing countries and cheap manufacturing imports disproportionately affected women workers.²⁵ A more recent example is the effect of NAFTA, where a study has concluded that a Mexican firm in an industry experiencing an average reduction in US tariffs of 5.2 percentage points increased women's employment share in blue-collar occupations by approximately 20 per cent more than a firm experiencing zero tariff changes. Across the border, the effect seems to have been the opposite. Another study investigating US-Mexican trade flows concluded that NAFTA lowered women's labour participation rates in the United States.²⁶

Empirical evidence indicates that **industries women predominantly work in generally face higher tariffs.** An ILO study from India looked at tariffs imposed on Indian producers in foreign or destination markets. By combining employment data and tariffs in the destination markets of the

top 20 importers of Indian products, the study concluded that on average women faced higher barriers to exports than men did. The ILO then replicated the analysis in high-income countries and found similar results in, for example, the United States and Germany.²⁷

As mentioned above, women are more likely than men to work in services sectors. In general, trade in services remains relatively unliberalised

Trade in services remains relatively unliberalised compared to trade in goods

compared to trade in goods, albeit with big differences. So far, most research stems

from the developing country context, where liberalisation of trade in services seems able to increase employment opportunities for women.²⁸ It is unclear if this is true for the high-income country context. Generally, services connected to businesses are more liberalised than, for example, services connected to education, healthcare and retail. This could partially explain women's low participation in export-supported employment.

Empirical evidence is ambiguous about trade reforms' effects on employment participation rates, underscoring that exact links between trade, employment and the labour market are far from obvious and largely depend on the national context. This emphasises a need for a case-by-case analysis of liberalisation's potential impacts in various markets to understand how trade and trade reforms affect gender gaps in employment participation rates.

As for wage levels, the long-standing theoretical reasoning is that increased competition from trade should reduce discrimination by raising employers' costs due to inefficient use of resources. International trade will inspire companies to scale up and specialise, in turn creating jobs that demand higher skills and pay better.²⁹ Empirical evidence shows that jobs in trading sectors tend to be higher-skilled and pay higher wages. However, competition from trade liberalisation seems to have a limited effect on the gender wage gap. In some examples, the gender wage gap seems to fall with increased economic development, trade flows and foreign investment, for example in US manufacturing sectors.³⁰ However, the decrease is not a general finding.³¹ Other studies have shown that competitive forces from trade liberalisation alone have a limited impact on the wage gap.³² In fact, existing general wage inequality tends to persist after trade liberalisation measures, even if wage inequality reduces in some sectors.

3.2 Entrepreneurship

There is no universal definition of a man- or woman-owned company, making international comparison somewhat difficult. But enough data and findings suggest some structural difference in men's and women's entrepreneurship. Men and women tend to have different characteristics as entrepreneurs, differences that are highlighted in this section: to what extent men and women start, own and lead companies; in what sectors they tend to be active; and how likely they are to trade.



Women are much less likely to start, lead or own a business than men are. Generally, women are about half as likely as men to start a new business.³³ Around a third of the world's SMEs are women-owned.³⁴ In high-income countries, the

Women are much less likely to start, lead or own a business than men are

share of women entrepreneurs varies. In OECD countries, men are on average 1.7 times more likely than women to be self-employed. In EU countries, the percentage of women entrepreneurs varies greatly between the Member States, from 19.4 per cent to 39.5 per cent, revealing large gender gaps in entrepreneurship and self-employment. In the United States the share is

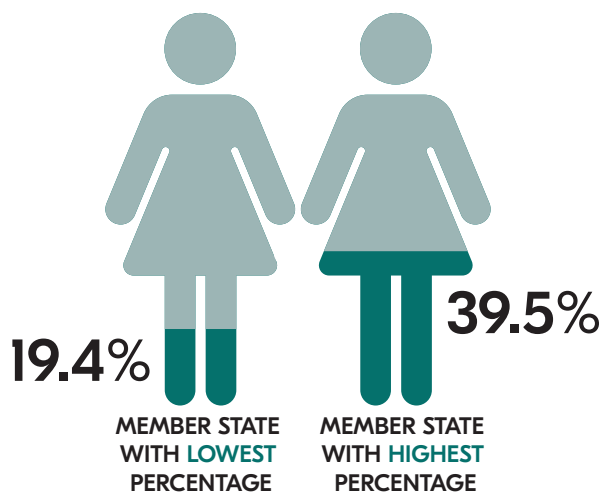
around 40 per cent, and in Canada about 16 per cent.³⁵ However, since different countries and organisations define women-owned companies differently, it is hard to draw any general conclusions or comparisons from these numbers, other than that across the board, fewer women than men are self-employed, business owners or business leaders.

Men and women tend to start businesses in different sectors. The gender segregation pattern in entrepreneurship is very similar to that of employment. Businesses owned or run by men dominate the manufacturing sector. In OECD countries, about 70 per cent of self-employed women work in services.³⁶ Women who start businesses, tend to enter sectors that have lower entry barriers and are less profitable, such as retail, beauty and food services.³⁷

Furthermore, characteristics differ between businesses owned or run by women and businesses owned or run by men. When a woman starts a business, it tends to be smaller, less profitable, slower to grow, home-based, active in specific sectors and financed at a lower rate.³⁸ Contrary to the general conclusion on growth rate, however, US data from 2018 show a higher growth rate for women-owned businesses than the general increase.³⁹ In general, women-owned companies have less capital and fewer employees and are less represented in high-turnover sectors.⁴⁰

Men-owned businesses tend to have more employees than women-owned businesses. Self-employed men in OECD countries are 2.5 times more likely than self-employed women to employ others.⁴¹ However, women-owned and -managed

WOMEN ENTREPRENEURS IN EU



Source: European Commission



businesses are more likely to employ women than companies managed or owned by men.⁴² This indicates that more women entrepreneurs could contribute to higher women's employment participation rates.

These differences do not seem to be connected to lower education or lower level of experience. Conversely, data from Canada showed that women SME owners were more educated and had more management experience than equivalent men.⁴³

Businesses owned or led by men are much more likely to engage in international trade than those owned or led by women. The gender gap for trading entrepreneurs is higher

The gender gap for trading entrepreneurs is higher than the overall gender gap for entrepreneurs

than the overall gender gap for entrepreneurs. Although the numbers vary depending on country or

region, the trend in high-income countries is similar to the global situation.⁴⁴ In OECD countries, businesses run by men are more likely to be involved in international trade, both as importers and exporters,⁴⁵ and the gender gap is up to 50 percentage points in certain sectors.⁴⁶ This trend seems persistent. In Australia, for example, although women's entrepreneurship is growing fast, women are still less likely than men to start exporting.⁴⁷

In general, businesses owned by women tend to export goods or services where the end-consumer is an individual, not a company. This makes it harder to connect to global value chains. However, once connected to a value chain, women-owned firms are more likely to sell beyond the immediate region and to trade with two or more regions.⁴⁸ This indicates that being part of a value chain helps women-owned businesses access markets.

Size, access to finance, profitability, productivity, number of employees and relevant sector all influence a business's potential to enter international markets and global value chains and become a trading business.⁴⁹ The findings on differences in characteristics between women- and men-owned businesses consequently indicate that the former in general face more difficulties to become a trading company. This

contributes to the wider gender gaps for exporting entrepreneurs than for entrepreneurs in general. For example, the Canadian government identifies size of business and concentration in non-exporting sectors as primary explanations for the gender gap in exporting companies.⁵⁰

3.2.1 Effects of trade and trade policy on entrepreneurship gender gaps

Trade liberalisation can increase entrepreneurs' market access, rendering opportunities to increase growth and sales. The effects of trade and trade policy on gender gaps in employment in the previous chapter are also relevant to the gender gaps for entrepreneurs. For instance, given the large number of women entrepreneurs active in certain services sectors, increased market access for those sectors might help countries and regions encourage more women entrepreneurs to engage in international trade.

To reap the benefits of increased market access, new trading opportunities such as free trade agreements need to be clearly communicated to companies. Furthermore, trade promotion helps open access to trade-related networks, information and financing.

Women entrepreneurs in the EU have identified access to networks for business purposes and access to information as two of their main challenges.⁵¹ **Women tend to have smaller, less diverse networks and rely more on personal contacts.**⁵² In the EU, for example, women and men seem to have the same tendency to network and have access to similarly sized networks, but women still have less access to 'important' networks, generally engage in women-only networks, and spend less time developing and maintaining these contacts.⁵³

Access to finance is yet another big obstacle for any small business trying to grow and create jobs.⁵⁴ Although Europe and the Americas have the lowest levels of gender discrimination in access to financial resources, the financing challenge is still bigger for companies owned by women.⁵⁵ Across OECD countries, women are less likely to report that they can access the financing they need to start a business.⁵⁶ Evidence from Australia showed that although the vast majority of women exporters wanted to expand their business into more countries, access to financing was an important constraint.⁵⁷

The gender gap in funding exists even for women-owned companies with lower credit risks than men-owned firms.⁵⁸ In the United States, women-owned companies apply for credit at a similar rate to men-owned firms but are more likely to be identified as a medium or high credit risk in early stages and are less likely to receive financing.⁵⁹ Women-owned and -run companies often have to present a higher value of collateral to obtain a loan.⁶⁰ Even with access to credit, women tend to lack access to other financial services, such as savings, digital payment methods and insurance.⁶¹ In general, OECD high-income countries have universal access to financial services. However, gender gaps exist and persist in the broader concept of financial inclusion, including access to and usage of various financial services, such as savings, payments, credit and insurance from formal service providers.

3.3 Consumption

Due to difficulty identifying homogenous consumer groups based on gender, trade-related gender gaps in consumption are hard to measure. Consumption preferences may of course rely on many other aspects than gender. One of the biggest problems when studying if and how men and women differ as consumers is lack of available data. Most available information comes from

surveys investigating consumption patterns and preferences that are based on households as the unit of interest and are most often not gender-segregated. However, some theoretical and empirical evidence is available on trade-related differences in consumers based on gender.

Globally, women tend to spend a higher proportion of their income on products and services for the household than men do.⁶²

Women tend to spend a higher proportion of their income on products and services for the household than men do

Considering the overrepresentation of women among low-income earners, the gender wage gap and the fact that women spend a higher proportion of their income on basic goods, consumption effects from trade reform in the form of reduced tariffs might be more positive for women than men. **Research from the United States suggests that tariffs weigh the heaviest on women and single parents.**⁶³

One example of a household product category consumed more intensely by women than men is food. Tariffs in the agricultural sectors are on average higher than for other categories of products, making these products relatively more expensive and thereby creating a disadvantage for women consumers.⁶⁴



3.3.1 Effects of trade and trade policy on consumption

The most recognised consumption-related effects of trade reforms are effects on price, availability and quality. The price variations in goods and services caused by liberalisation measures modify individual purchasing power, which can affect men and women differently due to different consumption patterns.⁶⁵

With reduced tariffs, consumer goods tend to become cheaper, and variety tends to increase, benefiting the end consumer. **Women on average spend a higher share of their money than men on products for the household, such as food and clothing, which generally face higher tariffs than other goods.**

A factor that can lead to gendered differences in product pricing is gendered tariffs. In the United States, for example, on certain categories of manufactured goods, such as apparel and footwear, tariffs vary depending on the sex of the intended end consumer.⁶⁶ Even though studies detect big differences in tariffs for gender-classified goods, no clear underlying pattern seems to explain them.⁶⁷ In certain cases, tariffs for products targeting men, such as wool suits, are higher; in others, such as silk shirts and blouses, tariffs for women's products are higher.⁶⁸

On a related note, trade policy can contribute to safer consumer products for women by supporting gender mainstreaming in international standards. For example, a US study showed that women are 47 per cent more likely to suffer severe injuries from car crashes than men because car safety features were designed for men.⁶⁹ The positioning of head restraints and women's shorter height, different neck strength and musculature, and preferred seating position made them more susceptible to injury. An international design standard for car safety features that includes a gender lens could reduce this inequality. Since cars are a highly traded good, a gender-responsive standard in this area could have a positive effect also from a trade perspective.



Women are 47 % more likely to suffer severe injuries from car crashes than men because car safety features were designed for men, according to a US study.

Source: World Economic Forum

4

Trade policy initiatives

Recently, the number of initiatives incorporating gender perspectives in trade policy has surged. Most have focused on developing countries, but there is increased awareness that the issue matters for all countries. This chapter gives examples of trade instruments and initiatives that promote gender equality and/or women's economic empowerment.

4.1 Improved data collection and methodology

As shown in previous chapters, the evidence is still too inconclusive to clearly state how the structural effects of trade and trade policies impact gender gaps and barriers to trade. The lack of sex-disaggregated data hinders development towards gender-responsive trade policy analysis and complicates gender-mainstreaming strategies. The trade community has developed several new initiatives to change this.

Many such initiatives provide new data and analytical tools for impact assessment, such as the UNCTAD Trade and Gender Toolbox for assessing the gender impacts of trade liberalisation.⁷⁰ Other examples are the European Commission and ITC partnership to collect baseline data on the extent and nature of women's participation in extra-EU trade and the OECD Gender platform, which monitors trade-related aspects of gender.

Furthermore, major international standardisation bodies work towards more gender respon-

sive standards. One example is a UNECE initiative for standardisation bodies to practically make standards and standards-development processes gender-responsive.⁷¹ The initiative recently released a declaration inviting all standards bodies to commit to these goals.⁷²

4.2 Multilateral initiatives

Despite a lack of consensus that gender should be included in the World Trade Organization (WTO) agenda, the recent momentum for gender-responsive trade policy can largely be attributed to the Buenos Aires Declaration on Trade and Women's Economic Empowerment,⁷³ supported by 118 WTO members and observers. Subsequent efforts to implement the Declaration's provisions have been made primarily through the sharing of best practices among WTO members. In addition, the WTO Secretariat are taking numerous steps to integrate gender in their daily work, albeit mainly from a development perspective.

Formal trade negotiations in the WTO have so far primarily touched upon gender indirectly, and only negotiations on domestic regulations in services have directly included references to gender equality. So far, the Aid for Trade initiative is the only area in which the WTO has a clear mandate from its members to include gender.⁷⁴

Recently, certain WTO members, such as Gambia, the EU and Iceland, have used their Trade Policy Reviews to highlight policy developments contributing to gender equality.⁷⁵

4.3 Free trade agreements

In bilateral and multi-party free-trade agreements, FTAs, inclusion of gender in trade negotiations has gone further than in the multilateral arena. Gender-related issues often appear in chapters on sustainable development. They focus on reaffirming existing commitments and cooperation activities rather than creating new obligations. A recent trend is to include a separate gender-focused chapter in FTAs. Despite their uncertain effect, the mere existence of gender-focused chapters is worth noting.

One in five of all preferential agreements reported to the WTO as of 2017 includes at least one provision explicitly related to women or gender. Gender provisions connected to the general

Gender provisions connected to the general FTA dispute settlement mechanism are rare

FTA dispute settlement mechanism are rare and do not necessarily lead to better implementation. Connecting gender provisions

to the dispute settlement system is more common in a plurilateral than a bilateral setting, and mostly occurs in FTAs between developing countries.

In FTAs, gender is most often treated as a sustainability issue, often as a question of labour provisions to improve conditions for women workers. It is rarely treated as a matter of market access. Gender provisions generally have few commonalities.⁷⁶ They vary in, for example, placement and level of commitment, revealing differences from policymakers and indicating a lack of a one-size-fits-all solution.

In both multi-party/plurilateral and bilateral FTAs, **provisions on cooperation activities are the most common type of gender provision**. When gender is included as a sustainability issue, it is primarily related to labour or human rights. Labour is the main area for gender provisions in bilateral agreements, especially in US FTAs.

Provisions on domestic policy reform are the second most common gender element in bilateral FTAs, especially in EU FTAs. For example, the FTAs the EU has concluded with Georgia, Moldova and Ukraine include commitments to gradually approximate the domestic legislation on anti-discrimination and gender equality in

those countries to EU legislation.⁷⁷ Provisions on domestic policy reform predominantly exist when gender is treated as a social issue and are common in FTAs concluded by the EU.

The European Commission conducts sustainability impact assessments (SIA) for each new negotiation on trade liberalisation measures. The analysis covers potential economic, social and human rights and environmental impacts of ongoing trade negotiations. Gender is included in the analysis of impact on the social dimension of sustainability.

4.4 Unilateral initiatives

The most creative development regarding gender in trade policy has happened at the unilateral level. Preferential trading schemes, Aid for Trade initiatives and feminist or progressive foreign policies exemplify unilateral trade policy strategies where individual countries are moving trade policy in a more gender-responsive direction. Many initiatives focus on eliminating barriers for women to access international trade opportunities.

Both the EU and US Generalised Scheme of Preference systems show how to enhance gender equality through trade preferences. According to the US GSP system, the receiving country must take steps to afford internationally recognised worker rights, which generally include a gender dimension.⁷⁸ The EU GSP system has different levels of preferences, depending on the needs of the benefitting party.

Aid for Trade is a collective name for trade-related aid to developing countries, usually provided by high-income countries to build the receiving country's capacity to trade. An increasing number of Aid for Trade projects have a gender focus, for example through projects eliminating barriers to women's participation in the workforce and women's entrepreneurship.⁷⁹

A few countries and regions, notably Canada, Sweden and the EU, have implemented feminist foreign policies or mainstreamed gender into their external policies, which has influenced trade policy.

5

Suggestions for a gender-responsive trade policy

This section provides some recommendations for a trade policy where women and men have equal opportunity to benefit from international trade.

5.1 General principles

5.1.1 One size does not fit all

There is no recipe for a more gender-responsive trade policy that works for all. Case-by-case analyses based on national preconditions are needed to ensure correct priorities.

5.1.2 Treat gender as a market access issue

Policies should consider the differences in economic participation between women and men and be designed with the ambition to offer equal benefits and market access opportunities. That might, for example, include considering continued liberalisation in trade in targeted services sectors to account for interests of certain groups of employees and entrepreneurs. However, as stated above, a case-by-case approach is needed, and decisions should rely on ex ante impact assessments.

5.1.3 Strengthen methods and improve data

Improved methodologies need to better assess the different impacts of trade policies on men and women. For those methods to provide more accurate analyses, they would need high-quality gender-disaggregate data. Initiatives to collect such data should continue. Lack of sex-disaggregated data limits gender-responsive trade policy analysis.

Furthermore, common international definitions of women- and men-owned companies would be useful for several reasons. First, they would facilitate international comparison of gender gaps in entrepreneurship. Second, since some countries have created quotas for women-owned companies in their public procurement, a common definition of such a company would make it easier for women-owned companies in other countries to participate in such tenders.

5.1.4 Continue raising awareness and building capacity for policymakers

Increased awareness spurs policymakers to understand the need to apply a gender lens, the importance of including gender in impact assessments and the use of these assessment results to design trade regulation. Until now, the topic of trade and gender has mostly been addressed in a developing country context and as a women's issue. Therefore it is particularly important to raise awareness about the potential positive effects of reduced gender gaps for both men and women, in all countries, regardless of income level.

5.1.5 Continue tariff reductions and eliminations, especially on gendered tariffs

Tariffs may have a discriminatory effect and cause gender gaps in consumption, through different tariffs for similar goods depending on the sex of the intended end consumer or through differences in consumer patterns. This means continuous removal of tariffs on certain goods might



reduce gender gaps in consumption. An ex ante impact assessment would provide a basis for decision, as would an analysis of existing national levels of customs duties.

5.2 Multilateral initiatives

5.2.1 Reform of the WTO as an organisation

Although gender is excluded from the trade negotiation mandates and is therefore not a rule-making issue within the WTO, the organisation can mainstream it and implement new rules designed with a gender lens. The WTO has taken big steps recently in its work with trade and gender, including initiating work on many of these topics, but has not yet mainstreamed them. Beyond the measures already initiated by the

WTO, progress is attainable through the following actions:

Level up capacity-building for both the WTO Secretariat and members. It should cease defining trade and women as a development issue, instead treating it as a sustainability issue important to both developing and developed members. This is especially important considering the increasing demand from WTO members to learn more about the connections between trade and gender in the context of trade negotiations.

*Conduct a gender impact analysis of existing WTO agreements.*⁸⁰ Increased capacity at the WTO Secretariat could also facilitate a gender impact analysis of existing WTO agreements. Its results could be used to update and renegotiate existing agreements.

*Introduce a requirement of gender impact analysis for potential new WTO agreements.*⁸¹ No new trade agreements should come under the WTO umbrella without including a gender impact analysis has been made and accounted for in the negotiations.

*Increase contact and cooperation with other international agencies.*⁸² Since sustainable development is a holistic concept, it is important to not act in silos and to embrace other relevant actors' expertise on gender issues.

Include gender as standard content in the Trade Policy Review Mechanism (TPRM). So far, certain WTO members have voluntarily included gender analysis in their own TPRMs, but this could be made a mandatory part of the Secretariat's report as well.

Recommendation

Recommended WTO actions

- Level up capacity-building.
- Conduct a gender impact analysis of existing WTO agreements.
- Introduce a requirement of gender impact analysis for potential new WTO agreements.
- Increase contact and cooperation with other international agencies.
- Include gender as standard content in the Trade Policy Review Mechanism (TPRM).

5.2.2 Reform of WTO law

Members should consider changes to existing regulations. For example, Canada proposed including gender in domestic services regulation, an interesting example that shows the will to make existing policies more gender responsive. The most successful route is likely to include a gender perspective in ongoing negotiations at the WTO, for example, on e-commerce.⁸³

5.2.3 Possible plurilateral initiative

Considering the current landscape for negotiations on substantive reform, it is highly unlikely that any suggestions for a multilateral agreement on trade and gender would succeed. Difficulties moving forward multilaterally have led several members to pursue plurilateral initiatives in various trade topics they consider important, such as trade in environmental goods and e-commerce. The Buenos Aires Declaration calls for a plurilateral solution on trade and gender. Such an agreement could be inspired by trade and gender provisions in FTAs, such as the trade and gender chapters concluded so far. It could focus on reaffirming existing international obligations in the area and listing potential cooperation activities. Such a plurilateral agreement is not overly ambitious, so promotes continuous momentum and raises awareness of the issues.

5.3 Bilateral and regional initiatives

5.3.1 Systematic application of gender dimension in ex ante impact assessments

Gender analysis of market access effects should be mainstreamed into ex ante impact assessments for trade policy changes, where relevant data is available. Findings from the ex ante impact assessment should be fed into the design of trade policies and agreements. Information regarding impact on trade-exposed sectors can be used to formulate negotiating positions, design the provisions in the trade agreement and develop suitable trade adjustment assistance measures. In addition, information about barriers to equal opportunities from an expanded impact assessment can help identify national reforms needed for women and men to benefit equally from the proposed trade reforms.

Implemented liberalisation measures require regular monitoring and follow up. An ex post analysis of actual effects on gender equality should accompany an ex ante gender impact assessment.⁸⁴ This includes strengthening implementation of existing sustainability chapters or provisions in FTAs.⁸⁵

5.3.2 Additional gender content in FTAs

The most accessible route for more gender content in FTAs is to expand existing provisions, such as commitments to cooperate and share information on certain issues, and to extend the list of international obligations the parties reaffirm.

Recommendation

Additional content in FTAs

Examples of additional content to consider including in gender provisions in FTAs:

- support for the implementation of other relevant international obligations, such as additional ILO conventions or other relevant international agreements on gender equality;
- additional cooperation activities, such as sharing of information on gender-sensitive procurement strategies; and
- references to additional voluntary guidelines and standards on responsible business conduct with a more explicit gender focus, such as the Women's Empowerment Principles.⁸⁶

Even without new content, it might be useful to simply include more references to gender equality in the text of the agreement. Since studies show that more references lead to greater commitment, one initial policy recommendation for text reform could be to include such references to women and gender in the language of the text.

5.4 Unilateral initiatives

5.4.1 Trade policy reform

Unilateral trade policy changes can reduce trade-related gender gaps. Nations and customs unions can unilaterally reduce tariffs on certain con-



sumer goods and implement targeted market access reforms according to the general principles listed in 5.1.

5.4.2 Aid for Trade reforms

Aid for Trade projects deserve increased integration of a gender perspective. For example, capacity-building projects could target initiatives related to women-owned businesses with a special focus on building networks and increasing access to trade information. This can significantly reduce barriers and obstacles women entrepreneurs face in connecting to international markets.

5.5 Trade promotion

5.5.1 Create more incentives for women's entrepreneurship in trading sectors

A special focus could be placed on capacity-building and financial support for women entrepreneurs in services. Trading partners can actively include women entrepreneurs in networking events and exports promotion efforts and prevent gender discrimination in trade financing access.

Within trade policy, they can incentivise women's entrepreneurship primarily through sharing best practices and taking other cooperative measures.

5.5.2 Increase transparency and stakeholder engagement

Increasing transparency and ensuring participation of men and women parties in all phases of trade policy creation may help overcome the information access barriers that mostly women face. It can also be an important way to expand the consultative and participatory process with stakeholders during the negotiation phase.

5.5.3 Promote responsible business conduct

Considering that partnerships are necessary to reach the sustainable development goals of the 2030 Agenda, trade policy should continue to support responsible business conduct. This can be done by collaborating with private sector representatives through both dialogue and action. In addition, public policy can complement and support the potential positive effects of private sector efforts. The most important measures include raising awareness, driving increased access to data and pushing for increased transparency in value chains.

6

Factors beyond trade and trade policy

Naturally, trade and trade regulation are not the most important factors determining how men and women participate in economic activities. Some key factors affecting this participation are briefly discussed below: social norms, legal rights and division of unpaid domestic work. In addition, numerous other factors affect economic gender gaps, such as unequal access to higher education, business networks, financing and land. **Complementary national policies are key in addressing trade-related gender gaps**, as discussed in previous publications by the National Board of Trade.⁸⁷

Gender norms have a strong impact on trade-related gender gaps. Especially important is the ‘gendered division of labour’, meaning that certain types of work are considered typically male, while others are considered typically female.⁸⁸ For example, gender stereotypes are a main reason for the underrepresentation of women in engineering and technology and of men in healthcare and teaching.⁸⁹

Gender-equal labour laws lead to reduced gender gaps in employment participation and wages.⁹⁰ According to the World Bank Group, only 6 out of 187 analysed countries give women and men equal legal rights.⁹¹ OECD high-income

countries tend to have the highest scores across most indicators, suggesting that legal restraints are not the biggest barrier to trade for women in high-income countries, but they are not without importance. For example, some G20 countries retain unequal treatment in requirements to register a business, business ownership and eligibility for tax deductions.

6 countries out of 187 give men and women equal legal rights

- Belgium
- Denmark
- France
- Latvia
- Luxembourg
- Sweden



Source: World Bank Group



In the EU, the **gender imbalance in caring responsibilities** is a cause for lower labour market participation rates, where almost 20 per cent of women's non-participation in the labour market in 2016 was due to care responsibilities for both children and the elderly.⁹² In Europe, women undertake twice as much unpaid daily care work as men do.⁹³ In OECD economies, the availability of public childcare is strongly positively correlated with the employment rates of mothers with young children.⁹⁴

Reducing these challenges requires reforms outside trade policy. However, trade policy can play a part through, for example, increasing stakeholder dialogue, promoting the effective realisation of existing international commitments,

enhancing cooperation activities and sharing best practices. In addition, trade policy should continue to support responsible business conduct through dialogue and collaboration, and through appropriate policy and regulative measures.

Policy coherency is essential. Trade policymakers should consider the context in which potential trade reforms operate. Reaching the Sustainable Development Goals of the 2030 Agenda requires policy coherence and coordinated efforts between policy areas. To work effectively, policymakers need coordination and interaction between several policy areas. The links between trade and gender that policy analysts are beginning to uncover are important to the design of other policy interventions as well.

7

Concluding remarks

A gender-responsive trade policy, supported by appropriate national policies and private initiatives, could contribute to international

A gender-responsive trade policy could contribute to inclusive and sustainable growth

trade that helps achieve inclusive and sustainable growth.

Realisation is growing regarding the societal costs of discrimination and

the potential social and economic benefits of increased gender equality. **All countries, regardless of income level,** stand to gain from enhancing economic participation among women. Gender equality in trade is **not a zero-sum game**, not about transferring jobs or gains from one gender to another. **Nor is it a women's issue.** Instead, it is about tapping into the potential of economic growth hidden behind trade-related barriers to women's economic participation, economic growth that could benefit both men and women.

The work in getting there has just begun. Policymakers and trading partners can take many measures based on the current level of knowledge. In parallel, they should steer resources toward compiling gender-disaggregated data and refining methodology. Policymakers need to continuously learn to adapt and implement regulation to ensure that trade benefits all.

A gender-responsive trade policy could be achieved in three dimensions:

1 Trade policy should not be discriminatory. This should not be hard to accomplish. The, perhaps rare, cases of different tariffs for consumer goods for men and women should be eliminated and no new gender-discriminatory measures be introduced.

2 Trade policy should benefit both men and women. International trade is not gender-neutral due to national gender gaps. Therefore, trade policy should be designed so that both men and women stand to gain from the opportunities it creates. The appropriate policy response requires a case-by-case analysis and mainstreaming of gender into all levels of trade policy.

3 By considering gender aspects, trade policy can contribute to gender-equal trade, potentially reducing economic gender gaps. Given the estimates of economic potential in just minor reductions in these gaps, policymakers need to consider if their countries can afford to neglect contributing to gender equality. When trade policy is not the appropriate arena for policy reform, it can still support implementation of other obligations. Policy coherency is key.



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Sammanfattning på svenska

(Summary in Swedish)

Internationell handel påverkar män och kvinnor på olika sätt, bland annat eftersom det finns strukturella skillnader i hur män och kvinnor deltar i samhällsekonomin. Den här rapporten beskriver några av de viktigaste skillnaderna i hög- och medelinkomstländer mellan män och kvinnor på tre handelsrelaterade ekonomiska områden: sysselsättning, företagande och konsumtion. Rapporten diskuterar även möjliga sätt för handelspolitiken att bidra till ökad jämställdhet genom att ta hänsyn till dessa skillnader.

Män har oftare än kvinnor ett betalt arbete. Kvinnor och män arbetar ofta i olika branscher och fler män än kvinnor har jobb som stöds av internationell handel. Det finns också indikationer på att löneskillnaderna är större mellan kvinnor och män i branscher som deltar i handel med andra länder än på arbetsmarknaden som helhet.

Kvinnor startar inte företag lika ofta som män gör. Män och kvinnor startar ofta företag i olika branscher. Företag som ägs eller leds av män handlar internationellt i mycket större utsträckning än företag som ägs eller leds av kvinnor.

Kvinnor lägger i genomsnitt en större andel av sin inkomst på hushållsutgifter än vad män gör. Sådana utgifter består till stor del av mat, kläder och skor, varor som ofta är belagda med höga importtullar.

De här skillnaderna, tillsammans med sociala ojämlikheter, bidrar till att män och kvinnor generellt sett påverkas av internationell handel och handelspolitik på olika sätt. Handelspolitiska förändringar tenderar

därför att påverka män och kvinnor olika, även om handelsregelverken i sig är könsneutralt utformade. FN:s mål för hållbar utveckling, Agenda 2030, framhåller handel som en motor för inkluderande ekonomisk tillväxt, vilket innefattar samma möjligheter för män och kvinnor att dra nytta av de potentiella vinster och möjligheter som internationell handel ger. Alla länder, oavsett inkomstnivå, kan öka sin tillväxt och sin BNP genom att fler kvinnor har ett betalt arbete, att löner är jämställda och att fler kvinnor driver företag. Den ökade tillväxt det ger gynnar hela samhällen, till exempel genom att ge upphov till ökade skatteintäkter.

Ökad insikt om att kvinnor och män deltar i och påverkas av internationell handel på olika sätt har lett till efterfrågan på en mer jämställd handelspolitik. Diskussioner förs i många internationella fora om hur handelspolitiken ska utformas för att de positiva effekterna av handel ska kunna fördelas mer jämställt. Det är då viktigt att komma ihåg att skillnader i nationella förutsättningar och

utmaningar gör att olika handelspolitiska åtgärder är mer eller mindre lämpliga för olika länder och regioner. En analys av varje situation, från land till land och fall till fall behövs, vilket gör det viktigt att ha tillgång till rätt analysmetoder och till konsuppdela data.

Jämställdhet i handelspolitiken behandlas ofta, med rätta, som en hållbarhetsfråga, men bör även betraktas som en fråga om marknadstillträde. Prioriteringar i handelsförhandlingar och handelspolitiska reformer bör kunna gynna både män och kvinnor.

Rapporten föreslår initiativ på multilateral, regional och nationell nivå för en mer jämställd handelspolitik. Några exempel är

- krav på jämställdhetsanalys av eventuella nya WTO-avtal;
- jämställdhet som en del av WTO:s handelspolitiska granskningsfunktion;
- ett möjligt plurilateralt avtal om handel och jämställdhet;
- jämställdhetsperspektiv i fler delar av EU:s frihandelsavtal än i bara hållbarhetskapitel;
- initiativ för att säkra att såväl kvinnor som män deltar i handelsfrämjande aktiviteter.

Med stöd av rätt nationell politik och initiativ från näringslivet kan handelspolitiken främja internationell handel som leder till ökad jämställdhet och som därmed bidrar till inkluderande och hållbar tillväxt.

