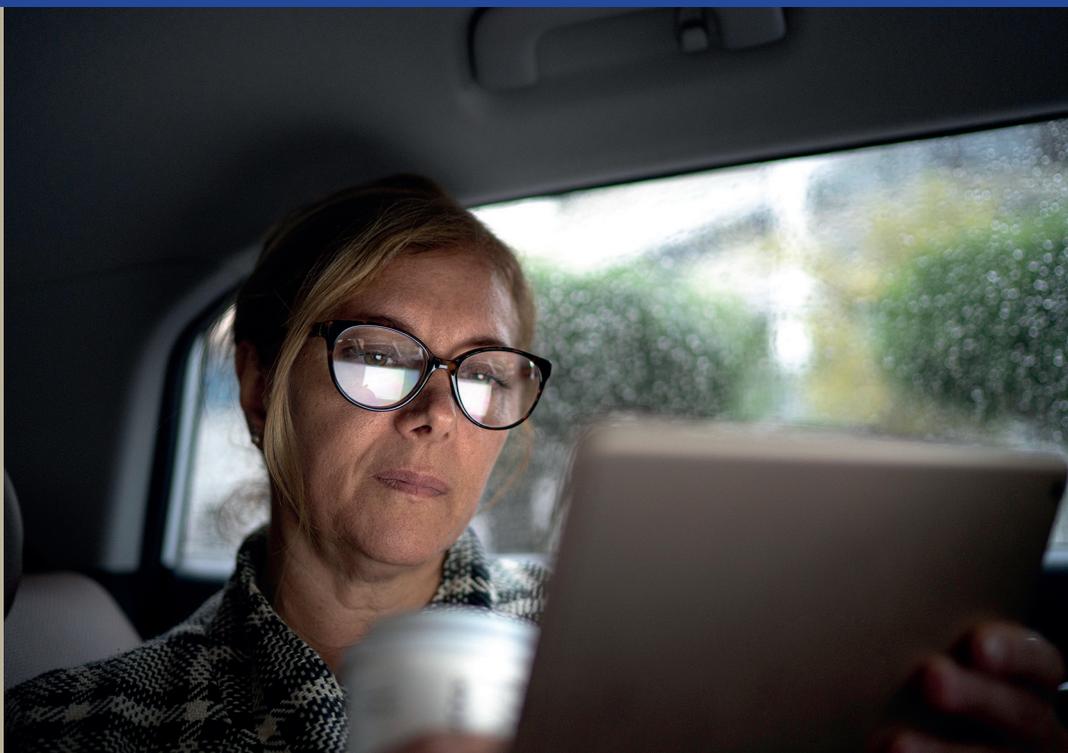




## Trade and Gender Gaps

Can trade policy contribute to gender equal value chains?



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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 more economic opportunities, but these opportunities are not equally distributed. Existing gender gaps and barriers affect our capacity to take advantage of the opportunities. This means that even if trade rules have a gender-neutral design, international trade and trade-reforms affect women and men in different ways.

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 on 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. The purpose of the report is to improve understanding of how trade policy can contribute to inclusive economic growth where women and men have equal opportunity to benefit from the potential gains and opportunities offered by trade and global value chains. The final part of the report provides main conclusions and policy recommendations for trade policy that contributes to gender equality.

Trade Policy Adviser Amelie Kvarnström has written the report. Senior Advisors Karolina Zurek, Magnus Rentzhog and Henrik Isakson have contribute with valuable insights and peer review.

Stockholm June 2019

A handwritten signature in blue ink, reading "Anna Stelling". The signature is fluid and cursive, with a long horizontal stroke at the end.

Anna Stelling  
Director-General  
National Board of Trade

The case has been decided by Director-General Anna Stelling 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 Trade Policy Adviser Amelie Kvarnström, rapporteur.

A handwritten signature in blue ink, appearing to read 'Anna Stelling', with a long horizontal flourish extending to the right.

Anna Stelling

A handwritten signature in blue ink, appearing to read 'Amelie Kvarnström', with a long horizontal flourish extending to the right.

Amelie Kvarnström

## 1 Executive summary

*The 2030 Agenda identifies international trade as a tool for inclusive economic growth, which includes that women and men have equal opportunity to benefit from trade.*

Trade and trade liberalisations can, and have, provided both women and men with more economic opportunities, but existing inequalities and gender gaps tend to persist and affect the capacity to take advantage of these opportunities. Despite the gender-neutral design of trade rules, international trade and trade-reforms affect women and men in different ways. The insight that equal trade rules can have unequal effects has created a demand for a more gender-responsive trade policy, and past years have shown an increasing number of trade policy initiatives with the purpose to contribute to gender equality and women's economic empowerment. With this report, the National Board of Trade aims to contribute to the ongoing discussion on the role of trade policy in addressing trade-related gender gaps.

This report explores the links between trade and gender gaps in three main areas: employment and the labour market, entrepreneurship, and consumption. The purpose of the report is to improve understanding of how trade policy can contribute to inclusive economic growth where women and men have equal opportunity to benefit from the potential gains and opportunities offered by trade and global value chains.

To avoid framing the issue as a women's issue, or a pure development issue, the report focuses on connections between trade and gender gaps, not trade and women, and on the effects in high- and middle-income countries and the rationale for high- and middle-income countries to close the trade-related gender gaps. In addition, the report draws inspiration from how private sector initiatives can inform trade policy through a case study.

*The main problem described in this report is that trade and trade policy are not gender neutral in practice.*

Trade-related gender gaps exist in employment, in the labour market, for entrepreneurs, and for consumers. The gaps tend to favour men. Fewer women than men have jobs supported by international trade, fewer female entrepreneurs are involved in international trade, and products aimed at female end consumers tend to be more expensive. Through changes in factors such as available jobs, access to resources, and consumption patterns, the effects of trade vary for women and men.

Starting with employment and the labour market, most of the available research indicates that trade and global value chains can be positive for job creation, but since most research is from a developing country context, it is unclear if this is true also in a high-income country context. In addition, increased female employment participation rates do not automatically reduce gender gaps unless men's participation rates remain the same or decrease. So far, research from a high-income country context indicates that the gender gaps in employment participation and the gender wage gap are greater in trade-related sectors. It is also unclear what kind of jobs are created through trade. Even if jobs connected to trade tend to pay average higher wages than jobs without a trade connection, the gender wage gap tends to persist after trade reform, and may even increase.

The main explanation for the gender gaps in employment and the labour market, as well as entrepreneurship, is sectoral and occupational gender segregation. Women and men tend to both work in, and start businesses in, different sectors and occupations. Women generally work and start their businesses in sectors with weak connections to trade, predominantly in services inherently more difficult to trade. The gender segregation of the labour market is even stronger in a high-income country context. For entrepreneurs, differences in company characteristics between companies owned or run by women and men respectively, such as size of company, number of employees, and access to finance, are additional important factors influencing the gender gap and causing difficulties in trading company formation.

Several barriers, which especially women face, hinder equal opportunity to participate in or benefit from international trade and trade reforms. These barriers also contribute to the gender gap. The two main barriers to women's participation in trade-related employment are gender bias regarding the kinds of jobs that are suitable for women and the gender gap in unpaid care work. The main barriers to women becoming trading entrepreneurs seem to be limited access to capital, restricted access to information and networks, and sectoral gender segregations. Consequently, women primarily enter sectors with lower barriers of entry and lower connections to GVCs.

In terms of consumption, the difficulty in identifying homogenous consumer groups based on gender make trade-related gender gaps in consumption hard to measure. However, it is possible to identify certain gender-based differences in the consumption patterns of goods and services. Differences in what women and men spend their money on and

how those products and services are priced cause gender gaps in consumption. In addition, certain products face different tariffs depending on the gender of the intended end consumer, creating gendered consumption effects.

***On all levels of trade policy, initiatives are ongoing to promote gender equality and women's economic empowerment.***

So far, the trade policy community has responded to the insight that trade is not gender neutral and to the barriers for equal opportunity in a number of ways on all levels of policy.

At the multilateral level, there is currently a strong momentum for making trade more inclusive and gender responsive. The momentum can greatly be attributed to the Buenos Aires Declaration on Trade and Women's Economic Empowerment adopted in connection to the WTO Ministerial Conference in Buenos Aires in 2017, and to subsequent WTO member efforts to implement the provisions set out in the Declaration. Formal trade negotiations on the multilateral level have so far primarily touched upon gender indirectly, and only negotiations on domestic regulations in services have directly included references to gender equality.

The primary route forward for greater gender integration at the WTO might be the Trade Policy Review Mechanism, under which individual member states are taking initiatives to include gender in their reports. In addition, the WTO Secretariat are taking numerous steps to integrate gender in their daily work, albeit mainly from a development perspective, indicating a paradigm shift in how multilateral trade negotiations include gender.

In bilateral and multi-party free-trade agreements, the inclusion of gender in trade negotiations has gone further than in the multilateral arena, for example, by including separate chapters on gender. However, the focus is still on reaffirming existing commitments and cooperation activities rather than creating new obligations. When gender is included in FTAs, it is usually treated as a sustainability issue, often as a question of labour provisions in trying to improve conditions for women workers. Gender provisions connected to the general FTA dispute settlement mechanism are rare and do not necessarily lead to better implementation, where other measures may be more useful.<sup>1</sup>

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<sup>1</sup> Previous recommendations from the National Board of Trade on strengthening the implementation of sustainability provisions are valid also for gender provisions. See

Unilateral trade policy has seen the most creative development in terms of including gender in trade policy. Preferential trading schemes, Aid for Trade projects, public procurement strategies, and feminist foreign policies are examples of unilateral trade policy strategies under which individual countries have started to move trade policy in a more gender-responsive direction. The focus of many of these measures have been to eliminate barriers for women to access the opportunities of international trade, such as simplifying market access for female entrepreneurs.

Thematic initiatives are also increasing, such as the increased inclusion of gender in trade policy impact assessments, but existing initiatives show room for improvement, both regarding the processes used to perform such assessments and how the results are used.

***Experience from private sector initiatives to promote gender equality in supply chains may inform future trade policy reform.***

The private sector is interested in promoting gender equality because it is good for business and to attract talent, and it is increasingly seen as a natural part of responsible business conduct. Initiatives seem to become more ambitious with increased focus on economic empowerment. The main motivations for companies to engage in gender equality in the supply chain are to make basic commitments to better work, demonstrate satisfactory performance to stakeholders, and maintain commercial relationships with suppliers. The two main challenges are a lack of gender-disaggregated data needed to measure financial benefit and a lack of transparency in the value chain. Public policy and trade policy can complement and reinforce potential positive effects from private sector efforts.

***Even though trade cannot solve gender equality by itself, trade policy can play a crucial role.***

Trade liberalisation is not enough to close gender gaps, and trade policy alone cannot solve the trade-related gender gaps or overcome barriers to equal opportunity to trade. Achieving inclusive economic growth, gender equality, and women's economic empowerment require a combination of trade policy, complementary policies, and private sector initiatives. The proper policy response requires a case-by-case analysis. It is, however, clear that trade policy has a role to play, both through traditional

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*Implementation and enforcement of sustainable development provisions in free trade agreements – options for improvement*, NBT 2016, and *Possible tools for strengthened implementation of sustainable development provisions in free trade agreements (FTAs)*, NBT 2017.

measures such as further liberalisations and by supporting policy reforms primarily suitable for regulation at the national level.

Additional liberalisation of trade in services may contribute to creating jobs and promoting decent work in female-dominated sectors such as the care sector. The continued liberalisation of the temporary movement of service providers has the greatest potential to reduce the gender gaps in trading occupations. However, policy makers need to consider the risk of pushing more women into formalised care work and thereby cementing gender roles. The continued reduction and elimination of tariffs on goods and services, especially on gendered tariffs, could contribute to reduced gender gaps in consumption.

Nevertheless, the greatest impact would likely occur if trade policy makers start treating gender as a market access issue. This means connecting gender to the conditions the parties agree to for goods or services to enter their specific markets. This requires improving and expanding the gender dimension in impact assessments of trade reforms. Using the information available from gender impact assessments to identify sectors, products, and services that have positive implications for gender equality and focusing market access on these sectors ought to be a priority for trade negotiations. The information from gender impact assessments can also inform policy makers on potential complementary reforms, which will in turn contribute to policy coherence and improved coordination of policy efforts to achieve the SDGs.

An improved and expanded use of gender impact assessments requires good and available data. Trade policy should therefore continue to promote increased and systematic data collection. Since gender-disaggregated data is most available for gender gaps in the labour market, priority should be given to data on entrepreneurship and consumption. This also requires continued work towards a universal definition of a women-owned company.

***When trade policy is not the appropriate arena for reform, it can still play a role in pushing the process forward.***

Some of the challenges connected to making trade more gender equal may require reforms of social policies, which is not a role for trade policy but more appropriate for national reforms. Trade policy can still play a part through, for example, increasing stakeholder dialogue, promoting the effective realisation of existing international commitments, enhancing cooperation activities, and the sharing of best practices. Suitable examples for trade policy promotion in this area may be to promote

female entrepreneurship in trading sectors through cooperative measures incentivising women in STEM (science, technology, engineering, and mathematics) activities and promoting female leadership and increased access to finance for women-owned businesses. In addition, trade policy should continue to support responsible business conduct through dialogue and collaboration, and through appropriate policy and regulative measures.

***Different trade policy levels require different policy responses.***

Gender is not included in the multilateral trade negotiation mandate for the WTO, and trying to aim for substantive reform of WTO law is not likely to succeed in the current trade policy climate. But a plurilateral initiative may be possible, and inspiration can be drawn from existing trade and gender chapters in FTAs. The WTO as an organisation can take additional steps to mainstream gender into the organisation and ensure that existing rules can be implemented and designed with a gender lens. This can be achieved by, for example, increasing the capacity of the gender focal point, conducting impact analysis of existing WTO agreements, enhancing cooperation with other relevant international agencies, and including gender as standard content in the WTO reports of the Trade Policy Review Mechanism (TPRM).

For free trade agreements, the most important reforms seem to be the systematic application of gender impact assessments, the inclusion of a gender lens into the work of strengthening the implementation of existing FTA commitments, and the expansion of existing gender provisions. The latter should occur through, for example, commitments to cooperate and share information on certain issues and to expand the list of international obligations, which the parties should reaffirm. Additional routes could be to move beyond reaffirmation towards actual commitments, such as requiring the parties to adopt and implement new national legislation or regulations prohibiting discrimination based on gender, or maybe even to introduce conditionality.

On a unilateral level, the main areas for trade policy reform seem to be to integrate gender deeper into public procurement strategies and on Aid for Trade projects.

***Most importantly, all trade policies aiming to contribute to gender equality require a new mindset among trade policy makers.***

A truly gender-responsive trade policy designed to contribute to more inclusive trade requires a new mindset and the recognition of structural

disadvantages—in short, a true mainstreaming of gender into trade policy. Such a change in mindset starts with continued awareness raising and capacity building for policy makers to increase understanding of the need to apply a gender lens, of the importance of including gender in impact assessments, and of how to use the results in the design of trade regulation. Since the trade policy community tends to frame the topic as important mostly in a developing country context and as being a women's issue, it is of special importance to raise awareness about the potential positive effects of reduced gender gaps on the entire society and on the barriers to equal participation in trade that primarily affect women.

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### 3 Abbreviations and acronyms

AfT	Aid for Trade
CSR	Corporate social responsibility
CEDAW	Convention on the Elimination of all Forms of Discrimination against Women
CoC	Code of conduct
EU	European Union
GATS	General Agreement on Trade in Services
GE	Gender equality
GPA	Agreement on Government Procurement
GVC	Global value chain
IA	Impact assessment
ISO	International Standards Organisation
LDC	Least-developed country
MNE	Multinational enterprise
NGO	Non-governmental organisation
NTB	Non-tariff barriers
OECD	Organisation for Economic Co-operation and Development
RBC	Responsible business conduct
SDG	Sustainable Development Goal
SIA	Sustainability impact assessment
SIS	Swedish Standards Institute
SME	Small or medium-sized enterprise
STEM	Science, technology, engineering, and mathematics
TFA	Trade Facilitation Agreement
TPRM	Trade Policy Review Mechanism
TSD	Trade and Sustainable Development
UN	United Nations

WCO	World Customs Organization
WEE	Women's economic empowerment
WEP	Women's Empowerment Principles
WO	Women owned
WTO	World Trade Organization

## 4 Introduction to trade and gender

### **Most relevant goal in the 2030 Agenda: SDG 5**

Achieve gender equality and empower all women and girls.

*Source:* Transforming our world: the 2030 Agenda for Sustainable Development

### 4.1 Background

The 2030 Agenda identifies trade as an engine for inclusive economic growth and a central contribution in the financing of the SDGs. Inclusive growth includes ensuring that women and men benefit equally from the potential gains and opportunities offered by trade and global value chains. The aim of this report is to explore the links between trade and gender gaps to improve understanding of how trade policy can best fulfil this role.

The connection between trade and gender equality is complex. Trade does not affect everyone equally. Trade and trade liberalisation can, and have, provided both women and men with more economic opportunities, but existing inequalities and gender gaps tend to persist and affect their capacity to take advantage of these opportunities. Despite great progress, sex-based discrimination remains one of the most pervasive inequalities in the world, and gender gaps are persistent.<sup>2</sup>

The most challenging gender gap is in economic participation and opportunity, which the WEF estimates will take 202 years to close.<sup>3</sup> Some of the reasons for this are slow progress in reducing the gender

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<sup>2</sup> According to SIGI, the OECD Development Centre's Social Institutions and Gender Index, a cross-country measure of discrimination against women in social institutions (formal and informal laws, social norms, and practices) across 180 countries, the average levels of discrimination are as follows: 17% in European countries, 25% in the Americas, 36% in Asian countries, and 40% in African countries.

<sup>3</sup> The World Economic Forum's *Global Gender Gap Report 2018* benchmarks 149 countries on their progress towards gender parity across four thematic dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. The gender gap remains very large in the Economic Participation and Opportunity dimension. Globally, just 58% of this gap has been closed, with minimal progress in 2018 after two consecutive years of reversed progress.

gaps in labour force participation and wage equity, factors with close connections to the effects of trade on the labour market.<sup>4</sup>

As this report shows, trade-related gender gaps exist in employment, in entrepreneurship, and in consumption. Fewer women than men have jobs supported by international trade, fewer female entrepreneurs are involved in international trade, and products aimed at female end consumers tend to be more expensive. In addition, women face higher barriers to participating in and benefiting from the potential offered by international trade and global value chains.

Despite the gender-neutral design of trade rules, international trade and trade-reforms affect women and men in different ways. These insights have created a demand for a more gender-responsive trade policy. Past years have shown an increasing number of trade policy initiatives with the explicit purpose to contribute to gender equality and women's economic empowerment. This raises the question of what we realistically can expect from trade policy in the efforts towards gender equality and achieving SDG 5. Depending on the specific challenge at hand, different policies or policy combinations will be appropriate. The most important first step is to analyse and identify the challenges. This study aims to contribute to this analytical work.

### **Global gender parity**

The World Economic Forum benchmarks 149 countries on their progress towards gender parity across four thematic dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment.

In 2018, the World Economic Forum's Global Gender Gap score was 68%, which means that on average, there is still a 32% gender gap.

High-income countries are top performers, but even in the region with the highest level of gender parity, Western Europe, the Global Gender Gap score was 75.8%. The G20 as a whole reaches an unweighted average gender parity score of 69.4%.

*Source: World Economic Forum, The Global Gender Gap Report 2018 (2018)*

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<sup>4</sup> Although the economic opportunity gap has slightly reduced this year, progress has been slow, especially in terms of participation of women in labour force, where the gender gap slightly reversed.

## 4.2 Definitions of central concepts

A central concept in this report is **gender gaps**. According to the WEF, the **gender gap** is “the difference between women and men as reflected in social, political, intellectual, cultural, or economic attainments or attitudes”.<sup>5</sup> It is also a way of measuring gender equality or progress towards gender equality. Even if gender equality does not have to mean exact equality in numbers, for example, 50% women and 50% men working in each occupational category, gender gaps can be an indicator that there might be something holding one gender back. For the purpose of this report, the term *gender gaps* is used to describe a difference between women and men in a trade-related area in the categories of employment, entrepreneurship, and consumption. To provide a theoretical example, if 50% of women in Europe were entrepreneurs and 75% of men were entrepreneurs, the gender gap between men and women in entrepreneurship in Europe would be 25 percentage points.

**Gender** refers to the “socially constructed roles and behaviours of, and relations between, men and women”.<sup>6</sup> This is not the same as “sex”, which refers to biological differences. There is no universal definition of **gender equality**. Definitions depend on context but incorporate the aspiration for equality between women and men, girls and boys, in all dimensions of life, and that all people should have the same rights, obligations, and opportunities. This includes eliminating all discrimination based on sex, including in the economic aspects of life.<sup>7</sup>

SDG 5 calls for the **economic empowerment of women and girls**, which also lacks a universal definition. The concept can be seen both as a process and as a goal in itself, and all definitions encompass both individual and structural causes and solutions. The OECD defines women’s economic empowerment (WEE) as “the capacity to participate in, contribute to and benefit from growth processes in ways that recognise their dignity and make it possible to negotiate a fairer distribution of the benefits of growth”.<sup>8</sup> Other definitions emphasise the process towards equal access to economic resources, or the process of a

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<sup>5</sup> World Economic Forum, *Global Gender Gap Report 2018* (2018)

<sup>6</sup> Randriamaro, *Gender and Trade: Overview report*, BRIDGE, Institute of Development Studies UK (2006)

<sup>7</sup> The UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) defines discrimination against women as “any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field”.

<sup>8</sup> Lipowiecka, Kirita-Nganga, *The Gender Dimension of Services*, ICTSD (2016); see reference to OECD 2011 study.

personal and social change, where women individually and collectively gain power and control.<sup>9</sup>

The UN World Conference on Women in Beijing 1995 declared **gender mainstreaming** a tool for public policy, and the Beijing Declaration urges governments to ensure that their policies on trade agreements “do not have an adverse impact on women’s new and traditional economic activities”.<sup>10</sup> Gender mainstreaming also lacks a universal definition. UN Women emphasises that “gender perspectives and attention to the goal of gender equality are central to all activities—policy development, research, advocacy/dialogue, legislation, resource allocation, and planning, implementation and monitoring of programmes and projects”. According to the OECD, mainstreaming gender equality in governance should include that awareness of gender equality is embedded in all levels of government and reflected in both policies and policy process.<sup>11</sup>

### 4.3 Purpose

This study builds on the National Board of Trade’s previous analyses of trade and sustainability<sup>12</sup> and aims to contribute to the ongoing discussion on the role of trade policy in addressing trade-related gender gaps. The first step is to create a better understanding of what the problem looks like. What are the relevant trade-related gender gaps and barriers to participating in or benefiting from international trade? This knowledge, in combination with an overview of existing responses to the problem, provides the basis for recommendations on possible steps for developing trade policies that reduce gender gaps and alleviate barriers for women to participate in international trade.

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<sup>9</sup> Hunt, A and Samman, E, *Women’s economic empowerment – Navigating enablers and constraints*, Overseas Development Institute (ODI), (2016)

<sup>10</sup> Beijing Declaration, Fourth World Conference on Women, Beijing Declaration, <https://www.un.org/womenwatch/daw/beijing/platform/declar.htm>

<sup>11</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>12</sup> See, e.g., National Board of Trade, *Trade and Social Sustainability—An Overview and Analysis* (2017); National Board of Trade, *Possible Tools for Strengthened Implementation of Sustainable Development Provisions in Free Trade Agreements (FTAs)* (2017); National Board of Trade Sweden, *Implementation and Enforcement of Sustainable Development Provisions in Free Trade Agreements—Options for Improvement* (2016); National Board of Trade Sweden, *Sambandet mellan handel, tillväxt och fattigdom* (2016); National Board of Trade Sweden, *Gender Impacts of International Trade and Trade Policy—A Case Study of the FTA between Korea and the EU* (2011).

## 4.4 Scope and limitations

*Focus on gender gaps, not on women.*

In the trade and gender context, it is quite intuitive to think of the need for analysis on the effect of women in different categories: women as workers, consumers, and producers. This, however, risks perpetuating the framing of this issue as a women's issue when gender equality is much broader than that. This report frames the gender responsive analysis somewhat differently and approaches the topic from existing relevant gender gaps.

*Focus on high- and middle-income countries.*

Most previous analyses on gender and trade have a strong focus on development, particularly developing countries and emerging markets. But it is clear that all countries face challenges in achieving the SDGs. This report therefore focuses on the connection between trade and gender in a high-income country context and the rationale for high- and middle-income countries<sup>13</sup> to close the trade-related gender gaps. If relevant, the report draws parallels to examples in a developing country context.<sup>14</sup> One purpose is to see if the conclusions from previous studies with a development perspective hold up in a high-income country context. Relevant statistics, data, and examples in the report primarily come from OECD, EU, and G20 countries.

*Focus on the economic dimension of gender equality in three areas.*

Considering the connection to trade, the analysis focuses on the economic side of gender equality and the economic empowerment of women in global value chains. Within the economic dimension, the study looks at trade-related gender gaps in three main areas: employment and the labour market, entrepreneurship, and consumption.

*Potential lessons from private sector efforts may inform trade policy.*

There are numerous examples of companies who have come a long way in promoting gender equality and women's economic empowerment in their value chains. Conclusions drawn from this work may additionally inform a gender-responsive trade policy. Thus, the report includes a case study on private sector efforts to enhance gender equality in the value chain.

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<sup>13</sup> In accordance with the four income groups defined by the World Bank: high, upper-middle, lower-middle, and low. See <https://blogs.worldbank.org/opendata/new-country-classifications-income-level-2017-2018> [accessed 6 May 2019] and relevant references.

<sup>14</sup> This also means that the issue of, for example, informal cross-border trade, which is highly relevant for a comprehensive analysis of the links between trade and GE and WEE, is not included in this report.

*Lack of sex-disaggregated data is a limitation to gender-responsive trade policy analysis.*

An obvious and widely recognised limitation to the possibility of analysing the links between trade and gender gaps is the lack of relevant data and quantitative analysis. Even though data exists, there are major gaps that can be an obstacle for the development of gender-responsive and inclusive trade policy.<sup>15</sup> The most readily available data concerns education, health, and labour force participation. For labour quality, such as working conditions and wages, less data is available. Data on entrepreneurship, if available, is mostly from ad hoc surveys, and the lack of a unified definition of women-owned enterprise makes it difficult to compare the available statistics. Regarding gender gaps in consumption, there is almost no data available. However, additional steps can be taken in the qualitative analysis of the role of trade policy in achieving gender equality and women's economic empowerment, which this report wishes to contribute to. Additional qualitative analysis may also help increase the demand for quantitative analysis.

#### 4.5 Structure and method

The report is divided into three parts. Parts I and II begin with a summary of the main takeaways. Readers who wish to get an overview of the topic may therefore read the executive summary and the main takeaways, while readers looking for information that is more detailed may continue with the entire chapters.

**PART I - What is the problem?** The purpose of Part I is to explain why trade and trade policy are not gender neutral. It provides a summary of the available information on trade-related gender gaps in employment and the labour market, entrepreneurship, and consumption, and of how trade affects these gender gaps. Part I also includes an overview and analysis of the available evidence on barriers affecting equal opportunity to participate in and benefit from international trade.

**PART II – What is being done about it?** The purpose of Part II is to describe recent attempts by the trade policy community to manage the problems described in Part I. It provides an overview of and commentary on trade policy initiatives with the intention of promoting gender equality. Part II also includes a case study of private sector efforts for establishing gender-equal value chains. For the purpose of the case study, we interviewed the organisation Business for Social Responsibility

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<sup>15</sup> UNCTAD, *Better Data and Statistics for Gender responsive Trade Policy*, Policy brief No 70, (2018)

(BSR) on its initiative HERproject, which is the largest women's empowerment initiative in global supply chains, and the Swedish clothing company Lindex, one of the companies BSR works with.

**PART III – What next?** The final part of the report provides concluding remarks and thoughts on where to go next. How can the solutions in Part II be improved, and what additional options might there be for trade policy to contribute to gender equality, women's economic empowerment, and SDG 5?

This report is based on research conducted during 2018 and 2019 and focuses on the rapidly developing trade policy responses to the challenges of trade-related gender gaps. Initial findings and preliminary conclusions have been presented to relevant target audiences, where essential feedback and new relevant input have been fed into the final version of this report. It should be noted that with a relatively new trade topic, such as gender equality, development is constant, and this report does not aspire to be a completely comprehensive review of all new findings and policy responses.

## Part I – What is the problem?

**Part I** of the report, chapters 5–10, provides an overview of research on trade-related gender gaps in three main categories, namely 1) employment and the labour market, 2) entrepreneurship, and 3) consumption, and of how trade reforms may affect these gender gaps.

**Chapter 5** introduces the main takeaways of Part I. **Chapter 6** goes deeper into employment and the labour market, looking primarily at the general effects of trade on the labour market, and gender gaps in employment participation rates and wages. **Chapter 7** examines trade-related gender gaps in entrepreneurship and self-employment. **Chapter 8** describes the sectoral and occupational gender segregation of the labour market, which is the main explanatory factor for the gender gaps described in Chapters 6 and 7. **Chapter 9** investigates trade-related gender gaps in consumption, and, finally, **Chapter 10** provides an overview of potential barriers to equal participation in and benefits from international trade and trade reforms.

## 5 Main takeaways: Part I

*Trade-related gender gaps exist in employment, on the labour market, for entrepreneurs, and for consumers, and there is great economic potential in closing these gender gaps.*

The trade-related gender gaps in all three categories included in this report tend to favour men. In some cases, the gender gaps are bigger in high- and middle-income countries than in emerging economies. This means that closing the gender gap in, for example, employment participation is especially important for high and middle-income countries, both to achieve gender equality and women's economic empowerment, and for the sake of economic development.

*The effects of trade on employment, entrepreneurship, and consumption are not gender neutral.*

Empirical evidence shows that trade and trade reforms may affect gender equality and gender gaps through changes in factors such as women's and men's employment, economic empowerment, access to resources, and consumption patterns. Even when designed in a gender-neutral way, trade rules can have a different effect on women and men, largely due to existing gender gaps.

*Most available research indicates that trade has the potential to create more jobs for women, but it is unclear if this holds true in a high-income country context.*

The majority of available evidence shows increased female labour-force participation in exporting sectors, indicating that trade liberalisation can contribute to increased female employment participation rates.

Companies connected to GVCs tend to both import more than average firms and hire more women. Consequently, trade and the development of GVCs can be positive for job creation for women. Increased female employment participation rates, however, do not automatically lead to reduced gender gaps.

In addition, recent studies indicate that the gender gaps in employment participation rates are higher in high-income countries than in developing countries. Women work less than men and the gender gaps are higher in sectors and occupations connected to trade<sup>16</sup> than in other sectors. This indicates that the previous general conclusion that trade is positive for

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<sup>16</sup> In available studies, this is mostly measured as jobs supported by exports. That is not to say that trade equals export, only that we do not have as much information regarding the potential effect of imports on employment participation.

female employment rates is not as evident in a high-income context as for developing countries.

*Trade may affect the wage gap in many ways, but most likely not eliminate it. This requires complementary policies.*

Jobs connected to trade tend to pay average higher wages than jobs without trade connections. This does not automatically mean that the gender wage gap also decreases. Economic theory suggests that the increased competition that follows from increased trade should reduce or eliminate the gender wage gap. Contrary to this theory, the available evidence indicates that the wage gap in internationalised sectors and firms is larger than in firms serving only the domestic market unconnected to GVCs. Trade reform seems to have a low impact on the gender wage gap, which tends to remain even after liberalisation. However, especially in a high-income country context, evidence is scarce, and concluding causality requires more information.

*Fewer women than men start or lead a business, and even fewer women-owned or women-led companies become trading companies.*

This is true both in middle- and high-income contexts, and in the developing world, even though the gaps vary between countries.

*The lack of a universal definition of a woman-owned company makes it difficult to measure trade-related gender gaps in entrepreneurship.*

Without a unified definition of a woman-owned or woman-led company, it is hard to collect and compare data on gender gaps in entrepreneurship, both inside and outside of the trade context. This complicates trying to measure development in gender gaps over time and trying to compare gender gaps between countries and regions.

*Gender segregation of sectors and occupations is the main explanation for gender gaps on the labour market.*

Women generally work in sectors with weak connections to trade, predominantly in services. The gender-segregation of the labour market is even stronger in a high-income country context than in a developing country context. The sectoral and occupational patterns largely determine the impact of the structural effects that follow from trade and trade liberalisation. This means that an analysis of sectoral and occupational gender segregation is especially important to include in an analysis of the impact of trade on gender gaps in the labour market.

*Different company characteristics, in combination with sectorial and occupational gender segregation, seem to be the main explanations for gender gaps in entrepreneurship.*

Women and men tend to start businesses in the same sectors and occupations as they are employed. Most businesses started by women lie within the services sector, which faces inherently bigger challenges to become internationalised. In addition, empirical evidence shows big differences in characteristics between companies owned or run by women or men respectively. The main differences are size of company, number of employees, access to capital, and level of productivity, all factors with a clear connection to the possibility of becoming a trading company.

*Gendered differences in what women and men spend their money on, how those products and services are priced, and gendered tariffs on similar products contribute to gender gaps in consumption.*

Due to the difficulty in identifying homogenous consumer groups based on gender, trade-related gender gaps in consumption are hard to measure. However, it is possible to identify certain gender-based differences in consumption patterns of goods and services. Women tend to spend a higher share of their money on products for the household, which generally face higher tariffs than other goods. In addition, several products face different tariffs depending on the gender of the intended end consumer, creating clear and intentional gendered consumption effects.

*Varied empirical results on the effect of trade on employment, entrepreneurship, and consumption highlight the need for a case-by-case analysis on the gendered effects of trade.*

One main conclusion that can be drawn from the available evidence is that there are no clear patterns in the relationship between trade and gender and no one-size-fits-all solution. A case-by-case analysis of the effects of trade and trade reforms is necessary to design appropriate policy responses.

*Trade liberalisation is not enough to close the gender gaps. A combination of trade policy reform and complementary policies is necessary.*

Trade, or trade reforms, may contribute to getting more women in employment, raise average wages, lower prices on consumer goods, and so forth, but this does not automatically lead to narrower gender gaps. Considering this, working towards a scenario where women and men benefit equally from new opportunities that arise from the structural

changes of trade and trade reforms ought to be a priority for trade policy, but it will also require effective implementation of complementary policies such as legislation on non-discrimination.

*The main barriers to women's participation in trade-related employment seems to be gender bias and the burden of unpaid care work.*

Access to education is not a barrier for women in high-income countries, but there are big gender gaps in which sectors women and men seek education. Women tend to enter education, leading to employment in sectors not closely connected to trade. This educational gender segregation feeds the sectoral and occupational gender segregation of the labour market, which contributes to gender gaps in access to quality employment and the gender wage gap. Gender bias such as prejudiced actions or thoughts regarding what jobs women and men respectively are suitable to perform, seem to be a main cause for both educational and sectoral gender segregation.<sup>17</sup> In addition, the gender gap in unpaid care work restricts women's possibilities to reap the economic benefits of trade liberalisation. Time spent on unpaid work is time unavailable for paid work. If this gender gap does not diminish, it does not matter if trade reforms can create employment opportunities—women will still not be available to take advantage of them to the same extent.

*The main barriers to women becoming trading entrepreneurs seem to be limited access to capital, restricted access to information and networks, and sectoral gender segregation.*

The generally smaller size of women-owned (WO) companies and the sectors WO companies are active in are two of the main explanations of why fewer female entrepreneurs are active in international trade. Women having less access to the capital, information, and networks needed to start a business can often explain the differences in characteristics. Consequently, women primarily enter sectors with lower barriers of entry and lower connections to GVCs. Access to finance seems to be easier once the company is a trading company, which may contribute to cementing differences between trading and non-trading WO companies.

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<sup>17</sup> Gender bias can be defined as: “Prejudiced actions or thoughts based on the gender-based perception that women are not equal to men in rights and dignity”. European Institute for Gender Equality, EIGE, <https://eige.europa.eu/thesaurus/terms/1155> [accessed June 2019]

*Trade policy can contribute in several ways to overcoming these barriers, such as through further liberalisation of services, the promotion of effective implementation of international conventions, the inclusion of the promotion of female networks in cooperation activities, and the inclusion of a gender lens in all impact assessments.*

Additional liberalisation of trade in services may contribute to creating jobs and promoting decent work in female-dominated sectors such as the care sector. The most important way trade policy may contribute is likely through the inclusion of a gender lens in impact assessments of planned trade reforms. The results of assessments may inform the trading parties of potential gendered effects and contribute to the design of both liberalisation measures, such as planned market access provisions, and suitable national interventions. Even for policy reforms primarily suitable for regulation at the national level, trade policy may play a role in pushing the process forward by promoting the effective realisation of international conventions or through cooperation activities.

## 6 Employment and the labour market

We always take the approach that it is about fixing women—not about fixing the labour market.

—Chidi King<sup>18</sup>

This chapter summarises research on trade-related gender gaps connected to employment and the labour market, with a focus on employment participation and the gender wage gap.

### 6.1 General effects of trade on the labour market

*The structural effects of trade affect what jobs are available, and the gender segregation in the labour market means that the effects of trade differ for women and men.*

Trade, trade reforms, and GVCs cause structural changes that affect the employment structure and composition of the labour force. Opening up to trade generally leads to specialisation in sectors where countries have a comparative advantage. The most productive companies tend to expand

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<sup>18</sup> Chidi King, Director, Equality Department, International Trade Union Confederation, at OECD Global Forum on Responsible Business Conduct, June 2018.

and enter export and GVCs, while less productive firms can be eliminated from the market or keep serving only the domestic market.<sup>19</sup> Factors of production, such as labour, shift from activities that are not competitive to activities that remain competitive or become more efficient. These structural effects mean that trade changes the types of jobs available for both women and men, the working conditions in these jobs, and the wages the jobs pay. Due to the sectoral and occupational gender segregation described in Chapter 8, trade and trade reforms have different effects on women and men.

*Trade does not increase the actual number of jobs, but it may increase the number of jobs supported by exports.*

One could imagine that trade reform contributes to absolute job creation, which in turn may create more job opportunities for both women and men. However, in theory, trade and trade policy do not affect the number of available jobs or the long-term aggregate level of employment. Trade and trade policy may, however, cause changes to the composition of the labour force and to wage levels, largely attributed to transfer of competence and subsequent efficiency gains. In short, some jobs will be lost and new ones will be created, but this will not necessarily affect the total number of jobs. This should not be confused with an increase in the share of jobs supported by exports. An open trade policy may increase the total number of jobs dependent on exports.<sup>20</sup> Considering existing gender gaps, it is especially important to ensure that jobs created by trade benefit both women and men.

*The link between gender and the labour market is the most researched area, but most general conclusions come from a developing country context and may not be as applicable in a high-income country context.*

Based on available evidence on the connections between trade and gender, it is clear that the connection between gender equality, women's economic empowerment, and the labour market is the most extensively researched area. Most empirical studies have looked at the effect in developing countries, and the general conclusion has been that trade and

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<sup>19</sup> For the importance of productivity to become a trading company, see, e.g., NBT, *Handelsteori på 2000-talet - en översikt över aktuell forskning med fokus på företag och produktivitet* (2017)

<sup>20</sup> In the case of the European Union for example, employment supported by exports to the rest of the world increased by almost 70% between the 1990s and 2010s, coming to a total of 31.2 million jobs in the European Union. Consequently, employment in the European Union has become more internationalised and participates more in GVCs; Rueda-Cantuche, J.M., Sousa, N., "Are EU exports gender-blind? Some key features of women participation in exporting activities in the EU," *DG TRADE Chief Economist Notes 2017-3*, Directorate General for Trade, European Commission (2017)

the connection to GVCs have created numerous job opportunities for women, especially in export-oriented industries that often provide better working conditions and higher salaries than companies serving only the domestic market. These findings have most likely had an impact on how gender is currently included in trade policy. However, recent evidence from high-income country contexts indicate that there are reasons to question the assumption that conclusions from the developing country context are generally applicable.

## 6.2 Trade, employment participation rates and gender gaps

### **Gender gaps in employment participation, OECD 2017**

In 2017, the labour force participation rates across OECD countries was 72.1%.

For women the average number was 64% and for men 80.2%, showing a gender gap of about 15 percentage points.

*Source: OECD (2019) "Labour force participation rate" (indicator), <https://doi.org/10.1787/8a801325-en> (accessed on 13 June 2019).*

*Women work less in paid employment than men do, and there is enormous economic potential in closing the gender gaps on the labour market.*

All over the world women have less access to jobs and participate less in the labour market.<sup>21</sup> In every OECD country, men are more likely to be in paid employment than women, showing an average gender gap in employment participation rates of 15 percentage points.<sup>22</sup> In several OECD countries,<sup>23</sup> the gender employment gap actually increased between 2012 and 2016, while many low-income countries have been more successful than middle-income countries to close almost all of their gender gaps in labour market participation.<sup>24</sup> Increasing women's

<sup>21</sup> ILO Infostories, *The gender gap in employment: What's holding women back?*, December 2017, <http://www.ilo.org/infostories/en-GB/Stories/Employment/barriers-women#global-gap/labour-force> [accessed 19 January 2018].

<sup>22</sup> OECD definition of labour force participation rates. The OECD calculates labour force participation rates as the labour force divided by the total working-age population. The working age population refers to people aged 15 to 64. This indicator is broken down by age group, and it is measured as a percentage of each age group.

<sup>23</sup> Estonia, Iceland, Hungary, Spain. OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>24</sup> Low-income countries have closed 92% of their labour market participation gender

participation in the labour force, both as workers and entrepreneurs, would create significant economic benefits for society as a whole and contribute to the goal of women's economic empowerment.<sup>25</sup> About 40% of the income loss in OECD countries caused by gender gaps is due to the gap in entrepreneurship.<sup>26</sup>

*The gender gap in employment participation rate seems to be higher in employment supported by trade.*

Not only do fewer women work, even fewer women work in employment connected to trade. Looking at the European Union as an example, in 2011 almost 12 million women had jobs supported by the exports of goods and services.<sup>27</sup> These jobs represented 38% of total employment in the European Union supported by exports, an increase of a few percentage points since 1995. This can, however, be compared with total employment. Fewer working women are active in trading sectors, and that gender gap in the European Union is larger in export-supported employment than in overall employment. OECD data also show that a smaller share of female than male employment is dependent on exports, directly or indirectly.<sup>28</sup> In addition, there are big gendered differences in how exports support employment. Women's share in indirect channels is greater (at the upstream suppliers of firms that later export) compared to direct channels, meaning the exporting companies themselves.<sup>29</sup>

*Increased trade flows have coincided with women's increased participation in the labour market, but this does not necessarily mean that trade reduces gender gaps in employment participation.*

Women's labour force participation has increased since the 1960s. This increase has also coincided with increased trade flows and the expansion

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gaps on average, compared to an average 67% for lower-middle income countries. OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>25</sup> See, e.g., McKinsey Global Institute, *The power of parity: How advancing women's equality can add \$12 trillion to global growth*, 2015.

<sup>26</sup> World Bank Group, *Women, Business and the Law 2018* (2018).

<sup>27</sup> Rueda-Cantuche, J.M., Sousa, N., "Are EU exports gender-blind? Some key features of women participation in exporting activities in the EU,"

<sup>28</sup> Here 27% of female employment was dependent on exports, directly or indirectly, compared to 37% of male employment. The OECD its methodology as follows: "The analysis of female employment in GVC was produced based on combination of TivA ICIO with a vector of labour input by industry, measured in hours worked are reported in the National Accounts broken down into gender. The breakdown by gender was derived from Labour Force Surveys, which is the only source that produces such breakdowns at a sufficiently detailed level to support such analysis, using a combination of total employees (male/female) broken down by industry, corrected for the average weekly working hours to adjust for the fact that in many countries, women work fewer hours on average." OECD, *Women in Global Value Chains*, <http://www.oecd.org/sdd/its/Women-in-GVCs.pdf>

<sup>29</sup> Ibid.

of GVCs. Between 1980 and 2010, international trade increased dramatically.<sup>30</sup> During almost the same period, the global rates of female labour force participation increased somewhat, while male participation rates fell, ending up narrowing the gender gap in employment participation.<sup>31</sup> This development could lead to the simple conclusion that trade per se contribute to increasing women's employment rates and reducing the gender gaps in the labour market. However, causality is hard to show, and there are several additional aspects to consider.<sup>32</sup> Female absolute employment participation rate is not the only factor that affects gender gaps in the labour market.

*Recently, the gender gaps in employment participation have decreased despite stagnating female employment participation rates.*

Despite the previous positive development, women's participation rate in the employment market has recently stagnated. In the United States, for example, the previous trend of increased female labour force participation has plateaued or slowed down since the 1990s.<sup>33</sup> However, the share relative to men has increased, causing the gender gap to decrease. The United States, Australia, and Japan have all experienced a significant decrease in male labour force participation.<sup>34</sup> This development is a reflection of a global trend of a decreased gender gap in employment participation rates caused not by more women getting jobs but also by men losing jobs.

*Even when female employment participation rates increase, the increase is lower for female employment supported by exports.*

There seems to be a link between women's share of total employment and women's share of employment supported by exports. Even though the share of females in total employment in the OECD countries grew between 2008 and 2014, the increase was much lower, or even negative, for the share of female employment embodied in exports.<sup>35</sup> There are big differences on the country level, but this trend contributes to larger gender gaps in trade-related employment than employment in general.

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<sup>30</sup> During this period, international trade grew almost 35 times. Erixon, F, *The Economic Benefits of Globalisation for Business and Consumers*, ECIPE, p 4 (2018)

<sup>31</sup> Between 1980 and 2008 the gender gap decreased from around 32 percentage points to 26 percentage points. World Bank, 2012, p. 26.

<sup>32</sup> It should be noted that this period also saw a rise in female educational levels and declining fertility rates, which contribute to explaining the increased female participation rates. World Bank, 2012.

<sup>33</sup> Blau, F.D., Kahn, L.M, "The Gender Wage Gap: Extent, Trends, And Explanations" *Journal of Economic Literature* (2017)

<sup>34</sup> WTO, *World Trade Report 2017* (2017).

<sup>35</sup> OECD, *Women in Global Value Chains*

Turning to the European Union as an example, despite an increase in export-supported employment during the past decades, the female participation rate in export-supported employment remained stable.<sup>36</sup> This means that opportunities for women in the European Union to participate in export-supported employment have neither increased nor decreased.<sup>37</sup> Compared to overall employment, where the gender gap has reduced because of a decrease in male employment, in EU sectors connected to trade, both women and men have benefited from increased employment opportunities, albeit with the same level of imbalance. Consequently, even if export expansion may increase female employment rates in absolute terms, one cannot simply rely on export expansion for resolving the gender gap in employment participation rates.

*Most empirical studies so far indicate that trade and GVCs have been beneficial for women's employment participation rate, but it is unclear if this is true in a high-income country context.*

Economic development and globalisation have led to more economic opportunities for women. For example, increased trade openness and the development of GVCs, have led to the significant growth of export-oriented sectors. Even though the evidence is somewhat inconclusive and varies between countries, most studies<sup>38</sup> show a positive connection between exports and increased rates of labour force participation for women in exporting industries.<sup>39</sup> This is often called the “feminisation of work”.<sup>40</sup> Internationalised firms tend to hire more women than firms only serving the domestic market.

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<sup>36</sup> Rueda-Cantuche, J.M., Sousa, N., "Are EU exports gender-blind? Some key features of women participation in exporting activities in the EU"

<sup>37</sup> Similarly, firm-level evidence from industrial enterprises in China, for example, showed that the number of female employees increased with the size and growth of the company's export levels, but that the effect on increasing the proportion of female employees was limited. Chen, H, Zhao, C, Yu, W, “Continued export trade, screening-matching and gender discrimination in employment”, *China Economic Review*, Volume 42, pp 88-100, (February 2017)

<sup>38</sup> For an overview see, e.g., Klugman, *The 2030 Agenda and the Potential Contribution of Trade to Gender Equality*, ICTSD (2016). For an overview of empirical studies, see e.g., in Shepherd and Stone, *Trade and Women*. ADBI Working Paper 648. Tokyo: Asian Development Bank Institute (2017)

<sup>39</sup> See an overview of results from empirical studies, e.g., in Shepherd, B. and Stone, S *Trade and Women* and Klugman *The 2030 Agenda and the Potential Contribution of Trade to Gender Equality*.

<sup>40</sup> A classic example of feminisation of work is how trade liberalisation in Asia has led to increased export in the female-dominated textile industry and major increases in female employment participation rates. There are, however, examples in the opposite direction as well, showing that when countries move towards manufacturing of higher-value-added goods, there is a process of “defeminisation” of employment, and female labour force

The combination of importing, exporting, and foreign investment leads to a higher proportion of women in the workforce, suggesting that GVC participation tends to be positive for the level of women's participation in the workforce.<sup>41</sup> However, most studies on the effect of trade reform on employment participation rates for women and men have focused on how women in developing countries have benefited from connections to GVCs. It is unclear if this conclusion is true in a high-income country context. One OECD study based on the European Union concluded that export growth is connected to a lower risk of job loss, but that men and women are not always impacted identically. For example, involuntary part-time employment amongst women falls with growing export volumes, while there is no such effect for men.<sup>42</sup> So far, the evidence from a high-income country context is quite anecdotal but sufficient to question whether the previous conclusion applies across the board.

*Increased opportunities for women in a developing country context could negatively affect women in a high-income country context.*

In some cases, trade creating jobs for women in one part of the world may come at a cost of job losses for women in another part of the world. There are examples of occasions when the expansion of export industries in developing countries caused an indirect loss of job opportunities for women 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 female workers.<sup>43</sup>

*Even when trade reforms lead to higher employment participation rates for women, it is unclear what kinds of jobs women get.*

Even when trade liberalisation and connections to GVCs provide more working opportunities for women, this does not determine the nature and quality of the work. An increase in employment opportunities contributes to economic empowerment, even if it does not necessarily reduce inequalities such as wage gaps and those inherent in working

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participation rates decline. See, National Board of Trade, *Gender Impacts of International Trade and Trade Policy—a case study of the FTA between Korea and the EU* (2011), and Khan, T and Sharples, M, *Making trade work for gender equality*, Gender & Development Network, Briefings (July 2017)

<sup>41</sup> Shepherd, B and Stone, S, *Trade and Women; World Bank Enterprise Survey*, Figure 2 (2017).

<sup>42</sup> Benz, S., and Johannesson, L, “Job characteristics, job transitions and services trade: Evidence from the EU labour force survey”, *OECD Trade Policy Papers*, no. 225, OECD Publishing, Paris (2019), <https://doi.org/10.1787/bb21f81a-en>.

<sup>43</sup> Khan, T and Sharples, M, *Making trade work for gender equality*, Gender & Development Network, Briefings (July 2017)

conditions.<sup>44</sup> Some studies indicate a higher wage gap and worse contractual status in jobs connected to trade.<sup>45</sup> Other emphasise that the distributional effects of international trade is not limited to wage effects of net changes in employment numbers, which means that analysis of the effects of trade for individual workers must be more comprehensive.<sup>46</sup> Consequently, additional analysis is needed on the quality of the jobs trade may create for women.

*Varying results on employment participation rates emphasise the need for a case-by-case analysis.*

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

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<sup>44</sup> Bamber, P and Staritz, C. *The Gender Dimensions of Global Value Chains*. Geneva: International Centre for Trade and Sustainable Development (ICTSD) (2016)

<sup>45</sup> Shepherd, B and Stone, S, *Trade and Women*

<sup>46</sup> Benz, S and Johannesson, L “Job characteristics, job transitions and services trade: Evidence from the EU labour force survey”

## **Examples of the varied gendered effect of trade reform on employment rates**

### ***NAFTA, tariff reductions, and effects on employment rates***

A study examining the effects of tariff reductions from the NAFTA agreement in Mexico found differences in the impact for male and female workers in Mexico. In this case, tariff reductions induced more productive firms to enter the export market. More productive firms upgraded their technology, which lowered the need for physically demanding skills and allowed for the replacement of blue-collar male workers with female workers. In this case, the relative wages and employment of women improved in blue-collar tasks but not in white-collar tasks. The study concluded that a Mexican firm in an industry experiencing an average reduction in US tariffs of 5.2 percentage points increased female employment share in blue-collar occupations by approximately 20% more than a firm experiencing zero tariff change.

On the other side of the border, the effect seems to have been the opposite. Another study investigating US-Mexican trade flows concluded that NAFTA caused decreased female labour participation rates in the United States. The researchers argued that whenever trade expands sectors that are intensive in female labour, the GWG will widen and female labour force participation will fall.

### ***Effect of free trade agreements in Canada***

Recent gender-based analysis regarding the effects of trade in Canada show that free trade affects male and female workers in different ways. The most heavily traded sectors in Canada, such as manufacturing and resources, are male dominated. This means that men in Canada are more affected by any potential impact on available jobs in trading sectors. By measuring the level of employment in contracting and expanding sectors (sectors that diminished and increased respectively) after the implementation of a trade agreement, researchers found that in contracting sectors, male employment levels decreased more than those of females, at 6.1% compared to 2.2%. In expanding sectors, male employment levels increased more than those of females, at 17.7% compared to 15.1%. It was also clear that the main impact of the trade agreement happened in a small number of sectors. However, the main conclusion was that the overall employment effect of trade was small. The contracting sectors represented only 0.05% of total employment in Canada.

*Sources: Juhn, Ujhelyi, Villegas-Sanchez, "Men, women, and machines: How trade impacts gender inequality", Journal of Development Economics (2014) and Sauré, P., Zoabi, H., "International trade, the gender wage gap and female labor force participation", Journal of Development Economics (2014)*

### 6.3 Trade and gender wage gaps

Virtually every industrialised country has passed laws mandating equal treatment of women in the labour market. Yet the gender wage gap, while on the decline in many countries, is a persistent feature of virtually every nation's labour market.

—Francine Blau and Lawrence Khan<sup>47</sup>

#### An overview of the gender wage gap

**Globally – 16%.** Based on average hourly wages from data for 73 countries covering about 80% of the world's employees, the global gender pay gap stands at around 16%.

**OECD – 14%.** For OECD countries, the average unadjusted GWG, defined as the difference between median earnings of men and women relative to median earnings of men, in 2016 was 14.1% of male median wages, with relatively big variations among countries.

**EU – 16%** In the European Union, the unadjusted GWG, not taking into account, for example, differences in education, labour market experience, hours worked, and type of job, was 16.3% in 2015. It was highest in Estonia, Austria, Czech Republic, Germany, the United Kingdom, and Slovakia.

*Sources: ILO, Global Wage Gap Report 2018/2019, What lies behind gender pay gaps (2018); OECD, Gender wage gap (indicator), doi: 10.1787/7cee77aa-en, accessed 26 January 2018; European Commission, European Semester Thematic Factsheet – Women in the Labour (2017).*

*The gender wage gap exists everywhere and to a large part remains unexplained.*

The gender wage gap is one of the most important gender gaps in the labour market. For most countries for which data are available, the GWG has narrowed over time, but not closed. The average GWG is generally higher in low-income and middle-income countries than in high-income countries, but still presents a significant gap.<sup>48</sup>

<sup>47</sup> Blau, F.D., Kahn L.M., "Understanding international differences in gender pay gaps" *Journal of Labor Economics*, University of Chicago Press (2003)

<sup>48</sup> Using average (mean) hourly wages to estimate the gender pay gap, based on data for 73 countries that cover about 80% of the world's employees, the (weighted) global gender pay gap stands at around 16%; ILO, *Global Wage Gap Report 2018/2019, What lies behind gender pay gaps* (2018).

Gender wage inequality can be measured in many ways.<sup>49</sup> SDG target 8.5 sets out the goal to by 2030 achieve “equal pay for equal work” and proposes “average hourly earnings of female and male employees” as a main indicator to compare this,<sup>50</sup> which is the method used in the ILO Global Wage Gap Report.

*High-income countries show an increased wage gap higher up in wage categories—vertical segregation.*

In high-income countries, the GWG is wider at the top than the bottom—so-called *vertical segregation*.<sup>51</sup> Looking at Europe for example, the average GWG is almost 20%, but the GWG between CEOs is nearly 40%.<sup>52</sup> This pattern is true all the way down to company level. The GWG is particularly large in enterprises with high average wages.<sup>53</sup> In the 1% of enterprises with the highest average wages in Europe, the GWG is almost 50%.<sup>54</sup>

*Trade can increase average wages, but not necessarily decrease the GWG.*

International trade will lead to companies scaling up and specialising, which in turn will create jobs that demand higher skills and are better paid. In some cases, wages are higher in factories where employees work with imported machinery.<sup>55</sup> Tariff reductions may lead to technological upgrades by firms that invest in new machinery, which raises the productivity of workers and thereby creates a relative wage increase for women.<sup>56</sup> Consequently, empirical evidence has concluded that jobs in trading sectors tend to be higher skilled and pay higher wages. However, higher average wages do not necessarily reduce the GWG.

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<sup>49</sup> The OECD defines the gender wage gap as follows: “The gender wage gap is unadjusted and is defined as the difference between median earnings of men and women relative to median earnings of men. Data refer to full-time employees and to self-employed”; OECD (2018), Gender wage gap (indicator). doi:10.1787/7cee77aa-en [Accessed on 26 January 2018].

In the EU, the unadjusted GWG means not taking into account, e.g., differences in education, labour market experience, hours worked, and type of job; European Commission, *European Semester Thematic Factsheet—Labour Force Participation of Women* (2017).

<sup>50</sup> SDG indicator 8.5.1.

<sup>51</sup> ILO, *Global Wage Gap Report*, 2018/2019.

<sup>52</sup> ILO, *World Employment Social Outlook, Trends for women 2017* (2017)

<sup>53</sup> ILO, *Global Wage Gap Report*, 2016/2017.

<sup>54</sup> ILO, *Global Wage Gap Report*, 2016/2017.

<sup>55</sup> Csillag and Koren (2011) studied a period of trade liberalisation in Hungary.

<sup>56</sup> See, e.g., Juhn, Ujhelyi, Villegas-Sanchez, “Men, women, and machines: How trade impacts gender inequality”, *Journal of Development Economics*, Elsevier, vol. 106(C), pp 179-193 (2014)

*Both the vertical segregation and differences in skill level indicate a higher GWG in trading sectors.*

The development of wages seems to be connected to an increased demand for high-skilled work, and jobs in trading sectors tend to be high-skilled jobs. A US study showed that the GWG was larger in sectors requiring high-skilled workers than other sectors.<sup>57</sup> This indicates that any changes to the labour market that increases demand for high-skilled workers, such as effects of trade liberalisation, tend to favour men. This means that to the extent that women are overrepresented in lower-skilled jobs, increased GWG is likely to occur in trading sectors. Consequently, women working in high-skilled trading sectors connected to GVCs may have higher salaries than women working in low-skilled sectors serving the domestic market have, but they are still lower than the salaries men have who work in high-skilled trading sectors.

*In high-income countries, there is additional evidence for a higher GWG in trading companies.*

Recent studies from a high-income context have established a higher GWG in exporting firms compared to non-exporters. 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 GWG than non-exporters.<sup>58</sup> This means that the entry into exporting increased the GWG by about 3 percentage points for college educated workers. The study's hypothesis was that exporters may require greater commitments from their employees and may disproportionately reward employee flexibility: "If women are less flexible, or perceived as such, exporters will exhibit a higher GWG than non-exporters".<sup>59</sup>

*Differences in human capital is not enough to explain the gender wage gap; gender discrimination cannot be excluded as an explaining factor.*

Comprehensive overviews of studies on the GWG show that human capital variables, such as education and other labour market attributes, explain little of the GWG.<sup>60</sup> Explanatory factors that remain important are gender differences in occupation and industry, and gender roles and the gendered division of labour. The GWG tends to increase over time during people's working lives, which in the context of OECD countries

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<sup>57</sup> Blau, F.D., Kahn, L.M., "The Gender Wage Gap: Extent, Trends, And Explanations"

<sup>58</sup> Bøler, E.A., Javorcik, B., Ulltveit-Moe, K.H., "Working across time zones: Exporters and the Gender Wage Gap", *Journal of International Economics*, Elsevier, Vol 11(C) pp 122-133 (2018)

<sup>59</sup> Ibid.

<sup>60</sup> See, e.g., Blau, F.D., Kahn, L.M., "The Gender Wage Gap: Extent, Trends, And Explanations"

seems to be especially due to lower professional mobility for women around the time of childbirth.<sup>61</sup> An overview of research based on experimental evidence strongly suggest that gender discrimination cannot be discounted in explaining the GWG.<sup>62</sup>

*In theory, increased competition from international trade could reduce or eliminate wage discrimination.*

A long-standing theoretical reasoning is that the increased competition from trade ought to reduce discrimination by placing a higher cost on employers for the inefficient use of resources.<sup>63</sup> Facing competition, companies would look for ways to cut costs that are not connected to productivity, such as wage premiums that discriminate based on gender. Such discrimination is costly because resources are used inefficiently and not in the most competitive way. Following this logic, the increased competition that follows from trade liberalisation measures would make it too expensive for business to discriminate based on gender, either by non-discriminating firms simply out competing discriminating firms or by inducing discriminating firms to discriminate less.<sup>64</sup>

*On average, competition from trade liberalisation seems to have a limited effect on the gender wage gap.*

There are examples where the occupational GWG seems to fall with increased economic development, trade flows, and foreign investment.<sup>65</sup> Evidence from the US manufacturing sector shows that the GWG was stronger in sectors with less competition than in competitive sectors, and that when the sectors with less competition experienced an increase in trade competition, the GWG decreased.<sup>66</sup> However, other studies have shown that competitive forces from trade liberalisation alone have a limited impact on the wage gap between women and men.<sup>67</sup> The decrease

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<sup>61</sup> OECD, *OECD Employment Outlook 2018*.

<sup>62</sup> Blau, F.D., Kahn, L.M, "The Gender Wage Gap: Extent, Trends, And Explanations"

<sup>63</sup> Becker, G. (1971), *The Economics of Discrimination*, University of Chicago Press.

<sup>64</sup> Pieters, J, *Trade liberalization and gender inequality - Can free-trade policies help to reduce gender inequalities in employment and wages?* IZA World of Labor (2018)

<sup>65</sup> World Bank Research Paper, *Globalization and the Gender Wage Gap 2004*.

<sup>66</sup> Erixon, F, *The Economic Benefits of Globalisation for Business and Consumers*, refers to Black and Brainerd 2004 who tested whether increased trade openness induced employers to reduce discrimination against women by estimating the differential effect of increased imports on concentrated versus competitive industries. The results showed that after controlling for skills, the gender wage gap narrowed more rapidly in concentrated industries than in competitive industries, which led the researchers to conclude that product market competition drives out discrimination in the labour market, as it costs employers to continue discriminatory practices in the competitive market.

<sup>67</sup> OECD Trade policy Working Paper No 24, *Trade and Gender: Issues and Interactions*, OECD (2005).

is not a general finding.<sup>68</sup> In fact, existing general wage inequality tends to persist after trade liberalisation measures, even if wage inequality has been reduced in some sectors. This emphasises the importance of additional reforms and regulation.

*So far, trade policy has not been able to address the GWG.*

Trade policy has been trying to address this issue for a long time. In fact, provisions on equal pay have been included in trade agreements since 1997 and in the free-trade agreement between Canada and Chile (CCFTA),<sup>69</sup> but there has not been any major reduction in the GWG since.

For additional examples of studies on how trade reforms have had an impact on the GWG, see Annex I.

## 7 Entrepreneurship

Each woman who can benefit from trade is a woman who can open new markets and new opportunities, can sell and spread her ideas, and support her community and sometimes her whole village.

—EU Trade Commissioner Cecilia Malmström<sup>70</sup>

This chapter focuses on the trade-relevant gender gaps connected to entrepreneurship and self-employment. It primarily examines the differences in the numbers of female and male entrepreneurs who are trading and the characteristics of trading companies that are women-owned or women-led, compared to companies that are male owned or male-led.

<sup>68</sup> World Bank Research Paper, *Globalization and the Gender Wage Gap*, 2004.

<sup>69</sup> Bensalem, H., *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*, Geneva, CUTS International (2017).

<sup>70</sup> International Forum on Women and Trade, June 2017.

### **Gender gaps in entrepreneurship**

European Union – In EU countries, the percentage of female entrepreneurs varies greatly between the member states, from 19.4% to 39.5%, revealing large gender gaps in entrepreneurship and self-employment.

United States – After five decades of increased share of women-owned businesses, they now represent about 40% of all firms in the United States.

OECD – In OECD countries, men are on average 1.7 times more likely than women to be self-employed.

*Sources: European Commission, Women in the Digital Age (2018); American Express, The 2018 State of Women-Owned Business Report (2018); OECD/EU, The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship (2017).*

*Women are a lot 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.<sup>71</sup> Around a third of the world's SMEs are women owned.<sup>72</sup> In high-income countries, the share of entrepreneurs who are female vary, falling between around 15% and 40%: in the European Union, between 20% and 40 %, in the United States around 40%, and in Canada about 16%.<sup>73</sup> However, since different countries and organisations use different ways to define a WO company, it is hard to draw any general conclusions or comparisons from these numbers, apart from the fact that across the board, fewer women than men are self-employed, business owners, or business leaders.

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

Businesses owned or led by women are a lot less likely to engage in international trade than businesses owned or led by men. Globally,

<sup>71</sup> Kauffman Foundation, *Kauffman Compilation: Research on Gender and Entrepreneurship* (August 2016)

<sup>72</sup> WTO Trade and Gender paper.

<sup>73</sup> See sources in "Gender gaps in entrepreneurship" text box; data from Canada showed that businesses that are majority female owned accounted for almost 16% of SMEs in 2015, compared to 64.7% for male owned and 19.7% owned 50/50. PowerPoint presentation: *Crafting a Gender-Responsive Trade Policy: The Canadian Perspective*, April 24, 2018, Network on Open Economies and Inclusive Societies Lunch Meeting Paris, France.

approximately one in five exporting companies are women owned.<sup>74</sup> Although the numbers vary depending on country or region, the trend in the high-income country context is similar to the global situation.<sup>75</sup> In OECD countries, businesses run by men are more likely to be involved in international trade, both as importers and exporters,<sup>76</sup> and the gender gap can be up to 50 percentage points in certain sectors.<sup>77</sup> This trend seems to be persistent. In Australia, for example, although female entrepreneurship is growing fast, women are still less likely than men to start exporting.<sup>78</sup>

*The lack of a unified definition of a women-owned business is a problem when analysing gender gaps in entrepreneurship and amplifies the problem with a lack of gender-disaggregated data.*

Being able to define a women-owned or women-led business is necessary to identify the size and development of gender gaps in entrepreneurship. Additionally, it is necessary to be able to promote female entrepreneurship through different subsidies or incentive programmes.<sup>79</sup> However, different organisations and jurisdictions define the term *woman-owned* or *woman-led company* differently.<sup>80</sup> Neither does a positive definition of a male-owned company exist, simply because traditionally men have owned most companies. The lack of a unified definition makes it especially difficult to collect and compare data, both over time and between regions. There are some ongoing initiatives towards an international definition of a WO company, but in anticipation of a universal definition, this report has relied on various sources for data

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<sup>74</sup> ITC, *Unlocking markets for women to trade* (2015).

<sup>75</sup> Research from a developing country context shows a slightly different picture. The World Bank Enterprise studies conclude that a slightly higher percentage of WO firms export than all male-owned companies; however, they export less “directly in dollar terms”. According to Shepherd and Stone, this indicates that WO companies who do trade are more likely to be direct importers of intermediate inputs and are less likely to receive FDI. Shepherd, B and Stone, S, *Trade and Women*.

<sup>76</sup> OECD, *Entrepreneurship at a glance 2017*.

<sup>77</sup> Presentation by Susan Stone at WTO Workshop on *Women in Global Value Chains 1 Oct 2018*.

<sup>78</sup> ITC, *Unlocking markets for women to trade*.

<sup>79</sup> E.g., quotas in public procurement, tax relief, participation in a trade delegation, or other similar advantages. The US government, e.g., uses the term “women-owned small business” in their procurement policies. [See section on PP below.]

<sup>80</sup> In the OECD Future of Business survey, a survey conducted by Facebook and designed by OECD and the World Bank, on companies with a Facebook page, a male- or female-owned company is defined as a company having at least 65% male or female owners or top managers, respectively. The OECD also uses the term *self-employed*, defined as someone who owns and works in the own business; OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017). In the United States, the number of women-owned businesses is defined as businesses that are at least 51% owned, operated, and controlled by one or more females; American Express, *The 2018 State of Women-Owned Businesses Report*, 2018.

on gender gaps in entrepreneurship that use different definitions of women-owned or women-managed firms.

*There are big differences in the characteristics of businesses owned or run by women and businesses owned or run by men.*

When a woman starts a business, the business tends to be on average smaller, less profitable, slower to grow, home-based, active in specific sectors, and financed at a lower rate.<sup>81</sup> Contrary to the general conclusion on growth rate, however, US data from 2018 show a higher growth rate for WO-businesses than the general increase.<sup>82</sup> In general, WO-companies have less capital, fewer employees, and are less represented in high-turnover sectors.<sup>83</sup>

Male-owned businesses tend have more employees than WO businesses. Self-employed men in OECD countries are 2.5 times more likely than self-employed women to employ others.<sup>84</sup> However, WO and women-managed businesses employ more women than companies managed or owned by men.<sup>85</sup> This indicates that more female entrepreneurs could contribute to higher female employment participation rates.

These differences in characteristic do not seem to be connected to lower education or less experience. On the contrary, data from Canada showed that female SME owners were more educated and had more management experience than their male equivalents.<sup>86</sup>

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<sup>81</sup> Kauffman Foundation, *Kauffman Compilation: Research on Gender and Entrepreneurship*

<sup>82</sup> WO-businesses showed an increase in employment of 21% compared to all business, where there was a small decline in growth of 0.8%; American Express, *The 2018 State of Women-Owned Businesses Report*, 2018.

<sup>83</sup> OECD, IMF, ILO, & WBG, *Achieving stronger growth by promoting a more gender-balanced economy* (2014).

<sup>84</sup> In most OECD countries, the majority of self-employed women in services work as own-account workers instead of as employers; *OECD entrepreneurship at a glance* (2017). In the G20 area, women compose only 25% of business owners with employees; OECD, IMF, ILO, & WBG, *Achieving stronger growth by promoting a more gender-balanced economy* (2014). In the EU, nearly a third of self-employed men had one or more employees, compared to less than a quarter of self-employed women; OECD/EU, *The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship* (2016).

<sup>85</sup> Lipowiecka, Kirita-Nganga, & ICTSD, *The Gender Dimension of Services* (2016).

<sup>86</sup> PowerPoint presentation: *Crafting a Gender-Responsive Trade Policy: The Canadian Perspective*, April 24, 2018, Network on Open Economies and Inclusive Societies Lunch Meeting Paris, France.

*The differences in characteristics affect the potential to connect to GVCs and help explain higher gender gaps for exporting entrepreneurs.*

Size, access to finance, profitability, productivity, number of employees, and relevant sector are all factors that influence what potential a business has to enter international markets and global value chains and become a trading business.<sup>87</sup> The findings on differences in characteristics between WO businesses and male-owned businesses consequently indicate that WO businesses in general face more difficulties to become a trading company. This contributes to the causes of the wider gender gaps for exporting entrepreneurs than for entrepreneurs in general. The Canadian government identifies the factors that primarily explain the gender gap in exporting companies as size of business and concentration in non-exporting sectors.<sup>88</sup>

**Example of characteristics that tend to differ between women-owned/run businesses and male-owned/run businesses and impact the potential to become a trading company.**

Size	Profitability
Productivity	Growth rate
Sector/occupation	Intended end-consumer
Number of employees	Access to capital
Gender of employees	Source of capital

*When WO businesses export, they earn more, pay more, and employ more than WO businesses only serving the domestic market.*

Several other features linked to WO or women-led companies are connected to trade. In general, WO SMEs that export tend to earn more, pay more, employ more, and be more productive than WO SMEs that only serve the domestic market.<sup>89</sup> Looking at the United States as an illustrative example, exporting WO-businesses were actually both more productive and paid higher averages wages than non-trading WO

<sup>87</sup> For the importance of productivity to become a trading company, see, e.g., NBT, *Handelsteori på 2000-talet - en översikt över aktuell forskning med fokus på företag och produktivitet* (2017).

<sup>88</sup> Global Affairs Canada, *How to Conduct Gender-Based Analysis in a Trade Context—A Canadian Perspective*, Presentation to the OECD Working Party of the Trade Committee, March 2018.

<sup>89</sup> ITC, *Unlocking markets for women to trade*; [https://www.whitehouse.gov/sites/default/files/image/strategic\\_case\\_for\\_women\\_and\\_trade.pdf](https://www.whitehouse.gov/sites/default/files/image/strategic_case_for_women_and_trade.pdf).

businesses and male-owned exporting businesses.<sup>90</sup> This indicates that higher export rates from WO businesses may lead to higher average wages.

*Being part of a global value chain seems to be good for business, but it is hard to get there.*

In general, WO businesses tend to export goods or services where the end-consumer is an individual, not a company. This makes it more difficult to connect to GVCs. However, once connected to a value chain, WO-firms are a lot more likely to sell beyond the immediate region and to trade with two or more regions.<sup>91</sup> This indicates that being part of a value chain helps a WO business to access markets.

*Trade reforms have similar effects on gender gaps in entrepreneurship as on gender gaps in employment participation rates.*

Like effects on employment, the effects of trade and trade reforms on entrepreneurship depend on which sectors have a comparative advantage. WO businesses in sectors with a comparative advantage will grow, and vice versa. When trade costs fall, there will be a reallocation within sectors from low productivity to high productivity. Low productivity firms are the most likely to suffer from foreign competition. Some argue that gender-based discrimination may keep women entrepreneurs locked in low productivity firms.<sup>92</sup>

## **8 Trade, sectors, occupations, and gender gaps**

This chapter describes the sectoral and occupational gender segregation of the labour market, the main explanatory factor for the gender gaps described in Chapters 6 and 7.

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<sup>90</sup> Average pay in exporting WO businesses was 1.6 times higher than average pay in non-exporting WO businesses. This “exporting premium”, generally found in exporting companies, was also larger in WO businesses than the equivalent premium for male-owned businesses. US WO businesses were 3.5 times more productive than non-exporting WO businesses, but also 1.2 times more productive than male-owned exporting businesses; ITC, *Unlocking markets for women to trade* (2015) Box 1, [https://www.whitehouse.gov/sites/default/files/image/strategic\\_case\\_for\\_women\\_and\\_trade.pdf](https://www.whitehouse.gov/sites/default/files/image/strategic_case_for_women_and_trade.pdf)

<sup>91</sup> AfT at a Glance 2017.

<sup>92</sup> Shepherd, B, and Stone, S, *Trade and Women*.

*Women and men tend to both work in and start businesses in different sectors and occupations.*

Between 1997 and 2017, gender segregation in the labour market has increased, with the same pattern in high-income countries as on a global level. In most countries, women are more likely to work in the service sector and men in manufacturing. The female workers are predominant in education, health, and social work, while male workers are predominant in manufacturing, construction and transport, storage, and communication.<sup>93</sup> The pattern of gender segregation is very similar when looking at entrepreneurship. In most OECD countries, the great majority of self-employed women work in services, while businesses owned or run by men are active in the manufacturing sector.<sup>94</sup> Occupational groups also suffer from strong gender segregation, which interestingly enough is almost twice as prevalent in high-income countries as in emerging markets.<sup>95</sup>

*The gender segregation of the labour market is the main explanation for gender gaps in employment and entrepreneurship.*

Due to sectoral and occupational gender segregation, trade and trade reforms have different effects on women and men. For example, if a country has a comparative advantage in a sector where female workers are overrepresented, trade liberalisation may increase women's employment rates. However, women are more likely than men are to work in smaller and less productive firms. Consequently, women suffer a greater risk of working in a company that will be eliminated by the trade reforms. More productive companies tend to pay higher wages, which means that trade liberalisation may raise the average wage, but since women are less likely to work in the most productive firms, this rise in average wages may also increase the GWG.

*Women generally work in sectors with weak connections to trade.*

Data from the OECD countries on number of jobs based on domestic demand and jobs based on foreign demand show solid gender segregation in sectors and industries. The share of female labour input is much higher in business services and services other than in manufacturing.<sup>96</sup> However,

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<sup>93</sup> Northern America and Northern, Southern, and Western Europe align with global trends: female workers are predominant in education, health, and social work, with male workers being predominant in manufacturing, construction and transport, storage, and communication. ILO, *World Employment Social Outlook – Trends for women 2017* (2017)

<sup>94</sup> In OECD countries, about 70% of self-employed women work in services 70%; OECD *Entrepreneurship at a glance 2017*.

<sup>95</sup> ILO, *World Employment Social Outlook – Trends for women 2017* (2017)

<sup>96</sup> OECD, *Women in Global Value Chains*

even if employment in manufacturing is male dominated, upstream labour input—the backward linkages that the industry creates—generate more female employment.<sup>97</sup>

Also, in the European Union, women are more likely to work in less export-oriented sectors.<sup>98</sup> Women's employment in so-called non-tradeable service sectors, such as public administration, education, and health and social work, amounts to almost half of the total female employment in the European Union. In comparison, the two most export-dependent sectors in the European Union in 2011, water transport and air transport, had a female participation rate of around 20%.<sup>99</sup>

*Women generally start their businesses in sectors and occupations that are less connected to trade.*

The sectors in which female entrepreneurs are active, such as personal services, are primarily sectors providing services inherently more difficult to trade on an international level, which contributes to the bigger gender gap for trading entrepreneurs. Which business sector one chooses to start a business in is a strong indication of the potential profitability and the potential for internationalisation.<sup>100</sup> Not only are more male- than female-run businesses involved in international trade, there are also differences in the patterns of trade.<sup>101</sup> WO companies that do trade are more likely to export than import and are concentrated in a few sectors.<sup>102</sup> In OECD countries, about a third of male-run businesses export to businesses only, while around half of female-run businesses in the OECD countries export with individuals as the intended end-consumers, indicating big differences in the sectors in which they trade.<sup>103</sup>

*Female dominance in sectors not connected to trade may be connected to gender bias and lower barriers to entry.*

It is unclear why more women tend to work in the less trade-connected services sectors. It is unlikely that the low connection to trade per se is what attracts women. One possible explanation for why women are

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<sup>97</sup> About a third of all employment in the OECD generated upstream from manufacturing exports is female. OECD, *Women in Global Value Chains*.

<sup>98</sup> Gender-disaggregated sectoral employment data for the European Union is yet to be identified. See Interim SIA EU-Chile FTA.

<sup>99</sup> Rueda-Cantuche, J.M., Sousa, N., "Are EU exports gender-blind? Some key features of women participation in exporting activities in the EU"

<sup>100</sup> Klugman, *The 2030 Agenda and the Potential Contribution of Trade to Gender Equality*, ICTSD (2016)

<sup>101</sup> OECD, *Entrepreneurship at a Glance 2017*.

<sup>102</sup> ITC, *Unlocking markets for women to trade* (2015).

<sup>103</sup> OECD, *Entrepreneurship at a glance 2017*.

predominantly employed in the service sector could be that services are less restricted by the gender expectations present in traditional manufacturing industries and therefore have lower barriers to entry.<sup>104</sup> When women start businesses, they tend to enter sectors with lower entry barriers and sectors that are less profitable, such as retail, beauty, and food services.<sup>105</sup>

*When women work in export-supported jobs, they tend to have low- or medium-skilled jobs.*

Looking at the European Union as an example, female and male skill profiles are similar in *exports-supported employment*, but certain differences can be noted. Especially that 1) women exports-supported employment is more biased in favour of low-skilled jobs and 2) that the gap between the shares of high-skilled jobs in total employment and that of exports-supported employment is wider for women than for men.<sup>106</sup> This despite the fact that between 1995 and 2011, the share of high-skilled jobs in export-supported female employment in the European Union increased faster than the share of high-skilled jobs in total female employment. The share of low-skilled jobs shrank.

*Servicification has changed the scenery—especially in high-income countries.*

Because of the ever-increasing importance of trade in services, the phenomenon of *servicification*, and the gender-segregated labour market, services are especially important when analysing the linkages between trade and the labour market from a gender perspective,<sup>107</sup> because it is primarily women who provide services. The service sector is the largest provider of jobs for women in most regions, but especially so in high-income economies. Also within the wider services sector, there are clear occupational gender segregations. In advanced economies, women are primarily employed in the health and education services sectors.<sup>108</sup>

So far, most research stems from the developing country context, where liberalisation of trade in services seems to have the potential to increase employment opportunities for women.<sup>109</sup> It is unclear if this is true for the

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<sup>104</sup> Lipowiecka, Kirita-Nganga, & ICTSD, *The Gender Dimension of Services*

<sup>105</sup> Klugman, *The 2030 Agenda and the Potential Contribution of Trade to Gender Equality*

<sup>106</sup> Rueda-Cantuche, J.M., Sousa, N., "Are EU exports gender-blind? Some key features of women participation in exporting activities in the EU"

<sup>107</sup> National Board of Trade, *Everybody is in services* (2012)

<sup>108</sup> Lipowiecka, Kirita-Nganga, *The Gender Dimension of Services*

<sup>109</sup> There is, e.g., strong evidence from the services sector in Asia that liberalisation has led to the increased participation of women in the export of services. See, e.g., Lipowiecka, Kirita-Nganga, *The Gender Dimension of Services*

high-income country context, but the fact that the percentage of women working in services is even higher in high-income countries indicates that it is probably the case.

### **Importance of services for female employment in high-income countries**

Globally, services account for almost half of female employment, but services is of even higher importance in high-income countries.

In 2015, 84% of employed women in the OECD worked in the service sector, compared to 61% of men.

In 2016, the service sector provided 92% of all jobs to women in the United States and 85% in Europe, which can be compared with 81% in Southern Africa and 79% in Latin America and the Caribbean.

*Sources: Lipowiecka; Kirita-Nganga, The Gender Dimension of Services, ICTSD (2016); WTO, World Trade Report 2017 (2017); OECD, The Pursuit of Gender Equality: An Uphill Battle (2017)*

*Services sectors tend not to be as highly connected to trade, indicating untapped potential for reduced gender gaps.*

Despite the servicification trend, trade in services remains relatively unliberalised compared to trade in goods, albeit with big differences. Generally, services connected to businesses are more liberalised than, for example, services connected to education, healthcare, and retail—the former being the sectors mainly affected by servicification.

The fact that trade in services is harder to liberalise than trade in goods can be explained by both political and practical reasons, such as difficulties to control quality. It should, however, be noted that apart from direct trade in services, for example, through export, services are also exported indirectly as part of manufactured products, so-called “embodied services”. In the European Union, the female share of the employment supported by the exports of “embodied services” is equal to the share in total employment.<sup>110</sup> Considering the growing service sector in combination with the high number of women engaged in the service sector, both as employees and entrepreneurs, the liberalisation of trade in

<sup>110</sup> 46% in 2011; Rueda-Cantuche, J.M., Sousa, N., "Are EU exports gender-blind? Some key features of women participation in exporting activities in the EU"

services is likely to benefit women more on a relative scale and contribute to reducing the gender gaps in employment participation.<sup>111</sup>

*Feminisation of the service sector might contribute to higher employment participation but also create a risk for worse working conditions.*

The feminisation of the service sector is not only positive for a reduction of gender gaps. It seems as if the higher the degree of feminisation in a company, the lower average wage per hour worked in that enterprise.<sup>112</sup> Consequently, it seems as if the combination of servicification and feminisation may lead to more employment opportunities but not necessarily better wages.

## 9 Consumption

This chapter focuses on the trade-relevant gender gaps connected to consumption, primarily on the possibility of defining a homogenous consumer group based on gender, potential differences in female and male consumption, and how trade and trade reforms may affect these differences.

*It is difficult to define a homogenous group of consumers based on gender*

Consumption preferences may rely on many other aspects than gender, which makes it difficult to identify consumption preferences based on gender. This in turn complicates the identification of trade-related gender gaps in consumption. One of the biggest problems here is the lack of available data. Most of the available information comes from surveys investigating consumption patterns and preferences that are based on households as the unit of interest. These are most often not gender segregated. However, some theoretical and empirical evidence is available on trade-related differences in consumers based on gender.

*Some identifiable differences exist in what women and men spend their money on.*

Women tend to be the primary care giver and consequently spend a higher proportion of their income on products and services for the household than men do.<sup>113</sup> In 2013, women controlled 64% of household

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<sup>111</sup> ICTSD, *GVCs and Gender Equality 2016*.

<sup>112</sup> ILO Global Gender Wage Gap Report 2018/2019—*What lies behind gender pay gaps?*

<sup>113</sup> Data from FAO, IFAD, UNICEF, WFP and WHO. 2017, *The State of Food Security and Nutrition in the World 2017, Building resilience for peace and food security*. Rome,

spending, which the WEF predicts will continue to rise.<sup>114</sup> This difference means that changes in prices of products and services connected to household spending, such as food, education, and healthcare, are more likely to affect women's consumption.<sup>115</sup> One example of a household product category consumed more intensely by female than male consumers is agricultural products. 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 female consumers.<sup>116</sup>

In the United States, however, one empirical study found that gender could not explain online buying patterns when other characteristics (such as income, race, and educational level) were controlled for.<sup>117</sup> Another US survey found interesting gender gaps in time spent on e-commerce, where women spent more time on online shopping than men did and e-commerce provided an opportunity to save time.<sup>118</sup> It is important to note that most e-commerce is domestic and not internationally traded, but these conclusions nevertheless point to an interesting gender difference in consumption patterns.

*Because women and men have different consumption patterns, effects from trade reform on the price and availability of goods and services have gendered effects.*

The most recognised consumption-related effects of trade reforms are effects on price and availability. With the reduction of tariffs, consumer goods tend to become cheaper, and variety tends to increase, which benefits the end consumer. However, these results generally come from analyses based on consumer models that do not distinguish between men and women.<sup>119</sup> The price variations in goods and services caused by liberalisation measures modify individual purchasing power, which

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FAO. (2017); Shepherd, B and Stone, S, *Trade and Women*.

<sup>114</sup> World Economic Forum, *The Future of Jobs Report* (2016)

<sup>115</sup> Wagner, C.Z., "Gender Mainstreaming in International Trade: Catalyst for Economic Development and Political Stability", *American Society of International Law*, Studies in Transnational Legal Policy, No. 37 (2006)

<sup>116</sup> Shepherd, B, and Stone, S, *Trade and Women*.

<sup>117</sup> Suominen, K, *Women-led Firms on the Web: Challenges and Solutions*, ICTSD Research, (30 October 2018), referring to Lieber and Syverson, 2010.

<sup>118</sup> The study used data from the American Time Use Survey, which investigates what households generally spend their time on, as a starting point. The survey found that 60% of the saved time was beneficial for women. Presentation at the WTO conference Buenos Aires Declaration, One year on, by Michael Ferrantino, December 2018.

<sup>119</sup> Shepherd, B and Stone, S, *Trade and Women*.

affects men and women differently due to different consumption patterns.<sup>120</sup>

*There are gender gaps in how similar products are priced.*

Even when women and men consume the same kinds of products, the pricing of the products differs between so-called male or female versions. A US study from 2014 examined the prices of goods across various industries<sup>121</sup> and compared nearly 800 products that had clear male and female versions, such as differently coloured razors.<sup>122</sup> The study found that on average women's products cost 7% more than similar products for men. Women paid 8% more than men for adult clothing and 13% more for personal care products. The pricing pattern is similar in other high-income countries, such as the United Kingdom.<sup>123</sup>

*Gendered tariffs contribute to gender gaps, causing average higher prices on products intended for women.*

One factor that can lead to gendered differences in pricing of products is gendered tariffs. In the United States, for example, on certain categories of manufactured goods, the tariffs vary depending on the sex of the intended end consumer included in the product description.<sup>124</sup> That is especially true for many articles of apparel and footwear.<sup>125</sup> One study showed big differences in tariffs for gender-classified goods, but could not find a clear underlying pattern that explained the different tariffs.<sup>126</sup> In certain cases, tariffs for products targeting males were higher, and in

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<sup>120</sup> UNCTAD, *Implementing gender-aware ex ante evaluations to maximize the benefits of trade reforms for women* (2016).

<sup>121</sup> Toys and accessories, children's clothing, adult clothing, personal care products, and home healthcare products for seniors, where nearly 800 products had clear male and female versions.

<sup>122</sup> New York City Department of Consumer Affairs, *From Cradle to Cane: The Cost of Being a Female Consumer*, (2015).

<https://www1.nyc.gov/assets/dca/downloads/pdf/partners/Study-of-Gender-Pricing-in-NYC.pdf> [accessed June 2018].

<sup>123</sup> <https://www.independent.co.uk/news/business/women-paying-more-than-men-for-everyday-product-thanks-to-unacceptable-gender-price-gap-a6820816.html>.

<sup>124</sup> Meaning that the sex of the intended consumer is part of the product description. Taylor, L.L., and Dar, J, "Fairer Trade – Removing Gender Bias in US Import Taxes", *Mosbacher Institute, The Takeaway*, Volume 6, Issue 3, (2015)

<sup>125</sup> In 2014, 86% of apparel imports and 79% of US footwear imports were gender classified by the US International Trade Commission (USITC), stemming from the sex of the intended consumer being part of the product description. Taylor, L.L., and Dar, J, "Fairer Trade – Removing Gender Bias in US Import Taxes"

<sup>126</sup> They have combined information from tariff data from the Harmonized Tariff Schedule published by USITC and consumption data from CEX, allowing them to calculate tariff burden across different groups. Furman, J., Russ, K., Shambaugh, J. *US tariffs are an arbitrary and regressive tax*, VOX CEPR Policy Portal (12 January 2017) <https://voxeu.org/article/us-tariffs-are-arbitrary-and-regressive-tax> [accessed June 2018].

certain cases, tariffs for women's products were higher.<sup>127</sup> However, many of the goods consumed disproportionately by women faced higher tariffs than goods disproportionately consumed by men. The study found much higher average effective tariffs in the United States on more categories of women's apparel than men's apparel.<sup>128</sup> In some cases, the differences were very large, such as silk blouses for women had tariffs six times higher than tariffs on silk shirts for men.<sup>129</sup>

**Examples of differences in US tariffs depending on gender of intended end consumer**

<i>Good</i>	<i>Effective tariff for women</i>	<i>Effective tariff for men</i>
Various/suits	23%	14%
Sweaters, shirts, tops	21%	13%
Active sportswear	21%	7%
Trousers/shorts	15%	10%
Underwear	13%	7%

*Source: Taylor, L.L., and Dar, J, "Fairer Trade – Removing Gender Bias in US Import Taxes", Mosbacher Institute, The Takeaway (2015)*

*Even non-gendered tariffs have a regressive effect, which affect women more than men.*

Even though most surveys on consumption patterns do not differentiate gender, many differentiate income levels, which can provide indications for a gender-based analysis. The consumption patterns of high- and low-income consumers are different, causing different distributional effects of trade reforms for rich and poor consumers. Low- and middle-income households generally benefit more from trade reforms such as the elimination of tariffs than high-income households do, because lower-income households tend to spend a bigger portion of their money on highly tradeable goods such as food and clothing.<sup>130</sup> This means that tariffs can be seen as a regressive tax, placing a higher burden on lower-income households than high-income households. If prices on these goods are reduced due to trade reforms, households and individuals with the lowest income will reap the most benefits, and it will create a strong

<sup>127</sup> Taylor, L.L., and Dar, J, "Fairer Trade – Removing Gender Bias in US Import Taxes"

<sup>128</sup> Furman, J., Russ, K., Shambaugh, J. *US tariffs are an arbitrary and regressive tax*

<sup>129</sup> Taylor, L.L., and Dar, J, "Fairer Trade – Removing Gender Bias in US Import Taxes"

<sup>130</sup> Fajgelbaum and Khandelwal, "Measuring the Unequal Gains from Trade", *The Quarterly Journal of Economics* (2016).

distributional effect.<sup>131</sup> This indicates a difference in consumption effects between women and men. Research from the United States suggests that tariffs weigh the heaviest on women and single parents.<sup>132</sup> Considering the overrepresentation of women among low-income earners, the gender wage gap, and the fact that women tend to spend a higher proportion of their income on basic goods, consumption effects from trade reform in the form of reduced tariffs ought to be relatively more positive for women than men.

*Historically, tariff reductions seem to have disproportionately benefited male consumers.*

Even though modern trade negotiations include a broad range of issues, the cornerstone of trade liberalisation has been the reduction of tariffs. One interesting aspect to this development is the products that have seen a tariff reduction. Since the inception of the GATT, average tariffs on industrial goods have been reduced from almost 40% to 5%.<sup>133</sup> The top consumers of industrial goods, businesses, tend to be owned by men and not women, which means that reduced tariffs on industrial goods generally benefit men more than women. Looking at products disproportionately purchased by women, mainly consumer goods such as household products, tariff reductions have not been as progressive. This indicates that tariff reductions have disproportionately benefitted male consumers.

*Purchasing power may influence consumption-related gender gaps.*

When evaluating if women and men are equal as consumers, additional factors to consider may include gender-based differences in wages and access to capital—so-called purchasing power, sometimes referred to as “power of the purse”.<sup>134</sup> The gender gaps in employment rates, wages, and entrepreneurship described above also affect the amount of available resources for women and men to use in their consumption. Closing these gender gaps is therefore crucial to increase women’s purchasing power and close yet another gender gap.

*Women’s purchasing power is expected to continue to increase.*

Considering the increase in female labour force participation, which has contributed to an increased lifetime of disposable income, women’s purchasing power has increased and affected the role of women as

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<sup>131</sup> Erixon, F, *The Economic Benefits of Globalisation for Business and Consumers*,

<sup>132</sup> Furman, J., Russ, K., Shambaugh, J. *US tariffs are an arbitrary and regressive tax*

<sup>133</sup> Kommerskollegium, *Tullar är fortfarande ett problem* (2012)

<sup>134</sup> WTO, *Gender Aware Trade Policy, A Springboard for Women’s Economic Empowerment* (2017).

consumers. This development is expected to continue. According to the World Economic Forum, over the next decade women will account for USD 5 trillion additional consumer spending and more than two thirds of global disposable income.<sup>135</sup> Consequently, policymakers would be wise to consider that women are becoming an increasingly important group of consumers.

## 10 Potential barriers to opportunity to equal participation in and benefits from trade

The Boy's Club is real.

—Pamela Coke Hamilton, UNCTAD<sup>136</sup>

From the previous chapters, it is clear that trade-related gender gaps exist in high- and middle-income countries in all three categories—employment and the labour market, entrepreneurship, and consumption. The existing gender gaps and the potential effects of trade reforms also tend to have a disproportionately negative effect on women. One reason for this is that women tend to face higher barriers than men do to take part in international trade and benefit from trade-related gains.

This chapter aims to provide an overview of the research available on the main factors that impact primarily women's ability to participate in international trade and benefit from trade-related gains. In addition, it reflects on policy conclusions and the specific role of trade policy in alleviating these barriers.

### 10.1 Barriers to accessing employment and the labour market

#### 10.1.1 Tariff barriers

Empirical evidence indicates that women, or 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.<sup>137</sup> By combining employment data and tariffs in the

<sup>135</sup> WEF, *The Future of Jobs Report*

<sup>136</sup> Workshop in Women in Global Value Chains, WTO, 1 October 2018.

<sup>137</sup> Presentation by Floriana Borino, ILO, at the WTO Conference December 2018. Final results not yet available.

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

Despite the global reduction of tariffs since the creation of the WTO, the gap in tariffs faced by women and men increased between 2000 and 2012. This is because the decrease in tariffs faced by women has been much slower. It should, however, be noted that this can be seen as a national strategy to protect industries that are female dominated.

**Policy conclusion:** There is a need for a gender lens in trade negotiations to ensure that tariff reductions and eliminations benefit sectors in a gender-equal way. One important trade policy tool to ensure this is to include gender effects in all impact assessments.

### 10.1.2 Access to quality, decent paid work

Women are less able to realise economic ambitions through work than men are, contributing to the gender gaps in employment. Globally, 88 countries, of which 10 are European, prohibit women from entering certain professions.<sup>138</sup> Restrictions include jobs deemed hazardous, arduous, or morally inappropriate, and sometimes specific industries are prohibited.<sup>139</sup> If trade and trade reforms affect these industries, or they are deeply connected to GVCs, women will have greater difficulty accessing trade-related employment.

Even when there are no legal restraints to accessing jobs, women are more likely to be engaged in low-quality jobs across all OECD countries.<sup>140</sup> Women are overrepresented in sectors with a history of inadequate regulation and protection, such as care professions. This is connected to the gender-segregation of education sectors and occupations, but gender-based discrimination in employment is also an important factor.<sup>141</sup> Considering this, being able to organise and take collective action is an important factor in improving women's access to

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<sup>138</sup> OECD, *Social Institutions and Gender Index, SIGI 2019 Global Report, Transforming Challenges into Opportunities* (2019); World Bank Group, *Women, Business and the Law 2018* (2018).

<sup>139</sup> World Bank Group, *Women, Business and the Law 2018* (2018).

<sup>140</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>141</sup> Discrimination against women in the workplace is a universal issue, with the discrimination level in Europe at 28%, compared to 44% globally; *SIGI 2019 Global Report*.

quality employment. Collective action is associated with increased productivity, higher income, and improved working conditions.<sup>142</sup>

Generally, gender-equal labour laws lead to reduced gender gaps in employment participation and wages.<sup>143</sup> Most OECD countries mandate equal remuneration for work of equal value, in accordance with the ILO Equal Remuneration Convention.

**Policy conclusion:** Removing legal restrictions on women's employment is to a certain extent still an issue in high-income countries. Introducing and enforcing prohibitions on gender-based discrimination in employment seems to be especially important policy measures to improve women's access to decent work and to contribute to reducing the gender gap in access to trade-related jobs.<sup>144</sup> These are policy reforms primarily for the national level, but trade policy may play a role in pushing the process forward by promoting the effective implementation of international labour rights regulations such as ILO conventions. One potential route to creating jobs and promoting decent work in care sectors could be to further liberalise trade in services.

### 10.1.3 Education and skills development

Structural changes in trade tend to create a higher demand for high-skilled workers. Thus, access to education and skills development is crucial, as it enables access the labour market in the competitive environment brought about by trade. Countries in which women do well in education tend to have the smallest gender gaps in employment participation rates and leadership positions.<sup>145</sup> In most high- and middle-income countries, the gender gaps in tertiary and higher education have reversed and are now in favour of women.<sup>146</sup> However, educational differences still negatively affect the gender gaps in employment for women. In OECD countries, the gender employment gap is more than double among men and women with low educational attainment than among the highly educated population.<sup>147</sup>

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<sup>142</sup> Hunt, A and Samman, E, *Women's economic empowerment – Navigating enablers and constraints*

<sup>143</sup> World Bank Group, *Women, Business and the Law 2018*

<sup>144</sup> Hunt, A and Samman, E, *Women's economic empowerment – Navigating enablers and constraints*

<sup>145</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>146</sup> In the OECD countries, about 34% of women had completed tertiary education in 2012, compared to 30% of men (OECD, *The Pursuit of Gender Equality: An Uphill Battle*, 2017), while in the European Union, 44% of women compared to 34% of men had completed tertiary or higher education (COM, *Women in the Digital Age*).

<sup>147</sup> 19.5 percentage points, more than double the gap among highly educated men and

Gender gaps in education used to be a traditional theoretical explanation for the GWG. Higher educational levels are generally connected to a higher average wage, which means that women being more educated to a certain degree counteracts the GWG. However, since the gender gaps in education have reversed while the GWG favouring men persists, differences in educational levels cannot explain the GWG.<sup>148</sup> Gender-segregated educational choices may, however, contribute to the explanation. Fields of study start to diverge by the age of 15.<sup>149</sup> In OECD countries, women are underrepresented in education in the STEM<sup>150</sup> sectors that generally provide higher average wages, while men are underrepresented in health studies with low connections to trade.<sup>151</sup> In the European Union, only 24 out of 1,000 female graduates have a degree in an ICT-related subject.<sup>152</sup>

**Policy conclusion:** Access to high-level education is not a key barrier to women participating in trade-related employment, but the gender segregation that starts in education is a strong reason for policy intervention. This is a task for domestic reform rather than trade policy, but it is crucial not to limit women's participation in the labour market to non-trading sectors.

#### 10.1.4 Lack of representation—the glass ceiling

The lack of other women in leadership positions is a barrier to women's participation in the economic arena. The gender gaps in management, in corporate boards, on CEO level, and in public leadership provide evidence of the existence of the so-called glass ceiling causing an underrepresentation of women in positions of power.<sup>153</sup> Despite women being more educated than men and the body of research linking corporate gender diversity to better company performance,<sup>154</sup> women's chances to rise to leadership positions are less than a third of those of men.<sup>155</sup> In the OECD, on average only one in three managers is a woman, and only one in five members of corporate boards is female, with almost no

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women (8.5 percentage points); OECD, *Education at a Glance*, 2016.

<sup>148</sup> Blau, F.D., Kahn, L.M., "The Gender Wage Gap: Extent, Trends, And Explanations"

<sup>149</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle*.

<sup>150</sup> Science, technology, engineering, and mathematics.

<sup>151</sup> Women constitute fewer than one fifth of entrants into tertiary-level computer science and engineering courses, while around four times as many women in the OECD were enrolled in health studies in 2015; OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>152</sup> European Commission, *Women in the Digital Age* (2018).

<sup>153</sup> Lipowiecka; Kirita-Nganga, *The Gender Dimension of Services*

<sup>154</sup> World Bank Group, *Women, Business and the Law 2018*.

<sup>155</sup> World Economic Forum, *Future of Jobs*.

improvement since 2003.<sup>156</sup> Certain economies have introduced regulation on legal quotas for women on corporate boards.<sup>157</sup> France is the only EU member state that has reached more than 40% female board members, likely through a legislative quota.

**Policy conclusion:** Lack of representation is a problem because it limits getting more women into employment and entrepreneurship. Since more women in employment increases economic growth and female entrepreneurs hire more women, adding to female employment participation rates, encouraging equal representation in all sectors should be a policy priority, including for trade policy.

#### SDG Indicator: Female share of managerial positions

Geographic area	Percentage of females in managerial positions
Globally	24%
Americas	39%
Europe	35%
OECD	33%
Africa	23%
Asia	17%
Top note: Jamaica	59%
Max: Jamaica	59%
Min: Jordan	1%
Interesting: Poland	40%

Source: OECD, SIGI 2019 Global Report.

#### 10.1.5 Sexual harassment in the workplace

The vast majority of women in qualified professions, top management jobs, and in the service sector have been sexually harassed.<sup>158</sup> Facing more sexism and harassment in the workplace may be an explanation of the different efficiency levels between women and men that traditionally have been used to explain the gender gaps in wages and entrepreneurship.<sup>159</sup> Digitalisation poses new threats here, where online

<sup>156</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle*. Also, in the European Union, women on average make up less than 1 in 5 on the boards of large companies; European Commission, *Report on equality between women and men*.

<sup>157</sup> Belgium, France, Germany, Iceland, India, Italy, the Netherlands, Norway, and Spain; World Bank Group, *Women, Business and the Law 2018* (2018).

<sup>158</sup> 75% of women in qualified professions or top management jobs, and 61% in the services sector; European Commission, 2018 *Report on equality between men and women*.

<sup>159</sup> <https://www.weforum.org/agenda/2018/01/the-gig-economy-could-increase->

violence reinforces offline discrimination. In the United States, 26% of women between the ages of 18 and 24 have been stalked online.<sup>160</sup> Japan is the only OECD high-income economy that does not legally protect women from sexual harassment at work.<sup>161</sup> Having laws in place that prohibit discrimination does not eliminate harassment per se, even if evidence from the United Kingdom shows that antidiscrimination legislation is positively associated with female employment and wages.<sup>162</sup> In the United States, a Pew research survey concluded that women working in male-dominated work places report higher rates of gender discrimination.<sup>163</sup> Other studies from the United States show that sexual harassment can have a negative impact on women's careers.<sup>164</sup>

**Policy conclusion:** The sexual harassment of women in the workplace is a major barrier to equal opportunity and economic participation, and it ought to be a policy priority. Increased social protection may mitigate these problems by reducing vulnerability to economic risks and supporting women to overcome barriers preventing economic participation.<sup>165</sup> This is primarily an issue for national policy, but it may be supported by trade policy through, for example, cooperation activities and the sharing of best practices.

## 10.2 Barriers for female entrepreneurs

### 10.2.1 Access to markets, networks, and information

One benefit of trade liberalisation for entrepreneurs is new market access, and potentially new customers. This requires information about the new market. Several factors constrain women's access to networks, markets, and information and make it more difficult for female entrepreneurs to find new customers. Female entrepreneurs in the European Union have identified access to networks for business purposes and access to information as two of their main challenges.<sup>166</sup> Access to both regional

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[workplace-sexism?utm\\_content=buffer90f95&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer](#)

<sup>160</sup> SIGI 2019—referring to Pew Research Centre, Online Harassment, 2015.

<sup>161</sup> World Bank Group, *Women, Business and the Law 2018*

<sup>162</sup> World Bank Group, *Women, Business and the Law 2019*, referring to Zabalza and Tzannatos, 1985.

<sup>163</sup> <http://www.pewresearch.org/fact-tank/2018/03/07/women-in-majority-male-workplaces-report-higher-rates-of-gender-discrimination/> [accessed 11 March 2019].

<sup>164</sup> World Bank Group, *Women, Business and the Law 2019*, referring to McLaughlin, Uggen, and Blackstone, 2017.

<sup>165</sup> Hunt, A and Samman, E, *Women's economic empowerment – Navigating enablers and constraints*

<sup>166</sup> DG Growth, <http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work->

and international markets often depends on access to traditional networks, which generally are male dominated.<sup>167</sup> Women have smaller, less diverse networks and rely more on personal contacts.<sup>168</sup> In the European Union, 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 female-only networks, and do not spend as much time developing and maintaining networks.<sup>169</sup>

In addition, access to trade information can be complicated by the use of varying systems.<sup>170</sup> Women in both OECD and EU countries are less likely to state that they have the skills and knowledge needed to start a business.<sup>171</sup> A lot of information is available, but it is often presented in many different ways, making it a time-consuming affair to find all the information available. This places a disproportional burden on SMEs, in which women are overrepresented.

**Policy conclusion:** Making direct links with overseas buyers is one of the main barriers to overcome to level out the gender gaps for trading entrepreneurs and assist WO firms to compete successfully in international markets.<sup>172</sup> Policy reforms that increase transparency, such as platforms and navigation tools that make it easy to find, understand, and process data, could reduce information barriers and help micro enterprises or SMEs in general and WO SMEs in particular to participate in global markets.<sup>173</sup> An additional policy priority should be to promote networks for female entrepreneurs, which is possible on a national level and by including these entrepreneurs in cooperation activities with trading partners.

## 10.2.2 Access to finance and financial services

Access to finance is one of the biggest obstacles for any small business trying to grow and create jobs.<sup>174</sup> Since the ability to scale up, grow, and

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[for/women/](#) [accessed 30 April 2019].

<sup>167</sup> Lipowiecka; Kirita-Nganga, *The Gender Dimension of Services*; Bamber, P and Staritz, C. *The Gender Dimensions of Global Value Chains*

<sup>168</sup> ITC, *Unlocking markets for women* (2015).

<sup>169</sup> EIGE, *Gender in Entrepreneurship* (2016).

<sup>170</sup> Hamilton and Atkinson, *Optimizing the internet for more inclusive trade*, International Trade Forum (Oct. 2017)

<sup>171</sup> OECD 36.8% vs 51.2% and in the European Union 34.1% vs 49.9% between 2012 and 2016; OECD/EU, *The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship* (2017).

<sup>172</sup> Shepherd, B and Stone, S, *Trade and Women*.

<sup>173</sup> Hamilton and Atkinson, *Optimizing the internet for more inclusive trade*

<sup>174</sup> ICF, *MSME Finance Gap 2017*; Shepherd, B and Stone, S, *Trade and Women*.

become more capital intensive is deeply connected to capacity to connect to GVCs and become a trading company,<sup>175</sup> this obstacle is especially important from a trade perspective. Even though Europe and the Americas are the two regions with the lowest levels of gender discrimination in access to financial resources, the challenge is still bigger for WO companies.<sup>176</sup> Across OECD countries, women are less likely to report that they can access the finance they need to start a business.<sup>177</sup> Evidence from Australia showed that although the vast majority of women exporters in Australia wanted to expand their business into more countries, access to finance was an important constraint in this endeavour.<sup>178</sup>

The gender gap in funding exists even for WO companies with lower credit risks than male-owned firms.<sup>179</sup> In the United States, WO companies apply for credit at a similar rate as male-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.<sup>180</sup> WO and women-run companies have to present a higher value of collateral to obtain a loan.<sup>181</sup> Having less access to finance means that WO firms rely less on banks as a primary source of capital. They are more dependent on self-financing and reinvested profit, and rely more on personal savings or loans from friends and family. This is true for both trading and non-trading WO businesses.<sup>182</sup> Since many female entrepreneurs start their businesses in sectors with lower growth potential, they tend to earn less to invest back in the company.<sup>183</sup> This keeps WO businesses small compared to male-owned businesses, thereby increasing the difficulty to develop into a trading company.

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<sup>175</sup> Shepherd, B., *Women and access to finance: What is the role (if any) of trade policy?* ICTSD (2018)

<sup>176</sup> SIGI 2019.

<sup>177</sup> This is true for all countries except the United States, Mexico, Greece, and Indonesia; OECD, *Entrepreneurship at a glance*, 2016.

<sup>178</sup> 74% of the female entrepreneurs stated this; ITC, *Unlocking markets for women*.

<sup>179</sup> Federal Reserve Bank of New York, Kansas City, Small Business Credit Survey, Report on Women-Owned Firms (2017); SME Finance Forum, Small Business Credit Survey: Report on Women-Owned Firms (2018).

<sup>180</sup> 47% success rate compared to 61%; Federal Reserve Bank of New York, Kansas City, Small Business Credit Survey, Report on Women-Owned Firms (2017).

<sup>181</sup> Shepherd, B., *Women and access to finance: What is the role (if any) of trade policy?*

<sup>182</sup> ITC, *Unlocking markets for women*, 2015.

<sup>183</sup> Young, C., *Can women win on the obstacle course of business finance?* OECD Observer, (March 2018)

[http://oecdobserver.org/news/fullstory.php/aid/6024/Can\\_women\\_win\\_on\\_the\\_obstacle\\_course\\_of\\_business\\_finance\\_.html](http://oecdobserver.org/news/fullstory.php/aid/6024/Can_women_win_on_the_obstacle_course_of_business_finance_.html) [accessed 6 June 2018].

Even when having access to credit, women tend to lack access to other financial services, such as savings, digital payment methods, and insurance.<sup>184</sup> In general, all OECD high-income countries have universal access to financial services.<sup>185</sup> 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. Technological development and new digital financial services have the potential to address the gaps in financial inclusion, for example, through reduced costs and time for service delivery.<sup>186</sup>

WO and women-run companies already connected to value chains more easily receive access to finance in general and use financial services to a greater degree than WO businesses only connected to the domestic market.<sup>187</sup> Therefore, it seems as if it is also useful to be a trading company from an access-to-finance perspective and that the barriers to accessing credit make it more difficult for women to actually establish trading companies.

**Policy conclusion:** Alleviating the problems of access to finance and financial inclusion is essential to increasing the number of female entrepreneurs with the capacity to compete in the international arena. The spread of new technological solutions has provided women with more access to finance and financial services. Since the diffusion and spread of technology is an important and recognised effect of trade, liberalisation measures may indirectly reduce gender gaps in access to finance and financial services.

### 10.2.3 Trade finance and other trade costs

Being a trading company carries special costs and specific financing challenges. More than 90% of trade transactions include some kind of credit, insurance, or guarantee.<sup>188</sup> Trading companies also face fixed costs caused by non-tariff barriers (NTBs) such as standards, regulations, and lengthy customs procedures. In all regions, SMEs tend to carry a disproportionately high burden of trade costs and have greater difficulty

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<sup>184</sup> EIGE, *Gender in Entrepreneurship*, 2016.

<sup>185</sup> Basic financial services, like access to a bank account, is not a problem in high-income countries.

<sup>186</sup> Porter, B., Widjaja, N., Nowacka, K., *Why technology matters for advancing women's financial inclusion*, OECD Observer Special offprint, (July 2015) [accessed 24 May 2019].

<sup>187</sup> Shepherd, B., *Women and access to finance: What is the role (if any) of trade policy?*

<sup>188</sup> WTO, *Gender aware policy*, 2017.

accessing trade finance.<sup>189</sup> On a global level, more than half of SME trade-finance requests are rejected, a percentage likely to be even higher for female entrepreneurs.<sup>190</sup> In comparison, less than 10% of trade finance requests by MNCs are rejected.<sup>191</sup> That this is a high-income country problem is evidenced by the fact that SMEs constitute almost the entire business population in OECD countries<sup>192</sup> and amount to approximately 20% of US and 40% of EU exports.<sup>193</sup>

Since WO firms are generally smaller than male-owned firms are, they tend to suffer more from NTBs, and female exporters report facing more trade obstacles than male exporters.<sup>194</sup> In addition, WO business may be more dependent on intermediaries to overcome NTBs, causing even higher fixed costs.<sup>195</sup> Increased transparency through platforms and navigation tools that make it easy to find, understand, and process data could help reduce the costs of cross-border transactions.<sup>196</sup>

**Policy conclusion:** Access to trade finance is a significant problem for SMEs in general and WO SMEs in particular. Furthermore, WO businesses likely have higher fixed trade costs. Policy reforms ought to aim for increased access to trade finance, and increased transparency and access to information regarding NTBs to reduce fixed trade costs.

#### **Importance of trade finance**

More than 90% of trade transactions include credit. SMEs' requests for trade finance are rejected more than 50% of the time, compared to less than 10% for MNCs. Most likely this number is even higher for women-owned SMEs.

This is important from a high-income perspective because SMEs constitute almost the entire business population in OECD countries and amount to about 20% of US and 40% of EU exports.

*Sources: OECD, Financing SMEs and Entrepreneurs 2018, An OECD Scoreboard (2018); WTO, Trade Finance and SMEs: Bridging the Gaps in Provision (2016)*

<sup>189</sup> WTO, *Trade Finance and SMEs: Bridging the Gaps in Provision* (2016); ITC/WTO 2014.

<sup>190</sup> Lipowiecka; Kirita-Nganga, *The Gender Dimension of Services*

<sup>191</sup> WTO, *Trade Finance and SMEs: Bridging the Gaps in Provision* (2016).

<sup>192</sup> OECD, *Financing SMEs and Entrepreneurs 2018, An OECD Scoreboard* (2018).

<sup>193</sup> WTO, *Trade Finance and SMEs: Bridging the Gaps in Provision* (2016).

<sup>194</sup> 74% of woman-owned firms reported challenging non-tariff measures compared to 54% of businesses owned by men. <https://iccwbo.org/media-wall/news-speeches/5-reasons-why-gender-equality-in-trade-matters/>.

<sup>195</sup> Shepherd, B and Stone, S, *Trade and Women*.

<sup>196</sup> Hamilton and Atkinson, *Optimizing the internet for more inclusive trade*

### 10.3 Additional barriers to equal participation in economic opportunities

#### 10.3.1 Gender norms, bias, and discriminatory social norms

Gender stereotypes continue to be an obstacle to efforts to reduce gender gaps.<sup>197</sup> Cultural attitudes, unconscious biases, and expectations regarding gender roles constrain women’s opportunities to enter the labour market, be successful in starting a business, and affect the GWG. In the trade context, gender norms have a strong impact on the different ways men and women participate in and benefit from international trade and GVCs. Especially important is the “gendered division of labour”, meaning that certain types of work is considered typically male, while others are considered typically female.<sup>198</sup> For example, gender stereotypes tend to be one of the main reasons for the underrepresentation of women in STEM areas and men in healthcare and teaching.<sup>199</sup> This feeds the gender segregation and partly explains why women are underrepresented as both employees and entrepreneurs in trading sectors and jobs.

**Policy conclusion:** Going unresolved, gender norms pose a serious risk of perpetuating gender stereotypes and leaving women behind in the development of skills necessary for future jobs and opportunities for entrepreneurship in both trading and non-trading sectors. Achieving success in transforming these traditional gender roles requires addressing social norms, which is not a main function of trade policy, but trade policy can provide a supportive role through, for example, encouraging dialogue and the exchange of best practices.

#### 10.3.2 Time poverty and the care economy

Another general barrier to women’s ability to participate in international trade is, simply put, a lack of time. Globally, women spend around three times as much time as men on unpaid and domestic work, such as childcare and caring for the sick and elderly—the so-called care economy.<sup>200</sup> Taking this time into account, women’s total work hours are

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<sup>197</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>198</sup> Randriamaro, *Gender and Trade: Overview report*, BRIDGE, Institute of Development Studies UK (2006)

<sup>199</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>200</sup> Care work can be broadly defined as “looking after the physical, psychological, emotional and developmental needs of one or more other people”; ILO, S. Mayboud, *Decent Work and the Care Economy*, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---coop/documents/genericdocument/wcms\\_420240.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/genericdocument/wcms_420240.pdf) [accessed June 2018].

longer, despite lower employment participation rates.<sup>201</sup> In the European Union, the gender imbalance in caring responsibilities is a cause for lower labour market participation rates, where almost 20% of women who were inactive in the labour market in 2016 were so due to care responsibilities.<sup>202</sup> Time spent on unpaid work is time that becomes unavailable for paid work, be that either in employment or as an entrepreneur. It is also directly associated with a lower income and asset base, limiting women's ability to move into higher-return economic activities.<sup>203</sup>

In the OECD economies, the availability of public childcare is strongly correlated with the employment rates of mothers with young children.<sup>204</sup> Policies on parental leave are therefore an important factor in recognising and redistributing unpaid care work and providing opportunities for women to access the labour market. An example is the ILO 2000 Maternity Protection Convention, which establishes a minimum of 14 weeks paid maternity leave. Almost all countries guarantee some kind of paid maternity leave replacement, but only 53% reach the requirements in this ILO convention.<sup>205</sup>

### **Gender gaps in the burden of unpaid care and domestic work**

Globally – Women undertake three times as much unpaid care work a day as men do, at around 4.5 hours per day, compared to 1.5 hours a day.

In Europe – Women undertake twice as much unpaid care work a day as men do.

The lowest gender gap in unpaid care and domestic work is found in North America, where women undertake about 1.5 times as much unpaid care work a day as men do, at around 4.05 hours compared to 2.7 hours a day.

*Source: OECD, SIGI 2019 Global Report (2019)*

<sup>201</sup> ITC, *Unlocking markets for women to trade* (2015).

<sup>202</sup> EU Commission—European Semester Fact Sheet; EU Commission, *2018 Report on Equality between Women and Men*.

<sup>203</sup> Hunt, A and Samman, E, *Women's economic empowerment – Navigating enablers and constraints*

<sup>204</sup> World Bank Group, *Women, Business and the Law 2018* (2018).

<sup>205</sup> SIGI 2019; out of 120 economies, only two do not mandate paid parental leave available to women, one of them a high-income country—the United States—which can be compared with Europe, where 30 countries have established paid paternity leave.

**Policy conclusion:** The gender gaps in time spent in the care economy hinder women from increasing participation in the labour market and taking advantage of trade opportunities. Recognising, reducing, and redistributing unpaid care work should be a policy priority. One obvious policy response is improving parental leave, such as adhering to the ILO 2000 Convention. Trade policy may assist the effective implementation of the obligations in the convention.

### 10.3.3 Digitalisation and the digital divide

Digitalisation has changed the realities of trade and affect many barriers to economic participation. For example, digitalisation can increase access to employment and information for women. The so-called “gig-economy” could also offer more flexible employment solutions through flexible working hours, thus improving work-life balance, and overcome some gender stereotypes.<sup>206</sup> To ensure that digital development contributes to reducing the gender gaps instead of reinforcing them, it is crucial to ensure that women and men can partake equally in the advantages of digitalisation. The low levels of women engaged in the STEM and ICT sectors is troublesome in this context. There is a trend of fewer women acquiring digital skills and going into the ICT sector. In the European Union in 2018, less than 25% of all ICT entrepreneurs were women, and educational numbers indicate even greater gaps for the future.<sup>207</sup> Women drop out of digital jobs to a much greater degree than men do, which is estimated to cause a productivity loss for the European economy of over 16 billion euro.<sup>208</sup>

**Policy conclusion:** To improve equal opportunities from digital development, the large gender gap in employment and educational levels within the digitally intensive ICT and STEM sectors—also potentially well-paid and trade-intensive sectors—ought to be taken seriously. Policy response is primarily national, but trade policy could provide support in the form of dialogue and sharing of best practices.<sup>209</sup>

### 10.3.4 Legal, regulatory, and policy frameworks

Of all the barriers women face in trying to participate in or benefit from international trade and economic opportunities, discriminatory legislation and regulation might be the gravest. Equal opportunity to employment or

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<sup>206</sup> SIGI 2019 Global Report

<sup>207</sup> Lithuania low, Malta high; European Commission, *Women in the Digital Age* (2018).

<sup>208</sup> European Commission, *2018 Report on equality*.

<sup>209</sup> E.g., to follow the lead of Spain and Australia and incorporate a gender dimension into national digital strategies. See Digital Agenda for Spain, and Australia’s Gender Equality and Women’s Empowerment Strategy, AfT at a Glance, 2017.

entrepreneurship does not exist where legal differences exist. Despite several international agreements that obligate signatories to eliminate gender discriminatory laws and practices,<sup>210</sup> regulations that discriminate based on gender still exist. According to the World Bank Group,<sup>211</sup> only 6 out of 187 countries give women and men equal legal rights.<sup>212</sup> OECD high-income countries tend to have the highest scores across most indicators,<sup>213</sup> indicating that legal restraints are most likely not the biggest barrier for women in high-income countries to take advantage of trade, but it is not without importance. For example, some G20 countries have unequal treatment in requirements to register a business, business ownership, and eligibility for tax deductions, and there is still work to be done on legal protection regarding non-discrimination in employment and equal pay for men and women for work of equal value.<sup>214</sup>

**Policy conclusion:** Even high-income countries have gender gaps in national laws and regulations, notably legal and regulatory barriers to women's economic participation, that need to be addressed for women and men to be able to participate equally in the economy and enjoy the benefits of international trade.

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

*Source: SIGI 2019 Global Report*

<sup>210</sup> Most notable is the Convention on the Elimination of Discrimination Against Women, CEDAW, adopted by the UN General Assembly in 1979 and ratified by 189 countries; <https://www.un.org/womenwatch/daw/cedaw/>.

<sup>211</sup> World Bank Group, *Women, Business and the Law*. The latest report *Women, Business and the Law 2019: A Decade of Reform*, covered 187 countries, looking at eight primary indicators around women's interactions with the law as they begin, progress through, and end their careers, all of them connected to the legal obligations in CEDAW or importance for WEE. The indicators are Going Places, Starting a Job, Getting Paid, Getting Married, Having Children, Running a Business, Managing Assets, and Getting a Pension (Figure 1). These should be compared with the indicators in the 2018 report: Accessing Institutions, Using Property, Getting a Job, Providing Incentives to Work, Going to Court, Building Credit, and Protecting Women from Violence.

<sup>212</sup> These countries are Belgium, Denmark, France, Latvia, Luxembourg, and Sweden (*Women, Business and the Law 2019: A Decade of Reform*.) The World Bank Group regularly measures gender differences in legal treatment, provides data on legal and regulatory barriers to women's entrepreneurship and employment, and examines the connections between legal gender equality economic outcomes for women.

<sup>213</sup> This is true for the indicators used in both the 2018 and 2019 editions of the WBG report, *Women, Business and the Law*. In the 2019 report, the average score in OECD countries was 93.54 out of 100.

<sup>214</sup> International Finance Corporation (IFC), World Bank Group (WBG) *MSME Finance Gap, Assessment Of The Shortfalls And Opportunities In Financing Micro, Small And Medium Enterprises In Emerging Markets* (2017)

## PART II – What is being done about it?

From Part I it is clear that trade-related gender gaps exist in all three main categories included in this report: employment, entrepreneurship, and consumption. It is also clear that women in general face higher barriers to participating in and benefitting from international trade. In short, it is clear that trade is not gender neutral. However, it is also clear that despite these gaps and barriers, trade has the potential to increase gender equality and women's economic empowerment through, for example, increased opportunities to access formal employment with higher salaries and safer working conditions. In sum, the evidence is still too inconclusive to be able to clearly state how the structural effects of trade and trade policies impact gender gaps and barriers to trade. In response to increased awareness of the gendered effects of trade, the trade community has developed several new initiatives with the ambition to change this.

Part II of the paper provides an overview of instruments and initiatives related to trade policy with the specific intention of promoting gender equality and/or women's economic empowerment at all policy levels, from WTO efforts to gender chapters in FTAs and quotas for female-owned enterprises in public procurement, discussed in Chapter 12. The overview highlights examples of trade policy initiatives especially important from a high-income country perspective, but it includes other initiatives for a more comprehensive view of the available trade policy instruments with the explicit purpose of promoting gender equality and women's economic empowerment.

In addition, Part II provides a look at private sector efforts to create gender-equal value chains, in Chapter 13, and an example in the form of a case study, in Chapter 14.

### 11 Main takeaways: Part II

*Despite a lack of consensus that gender should be included in the WTO agenda, there is currently strong momentum at the multilateral level for making trade more inclusive and gender responsive.*

The momentum can largely be attributed to the Buenos Aires Declaration on Trade and Women's Economic Empowerment<sup>215</sup> and subsequent

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<sup>215</sup> Joint Declaration on Trade and Women's Economic Empowerment on the Occasion

efforts to implement the provisions of the Declaration, 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. The focus of the WTO Secretariat so far seems to be on gender equality from a development perspective.

*So far, formal trade negotiations on the multilateral level have primarily touched upon gender indirectly.*

Even though the trade rules within the WTO system affect gender equality and women's economic empowerment, the multilateral trade negotiations do not systematically include gender considerations. So far, only negotiations on domestic regulations of services have directly included references to gender equality.

*The primary route forward for more gender integration at the WTO might be the Trade Policy Review Mechanism.*

The mandate for the TPR is relatively broad, and individual members have already started to voluntarily highlight gender-relevant policy development. There is additional room for making this development systematic.

*In free-trade agreements, inclusion of gender in trade negotiations has gone much further than on the multilateral arena.*

Despite the progressive trend for gender inclusion in FTAs, for example, through including separate gender chapters, the focus remains on reaffirming existing commitments and cooperation activities rather than on creating new obligations. Nevertheless, placing the issue in a separate chapter, and the attention this draws to the topic, indicates a paradigm shift.

*In FTAs, gender is most often treated as a sustainability issue, but rarely as a matter of market access.*

Labour is the most common category for gender provisions, especially in US FTAs, and women are mostly depicted as workers. It is, however, unclear if labour provisions actually have a positive impact on women's working condition. When gender is included as a social issue, it often includes requirements for domestic reform from a trading partner, a phenomenon that is especially common in EU FTAs. When included as a sustainability issue, it is mostly in a horizontal context and more

indirectly than other provisions. The least common way to include gender is as a market access issue.

*Gender provisions connected to the general 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. Connecting provisions to the dispute settlement system is not a guarantee for better implementation, and the National Board of Trade has previously recommended several other measures trading parties could use to strengthen the implementation of sustainability provisions.<sup>216</sup>

*The most creative development in terms of including gender in trade policy has happened at the unilateral level.*

Preferential trading schemes, Aid for Trade projects, public procurement strategies, and feminist or progressive foreign policies are examples of unilateral trade policy strategies where individual countries have started to move trade policy in a more gender-responsive direction. Many of the projects focus on eliminating barriers for women to access the opportunities of international trade.

*Increasing the use of gender impact assessments (GIAs) is likely the most important way to assess the potential gender consequences of trade reforms and make trade policy more gender responsive.*

Gender is to an increasing degree included in ex ante trade policy impact assessments, but there is room for improvement both regarding how assessments are conducted and how the results are used. When used, a GIA should be conducted at the early stages of negotiations, and the results should feed into the design of trade policy commitments. This may contribute to avoiding unintended effects, minimising potential negative effects, and maximising potential positive effects. Importantly, conducting a GIA requires the availability of gender-disaggregated data, which provides additional support for the importance of increased and continuous data collection.

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<sup>216</sup> See *Implementation and enforcement of sustainable development provisions in free trade agreements—options for improvement*, National Board of Trade (2016) and *Possible tools for strengthened implementation of sustainable development provisions in free trade agreements (FTAs)*, National Board of Trade (2017).

*The private sector is interested in promoting gender equality in their supply chains because it is good for business and to attract talent, and they increasingly see it as a natural part of responsible business conduct.*

Research clearly shows that diversity in corporate leadership increases company performance, and as women are increasingly becoming more educated than men are, it becomes more important for companies to recruit female talent to remain competitive. In addition, while moving towards business models that contribute to the SDGs, businesses are including gender equality projects in responsible business conduct strategies. This can include adhering to international guidelines or voluntary sustainability standards that include a gender component, and including gender considerations in corporate procurement strategies.

## 12 Trade policy initiatives

We have come a long way from the idea that trade rules are “gender neutral”. There is a growing recognition that trade and trade rules can be a useful mechanism to support women’s economic empowerment.

—Roberto Azevêdo, WTO Director-General<sup>217</sup>

Gender is not a new phenomenon in trade policy. Gender has been included gradually in trade agreements since the Treaty of Rome, which established the European Economic Community in 1957, requiring member states to apply the principle of equal pay for women and men.<sup>218</sup> Increased awareness about the fact that gender-neutral trade rules do not automatically have gender-neutral effects has led to a number of trade policy initiatives with the specific purpose of making trade more inclusive for both women and men, and with the intention to integrate a gender responsive analysis in trade policy. These initiatives appear at all levels of policymaking, from the multilateral arena and the WTO to unilateral measures by individual countries, and are appearing with great speed.

<sup>217</sup> Remarks at Workshop on Gender Considerations in Trade Agreements, 28 March 2019, [https://www.wto.org/english/news\\_e/spra\\_e/spra253\\_e.htm](https://www.wto.org/english/news_e/spra_e/spra253_e.htm) [accessed 30 April 2019].

<sup>218</sup> Art 119 mentions that the member states shall ensure and maintain the principle that men and women should receive equal pay for equal work.

## 12.1 Gender and the WTO

Inserting meaningful gender sensitivity into the business of the WTO will require a massive paradigm shift and change in thinking.

—Erin Hannah and Silke Trommer<sup>219</sup>

*Even though sustainable development is an objective of the WTO, so far there is no consensus that gender equality should be specifically included in the WTO agenda.*

According to the preamble to the Marrakesh Agreement that established the WTO, sustainable development is a key objective of the WTO.<sup>220</sup> Additionally, the ongoing Doha Round of trade negotiations, more generally known as the Doha Development Agenda (DDA), focuses on the role of trade in contributing to development.<sup>221</sup> The Doha Ministerial Declaration “recognise(s) the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates”,<sup>222</sup> and the DDA includes a number of issues that at least indirectly could have an impact on gender equality, such as agriculture, services, and trade facilitation. Yet there is no specific mention of gender or women in the Doha Declaration.

Considering that gender equality is a clear goal of the sustainable development agenda, one could argue that gender equality should be a natural part of the work of the WTO. However, this is still a too farfetched interpretation of the mandate of the WTO. 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 in different ways.<sup>223</sup> Despite this, recent years have seen an increased push also from member countries that the WTO must include gender aspects and even some concrete

<sup>219</sup> Hannah, E, and Trommer, S, “*What Does Gender Mean At The WTO, And Who Benefits?*” Opinion, Canadian International Council, (Oct 18, 2017)

<sup>220</sup> The preamble states that the WTO should conduct its activities “with a view to raising standards of living ... while allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development”.

<sup>221</sup> [https://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm#development](https://www.wto.org/english/tratop_e/dda_e/dda_e.htm#development) [accessed 29 April 2019].

<sup>222</sup> Doha WTO Ministerial 2001: Ministerial Declaration, WT/MIN(01)/DEC/1, 20 November 2001.

<sup>223</sup> The final report of the Aid for Trade Task Force, created in 2006, provides a clear mandate for gender equality to be included in the Aid for Trade initiative.

suggestions for negotiation topics.<sup>224</sup> One of the main catalysts for this development was the Declaration on Trade and Women’s Economic Empowerment (The Buenos Aires Declaration) signed by 118 WTO members during the 11<sup>th</sup> Ministerial Conference in Buenos Aires in 2017 (MC11).<sup>225</sup>

### 12.1.1 The Buenos Aires Declaration

*The Buenos Aires Declaration is an aspiration towards a more gender-responsive multilateral trade policy, where the parties mainly agree to cooperative measures.*

The Buenos Aires Declaration is not a legally binding agreement. It is an aspirational document where the signatories agree to collaborate on making trade and development policies more gender responsive. It acknowledges several links between trade, inclusive growth, gender equality, and women’s economic empowerment and incentives for trade policy to include a gender perspective. The Declaration acknowledges that removing barriers to women’s participation in economies contributes to sustainable economic development and emphasises the need for evidence-based interventions to address these barriers. It refers to SDG 5 and reaffirms the commitments under CEDAW.<sup>226</sup> In addition to the introductory acknowledgements, the signatories agree to share experience on policies to encourage female participation in economies, including in the TPRM process; best practices on gender-based analysis and monitoring of effects; and methods and procedures for collecting gender-disaggregated data. They also agree to work within the WTO to remove barriers to women’s increased participation in trade; ensure Aft support tools and know-how for analysing, designing, and implementing more gender-responsive trade policies; and perform voluntary reporting on gender issues.

*The Declaration was the spark that ignited the gender fire at the WTO.* The signing of the Declaration attracted a lot of attention at the 11<sup>th</sup> WTO Ministerial Conference, with 118 WTO members and observers from all levels of development as signatories, and this became the start of an increased focus on gender at the WTO.<sup>227</sup> As part of the commitment to

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<sup>224</sup> WTO Annual Report 2018.

<sup>225</sup> Joint Declaration on Trade and Women’s Economic Empowerment on the Occasion of the WTO Ministerial Conference in Buenos Aires in December 2017, [https://www.wto.org/english/thewto\\_e/minist\\_e/mc11\\_e/genderdeclarationmc11\\_e.pdf](https://www.wto.org/english/thewto_e/minist_e/mc11_e/genderdeclarationmc11_e.pdf).

<sup>226</sup> Convention of the Elimination of Discrimination Against Women, CEDAW, adopted by the UN General Assembly in 1979 and ratified by 189 countries.

<sup>227</sup> For a list of signatories and observers, please see [https://www.wto.org/english/news\\_e/news17\\_e/mc11\\_12dec17\\_e.htm](https://www.wto.org/english/news_e/news17_e/mc11_12dec17_e.htm).

sharing information and best practices, member countries and partnering organisations have organised a number of workshops at the WTO approaching the issue of trade and gender from various angles.<sup>228</sup> These workshops have been well attended, indicating a continuous interest from members and a momentum for gender inclusion in the multilateral trade arena.

*Criticism from civil society raises the potential problem of reduced tariff revenues. Even though this is likely not a concern for high-income countries, the effect on state revenue from tariff changes should be included in a gender impact assessment of a planned trade reform.*

The Buenos Aires Declaration has not been free from criticism. At its conception, a number of women's rights organisations wrote an open letter calling on governments to reject the Declaration, claiming that the Declaration has a too narrow approach in assessing the impacts of trade.<sup>229</sup> For example, they claimed that the removal of tariffs have been detrimental to women's rights because it reduces governmental revenues and thereby public expenditure, which has the heaviest impact on poor women.

The picture is more nuanced than that. Trade reforms in the form of tariff reductions do not have to be detrimental for either governmental revenue or the ability to enjoy human rights. Trade liberalisation may reduce governmental income if tariffs are an important source of revenue and if there is insufficient capacity to collect governmental income in another way, such as through other tax mechanisms.<sup>230</sup> Reduced governmental revenue could in turn influence gender equality depending on where the government makes potential cutbacks in public expenditure. Tariff reductions tend to have larger impact on state revenue in developing countries, which means that the impact on state revenue is likely negligible in a high-income country context. As previously recommended by the National Board of Trade, the issue should be included in a gender impact assessment of trade liberalisation.<sup>231</sup> In addition, the ability to enjoy human rights is easier with the potential economic empowerment

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<sup>228</sup> E.g., Gender-Based Analysis and Trade in March 2018; Government Procurement and Gender in June 2018; Women in Global Value Chains, October 2018; Closing the Gender Gaps, The Buenos Aires Declaration on Women and Trade at Year One in December 2018; and Gender Considerations in Trade Agreements in March 2019; [https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/womenandtrade\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/womenandtrade_e.htm) [accessed 29 April 2019].

<sup>229</sup> <http://www.world-psi.oNBTrg/en/womens-rights-organizations-call-governments-reject-wto-declaration-womens-economic-empowerment> [accessed 17 January 2018].

<sup>230</sup> National Board of Trade, *Trade and social sustainability* (2017)

<sup>231</sup> National Board of Trade, *Trade and social sustainability* (2017)

that may come from the formal employment that may follow from trade reform.

*Disconnects with civil society should be addressed to maximise the potential of trade policy and promote partnerships to achieve gender equality.*

This particular negative reaction from civil society highlights a potential disconnect between the trade community and civil society regarding the role of trade in promoting gender equality and women's economic empowerment. This emphasises the need for increased dialogue. As clearly stated in the 2030 Agenda, fulfilling the SDGs requires partnerships and joint efforts.

### **12.1.2 Gender and the WTO Secretariat**

*Today, even the WTO Secretariat is taking steps towards gender mainstreaming, indicating a paradigm shift in multilateral trade policy.*

Even though gender is not a completely new topic for the WTO Secretariat, it has in recent years seen an unprecedented increase in gender-related activity. In 2017, the WTO for the first time appointed a **Trade and Gender Focal Point** with the mission to coordinate work among divisions, take stock of what the WTO is doing, and consider opportunities for further work and new initiatives.<sup>232</sup> Later that year, the WTO launched the **Action Plan on Trade and Gender** with the objectives to<sup>233</sup> 1) raise awareness on the link between trade and gender, 2) facilitate WTO members' actions on trade and gender, 3) generate new data on the impact of trade on women, and 4) provide training to government officials and to women entrepreneurs.

Considering the controversial nature of the topic and the WTO's struggle to deliver concrete results, one should probably be cautious about the expected impact these initiatives may have. The fact, however, that gender is mentioned in this context and on the WTO agenda is already a paradigm shift in itself, and it may contribute to a more gender-inclusive multilateral trading agenda.

*Initiatives so far indicate that the WTO considers gender equality mainly as a development issue.*

Even though none of the objectives in the Action Plan indicate such as path, the actions taken by the WTO Secretariat so far to increase the work on trade and gender have primarily focused on developing

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<sup>232</sup> [https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/womenandtrade\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/womenandtrade_e.htm)

<sup>233</sup> WTO Annual Report 2018.

countries and on gender as a development issue. This is likely connected to the fact that AfT is the only area in which the WTO has a clear mandate to include gender issues. Nevertheless, there is room for the WTO to expand its scope of activities to include the gendered effects of trade in countries at all stages of development.

#### **Examples of gender-related initiatives by the WTO Secretariat**

Awareness raising	<p>Participated in several trade and gender-related events</p> <p>WTO launched a brochure on gender-aware trade policy and included a spotlight chapter in the <i>2018 Annual Report on Women's Role in Trade</i></p>
Facilitating member efforts	<p>Hosting events connected to the implementation of the Buenos Aires Declaration</p> <p>Dedicating more sessions at recent Public Forums to trade and gender</p>
Launch of partnerships	<p>Working with the World Bank to generate new data</p> <p>Working with the OECD to analyse how AfT may help WEE</p>
Capacity building	<p>Planning to create a programme for female entrepreneurs on tools and information on how to use trade for economic development</p> <p>Technical assistance to developing countries, LDC, and economies in transition includes a mandate to raise awareness on how to include gender in trade policy development</p>

*Sources: WTO, Annual Report 2018; WTO, Gender Aware Trade Policy: A Springboard for Women's Economic Empowerment (2017); WTO, Biennial Technical Assistance and Training Plan 2018–19*

### 12.1.3 Gender in WTO trade negotiations

*So far, multilateral trade negotiations have primarily touched upon gender indirectly.*

To date, gender has not been an area subject to much formal negotiation within the WTO. As described above, even though gender is indirectly included in many of the topics included in the Doha Development Agenda, it is not expressly included in any mandate for negotiation. Existing agreements and current topics for negotiations clearly have gendered effects, and some are easier than others to identify as positive for making the effects of trade equal, such as the Trade Facilitation Agreement (TFA).<sup>234</sup> The purpose of the TFA is to simplify trade flows. Provisions include expediting the movement, clearance, and release of goods, and measures on effective cooperation between customs and other authorities. Since administrative burdens disproportionately affect SMEs and their exports are often more sensitive to delays, the implementation of the TFA may be beneficial for SMEs in general and women-owned SMEs in particular, mainly because implementing the TFA contributes to the removal of barriers that are especially burdensome for female entrepreneurs.<sup>235</sup>

The purpose of this section, however, is to focus on trade policy initiatives that have the express purpose of promoting gender equality, which so far scarcely exist on the WTO negotiation tables.

*Negotiations on domestic regulation of services is the first area of multilateral negotiation to introduce gender directly.*

The area with the most concrete suggestion for how to include gender in actual WTO negotiations has so far been in negotiations on domestic regulatory aspects of trade in services. Domestic regulation is not a limitation to market access or national treatment, but it may affect the ability of service providers to access a specific market effectively.<sup>236</sup> This can, for example, include measures relating to qualification requirements

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<sup>234</sup> WTO members concluded negotiations for the Trade Facilitation Agreement at the WTO Ministerial Conference in 2013, which came into force in 2017; [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm).

<sup>235</sup> E.g., many of the measures in the TFA contribute directly to specific SDGs, such as access to the Internet, reducing corruption and bribery, and formalising and growth of micro, small, and medium-sized enterprises; SDG 9.c, 16.5, 8.3, and 16.5, respectively. These are all measures that could contribute to reducing the barriers to trade, especially those faced by women, and thereby contribute positively to reducing trade-related gender gaps and strengthening women's economic empowerment. [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm).

<sup>236</sup> Bridges, Volume 21, Number 40, *Domestic Regulation in Services: Members Weigh Options for Levelling Playing Field*, 2017, <https://www.ictsd.org/bridges-news/bridges/news/domestic-regulation-in-services-members-weigh-options-for-levelling> [accessed 24 May 2019].

and procedures, technical standards, and licensing requirements. The General Agreement on Trade in Services (GATS) addresses the topic of domestic regulatory frameworks and identifies specific criteria to consider and apply in the design and administration of domestic regulations that affect trade in service.<sup>237</sup> GATS calls upon WTO members to develop any necessary disciplines to ensure that measures relating to qualification requirements and procedures, technical standards, and licensing requirements and procedures do not constitute unnecessary barriers to trade in services.<sup>238</sup>

In 2017, several WTO members presented text proposals under negotiations on domestic regulatory aspects of trade in services in the Working Party on Domestic Regulation.<sup>239</sup> The proposals were consolidated into a single text, which included the development of measures on gender equality, and it is currently supported by 29 WTO members. However, the proposal revealed differences in attitudes among the members. While some supported the proposal in general, some had significant reservations regarding the proposed disciplines on gender equality. The members discussed the proposal at MC11, but the facilitator concluded that the delegations' positions were too entrenched for the parties to agree on a way forward.<sup>240</sup> Negotiations are ongoing, with the goal to reach agreement at the next ministerial conference. Even if the proposal at hand has yet to gain ground, it shows increased pressure from at least certain member states to include gender aspects within the negotiating branch of the WTO.

#### **12.1.4 Reporting under the Trade Policy Review Mechanism**

*There is additional room to include gender in the WTO Trade Policy Review Mechanism, and individual WTO members are leading the way.*

Reviewing national trade policy is one of the basic functions of the WTO. The Trade Policy Review Mechanism (TPRM) is the main tool for this.<sup>241</sup> All WTO members are subject to regular review under the TPRM.

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<sup>237</sup> These criteria include transparency, objectivity, impartiality, reasonableness, and the avoidance of overly burdensome regulations which may amount to a disguised restriction to trade in services.

<sup>238</sup> GATS, Article VI.4, and the Decision on Domestic Regulation (S/L/70).

<sup>239</sup> WTO Annual Report 2018. The mandate of the Working Party on Domestic Regulation is to develop any necessary disciplines to ensure that licensing and qualification requirements and procedures do not constitute unnecessary barriers to trade in services.

<sup>240</sup> WTO Annual Report 2018

<sup>241</sup> The Trade Policy Review Mechanism was an early result of the Uruguay Round. Annex 3 to the Marrakesh Agreement placed the TPRM on a permanent footing as one of the WTO's basic functions, and, with the entry into force of the WTO in 1995, the mandate of the TPRM was broadened to cover services, trade, and intellectual property;

Even though a lot of the basis for the review is a report made by the WTO Secretariat, the reviews are essentially peer reviews by the full WTO membership. The TPRM currently has a narrow focus on the direction of trade policies rather than on trade policy impacts, and it excludes questions of gender inequality. However, the TPRM authorises consideration “of the wider economic and development needs, policies, and objectives of the Member concerned, and of its external environment”.<sup>242</sup> Consequently, it is legitimate to include how national policies impact gender equality in the review process.

Recently, certain WTO members, such as Gambia, the European Union, and Iceland, have used their Trade Policy Reviews to highlight policy developments that contribute to gender equality.<sup>243</sup> Gambia included a whole chapter on mainstreaming gender in trade in its latest TPR report, and references to the prioritisation of sectors focused on creating opportunities for women, in this case fisheries and horticulture, and a priority on MSMEs.<sup>244</sup>

*Gender review is not the main purpose of the TPRM, but it may become an integrated part.*

As the main purpose of the TPRM is to assess the compliance of the reviewed country with its commitment to trade agreements and rules, it can only to a limited extent be used to assess the gender impact of trade policy.<sup>245</sup> This is most likely why gender has not been included in the WTO Secretariat’s reports. However, if the member countries keep integrating gender into their own reports, it might increase pressure on the Secretariat to also include it, or to try to receive a formal mandate to include it.

## 12.2 Gender in free-trade agreements

Away from the WTO negotiation tables, the development of new trade rules is significantly faster. The number of FTAs is continuously growing and increasingly setting the rules for world trade. Not only are the

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[https://www.wto.org/english/tratop\\_e/tpr\\_e/tp\\_int\\_e.htm](https://www.wto.org/english/tratop_e/tpr_e/tp_int_e.htm) [accessed 16 January 2019]. The TPRM aims to facilitate the smooth functioning of the multilateral trading system by enhancing the transparency of members’ trade policies; Annex 3, Marrakesh Agreement.

<sup>242</sup> [https://www.wto.org/english/docs\\_e/legal\\_e/29-tpm\\_e.htm](https://www.wto.org/english/docs_e/legal_e/29-tpm_e.htm) [accessed 12 March 2019].

<sup>243</sup> [https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/womenandtrade\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/womenandtrade_e.htm).

<sup>244</sup> National strategies in Gambia identify a lack of sex-disaggregated data and limited access to market opportunities for women entrepreneurs as important gender issues to address; <https://trade4devnews.enhancedif.org/en/news/small-country-big-future-trade-policy-review-gambia-glance>.

<sup>245</sup> Randriamaro, *Gender and Trade: Overview report*, BRIDGE, Institute of Development Studies UK (2006)

number of FTAs increasing, but the trend is also moving towards deeper and more comprehensive agreements with growing scopes and ambitions.<sup>246</sup> Considering their broad and comprehensive reach, FTAs generally include both trade and non-trade issues, which makes them more likely to include gender than the WTO agreements.<sup>247</sup>

### 12.2.1 Shared features of multiparty/plurilateral<sup>248</sup> and bilateral FTAs

*Inclusion of gender provisions in FTAs is not a new phenomenon, but recent studies indicate both an increased number of agreements that include gender and a change in how gender is included.*<sup>249</sup>

According to the WTO, as of March 2017, about one fifth of all preferential trade agreements reported to the WTO and that are in force include at least one provision that explicitly relates to women or gender issues.<sup>250</sup> The share increases when considering provisions that implicitly include gender, such as provisions on human rights, social sustainability, and labour discrimination. As this section shows, gender provisions are included in FTAs in multiple ways, and they are under constant development.

**One in five of all preferential agreements reported to the WTO as of 2017 includes at least one provision that explicitly relates to women or gender.**

Source: [https://www.wto.org/english/news\\_e/spra\\_e/spra253\\_e.htm](https://www.wto.org/english/news_e/spra_e/spra253_e.htm).

*Gender provisions generally have few commonalities. 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.*

Studies so far have found few commonalities in gender provisions.<sup>251</sup> A gender provision can be explicit, meaning that it specifically mentions

<sup>246</sup> See, e.g., National Board of Trade, *Free Trade Agreements and Countries Outside: An Analysis of Market Access for Non-participating Countries* (2019).

<sup>247</sup> Bensalem, H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

<sup>248</sup> For the purpose of this report, the terms *plurilateral* and *multiparty trade agreements* are used interchangeably, while the term *multilateral trade agreements* is reserved for agreements between all WTO member countries.

<sup>249</sup> See, e.g., Bensalem, H and an ongoing study at the WTO with the intention to conduct a comprehensive review of all preferential trade agreements (PTA) and their inclusion of gender.

<sup>250</sup> The exact number was 62 RTAs; statement by DG Azevedo at WTO Workshop on Gender Considerations in Trade Agreements, 28 March 2019, [https://www.wto.org/english/news\\_e/spra\\_e/spra253\\_e.htm](https://www.wto.org/english/news_e/spra_e/spra253_e.htm) [accessed 30 April 2019].

<sup>251</sup> Presentation by Jose Monteiro, WTO, at the conference *Closing the Gender Gaps—The Buenos Aires Declaration on Women and Trade at Year One*, in Geneva, 7 December 2018.

gender and/or women in the text, or it can be implicit, such as including a reference to human rights treaties, sustainable development, or labour discrimination. The provision may be found in the main text, in a side agreement or protocol, or in a decision bill. The level of commitment in multiparty agreements also varies and may include explicit commitments to mainstream gender, gender-specific mechanisms, commitment to involve gender actors in decision-making processes, binding mechanisms for gender, and gender concepts. The varied ways in which trade agreements include gender show great variance in how policymakers currently treat gender in the trade context. This indicates that there is no one-size-fits-all solution for including gender in a trade agreement, highlighting the need for a case-by-case analysis.

*The frequency of references to women and gender in an FTA agreement can have an impact on the level of commitment to related provisions.*

The way gender issues are included in trade agreements vary greatly in terms of recurrence and level of commitment. A low occurrence of gender provisions in an agreement is not necessarily linked to a lower level of commitment, but agreements with multiple references to gender are more likely to show a gradual ascending pattern of commitment.<sup>252</sup> This finding shows that the language of the agreements matters and can influence gender-equality impacts. It is, however, important to differentiate between provisions where the parties pledge that they “shall” do something and where they “should” do something, since both their likely effect and legal significance differ.

*In both multiparty/plurilateral and bilateral FTAs, provisions on cooperation activities are the most common type of gender provision.*

Cooperation provisions are the most common gender provisions in both multiparty and bilateral trade agreements.<sup>253</sup> Generally, the parties commit to cooperate in various activities with the intention of improving conditions that enable women to participate in and benefit from opportunities of international trade. Most of the time, the parties also agree to what type of activities, and on specific gender topics, to cooperate on, such as the collection of gender-disaggregated data and the exchange of best practices for integrating female entrepreneurs into GVCs.<sup>254</sup>

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<sup>252</sup> Bensalem H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

<sup>253</sup> Bensalem H

<sup>254</sup> Taking the FTA between the European Union and Canada (CETA) as an example, the recommendation from the Joint Committee identifies prioritised areas for cooperation such as the collection of gender-disaggregated data and monitoring methodologies,

*Existing institutional mechanisms in the FTA can provide an arena in which to promote gender equality.*

Some FTAs have gender-specific institutional mechanisms, which indicates a higher degree of commitment and political will to implement the gender provisions in question. However, even the traditional institutional mechanisms in charge of the monitoring and implementation of all provisions in FTAs can provide an additional arena in which to push for gender equality. For example, the FTA between the European Union and Canada (CETA) establishes a joint committee responsible for the implementation of the chapter on trade and sustainable development (TSD-chapter). During its first meeting, the committee adopted three recommendations to set the stage for further work under CETA, and trade and gender was one of them. The committee recommends that the parties cooperate to improve the capacity and conditions for women to access and fully benefit from the opportunities created by CETA.<sup>255</sup> The recommendation identifies prioritised areas for cooperation and recommends that each party identifies a contact point for trade and gender that reports back to the joint committee, which will assess progress and future cooperation priorities.<sup>256</sup> In addition, other parties may be invited to assist in these activities, and other CETA bodies are encouraged to integrate gender in their work.

### **12.2.2 Specific features of gender in multiparty/plurilateral trade agreements**

*Gender started being mentioned in preambles and “non-trade” sections of trade agreements.*

In earlier multiparty/plurilateral trade agreements, references to gender were mainly included in preambles or in crosscutting provisions.<sup>257</sup> One example is the ACP-EU Partnership Agreement, the so-called Cotonou Agreement, signed in 2000 for a 20-year period. The preamble states that the parties respect international conventions on women’s rights and

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exchanging experiences, and exploring the implications for the design and implementation of trade agreements.

<sup>255</sup> The content in the recommendation is relatively similar to the content of the trade and gender chapter in the FTA between Chile and Canada and, e.g., establishes links between trade and gender, recalls and reaffirms other international obligations, affirms commitment to effective national laws and policies promoting gender equality, and acknowledges the benefits of sharing experiences; Recommendation 002/2018 of 26 September 2018 of the CETA Joint Committee on Trade and Gender, [http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157419....pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157419....pdf).

<sup>256</sup> Recommendation 002/2018 of 26 September 2018 of the CETA Joint Committee on Trade and Gender, [http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157419....pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157419....pdf).

<sup>257</sup> Zarrilli, S., “The gender chapters in trade agreements: A true revolution?”, *ICTSD Opinion*, 14 November (2017)

recommends that the parties develop a systematic account of gender issues in all political, economic, and social areas.<sup>258</sup>

*Recent multiparty trade agreements, primarily from a developing country context, show a progressive trend in gender inclusion, providing inspiration for high-income countries.*

Turning to more recent agreements, new and renegotiated versions of, for example, SADC and Mercosur include an increased level of integration of gender.<sup>259</sup> Other recent agreements include quite advanced gender-specific concepts, demonstrating an increased understanding and more comprehensive analysis of the concept *gender* in connection to trade. The progressive trend seems to have gone further in trade agreements between developing countries than between high-income countries, indicating potential for inspiration for future trade agreements to which high- and middle-income countries are parties.

*Multiparty trade agreements seem to be more committed than bilateral agreements.*

Multiparty FTAs tend to be more committed to gender issues and show a more targeted gender discourse than bilateral agreements, such as promoting women in certain sectors. One example of this is COMESA, which includes commitments to gender mainstreaming and promotes an inclusive environment that encourages women to participate at the institutional level through involving gender actors in the development process.<sup>260</sup>

### **12.2.3 Specific features of gender in bilateral trade agreements**

*Bilateral FTAs have developed from including provisions on women to provisions on gender, indicating gender mainstreaming, with high-income countries in the lead.*

Bilateral agreements started to include references to gender later than multiparty agreements. Gender was not included in a bilateral agreement until the EU-South Africa agreement in 2000.<sup>261</sup> Before that, the word

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<sup>258</sup> Cotonou Agreement, Preamble, [https://ec.europa.eu/europeaid/sites/devco/files/cotonou-agreement-2000\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/cotonou-agreement-2000_en.pdf). The Cotonou agreement also includes gender in a so-called non-trade section of the agreement, a chapter on thematic and crosscutting issues, stating that technical cooperation should create a framework to “integrate a gender-sensitive approach” and encourage that the parties adopt specific measures “in favour of women”. See Cotonou Agreement, art 31, [https://ec.europa.eu/europeaid/sites/devco/files/cotonou-agreement-2000\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/cotonou-agreement-2000_en.pdf).

<sup>259</sup> Bensalem, H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

<sup>260</sup> Bensalem, H

<sup>261</sup> Bensalem, H

women was included in certain agreements. This development could indicate that the concept of gender mainstreaming has influenced FTA development too. Unlike the case for multiparty FTAs, it seems to be high-income countries taking the lead in including gender in bilateral FTAs. The European Union, Canada, Chile, and the United States are quantitative leaders in including gender issues in FTAs, with the European Union in the first place.<sup>262</sup>

*As in multiparty agreements, gender is included in several different ways, but rarely as a market access issue, indicating potential for new ways to design trade and gender provisions.*

As in multiparty agreements, gender provisions in bilateral FTAs may arise in many different ways, such as in specific articles, in agreements, or in specific chapters. The most frequent categories for gender provisions in bilateral FTAs are in labour, social, sectorial, and sustainability issues.<sup>263</sup> In the latter, human rights are relatively often included. Notably, however, bilateral FTAs almost never treat gender as the most classic trade negotiation topic—market access. Market access is about the conditions and tariff and non-tariff measures (such as provisions on subsidies, technical barriers to trade, public procurement, etc.) the parties agree to for goods or services to enter their specific markets.<sup>264</sup> That gender is rarely included in this context means that gender provisions rarely have the primary aim to influence the conditions for market access. One exception is US FTAs in which chapters on public procurement include an exemption for WO enterprises,<sup>265</sup> emphasising the intention to influence market access for WO enterprises on the public procurement market.

*Labour is the main area for gender provisions in bilateral agreements, especially in US FTAs, but it is unclear if provisions on labour standards improve working conditions for women.*

The first references to gender in bilateral FTAs were in the labour context; women are more likely to be depicted as workers than

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<sup>262</sup> The European Union included them in 19 out of the 36 reviewed; Bensalem, H

<sup>263</sup> Some agreements combine these issues, such as the FTA between the European Union and Ukraine, which includes gender, sustainability, and labour in the same paragraph; Bensalem, H.

<sup>264</sup> Originally the term *market access* referred to the dismantling of the classic trade barriers tariffs and quantitative restrictions. With the Tokyround, the term expanded to include more than border protection, since issues such as subsidies, technical barriers to trade, public procurement, etc. were included in the multilateral trading system.

<sup>265</sup> Presentation and commentary at the WTO Conference on Trade and Gender in December 2018, Gender in Preferential Trade Agreement by Jose Monteiro, WTO; Comments by Rohini Acharya, WTO.

consumers or traders in FTAs.<sup>266</sup> Labour provisions concern issues such as the elimination of discrimination based on sex, working conditions, equal pay, references to the effective implementation of specific ILO conventions, and capacity building activities.

Bilateral FTAs concluded by the United States generally include a separate chapter on labour, which often includes a provision on sex-based discrimination in the workplace. The parties recognise the goal of eliminating sex-based discrimination in employment, support the role of promoting equality of women in the workplace, and agree to implement policies that protect workers against employment discrimination on the basis of sex.<sup>267</sup> Yet little evidence exists of the effectiveness of promoting gender equality through labour provisions in FTAs. One study from a United States and Canadian perspective indicated that the US Department of Labor could apply the FTA labour provisions in a way that had the potential to improve the worker's lives in the territories of US trade partners.<sup>268</sup> However, the study concluded that shortcomings in the definitions in US FTAs provide a challenge to using them as a tool to improve the lives of working women. Success seems to be mainly thanks to creative advocacy and petitions raised by women's rights advocates. More evidence is needed to conclude the effect of labour provisions in FTAs.<sup>269</sup>

*When gender is included as a sustainability issue, it is primarily in the context of labour or human rights.*

The FTAs that categorise gender as a sustainability issue often regard gender as intertwined with environmental, labour, health, and human rights. For example, the European Union has included horizontal chapters on sustainable development, TSD-chapters, in all their FTAs since 2008. TSD chapters primarily include gender indirectly, such as through including commitments regarding the ratification and implementation of fundamental ILO conventions targeting non-discrimination in employment.<sup>270</sup> While these provisions include gender aspects, it is hard

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<sup>266</sup> Bensalem H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

<sup>267</sup> See, e.g., CAFTA, art 23.9.

<sup>268</sup> Brooks, T.J., *Undefined Rights: The Challenge of Using Evolving Labor Standards in U.S. and Canadian Free Trade Agreements to Improve Working Women's Lives*, 39 *Comp. Lab. L. & Pol'y J* 29 (2017)

<sup>269</sup> *Ibid.* The study identified labour provisions in Canadian FTAs as potentially more effective, because they include clear protection for equal work for men and women, and for the elimination of workplace discrimination based on sex. This opportunity is, however, yet to be tested.

<sup>270</sup> E.g., ILO Convention 100 on Equal Remuneration and ILO Convention 111 on Non-discrimination.

to conclude that the commitment was made with the specific intention of contributing to gender equality. Additionally, EU FTAs also contain a regulation, the so-called essential clause, about gender equality in the shape of references to basic human rights provisions such as conventions on gender equality, notably CEDAW. The essential clause is found in the political agreements, which function as an umbrella for the FTAs. Violation of this essential clause allows a party to suspend application of the entire agreement, but not to introduce concrete trade sanctions.

*Addressing gender as a sectorial issue is a relatively new approach for FTAs, which could move towards treating gender as a market access issue.*

The sectorial approach suggests a targeted and specific mapping of gender equality in different sectors, for example, analysing what sectors are female and male dominated, allowing for specific sectorial interventions. One example of an FTA with this approach is the FTA between Chile and Uruguay, which focuses on improving the situation for women entrepreneurs.<sup>271</sup> It is not very common and lacks concrete implementation tools.<sup>272</sup> However, this approach is generally advocated by trade and gender experts, such as the method set forward in the UNCTAD Trade and Gender Toolbox for assessing the gender impacts of trade liberalisation.<sup>273</sup> Addressing gender as a sectorial issue might be a way to integrate gender into the traditional market access topics.

*Provisions on domestic policy reform is the second most common gender provision in bilateral FTAs, especially in EU FTAs.*

Second to provisions on cooperation, the most frequent gender provision in bilateral FTAs is a provision that requires domestic policy reform on gender. Such provisions generally entail commitments by the parties to adopt or harmonise domestic gender-related policies while reaffirming the parties' right to regulate or maintain the policy space themselves. For example, the FTAs the European Union has concluded with Georgia, Moldova, and Ukraine include commitments to gradually approximate the domestic legislation on anti-discrimination and gender equality in Georgia, Moldova, and Ukraine to EU legislation.<sup>274</sup> Provisions on

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<sup>271</sup> For more information on this FTA, see [http://www.sice.oas.org/TPD/CHL\\_URY/CHL\\_URY\\_e.asp](http://www.sice.oas.org/TPD/CHL_URY/CHL_URY_e.asp) [accessed 27 May 2019].

<sup>272</sup> Bensalem, H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

<sup>273</sup> UNCTAD, *Trade and gender toolbox – How will the Economic Partnership Agreement between the European Union and the East African Community affect Kenyan Women?* (2017) See section 12.4.1 below for more information on the Toolbox.

<sup>274</sup> Bensalem, H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

domestic policy reform predominantly exist when gender is treated as a social issue and is common in FTAs concluded by the European Union.<sup>275</sup>

#### 12.2.4 Trend towards separate gender chapters in FTAs

*A recent trend in trade policy is to include a separate gender-focused chapter in FTAs.*

When Canada and Chile modernised their FTA, the CCFTA, in June 2017, this included moving gender from a side agreement to the main text.<sup>276</sup> This was the first time a G20 country dedicated a whole chapter to gender and trade.<sup>277</sup> The first FTA to include a chapter on trade and gender, however, was between Chile and Uruguay in 2016. Not surprisingly, because Chile is a party to both agreements, the language in the gender chapters in these two FTAs is very similar. They both acknowledge the importance of gender mainstreaming for sustainable socioeconomic development and inclusive growth and the fact that equal participation in business benefits the entire society. They include similar provisions for cooperation activities,<sup>278</sup> and both establish institutional arrangements to implement the commitments. Both agreements exclude the gender chapter from the dispute settlement provisions.

*So far, gender chapters primarily reaffirm existing obligations and do not create new substantial obligations.*

Turning again to the CCFTA as an example, the gender chapter does not create any new legally binding obligations. Like the TSD chapters in EU FTAs, it merely reaffirms the parties' existing obligations regarding gender equality. The only substantial innovation is a provision on consultations on various trade and gender issues. These chapters have been criticised for their lack of connection to the dispute settlement system; for not including specific gender-related standards, milestones, or goals, and for failing to mandate harmonisation.<sup>279</sup> This means there is

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<sup>275</sup> This approach is in accordance with the European Union's fundamental regulatory framework, which states that all EU activities are to eliminate barriers to gender equality between women and men and promote gender equality. Articles 2 and 3 of the Treaty of Lisbon; article 8 of the Treaty on the Functioning of the European Union.

<sup>276</sup> [https://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/chile-chili/fta-ale/2017\\_Amend\\_Modif-App2-Chap-N.aspx?lang=eng](https://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/chile-chili/fta-ale/2017_Amend_Modif-App2-Chap-N.aspx?lang=eng) [accessed 2 May 2019].

<sup>277</sup> Bensalem H, *Gender as Included in Bilateral and Multi-Party Trade and Integration Agreements*

<sup>278</sup> E.g., skills enhancement, financial inclusion, agency and leadership, entrepreneurship and access to science, and technology and innovation.

<sup>279</sup> Zarrilli, S., "The gender chapters in trade agreements: A true revolution?"

no obligation to prohibit national gender-based discrimination or to ensure effective enforcement of such a prohibition.

*Despite their uncertain effect, the mere existence of gender-focused chapters is revolutionary.*

Regardless of the potential weaknesses of these separate chapters on gender, their existence can be considered revolutionary, if for no other reasons than making gender a priority issue for the parties, thereby raising its profile and importance. Among other positive effects, the chapters also encourage broader participation by other stakeholders, such as civil society and the private sector, in the implementation of gender-provisions and strengthen capacity building.<sup>280</sup> Even though there are not that many chapters out there yet, inclusion in new trade negotiation mandates make it likely that their frequency will increase. It is, however, clear that future development depends on the willingness of the parties to make the issue a priority, and its inclusion in mandates vary.<sup>281</sup>

#### **12.2.5 Gender provisions and their connection to dispute settlement mechanism**

*Gender provisions are generally not connected to the FTA dispute settlement mechanism.*

One contentious issue is whether the gender provisions, or any sustainability provision for that matter, in an FTA should be subject to the dispute settlement or not. As evidenced above, bilateral FTAs have different approaches to the matter. When the gender provisions come in the form of human rights provisions in the essential clauses in the political agreements, which function as umbrellas for the FTAs, violation of such essential clauses allows a party to suspend application of the entire agreement, but not to introduce concrete trade sanctions. Violation of the provisions in the TSD chapters that indirectly promote gender

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<sup>280</sup> Zarrilli, S., “The gender chapters in trade agreements: A true revolution?”

<sup>281</sup> The priority varies between mandates for negotiation. For the European Union, gender is included as a topic for negotiation, e.g., in the mandate for the renegotiation of its FTA with Chile. This appears in *ANNEX to the Joint Recommendation for a Council Decision Authorising the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy to open negotiations and negotiate with Chile a modernised Association Agreement*, JOIN/2017/019 final, but not in other mandates issued after that, such as for the negotiations with Australia; see *COM(2017) 472 Final Recommendation for a council decision authorising the opening of negotiations for a Free Trade Agreement with Australia*. However, initial discussions indicate that Australia wanted to add provisions on trade and gender; see report from EU Delegation to Australia, from EU Economic and Commercial Counsellor’s meeting in Canberra, Thursday, 5 April 2018.

equality neither allows for the suspension of the entire agreement nor for the introduction of concrete trade sanctions.

In most cases, gender provisions are exempted from the dispute settlement mechanism for the FTA. One notable exception is the modernised Canada–Israel Free Trade Agreement (CIFTA).<sup>282</sup> CIFTA is a goods-only agreement, but it contains a gender chapter in which the provisions are connected to the general dispute settlement mechanism of the agreement.<sup>283</sup>

*When an FTA connects gender provisions to the dispute settlement mechanism, it does not guarantee better implementation.*

Some multiparty trade agreements include legally binding dispute resolution mechanisms for gender. These commitments primarily exist in agreements between developing countries.<sup>284</sup> In bilateral FTAs, sustainability commitments such as gender provisions are often explicitly excluded from the dispute settlement system and the possibility to invoke trade sanctions. Even if the provisions are legally binding, there might not be a forceful mechanism of implementation connected to them. Trade sanctions are most likely not the most optimal way of promoting compliance with human rights linked to the labour market. For example, in the context of promoting women’s rights in agreements with developing countries, partnership programmes are more suitable.<sup>285</sup>

As the National Board of Trade has previously concluded, one could strengthen the implementation of sustainability provisions in several ways, such as including gender provisions without necessarily connecting them to the dispute settlement system and trade sanctions.<sup>286</sup>

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<sup>282</sup> <https://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/israel/fta-ale/index.aspx?lang=eng> [accessed 30 April 2019].

<sup>283</sup> CIFTA, art 13.6.2, <https://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/israel/fta-ale/text-texte/13.aspx?lang=eng> [accessed 30 April 2019].

<sup>284</sup> E.g., the EAC, SADC, and Andean Community frameworks.

<sup>285</sup> See National Board of Trade Sweden’s report on gender and gender equality aspects of regional and bilateral free trade and association agreements [available in Swedish only] (2008).

<sup>286</sup> For an overview of the National Board of Trade’s recommendations on how to strengthen the implementation of sustainability provisions without connecting them to sanctions, please see the reports *Implementation and enforcement of sustainable development provisions in free trade agreements—options for improvement*, National Board of Trade, 2016; *Possible tools for strengthened implementation of sustainable development provisions in free trade agreements (FTAs)*, National Board of Trade, 2017.

## 12.3 Gender in unilateral trade policy instruments

Also at a unilateral level, countries or customs unions such as the European Union have started to use trade policy as a way to promote gender equality. Unilateral trade policies include, for example, one-sided tariff reductions, simplifications for the free movement of peoples, and so on, but this section focuses specifically on unilateral trade policies with the intended purpose of promoting gender equality. Strategies include requirements in preferential systems, focus on gender in Aid for Trade strategies, declarations on feminist foreign policies or progressive trade agendas, and economic diplomacy measures such as increased female representation in trade delegations. This section provides some examples of recent initiatives and assessment of their potential effects.

### 12.3.1 Preferential systems

*Offering preferential market access can be a way to push gender equality issues with trading partners.*

One way for high-income countries to promote sustainability issues such as gender equality through unilateral trade policy is through preferential schemes through which developing countries receive trade preferences, often in the form of duty-free market access to the high-income country's market, without having to extend the same preference in return. Many high-income countries have such preference systems in place, often with the explicit purpose to help developing countries access new markets and increase economic growth. The requirements to become beneficiaries of these systems vary, but apart from being a developing country or an LDC, many include that the country in question has to fulfil certain sustainability requirements.

*Both the EU and US Generalised Scheme of Preference systems provide examples of how to push gender equality through trade preferences.*

According to the **US** GSP system, the receiving country must have taken, or must be taking, steps to afford internationally recognised worker rights, which generally include a gender dimension.<sup>287</sup> The **EU** GSP system has different levels of preferences, depending on the needs of the benefitting party. One of these levels is the special incentive arrangement for sustainable development and good governance, GSP+, reserved for

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<sup>287</sup> These include “1) the right of association, 2) the right to organize and bargain collectively, 3) a prohibition on the use of any form of forced or compulsory labor, 4) a minimum age for the employment of children, and a prohibition on the worst forms of child labor, and 5) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health”. U.S. Generalized System of Preferences Guidebook, Office of the United States Trade Representative, Executive Office of the President, Washington, D.C., March 2017.

vulnerable low-income and lower-middle-income countries.<sup>288</sup> If a country fulfils the vulnerability criteria, it is granted full removal of tariffs on over 66% of EU tariff lines, provided the country commits to ratifying and effectively implementing 27 conventions on human and labour rights, environmental protection, and good governance. CEDAW is included among these conventions.

The monitoring system allows for dialogue on these sustainability issues. The GSP report from 2018<sup>289</sup> shows some progress regarding the promotion of gender equality in the partnering countries.<sup>290</sup> For example, because of GSP+ dialogue and support, Mongolia approved the National Program on Gender Equality to “develop gender-sensitive policies by 2021”.

### 12.3.2 Aid for Trade

*Gender-mainstreaming in AfT can contribute to eliminating barriers for female participation in international trade.*

Aid for Trade (AfT) is a collective name for trade-related aid to developing countries, usually provided by high-income countries with the aim of building the receiving country’s capacity to trade. Gender equality is an area in which AfT has great potential, for example, through projects aiming to eliminate barriers to increasing women’s participation in the workforce and women’s entrepreneurship, and it may enable women to access occupations higher up in the value chain.<sup>291</sup> Consequently, it is a trade policy measure for high-income countries wanting to improve gender equality and WEE in GVCs.

*Even though the number of AfT projects with a gender focus has increased, there is still potential for more alignment of interests.*

Since the start of the AfT initiative, around USD 342 billion in official development aid (ODA) has been targeted to finance aid for trade programmes and projects, of which LDCs have received approximately a

<sup>288</sup> <http://trade.ec.europa.eu/tradehelp/gsp> [accessed 22 January 2019].

<sup>289</sup> European Commission, *Report from the Commission to the European Parliament and the Council, Report on the Generalised Scheme of Preferences Covering the Period 2016–2017*, Brussels, 19 January 2018, COM(2018) 36 final.

<sup>290</sup> For the period 2016–2017, 10 countries were part of the GSP+, namely Armenia, Bolivia, Cabo Verde, Georgia, Kyrgyzstan, Mongolia, Pakistan, Paraguay, the Philippines, and Sri Lanka (see Table 2, *Report on the Generalised Scheme of Preferences Covering the Period 2016–2017*).

<sup>291</sup> National Board of Trade, *Trade and social sustainability* (2017).

quarter.<sup>292</sup> Looking specifically at AfT, in 2008, the total amount of AfT was USD 42 billion, out of which 1.3 billion had a gender marker.<sup>293</sup>

Additionally, the focus on gender equality has increased, with about half of all AfT projects having some kind of gender marker according to the OECD monitoring system.<sup>294</sup> Going forward, the 2017 AfT monitoring exercise showed that for 88% of the participating donors, the SDGs will be in prominent focus in AfT priority development over the upcoming five years, where 43% will target results in gender equality.<sup>295</sup> This indicates potential for more AfT projects targeting gender equality.

*The WTO AfT work programme promotes coherences among AfT partners and has promoted more gender projects in AfT flows.*

The role of the WTO in the AfT initiative is to encourage additional flows, support requests for trade-related capacity building, support the improvement of monitoring and evaluation, and encourage mainstreaming trade into national development strategies.<sup>296</sup> The WTO Committee on Trade and Development decides on activities in a biannual work programme and has, for example, discussed including gender mainstreaming of the work programme.<sup>297</sup>

*The biannual global review of AfT is an important arena to highlight case studies and best practices.*

The monitoring of global overall AfT flows is based on monitoring by the OECD. The global review occurs biannually, with the WTO and OECD issuing a joint report called *Aid for Trade at a Glance*. These reviews have increasingly included gender and women's economic empowerment, with workshops, case stories, and publications issued in connection to the reviews. For example, the 2015 report<sup>298</sup> concluded that

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<sup>292</sup> EIF news, *Funding for aid for trade in LDCs is increasing—find out how much, from who, and where investments are going*, <https://trade4devnews.enhancedif.org/en/news/whats-going-aid-trade-least-developed-countries> [accessed 30 April 2019].

<sup>293</sup> OECD, Lammersen, *Aid for Trade: a gender dimension?* Gender Net, 17 June 2010.

<sup>294</sup> 51% of trade projects by DAC members in 2015–2016 stated gender equality as an objective; OECD DAC Network on Gender Equality (Gendernet), *How Does Aid Support Women's Economic Empowerment?* (2018) <http://www.oecd.org/dac/gender-development/How-Does-Aid-Support-Womens-Economic-Empowerment.pdf> [accessed 30 April 2019]. Similarly, within the Enhanced Integrated Framework (EIF), the multidonor programme in support of LDCs is becoming more integrated in the global trading system, and almost 50% of projects have a gender focus; AfT at a Glance, 2017.

<sup>295</sup> AfT at a Glance, 2017.

<sup>296</sup> [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm).

<sup>297</sup> CTD session 19 February 2018, see report from Swedish Representation in Geneva D-post: GENE/2018-02-20/1453.

<sup>298</sup> OECD/WTO, *Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth* (2015).

high trade costs have a significant impact on LDCs, particularly on women traders and on small and medium-sized enterprises, pricing them out of international trade. The main achievement seems to be the sharing of best practices for including gender in AfT projects.

### 12.3.3 Public procurement

*Women-owned businesses are awarded a very low share of public procurement contracts.*

Public procurement generally constitutes a considerable part of a country's GDP,<sup>299</sup> but only a fraction of these contracts go to enterprises that are women owned or led.<sup>300</sup> Even though the gender gap in entrepreneurship is significant, it is not big enough to explain why only about 1% of public contracts go to WO enterprises. This indicates that WO businesses face other barriers when trying to win procurement contracts. Notably, WO businesses have less information about the procurement procedure and regulations. Moreover, the average smaller size of the business is an obstacle to access large procurement contracts.<sup>301</sup>

#### **Public procurement and gender gaps**

The value of public procurement amounts to about 20% of global GDP, and in a high-income country context, around 12–14% of GDP.

Despite this, data indicate that women entrepreneurs cater to only about 1% of the public procurement market.

*Sources: Rimmer, S, Gender-smart Procurement: Policies for Driving Change, Research Paper, Chatham House, Finance Department (December 2017); Young, C., Can women win on the obstacle course of business finance? OECD Observer, (March 2018)*

<sup>299</sup> Globally, about one fifth of global GDP; World Bank Group (2016), *Benchmarking Public Procurement 2016: Assessing Public Procurement Systems in 77 Economies*, Washington, D.C.,

<http://bpp.worldbank.org/~media/WBG/BPP/Documents/Reports/Benchmarking-Public-Procurement-2016.pdf?la=en>.

In a high-income country context, around 12–14%; in the OECD countries, around 12%; and in the European Union, around 14% of GDP; Young, C., *Can women win on the obstacle course of business finance?*

<sup>300</sup> See sources in box “Public Procurement and Gender Gaps”.

<sup>301</sup> International Trade Centre, *Empowering Women through Public Procurement*, 2014.

*National public procurement strategies have come far in terms of gender mainstreaming, using, for example, quotas and online procurement to increase the number of women suppliers in public procurement.*

Increasing the participation of WO businesses in public procurement has enormous potential for WEE. These realisations have led to increased gender considerations in public procurement strategies. Strategies and policy measures that may contribute to a more gender-sensitive and preferential procurement process include measures such as certifications, quotas set aside for women-owned businesses, procurement targets, and bid adjustments.<sup>302</sup>

For example, the United States has a quota goal to provide 23% of contracts of each federal agency to small businesses, and 5% to small WO businesses, and it already met this target in 2015.<sup>303</sup> Cyprus has developed online procurement, and it doubled the number of SMEs in public procurement when it introduced e-tenders.<sup>304</sup> In Chile, the introduction of an online platform for public procurement made it more accessible for SMEs and increased the number of women suppliers to the government to about 37% in 2016.<sup>305</sup>

*Making public procurement more SME friendly may be a way to promote female entrepreneurs, especially in the European Union.*

Since the vast majority of WO business are MSMEs, making public procurement processes more accessible to small businesses may promote women entrepreneurs benefiting from public procurement. In the European Union, the share of public procurement contracts received by WO companies is slightly higher than the global average, but still very low.<sup>306</sup> The European Union has harmonised public procurement rules governing how public authorities may purchase goods and services. The rules allow for including social and environmental considerations in the criteria and requirements for the process. It is unlikely that it would be in accordance with current EU law to give preference to WO businesses

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<sup>302</sup> Crocker, K., Moser-Boehm, F., Rowe, L., *Trade & Gender in Public Procurement*, Trade Lab & The Joint International Economic Law Clinic at the University of Ottawa and Queen's University (2018)

<sup>303</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle* (2017).

<sup>304</sup> Presentation by Eliza Niewiadomska, EBRD, at WTO workshop Enhancing the Participation of Women Entrepreneurs and Traders in Government Procurement, 25 June 2018.

<sup>305</sup> ITC News, *Public Procurement, a Tool to Boost Women's Economic Empowerment*, speech delivered by ITC Executive Director Arancha González, Milan, November 2017, <http://www.intracen.org/news/Public-Procurement-a-Tool-to-Boost-Womens-Economic-Empowerment/> [accessed 30 April 2019].

<sup>306</sup> Presentation by Eliza Niewiadomska, EBRD, at WTO workshop Enhancing the Participation of Women Entrepreneurs and Traders in Government Procurement, 25 June 2018.

when selecting a public supplier, but it could still be possible to make “gender-smart” procurement decisions and focus on including WO businesses in the public tender procedures.<sup>307</sup>

*Public procurement participation is important from a trade policy perspective because it can be a route towards internationalisation.*

Participating in public procurement processes could be a way for WO businesses to access international markets and export sectors, especially as national laws become harmonised and procurement processes open up to international competition. Securing a procurement contract could also provide the WO business with the stability and predictability to be able to scale up to the size necessary to be able to export.

*Cross-border procurement is currently a small market, but one with potential.*

The amount of cross-border procurement is relatively small. Across the European Union, import penetration in the public sector has been estimated at around 7.9%, varying between 6% and 20.5%.<sup>308</sup> The European Commission identifies liberalisation of public procurement as “an area of significant potential for EU exporters”.<sup>309</sup>

*An international definition of a WO-business could enable the use of quotas in cross-border procurement.*

A difficulty with promoting gender-responsive cross-border procurement is the current lack of an international definition of a WO company. It is hard to have a quota for WO companies without a clear definition of what a WO business is. Creating a universal definition of WO business and the foundation of a universal certification programme is an important route to opening international public procurement to WO businesses.<sup>310</sup>

*The plurilateral Government Procurement Agreement may provide additional stimuli to national strategies.*

Within the framework of the WTO, a number of members are parties to the Government Procurement Agreement (GPA), in which they commit to opening up procurement as much as possible to international competition.<sup>311</sup> The principles of the GPA, such as transparency, non-discrimination, and procedural fairness, all have the potential to enhance

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<sup>307</sup> Rimmer, S, *Gender-smart Procurement: Policies for Driving Change*, Research Paper, Chatham House, Finance Department (December 2017)

<sup>308</sup> European Commission, *Measurement of impact of cross-border penetration in public procurement*, Final report, February 2017.

<sup>309</sup> Khan, T and Sharples, M, *Making trade work for gender equality*

<sup>310</sup> Crocker, K., Moser-Boehm, F., Rowe, L., *Trade & Gender in Public Procurement*

<sup>311</sup> [https://www.wto.org/english/tratop\\_e/gproc\\_e/gp\\_gpa\\_e.htm](https://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm).

female entrepreneurs' access to procurement sectors because they tackle many of the barriers often faced by WO businesses.

#### **12.3.4 Feminist foreign policies and gender mainstreaming in trade policy**

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

Canada has adopted what it calls a progressive trade agenda, taking the approach that trade policy must contribute to the government's broader sustainability policy priorities. The purpose is to ensure that the benefits and opportunities that flow from trade and investment are more widely shared amongst Canadians.<sup>312</sup> In addition, Canada has introduced gender equality as a priority for foreign policy,<sup>313</sup> which has affected the way Canada conducts trade policy analysis. For example, the government has developed a method for gender-based trade analysis.<sup>314</sup> To advance this approach, Canada emphasises the implementation process of the Buenos Aires Declaration, the mainstreaming of gender-responsive provisions in FTAs, and including trade and gender chapters in FTAs.<sup>315</sup>

Sweden has launched a feminist foreign policy with the intention "to achieve concrete results that enhance both gender equality and the full enjoyment of human rights by all women and girls".<sup>316</sup> Important trade-related measures to reach these objectives include continuing to stress the importance of gender equality analyses in the European Union's FTA negotiations and promoting studies, evaluations, and impact assessments

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<sup>312</sup> Global Affairs Canada, *Crafting a Gender-Responsive Trade Policy: The Canadian Perspective* [PowerPoint presentation], 24 April 2018, Network on Open Economies and Inclusive Societies Lunch Meeting, Paris, France.

<sup>313</sup> E.g., through the Feminist International Assistance Policy with the vision seeking to "reduce extreme poverty and build a more peaceful, inclusive and prosperous world", which recognises that "promoting gender equality and empowering women and girls is the most effective approach to achieving this goal"; [http://international.gc.ca/world-monde/issues\\_development-enjeux\\_developpement/priorities-priorites/policy-politique.aspx?lang=eng](http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng) [accessed 26 January 2018].

<sup>314</sup> Global Affairs Canada's Trade Policy and Negotiations Branch's Gender Pledge, [https://international.gc.ca/gac-amc/campaign-campagne/inclusive\\_trade/gender-genre.aspx?lang=eng](https://international.gc.ca/gac-amc/campaign-campagne/inclusive_trade/gender-genre.aspx?lang=eng) [accessed 27 May 2019].

<sup>315</sup> Canadas see two main ways to include gender in FTAs: 1) mainstreaming gender-responsive provisions across the agreement, i.e., preamble, investment, trade and services, intellectual property, labour, e-commerce, and government procurement, which are areas they deem are ripe for gender-responsive provisions, and 2) by including stand-alone trade and gender chapters. Global Affairs Canada, *Crafting a Gender-Responsive Trade Policy: The Canadian Perspective* [PowerPoint presentation], 24 April 2018, Network on Open Economies and Inclusive Societies Lunch Meeting, Paris, France.

<sup>316</sup> <http://www.government.se/information-material/2017/02/swedish-foreign-service-action-plan-for-feminist-foreign-policy-20152018-including-focus-areas-for-2017/>.

on the effects of trade for women's economic empowerment.<sup>317</sup> In 2017, the Swedish government released a report with examples of actions from three years of implementation.<sup>318</sup> Achievements identified include raising awareness of the impact trade policy decisions have on women and men, and financing development of the UNCTAD toolbox for the ex ante gender assessment of trade measure.

*After evaluating the Swedish feminist foreign policy, civil society has pointed out the need to strengthen efforts for gender equality in trade relationships.*

The CSO platform organisation CONCORD Sweden<sup>319</sup> audited the Swedish feminist foreign policy and concluded that the policies included have been successful in many areas, primarily on rights related issues, but that the government's action in a few areas have counteracted the feminist foreign policy, including through the arms trade.<sup>320</sup> The CSO also concluded that assessing the effects of trade policy on women's economic empowerment, including FTAs and public procurement, is an area with a lot of potential to transform the work of the economic empowerment of women and girls. This point is seemingly in agreement with the priorities of the Swedish government's action plan. The report further recommended that Sweden increase its focus on human rights and women's rights in its trade relationships.<sup>321</sup>

*Even though the European Union has not adopted a feminist foreign policy or a progressive trade agenda, it provides a good example of an ambition to mainstream gender in trade policy.*

All relevant legal frameworks and guiding documents identify gender as an objective for all EU external action, including trade policy. The European Union is dedicated to promoting gender equality both within the member states and across the world.<sup>322</sup> According to the European

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<sup>317</sup> Government Offices of Sweden, Ministry of Foreign Affairs, *Swedish Foreign Service action plan for feminist foreign policy 2015–2018 including focus areas for 2017* (2015), p. 6.

<sup>318</sup> Government Offices of Sweden, Ministry of Foreign Affairs, *Sweden's feminist foreign policy—Examples from three years of implementation* (2017).

<sup>319</sup> CONCORD is a platform organisation for CSOs in Sweden with the aim to promote cooperation, information-sharing, and joint advocacy initiatives between Swedish CSOs and those in other EU countries on development policy and development cooperation issues vis-à-vis the EU institutions; <https://www.concord.se/who-we-are/?lang=en> [accessed 26 January 2018].

<sup>320</sup> It criticises Sweden for selling arms to non-democratic countries, such as Saudi Arabia and the United Arab Emirates, and signing a military agreement with Columbia just as the peace deal in Colombia was coming into force; CONCORD, *How feminist is Sweden's foreign policy?* [English summary] (2017).

<sup>321</sup> CONCORD, *Hur feministisk är Sveriges utrikespolitik 2017*, p. 19.

<sup>322</sup> European Commission, *2018 report on equality between women and men in the EU*

Union’s fundamental regulatory framework, “in all its activities, the Union shall aim to eliminate inequalities, and to promote equality, between men and women”.<sup>323</sup> In the EU framework for gender equality and the empowerment of women, it is clear that the promotion of social and economic rights and women’s empowerment should guide all the European Union’s external actions related to economic development. Consequently, gender equality is an objective of EU trade policy. According to the European Commission’s 2016–2019 strategy document, a gender equality perspective shall be integrated “into every aspect of EU intervention ... i.e. gender mainstreaming”.<sup>324</sup> The strategy specifies that gender mainstreaming includes “assessing the impact of EU action on both women and men and taking responsibility for any readjustment necessary, so that women and men benefit equally and inequality is not perpetuated”. This means that conducting gender impact assessments of trade agreements, and making any adjustments necessary, is included in the current EU strategy for gender equality.

*The EU Commission and DG Trade identify several different instruments available to mainstream gender in EU trade policy.*

According to the EU Commission, the European Union promotes gender equality in its trade policy in several ways. It highlights, for example, 1) the TSD chapters in FTAs, which include commitments on the ratification and implementation of fundamental ILO conventions relevant for gender equality in employment; 2) the preferential GSP+ system; and 3) the integration of a gender perspective in sustainability impact assessments of proposed trade policy.<sup>325</sup> Additional measures include awareness raising such as organising events on trade and gender, publishing analytical evidence on the links between trade and gender, and supporting the adoption of the Buenos Aires Declaration. Interestingly, the Trade for All strategy, which is DG Trade’s primary document on priorities for trade policy, does not mention gender.<sup>326</sup> However, the report on the implementation of the Trade for All strategy does mention

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(2018).

<sup>323</sup> TFEU, art 8. The obligation to achieve gender equality has further been confirmed as a constitutional fundamental right legally guaranteed by article 23 of the EU Charter of Fundamental Rights (the Charter), which provides that “equality between women and men must be ensured in all areas, including employment, work and pay. The principle of equality shall not prevent the maintenance or adoption of measures providing for specific advantages in favour of the underrepresented sex”.

<sup>324</sup> European Commission’s Strategic Engagement for Gender Equality 2016–2019.

<sup>325</sup> European Commission, *2018 report on equality between women and men in the EU* (2018).

<sup>326</sup> European Commission, *Trade for all—Towards a more responsible trade and investment policy* (2015),

[http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf).

gender equality and specifies that it is essential for EU decision makers to improve their understanding of the impact of trade instruments on gender equality.<sup>327</sup>

*The European Parliament pushes for an even more ambitious gender agenda in trade policy.*

The above-mentioned efforts by the European Commission do not seem to have satisfied the European Parliament, which has adopted a resolution on women's rights and international trade, calling for provisions in EU trade agreements to promote women's rights.<sup>328</sup> Parliament considers the negotiations of trade agreements, and especially TSD chapters, as a valuable tool to advance equality between women and men, but notes that current measures are not enough. The resolution calls for all EU trade agreements to include girls' and women's rights and gender equality as drivers of economic growth and to respect the ILO core conventions on gender and labour rights.

The resolution further emphasises the need to monitor the impact of EU trade policies on women's empowerment and gender equality during the implementation phases. In connection to this, the resolution calls for the gathering of sex-disaggregated data in key sectors most affected by trade agreements and for the creation of a mechanism with the purpose of monitoring and strengthening gender policy in trade agreements.

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<sup>327</sup> Report on the Implementation of the Trade Policy Strategy Trade for All of 13 September 2017.

<sup>328</sup> Joint Staff Working Document (SWD(2015)0182) – *Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016–2020* (2017/2012(INI)).

## 12.4 Other thematic approaches to including gender in trade policy

### 12.4.1 Ex ante gender impact assessments (GIAs)

#### **What is a gender impact assessment?**

The main question for a GIA is “Does a law, policy or programme reduce, maintain or increase the gender inequalities between women and men?”

Concrete steps in a GIA many include:

- 1) defining a policy purpose,
- 2) checking gender relevance,
- 3) performing a gender-sensitive analysis,
- 4) weighing gender impact, and
- 5) drawing conclusions by identifying findings and propositions.

*Source: European Institute for Gender Equality, Gender Impact Assessment – Gender Mainstreaming Toolkit, 2016.*

*Gender is more frequently included in ex ante trade policy impact assessments.*

An ex ante impact assessment aims to provide policymakers with information about the potential impact of the proposed policy before the parties have adopted the policy. In trade policymaking, an ex ante analysis tries to answer the following question: What will happen *if* a considered trade policy is implemented? This can be compared with an ex post analysis, which analyses the actual effects *after* a policy has been implemented. Impact assessments are not a new concept in trade policy, but recently gender aspects have become more frequently included, likely as a response to the realisation of the need for a case-by-case analysis of the gender implications of trade reforms.

*Ex ante GIAs provide information on potential gender impacts from structural effects of trade reform and can be an instrument to minimise potentially adverse effects on GE and maximise benefits of trade liberalisation measures.*

Traditionally, policy and legislation have been seen as gender neutral, with the assumption that public policy benefits all equally regardless of gender. Policies based on this assumption fail to consider the existing

gender gaps and inequalities described in Part I and risk perpetuating these inequalities.<sup>329</sup> Conducting a GIA is therefore an important tool that allows policymakers to avoid unintended effects and foresee the impact of new policies. The results from an ex ante GIA can be used in several different ways that may contribute to increased gender equality. Most notably, the results can help identify optimal policy design to achieve a specific target, contribute to avoiding ineffective implementation, and provide information on both the expected and unintended effects of the planned policy.<sup>330</sup> Depending on whether the expected effects on gender equality are negative or positive, GIA results can be used to mitigate or maximise these effects.

For example, by conducting an analysis of the gender segregation in sectors impacted by a planned trade reform, it is possible to assess the potential gendered effect on employment participation rates. If these findings indicate a negative effect on gender gaps in employment participation, policymakers have the necessary information to design appropriate policy responses. This may be on a national level or through an adjustment of intended reforms, such as through redesign of policy provisions, or through a successive liberalisation allowing time for the market to adjust.

*Since the GIA is a tool to assess the potential consequences of policy reform on gender equality, it is best to use it in the early stages of policymaking while including relevant stakeholders.*

GIA has the multiple purposes related to improving the design and planning of a policy, preventing a negative impact, avoiding discriminatory effects, and ultimately strengthening GE.<sup>331</sup> Fulfilling these purposes requires the identification of gender gaps and understanding of current inequalities to be able to define priorities and target groups for action. Consequently, GIAs should be performed early in the policymaking process. The process ought to have a stakeholder perspective and include both gender experts and trade experts. In most OECD countries, regulators are required to include gender impact assessments when developing all primary laws.<sup>332</sup>

*UNCTAD has designed the currently most developed and renowned model for ex ante gender-based analysis of trade policy.*

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<sup>329</sup> EIGE, Gender Impact Assessment, Gender Mainstreaming Toolkit, 2016.

<sup>330</sup> UNCTAD, *Implementing gender-aware ex ante evaluations to maximize the benefits of trade reforms for women* (2016).

<sup>331</sup> EIGE, Gender Impact Assessment, Gender Mainstreaming Toolkit

<sup>332</sup> In 25 countries; OECD, *The Pursuit of Gender Equality: An Uphill Battle*

To assist trade policymakers in conducting a gender-based *ex ante* evaluation of planned trade policies, UNCTAD has developed a toolbox with a set of concrete tools for conducting the assessment. UNCTAD first used the toolbox to analyse the impact of the Economic Partnership Agreement between the European Union and the East African Community, with a focus on how that agreement would affect women in Kenya.<sup>333</sup>

The toolbox has yet to receive wide recognition and usage, and so far, it has primarily focused on a developing country context. However, according to UNCTAD, the same methodology can be used to assess the gender-related impacts of any other trade agreement or trade reform in other countries.

#### **The main components of the UNCTAD Gender Toolbox**

- 1) Descriptive analysis of gender inequalities and economic context of the country
- 2) Quantitative analysis simulating the expected consequences of the trade reform and women's participation in the economy
- 3) Identification of sectors in which the intended liberalisation is likely to have a strong impact on women
- 4) Checklist for gender-sensitive accompanying measures to achieve greater gender equality, or reduce the risk of making them worse, and monitoring indicators to evaluate effects over time
- 5) A Trade and Gender Index—within-country analysis over time.

Source: <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1877>

*The greatest weakness with the UNCTAD model is that it does not cover trade in services.*

The current model of the UNCTAD Gender Toolbox only covers trade in goods and not trade in services. Considering the importance of services for female employment and entrepreneurship, this is a major weakness to the model. A comprehensive GIA for any context, but especially a high-

<sup>333</sup> UNCTAD, *Trade and Gender Toolbox—How will the Economic Partnership Agreement between the European Union and the East African Community affect Kenyan Women?* 2017, United Nations.

income context, needs to include effects on trade in services. Perhaps it is possible to develop the model to better suit this trade reality

*In EU trade policy, gender is included in the sustainability impact assessment (SIA).*

The European Commission conducts sustainability impact assessments (SIA) in connection with each new negotiation on trade liberalisation measures. DG Trade describes the SIA as a tool in support of trade negotiations that provides the Commission with an analysis of potential economic, social, human rights, and environmental impacts of ongoing trade negotiations.<sup>334</sup> Gender is included in the analysis of impact on the social dimension of sustainability. DG Trade sees the SIA as an opportunity for stakeholders to share views on negotiations, assess likely sustainability changes caused by the agreement, identify trade-offs, and ensure that related policy choices are optimised.<sup>335</sup>

*The updated handbook may overcome some of the previous weaknesses with the SIA's gender analysis.*

The National Board of Trade has previously pointed out that EU SIAs generally do not include proposals for measures to counteract negative effects and that the majority of SIAs focus only on the effects of trade liberalisation measures on women in the partner country in question, not on the effect on women within the European Union.<sup>336</sup> An updated handbook has been available since 2016 that sets out how to conduct a SIA with more emphasis on gender.<sup>337</sup> It states that particular attention must be placed on women's rights and the effect the agreement under negotiation could have on gender equality. Additionally, the handbook mandates far-reaching consultations with all relevant stakeholders. Yet the handbook does not clarify specifically that SIAs ought to include proposals for measures to counteract negative effects or that it should focus on effects on gender equality, not just on women, in both the European Union and in partner countries.

*Ongoing SIAs indicate real improvement to the inclusion of gender analysis in EU SIAs, for example, using UNCTAD toolbox methodology. In the context of ongoing trade negotiations between the European Union*

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<sup>334</sup> DG Trade does not perform the sustainability impact analyses itself, but outsources the job to an external partner; [http://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index\\_en.htm](http://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index_en.htm) [accessed June 2018].

<sup>335</sup> [http://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index\\_en.htm](http://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index_en.htm) [accessed June 2018].

<sup>336</sup> National Board of Trade, *Trade and social sustainability*

<sup>337</sup> European Commission, *Handbook for Trade Sustainability Impact Assessment*, European Union, 2016.

and Chile for an updated FTA, the interim report states that the SIA pays particular attention to women’s rights and potential effects on gender equality.<sup>338</sup> To analyse the impact of the modernised FTA, the report uses the methodology from the UNCTAD Trade and Gender Toolbox, complemented by elements from the approach in the EIGI Gender Mainstreaming Toolkit described above.<sup>339</sup> The report, for example, analyses potential impact on employment and wage levels divided by gender. So far, data analysis suggests that an increase in employment is more likely to occur in sectors in Chile that are male dominated, and the impact on employment levels in the European Union is expected to be limited and mostly negligible. Regarding wages, in Chile, the wage increase is expected to be slightly higher for women than for men, but with differences too limited to significantly reduce the GWG. Again, the impact on wages in the European Union is negligible, indicating that the GWG will remain.

#### 12.4.2 Data collection

When there is no number, it’s assumed to be zero.

—Susan Stone, OECD<sup>340</sup>

*The trade policy community is reacting to a lack of gender-disaggregated data with several initiatives for data collection.*

As concluded in the introduction to this report, the lack of sex-disaggregated data hinders development towards gender-responsive trade policy analysis and complicates gender-mainstreaming strategies. For example, the ability to perform a GIA is heavily dependent on sex-disaggregated data, which makes both new initiatives and continuous work to collect data a priority for gender-responsive trade policy. Strategy documents such as the Buenos Aires Declaration confirm the need to explore more information sources and fill the data gaps. Currently, most major trade organisations have initiated projects with the focus on collecting and monitoring sex-disaggregated data, both with a developing country focus and in a high-income context.

<sup>338</sup> European Commission, *Sustainability Impact Assessment in Support of the Negotiations for the Modernisation of the Trade Part of the Association Agreement with Chile, Interim Report* (22 November 2018).

<sup>339</sup> See text boxes “What is a gender impact assessment?” And “The main components of the UNCTAD Gender Toolbox” above.

<sup>340</sup> Workshop in Women in Global Value Chains, Geneva, 1 October 2018.

**Examples of initiatives for collecting gender-disaggregated data<sup>341</sup>**

<b><i>WTO and World Bank Group</i></b>	Partnership to generate new data to promote better understanding of the link between trade and gender
<b><i>European Commission and ITC</i></b>	Partnership to conduct a business survey in selected EU member states in the agricultural and manufacturing sectors to collect baseline data on the extent and nature of women participation in extra-EU trade
<b><i>OECD</i></b>	Gender platform which contributes to monitoring trade-related aspects of gender
<b><i>The Future of Business Survey: Partnership between OECD, World Bank, and Facebook</i></b>	Monthly gender-disaggregated surveys in 42 countries gather information on how SMEs with a digital presence assess their businesses, involvement in international trade, and main challenges
<b><i>UNCTAD</i></b>	Work stream on trade and gender data to improve access to existing statistics, develop a statistical framework, and a survey model for measuring gender and trade in countries with significant data gaps
<b><i>UNCTAD, ILO, and UN Women</i></b>	Collaboration to develop a comprehensive statistical framework and survey tools for the measurement of the gender dimensions of trade

<sup>341</sup> [https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/womenandtrade\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/womenandtrade_e.htm); *Women in Trade: Gender in Free Trade Agreements (FTAs) Project*, Joint project between International Trade Centre and European Commission, DG Trade; <http://www.oecd.org/sdd/business-stats/the-future-of-business-survey.htm>; UNCTAD, *Better Data and Statistics for Gender responsive Trade Policy*, Policy brief No 70, (2018)

### 12.4.3 Gender mainstreaming in international standards

*Major international standardisation bodies work towards more gender responsive standards, which is positive from a trade policy perspective.* Standards and technical regulations are increasingly integrated into international trade, primarily to harmonise and eliminate unnecessary trade barriers. Consequently, a gender-responsive trade policy benefits from a gender lens also in standardisation processes. For example, one US study showed that women are 47% more likely to suffer severe injuries from car crashes than men because the car safety features had been designed for men.<sup>342</sup> An international standard regarding the design of car safety features that includes a gender lens could consequently contribute to reducing this inequality. Since cars are a highly traded good, this is one area where a gender-responsive standard could have a positive effect also from a trade perspective.

A recent example to make standards more gender responsive includes a UNECE initiative on gender-responsive standards with the purpose to find a practical way for standardisation bodies to make standards and the standards-development processes gender responsive.<sup>343</sup> The initiative recently released a declaration inviting all standards bodies to pledge making all standards and the standards-development processes gender responsive.<sup>344</sup> The international standards organisation, ISO, also emphasise gender equality as a key component of social responsibility. For example, the standard ISO 26000, Guidance on social responsibility, underlines the empowerment of women and their equality in society.<sup>345</sup>

*An initiative towards a universal international standard of a WO company would especially contribute to gender-responsive trade policy.* As concluded in this report, the lack of a unified international definition of a WO business creates obstacles for data collection and policy innovation. Currently, a few international standards include a definition of a WO company. However, there are indications that existing definitions do not fit all cultures, economies, and business situations. In addition, many of them require a certification process. The availability of the verification (certification) of WO businesses, and the related costs, can be a challenge for female entrepreneurs. To remedy this problem, the

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<sup>342</sup> Bose, D., Segui-Gomez, M., Crandall, J.R. (2011)

<sup>343</sup> <http://www.unece.org/tradewelcome/steering-committee-on-trade-capacity-and-standards/tradewp6/thematic-areas/gender-initiative.html> [accessed 14 February 2019].

<sup>344</sup> Declaration for Gender Responsive Standards and Standards Development <https://www.unece.org/fileadmin/DAM/trade/wp6/AreasOfWork/GenderInitiative/Declaration-for-Gender-Responsive-Standards.pdf> [accessed 14 February 2019].

<sup>345</sup> ISO 26 000, <https://www.iso.org/iso-26000-social-responsibility.html> [accessed 30 April 2019].

ITC and the Swedish Standards Institute, SIS, have initiated work on an updated and recognised standard at the global level that is broader and more accessible to female entrepreneurs. The ultimate goal is to create a global ISO standard.<sup>346</sup>

#### 12.4.4 Trade facilitation and gender

*The trade facilitation community is taking more initiatives to integrate gender. Initial work focused on the analysis of linkages between gender and trade facilitation, but the World Customs Organisation has developed practical tools for gender integration in trade facilitation.*

Already in 2012, the World Bank released a report on the gender dimensions of trade facilitation and logistics, providing advice on how to better integrate a gender dimension into these two areas.<sup>347</sup> Key suggestions include establishing mechanisms to support cooperation among female traders in pooling goods and accessing better and cheaper logistics services. More recently, the UNECE, after concluding that gender discrimination in trade facilitation affects the integration of women in international trade, initiated analytical work with the purpose to create a white paper on women in trade facilitation.<sup>348</sup> Among practical initiatives, the World Customs Organisation (WCO) stands out.<sup>349</sup> The WCO has a number of initiatives aimed at supporting customs organisations to address gender equality issues.<sup>350</sup> In addition to training packages and awareness raising, the WCO has developed a Gender Equality Organisational Assessment Tool,<sup>351</sup> which help customs administrations address gender equality issues as an integrated part of their reform and modernisation agenda.

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<sup>346</sup> SIS and ITC are currently preparing workshops to create a “workshop agreement” about a standard for women-owned businesses. Based on this, the intention is to forward it to ISO and initiate work on the development of a global standard.

<sup>347</sup> Higgins, K, *Gender Dimensions of Trade Facilitation and Logistics : A Guidance Note*, World Bank (2012)

<sup>348</sup> <https://uncefact.unece.org/display/uncefactpublic/Women+in+Trade+Facilitation> [accessed 14 February 2019].

<sup>349</sup> The WCO has 183 members and is responsible for managing more than 98% of world trade, with the mission to “provide leadership, guidance and support to Customs administrations to secure and facilitate legitimate trade, realize revenues, protect society and build capacity”; [http://www.wcoomd.org/en/about-us/what-is-the-wco/mission\\_statement.aspx](http://www.wcoomd.org/en/about-us/what-is-the-wco/mission_statement.aspx) [accessed 14 February 2019].

<sup>350</sup> <http://www.wcoomd.org/en/topics/capacity-building/activities-and-programmes/gender-equality.aspx> [accessed 14 February 2019].

<sup>351</sup> WCO Gender Equality Organizational Assessment Tool, <http://www.wcoomd.org/-/media/wco/public/global/pdf/media/newsroom/press/gender-equality-assessment-tool-final.pdf?db=web> [accessed 14 February 2019].

*Gender initiatives in trade facilitation naturally have a focus on developing country context, but is not without importance in a high-income country context.*

Since the biggest challenges with trade facilitation lie in developing countries, reforms and initiatives connected to gender mainstreaming in trade facilitation will have the greatest impact on informal cross-border trade in a developing country context. However, considering the disproportional distribution of care work also in high- and middle-income countries, initiatives that aim to reduce burdensome processes and time requirements are also important in that context.

## **13 Private sector efforts to develop gender-equal value chains**

So far, Part II of the report has focused on current initiatives in trade policy directed at improving trade-related gender gaps and at empowering women to benefit from trade and global value chains. However, it is clear that trade policy alone cannot achieve gender-equal value chains. The actual trading companies will have to, and largely already are, initiating efforts to promote gender equality in their supply chains and contribute to women's economic empowerment. Private sector efforts are complementary to trade policy and other policy efforts, and the experiences from the private sector of gender equality challenges in the value chain may inform public policy to maximise its potential to contribute to the goal of gender equality and women's economic empowerment.

This section of Part II therefore provides an overview of the role of the private sector in promoting gender-equal value chains and a case study of how a specific project and a specific company has taken on this challenge.

### **13.1 Why do companies care about gender equality, and what do they do about it?**

#### **13.1.1 Promoting gender equality is good for business**

Why is the private sector at all interested in promoting gender equality in their value chains? The simple answer is that gender equality is good for business. According to a report from the McKinsey Global Institute, a so-

called “best in region scenario”, where 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% to global GDP by 2025.<sup>352</sup>

A survey study from 91 countries shows that the presence of women in corporate leadership improves performance.<sup>353</sup> The largest gain can be made by increasing female executives. Filling at least 30% of leadership positions with women adds 6% to the net profit margin. This may be explained either by the edge given to non-discriminatory companies or by the contribution women make to skill diversity. Having a female CEO, however, did not seem to influence firm performance, which according to the study underlines the importance of not just placing a lone woman on top but to actively establish a female presence in the entire management pipeline.

Additionally, it is a human resources issue. As women increasingly are becoming more educated than men are, it becomes more important for companies to recruit female talent to remain competitive. The WEF *Future of Jobs* report shows that more than 25% of the surveyed companies identified female talent as a key feature for future workforce strategy and that more than half identified promoting women’s participation as a priority in their organisation’s senior leadership agenda.<sup>354</sup>

### **13.1.2 Responsible business conduct/corporate social responsibility increasingly includes considerations on gender equality**

Even though the business case for working with gender equality is clear, it is not the only motivation for companies to engage in gender equality projects. Gender is becoming a part of general strategies for responsible business conduct/corporate social responsibility,<sup>355</sup> perhaps because companies are making the shift towards contributing to the SDGs. For example, more than 1,722 companies have signed on to the Women’s Empowerment Principles (WEP) developed by UN Women and the UN

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<sup>352</sup> McKinsey Global Institute, *The power of parity: How advancing women’s equality can add \$12 trillion to global growth*

<sup>353</sup> Noland, M., Moran, T., and Kotschwar, B., *Is Gender Diversity Profitable? Evidence from a Global Survey*, Peterson Institute for International Economics, Working Paper 16-3 (2016)

<sup>354</sup> WEF, *Future of Jobs*.

<sup>355</sup> For a general overview of the concept of responsible business conduct/corporate social responsibility and its connection to trade, see National Board of Trade’s report *Social Sustainability—An overview and analysis* (2017).

Global Compact.<sup>356</sup> By signing on, companies commit to seven main principles with the purpose of promoting gender equality and women's full participation and leadership in the workplace, marketplace, and community.<sup>357</sup>

RBC/CSR strategies often include commitments to follow international guidelines or voluntary standards or to include sustainability considerations in private procurement strategies. All these categories have started to include gender more directly.

A good example of a new **international guideline** that includes gender is the OECD Due Diligence Guidance for Responsible Business Conduct.<sup>358</sup> The guideline was developed as practical support for companies in the implementation of the OECD Guidelines for Multinational Enterprises, the MNE Guidelines.<sup>359</sup> The OECD MNE Guidelines is one of the most common international guidelines that trading companies follow.<sup>360</sup> The MNE Guidelines are also increasingly included in trade policy, for example, through references in sustainability provisions to promote the guidelines. The MNE Guidelines recommend that companies conduct due diligence to identify, prevent or mitigate, and account for how actual and potential adverse impacts are addressed. Since 2018, the practical guidance for how to perform such due diligence includes recommendations on how to include a gender perspective.

**Voluntary sustainability standards**, such as codes of conduct and certification/accreditation schemes, are increasing in number and application, indicating that they to a certain extent are becoming mandatory rather than voluntary, and several of them include a gender criterion.<sup>361</sup> Studies so far indicate that voluntary sustainability standards

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<sup>356</sup> <https://www.empowerwomen.org/en/weeps/about> [accessed 2 May 2019].

<sup>357</sup> Principle 1: Establish high-level corporate leadership for gender equality; Principle 2: Treat all women and men fairly at work—respect and support human rights and non-discrimination; Principle 3: Ensure health, safety and well-being of all workers, regardless of gender; Principle 4: Promote women's education, training, and professional development; Principle 5: Implement enterprise development and supply chain and marketing practices that empower women; Principle 6: Promote equality through community initiatives and advocacy; Principle 7: Measure and publicly report on progress to achieve gender equality.

<sup>358</sup> OECD Due Diligence Guidance for Responsible Business Conduct. See p. 41 on gender; <http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm> [Accessed 1 May 2019].

<sup>359</sup> <http://mneguidelines.oecd.org/>.

<sup>360</sup> Along with the UN Guiding Principles on Business and Human Rights, and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

<sup>361</sup> For agriculture standards, about 40% include gender criteria; presentation by Sally Smith, Wise Development, at the WTO Public Forum 2018. The most common are

can enhance both gender equality and competitiveness. Evidence points to increased productivity and positive impacts in the enforcement of working conditions, payment of minimum wages, and health and safety issues.<sup>362</sup> However, out of evidence from 87,000 audits, less than 0.5% of the marks related to gender, indicating a need for better monitoring and reporting.

Like public procurement, **corporate procurement** can also be a powerful tool towards promoting gender equality, primarily by using WO businesses as suppliers. Some companies have an active policy to diversify their supply chain and specifically seek to include WO businesses to their supply chains. One interesting example is Accenture and its Supplier Inclusion & Diversity Programme. Accenture states on their website that “one company can create champions of change by choosing the right supplier” and “with a multibillion-dollar supply chain, we have the opportunity to leverage our purchasing power to drive positive change on a global scale and to create a more inclusive digital world”.<sup>363</sup> Accenture identifies diversity in the supply chain as an advantage for competitiveness.<sup>364</sup> With this in mind, their Diverse Supplier Development Programme aims to expand relationships with, for example, WO businesses. The purpose is to level the procurement field and integrate more WO businesses in the supply chain.<sup>365</sup> A challenge in this endeavour seems to be identifying WO businesses that meet or that want to have the capacity to meet their procurement standards.

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Fairtrade, UTZ, and Rainforest Alliance.

<sup>362</sup> Smith, S., Busiello, F., Taylor, G., Jones, E. *Voluntary Sustainability Standards and Gender Equality in Global Value Chains*. ICTSD, (2018)

<sup>363</sup> <https://www.accenture.com/us-en/company-supplier-inclusion-diversity> [accessed 19 February 2019].

<sup>364</sup> “We believe that working with suppliers from diverse backgrounds and perspectives allows us to remain agile, disruptive and ahead of the market”; Accenture, Corporate Citizenship Report 2017, [https://www.accenture.com/t20180723T195442Z\\_w\\_us-en/acnmedia/PDF-75/Accenture-2017-Corporate-Citizenship-Report.pdf#zoom=50](https://www.accenture.com/t20180723T195442Z_w_us-en/acnmedia/PDF-75/Accenture-2017-Corporate-Citizenship-Report.pdf#zoom=50).

<sup>365</sup> Accenture, Corporate Citizenship Report 2017, [https://www.accenture.com/t20180723T195442Z\\_w\\_us-en/acnmedia/PDF-75/Accenture-2017-Corporate-Citizenship-Report.pdf#zoom=50](https://www.accenture.com/t20180723T195442Z_w_us-en/acnmedia/PDF-75/Accenture-2017-Corporate-Citizenship-Report.pdf#zoom=50).

## 14 HERproject – the largest workplace-based women’s empowerment initiative in global supply chains

This case study is based on interviews with the organisation BSR (Business for Social Responsibility) on their initiative HERproject—the largest workplace-based women’s empowerment initiative in global supply chains—and with the Swedish clothing company Lindex, one of the companies BSR works with.<sup>366</sup> While conducting the interviews, the intention was to collect information and opinions on the gender equality challenges companies based in a high-income country face in their value chain. In this case, as is common for a clothing company considering the high proportion of women working in apparel supply chains, the main gender equality challenges lie in connection to production.

The experiences BSR and Lindex have had through working to improve gender equality in value chains may help trade policymakers to understand company challenges in value chains and the measures the private sector is currently taking. In addition, these companies’ experiences could help policymakers to identify whether trade policy could play a role in contributing to these efforts and, if so, to determine what role it could play.

The conclusions and findings of this case study are based on the answers provided during these interviews.

### 14.1 Main conclusions and policy takeaways

*There seems to be a trend towards more ambitious programmes on the promotion of gender equality in the private sector, with more focus on economic empowerment.*

Initial private sector initiatives to promote gender-equal supply chains focused on basic needs such as health and safety. Recent, more comprehensive projects tend to focus more on women’s economic empowerment, such as financial inclusion, with greater potential to increase women’s benefit from trade opportunities. The step after interventions focusing on financial inclusion seems to be preventing and addressing harassment and violence in the supply chain.

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<sup>366</sup> The representative from Lindex interviewed is Ingrid Porss and from BSR, Lauren Shields.

*Main motivations for companies to engage in gender equality and women's economic empowerment in the supply chain are basic commitments to better work, to demonstrate good performance to stakeholders, and to maintain commercial relationships with suppliers. Consumer pressure does not seem to be a significant factor.*

Even though aspects such as demand from shareholders and public appearance motivate brands to promote gender equality and women's economic empowerment in the supply chain, factors such as basic commitments to better work and commercial relationships with suppliers seem to be more important motivations for many brands. There is huge demand for factories, and projects such as HERproject can be a factor in the competition for suppliers. Even companies with a majority of female consumers do not seem to face consumer pressure to work with gender-equal value chains, perhaps due to lack of awareness among consumers.

*Two important challenges for the private sector promotion of gender equality in value chains from a trade policy perspective include the lack of gender-disaggregated data needed to measure financial benefit, and a lack of transparency in the value chain.*

For most companies the financial benefit of the project is key. However, without sufficient data, it is difficult to measure any effect. Both BSR and Lindex highlighted the lack of consistently collected and used company-level data as a challenge in understanding women's status in supply chains, evaluating potential gender-related problems, informing decisions and measuring impact of interventions. Generally, compared to environmental impact, it is more difficult to measure social impacts and to identify clear related business cases. In addition, since most companies cannot see beyond the first layer of the supply chain, tier 1, the lack of transparency is a major challenge to conducting due diligence on gender challenges. Access to gender-disaggregated data would simplify the assessment of challenges and the measurement of progress, and thereby help companies see the potential financial benefit.

*Private interventions promoting gender equality in the value chain have significant potential to lead to improved conditions for women in GVCs. Both BSR and Lindex pointed to concrete progress from gender-equality projects in supply chains. For example, health and safety programs have led to reduced absence from work due to menstruation. This shows that the programs can challenge gender norms and break down barriers for women to participate in economic activity. Moving towards the digital payment of wages can also be positive if potential gender differences in access to financial services is managed.*

*Public policy and trade policy can complement and reinforce potential positive effects from private sector efforts. Main actions include raising awareness, driving increased access to data, and pushing for increased transparency in value chains.*

BSR stated that including gender in trade policy will help raise awareness about gender-equality challenges in value chains, both among regulators and consumers, which could make it easier for initiatives like HERproject to scale. In addition to committing to gender-disaggregated data collection, policy could assist with measuring the business case by defining common indicators for gender equality and women's economic empowerment in supply chains. Policy could increase transparency requirements on companies, such as baseline assessments of gender challenges. Information from such measures would provide a better understanding of trade-related gender gaps and how they are affected by economic shocks such as trade reform.

## 14.2 Business for Social Responsibility and HERproject

### 14.2.1 HERproject is the largest workplace-based women's empowerment initiative in global supply chains

The mission of HERproject is to “unlock the full potential of women working in global supply chains through workplace-based interventions on health, financial inclusion, and gender equality”.<sup>367</sup> It is run by BSR,<sup>368</sup> a global non-profit organisation with a network of more than 250 member companies, in collaboration with global brands, suppliers, and local NGOs. HERproject has been running for more than 10 years and has reached more than 850,000 women employed in global supply chains.

HERproject is primarily active in global supply chains that employ many women and where companies have an adequate management structure, such as garment, textile, consumer electronics, tea, and horticulture companies—all sectors with a strong connection to trade. HERproject is active in 14 countries; its biggest presence is in Bangladesh, but it is also prominent in China, Ethiopia, India, Kenya, and Vietnam. The brands engaging in HERproject are mostly large companies based in high-income countries, but with suppliers mainly from developing countries. HERproject currently has three main areas of work, with activities in the

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<sup>367</sup> <https://herproject.org/> [accessed 1 May 2019].

<sup>368</sup> <https://www.bsr.org/en/>.

projects aiming at building capacity, strengthening management systems, and expanding access to products and services.

The scope of HERproject has developed over time from more basic issues, such as health, to topics that are more ambitious, such as financial inclusion and gender-based violence. BSR considers this a reflection of companies' willingness to go further in the promotion of gender equality and women's empowerment. BSR emphasises that HERproject is a company-led initiative, but that the development of the programme is a "push-pull" emanating from their work with the companies and with donors.

### **The three main areas of work for HERproject**

<b>Area of work</b>	<b>Focus</b>
HERhealth	<p>Health issues</p> <p>First and biggest programme. According to BSR, often the easiest place to start with factory management from a business case point of view, and it addresses critical issues for women in the supply chain.</p>
HERfinance	<p>Financial inclusion</p> <p>Originated from additional dialogue with companies about the need of many female workers in their supply chain for guidance in managing income and accessing financial services; for many, it is their first income. Also includes major programs to digitize wages for workers and help them transition to mobile financial services.</p>
HERrespect	<p>Gender-based violence</p> <p>Harassment and violence is an issue BSR and many other organizations working in supply chains understand to be a reality in many of the factories where women work.</p>

### **14.2.2 Companies have many reasons to participate in HERproject, including public reputation, shareholder interest, and supplier relations, but the business case is always important**

Most of the companies BSR works with have commitments to better work in the supply chain. Companies may however face challenges securing resources to implement their ambitions. Motivations for participating in HERproject include taking care of a problem in the supply chain: HERproject can help companies take concrete action in supply chains and support women workers. Other motivations include improving public reputation by sharing stories and impact externally, demonstrating good performance to shareholders. In addition, companies' staff support the program. Consumer pressure does not seem to be a big motivation for the brands involved. The BSR representative pointed out that there is still a real desire for one-dollar t-shirts. The commercial relationship, and the desire to strengthen relationships with suppliers, can be an additional important motivation to participate in HER project. Generally, there is competition for suppliers and HERproject can be one way to build resilience in the supply chain.

Regardless of motivation for participation in HERproject, companies generally want to know what impact they can expect and want to be able to link the social benefit to an economic benefit, thereby demonstrating a business case with the investment. The business case is often needed to convince both their own management teams and their suppliers to participate in the project. Connected to this, BSR does see a risk that it can be difficult for suppliers to fulfil the requirements in varying codes of conduct or demands from initiatives such as HERproject.

### **14.2.3 Lack of transparency is an important challenge in the value chain**

Most of their client companies look to BSR to identify the challenges in their supply chains. It is rare that BSR are asked to come in after the company has done its own gap analysis. Consequently, HERproject starts with a baseline assessment. Generally, it is hard to evaluate the entire value chain. According to BSR, everything beyond tier 1, the first layer, of the supply chain, is invisible. They definitely see the importance and need for going further in the supply chains in order to provide meaningful interventions and support, but have trouble extending support to further tiers.

#### **14.2.4 BSR can measure clear impact from participation in HERproject**

With the help of 15 main indicators (see **Annex II**), BSR performs an end-line assessment on all projects to track their impact, measuring factors such as change in attitude among the workers and management, knowledge changes, amount of investment in factories, and so on. BSR also conducts surveys and interviews and enters into third-party partnerships for validation and research.

An important aspect of the impact assessment is to identify both social impact and business impact. One example of a social and economic benefit proven in many cases is reduced absence related to health problems. In certain countries women used to be away from work two days a month during their menstruation period, but with training and information, they have been able to go to work all month. This is an obvious benefit for both employees and the company. Another benefit from a business perspective would be if companies can move from cash to digital payments of salaries. Cash payments require big trucks of cash coming to the factory to pay all workers, but being able to move towards digital payments reduces this cost and the associated risk. Even if it is generally easier to measure and identify clear business cases for environmental impacts than social impacts, BSR representative emphasizes that HERproject has quite robust data and are able to measure impact of their projects successfully.

#### **14.2.5 Policy and regulation play a role in promoting HERproject, primarily through promoting awareness, transparency, and monitoring**

BSR noted that policy could support their efforts by bringing attention to the issue. Having governments place a priority on women's rights has helped BSR build connections to the goals of their projects. Regulation can also be a way to push development forward. For example, India recently introduced legislation on harassment in the workplace. Many of the suppliers BSR works with needed support in complying with the regulation, which HERrespect can help with.

BSR also sees a clear role for policy in promoting transparency and monitoring. Measuring progress is complicated without the right indicators, available gender-disaggregated data, and a common data framework. BSR pointed out that policy could have a role in mapping where women are active in the supply chain and then agreeing on

common indicators for the measurement of gender equality and women's economic empowerment in various supply chains.

### 14.3 Lindex and initiatives for a gender equal value chain

One of the companies that engages with BSR in HERproject is Lindex, a fashion brand with about 470 stores in 17 markets and sales online. Their business concept is “to offer inspiring and affordable fashion to the fashion interested and conscious woman”.<sup>369</sup> Since the interview with representative Ingrid Porss, Lindex has launched a sustainability promise with a company vision to empower women, respect the planet and ensure human rights.<sup>370</sup>

#### 14.3.1 In addition to their vision to empower women, Lindex is motivated by the SDGs and their stakeholder layout of primarily women

The Lindex Sustainability Report identifies the SDGs as important driving forces for their work and considers SDG 5 as a key goal to be able to fulfil all other sustainable development goals.<sup>371</sup> Lindex Sustainability Promise reaffirms that Lindex has a responsibility to contribute to the SDGs.<sup>372</sup> Ingrid Porss confirmed the BSR statement of the importance of maintaining a close relationship with their suppliers, but primarily emphasised their stakeholder layout as motivation for their gender-equality work: women constitute the majority of their customers, their employees, and the workers in the factories of their suppliers. This creates a natural motivation for Lindex to focus on gender equality and make sure that women working in their supply chain have the same opportunities as men.

Lindex has not faced strong pressure from their stakeholders to work towards gender equality in the supply chain. Their shareholders regard the work as positive but do not demand concrete measures on either this or any issue relating to conditions in the supply chain. Confirming the picture painted by BSR, Lindex did not experience great consumer pressure to maintain gender equality. The main sustainability concerns

<sup>369</sup> <https://about.lindex.com/en/> [accessed 13 June 2019]

<sup>370</sup> Lindex sustainability promise for future generations, <https://about.lindex.com/en/lindex-launches-sustainability-promise-for-future-generations/> [accessed 11 June 2019]

<sup>371</sup> Lindex, Sustainability Report 2017, <https://about.lindex.com/se/wp-content/uploads/sites/3/2016/04/lindex-sustainability-report-2017.pdf> [accessed 28 May 2019]

<sup>372</sup> Lindex sustainability promise for future generations, <https://about.lindex.com/en/lindex-launches-sustainability-promise-for-future-generations/>

raised by their consumers mostly relate to the environment, such as use of chemicals. Consequently, Lindex finds it easier to communicate their work on environmental sustainability issues.

### **Lindex have initiated many different projects to improve gender equality in their supply chain**

For a long time, Lindex's CSR work focused on shaping up conditions in the factories, such as increasing security and ensuring reasonable salaries. Around 2010, focus started to shift to the workers with the ambition to create better conditions both within and outside the factories and in 2012, Lindex started engaging with BSR and HERhealth project. In 2017, Lindex started the project WeWomen, which they describe as taking "action for gender equality in the supply chain and work to create more equal and inclusive workplaces". This development confirms the trend towards increased ambitions identified by BSR.

WeWomen is a three-year project public private partnership (PPP) in which Lindex partners with the German federal company GIZ<sup>373</sup> and cooperates with BSR and local NGOs. Lindex and GIZ co-finance the project and BSR develops the materials and tools. The focus of WeWomen is to integrate gender equality in the management systems of their suppliers by educating factory management on gender equality issues and have them write a gender plan for their factory. The aim is to increase confidence in female workers, change norms and gender expectations, and to provide equal opportunity to training and career development. Lindex uses a Business Score Card to evaluate the supplier's work. One part of this is Sustainability Score Card, which measures how well the factories perform from a sustainability perspective. The rating in the Scorecards has a business impact and is primarily used as an incentive and not as a punishment. The We Women project has been piloted in Bangladesh, reaching over 80,000 employees, but the ambition is to scale the project to cover Lindex's entire supply chain in the future. In 2020, when the WeWomen project is finished, the intention is to share the management model publicly for any other actor to use.

### **14.3.2 Lindex confirmed lack of transparency as a main challenge in managing the supply chain**

Lindex does not own any factories of their own. However, in most of the countries where their suppliers are located, they have local production

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<sup>373</sup> <https://www.giz.de/en/html/index.html> [accessed 28 May 2019]

offices that make all decisions about orders, price, delivery time, and so on. This brings them closer to the suppliers and provides a better overview of suppliers' capacity to handle orders and avoid overtime. The employees in the production offices are about 50/50 women and men. In the factories they work with, about 75% of the employees in the sewing units are women. In general, there are more men in management positions in the factories.

Lindex's experiences confirm that lack of transparency in the value chain is a challenge. Especially the difficulties of looking beyond the first layer of the value chain, tier 1. Currently they have insight into their tier 1, the sewing units, and to a certain degree tier 2 and 3 as well.<sup>374</sup> The sewing units in turn are supposed to report their own value chain to Lindex, but this is complicated because not all factories know their entire value chain and subcontractors.

Lindex stated that they are committed to breaking down the value chain. They have signed the Clean Clothes Transparency Pledge<sup>375</sup>, and continuously publish updated information on their value chain. As an additional way to improve transparency, they are working on reducing the number of suppliers.

From a supplier perspective, Lindex confirms the problem BSR described with multiple and differentiating demands from many different companies at the same time who all have different codes of conduct, perform individual audits, and so on. This is a problem even if most CoCs are based on the Global Compact. Since Lindex does not own their own factories, they often find themselves one of many companies placing orders at the same supplier.

### **14.3.3 Lindex pointed to similar gender-equality challenges throughout the value chain, but added difficulties in implementation due to cultural differences**

Regarding challenges related to gender equality, the representative from Lindex emphasised that the main issues are similar to the gender-equality problems faced in Sweden, albeit to a much, much higher degree. It is about access to childcare, wage gaps, violence against women, and giving women equal opportunities.

One big challenge of working with gender equality in their supply chain is that it often requires a change in attitude, which can be challenging

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<sup>374</sup> Updates on their value chain is published continuously on Lindex's web site.

<sup>375</sup> <https://cleanclothes.org/transparency> [accessed 28 May 2019]

considering the culture in many of the countries they work with. As an example, they mention a factory in Bangladesh where the factory hired several women in the management team to improve the gender ratio. In this factory, they used to have management meetings late in the evenings. However, since the women did not have a safe way to get home that late, it was impossible for them to stay in management and most of them quickly quit. This example illustrates how gender equality is not only about percentages. In this case, more consideration should have gone into different security realities for women and men. Consequently, initiatives to promote gender equality in the supply chain need to focus on changing the management style and perspective and not just on the numbers of women in the management team.

#### **14.3.4 Lindex sees positive effects from these initiatives, such as economic benefits and improved working conditions**

In the HERhealth project, Lindex focuses on health and nutrition. Since 2012, about 20,000 women have taken part in the project, which is around 50% of all the women employed in the factories they associate with in Bangladesh. The project is a joint investment by Lindex and the suppliers—Lindex pays 50% and the factories 50%. Employees educate other employees on health and safety. This has been an easy pitch to the factories because they clearly see the economic benefit of healthy employees through reduced sick leave, higher productivity, and less waste. All these are economic benefits, but they also get cleaner and nicer factories. For future work, Lindex wants to develop a better way to measure progress through their initiatives and find out more clearly what gender equality means for the women in their production countries.

## PART III – What next?

Part II provided an overview of attempts to reform trade policy to contribute to inclusive economic growth where women and men have equal opportunity to benefit from international trade.

Part III of the report provides concluding remarks and thoughts on where to go next. How can the solutions in Part II be improved, and what additional options might there be for trade policy to meet the challenges described in Part I and contribute to gender equality, women’s economic empowerment, and SDG 5?

The section includes thoughts and policy recommendations already brought forward by other actors supported by the National Board of Trade and presents new ideas on how to reform trade policy.

## 15 Primary conclusions

We’ve realised that to be gender transformative we need to be gender transformed as well.

—Gerry Boyle<sup>376</sup>

### 15.1 Trade cannot do it alone, but it can make a valuable contribution

The barriers and challenges described in this report require policy reform. Even though this report has made it clear that trade policy reform has an important role to play in efforts to reach gender equality, it is obvious that trade policy cannot do it all by itself. Complementary policies and regulations on all policy levels with the specific purpose of promoting gender equality are necessary for economic growth to be inclusive.

It is, however, important to remember the national context. For example, considering the differing effects of trade reform in high-income countries compared to low-income countries, it is clear that the challenges and solutions for high- and middle-income countries differ from the ones connected to developing countries. All countries are different and require

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<sup>376</sup> Gerry Boyle, Senior Policy Adviser, Women’s Economic Empowerment, Care International; quote from OECD Global Forum on Responsible Business Conduct, June 2018.

different approaches to addressing barriers and achieving gender equality. There is no one-size-fits-all solution.

## 15.2 The appropriate policy response requires a case-by-case analysis

To meet the challenge of reducing trade-related gender gaps and economically empowering women, an all-hands-on-deck approach is necessary. Depending on the specific challenge at hand, different policies or policy combinations will be appropriate. Some challenges will likely only require domestic reform but have a clear impact on trade opportunities, while trade policy reform may at least partially alleviate other challenges. Identifying the most suitable level for policy response to a specific barrier or challenge requires a case-by-case analysis, including a gender impact assessment. However, even without a case-by-case analysis and a thorough impact assessment, it is possible to make some initial assessments on how trade policy may contribute to eliminating barriers to gender equality and where national policies are more appropriate.

## 15.3 Trade policy can promote and mainstream gender equality in the context of broad economic cooperation

Incentivising women in STEM activities and promoting female leadership and WO businesses' access to finance are examples of topics suitable to address through international cooperation. National governments can use international regulatory and economic cooperation to support their own efforts towards gender equality. Available policy instruments include legally binding rules, voluntary guidelines, codes of conduct, and transparency and dialogue provisions.<sup>377</sup> Within the European Union for example, there are plenty of available suggestions for how policy may address women's underrepresentation in the labour market, including work-life balance policies such as well-designed, gender-balanced family-related leave; flexible working arrangements and formal care services; and policies to limit the economic disincentives for women to work.<sup>378</sup>

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<sup>377</sup> See, e.g., the OECD IRC Toolkit, <https://www.oecd.org/gov/regulatory-policy/irc.htm> [accessed 26 April 2019].

<sup>378</sup> European Commission, European Semester Thematic Factsheet—Labour Force Participation of Women, 2017.

#### 15.4 When trade policy is not the appropriate arena for policy reform, it can still play a role in supporting implementation of other obligations

Reforms of social policies, such as those related to sharing the unpaid work burden, is not a role for trade policy. Such measures are more suitable at the national level than for trade policy. Additionally, removing legal restrictions to employment and introducing and enforcing prohibitions on gender-based discrimination in employment are steps that primarily need to be taken on the national level. However, trade policy can play a part in pushing the national process forward, for example, by including gender experts in stakeholder dialogue and by promoting the effective realisation of existing international commitments. Promoting the effective realisation of international labour rights regulations, such as ILO conventions, is a currently commonly used feature in trade agreements such as the TSD chapters in FTAs concluded by the European Union. As set out below, there is room for additional enforcement of the implementation of these commitments.

#### 15.5 Trade policymakers need to stop framing the topic as a women's issue

One of the major disadvantages of the current approaches in trade policy to promote gender equality is the framing of the topic as a women's issue. Even the Buenos Aires Declaration talks about Trade and Women. As evidenced by this report, it is women as a collective who generally face higher barriers to benefitting from the opportunities of trade. However, society as a whole is suffering from the gender gaps holding back economic development.

Continuous framing of the topic as being about trade and women risks solidifying existing gender norms and bias. It might reinforce the image that women need help to succeed, when both women and men need equal opportunities to participate in and benefit from international trade. Going forward, trade policy should therefore move away from the framing of "trade and women" and towards an inclusive trade.

#### 15.6 A gender-responsive trade policy requires a new mindset and recognition of structural disadvantages

UN Women identifies gender bias<sup>379</sup> in macroeconomic analyses and policymaking as one of the main areas in which macroeconomic policies

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<sup>379</sup> Gender bias can be defined as: "Prejudiced actions or thoughts based on the gender-based perception that women are not equal to men in rights and dignity". European

currently constrain progress towards women's economic empowerment.<sup>380</sup> Current policies tend to fail to consider structural disadvantages. With this in mind, the traditional focus trade policy has had on simply providing economic growth may not be a useful approach in trying to fulfil the role the 2030 Agenda has assigned international trade: to be an engine for inclusive economic growth—an economic growth that works for both women and men. The trade community has started to move away from the idea that trade is gender neutral, which is a good start. The increased realisation that trade has different effects on women and men pushes trade policy to become gender responsive instead of gender blind. To achieve the stringent policy reforms necessary to contribute to the fulfilment of SDG 5, policymakers need a new mindset for all macroeconomic policies that considers these structural disadvantages.

### 15.7 All levels of trade policy need continued mainstreaming of gender equality

There are plenty of arguments for mainstreaming gender into trade policy, but the most important one is that the international community is already obliged to do so. On numerous occasions, the international community has agreed on gender equality as a goal to achieve through the mainstreaming of gender in all areas of economic, political, and social life and policy,<sup>381</sup> which of course includes trade policy. Gender mainstreaming in trade policy could mean not only integrating an awareness of the links between trade and gender into trade policymaking and adopting gender sensitive indicators for monitoring and evaluation, but also increasing the representation of women as exporters, traders in general, and participants in trade missions. Continued mainstreaming requires opening up to other areas of expertise, learning from gender experts, and including women's voices in all aspects of trade policy, negotiation, and evaluation. In terms of formulating a commitment, individual countries may find inspiration from Global Affairs Canada's Trade Policy and Negotiations Branch's #GenderPledge.<sup>382</sup>

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Institute for Gender Equality, EIGE, <https://eige.europa.eu/thesaurus/terms/1155> [accessed June 2019]

<sup>380</sup> UN Women, *Macroeconomic Policy and Women's Economic Empowerment* [discussion paper] (2017).

<sup>381</sup> CEDAW, The Beijing Declaration, SDG 5, etc.

<sup>382</sup> [https://international.gc.ca/gac-amc/campaign-campagne/inclusive\\_trade/gender-genre.aspx?lang=eng](https://international.gc.ca/gac-amc/campaign-campagne/inclusive_trade/gender-genre.aspx?lang=eng) [accessed 14 May 2019].

## 16 Thoughts on future trade policy

### 16.1 Start treating gender as a market access issue

Perhaps the most important reform that would ensure trade policy promotes gender equality and women's economic empowerment is to start treating gender as a market access issue and not just a women's issue or a sustainability issue. This means connecting gender equality to the most traditional trade negotiation topics—the conditions and tariff and non-tariff measures<sup>383</sup> the parties agree to for goods and services to enter their specific markets.

Because of the gender-segregated labour market, it is clear that decisions on which sectors to liberalise and where to create market access will have gendered effects. Using the information available from gender impact assessments to identify sectors, products, and services that have positive implications for gender equality and to focus market access to these sectors ought to be a priority for trade negotiations. This could, for example, be done through provisions with the intention to increase market access for WO businesses, or specifically steer liberalisation to sectors where women are overrepresented, or indeed avoid or gradually liberalise other sectors.

Treating gender equality as a market access issue also has the advantage of placing focus on a traditional topic related to trade liberalisation, which might make it easier for potentially critical voices to accept than, for example, negotiating reforms of discriminatory national laws.

### 16.2 Continue and increase data collection initiatives

As a well-recognised problem, the increase in and the continuous collection of gender-disaggregated data is an obvious priority for more gender-responsive trade policy. Even though there are a number of initiatives in place, many of them are ad hoc, and there is potential for development and systematisation. As apparent from this report, gender-disaggregated data is most available for gender gaps in the labour market, such as employment participation rates and wages. Consequently, data on entrepreneurship and consumption should be prioritised.

An option for trade policy is to include an obligation in trade agreements to collect gender-disaggregated data. Priority should be given to data collection that enables the measurement of the indicators under the targets for SDG 5. Such a provision needs to be accompanied by a

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<sup>383</sup> Such as provisions on subsidies, technical barriers to trade, public procurement, etc.

provision on monitoring progress. If the agreement is between parties with different levels of negotiation power, such an obligation could be combined with AfT commitments such as capacity building.

In addition to committing to gender-disaggregated data collection, trade policymakers could assist the private sector in measuring the business case by defining common indicators for gender equality and women's economic empowerment in supply chains.

### 16.3 Improve and expand the gender dimension in ex ante impact assessments

Impact assessments are one of the best tools for understanding gender-equality challenges and opportunities from planned trade reforms and for informing appropriate policy response. Policymakers can use several measures to improve how current trade policy impact assessments include gender.

#### **Mainstream gender into ex ante impact assessments**

If a separate gender impact assessment is not conducted, gender ought to be mainstreamed into all ex ante impact assessments of proposed trade policies—not just into the sustainability part of impact assessments but also into the economic assessment of the proposed liberalisation. This will ensure the proper monitoring and evaluation of the effects of entire trade agreements and policies on gender gaps. Mainstreaming may also include adding areas of analysis to assessments, such as the potential impact on factors that constrain women's economic empowerment (access to parental leave, etc.; see Chapter 10 above, Potential barriers to opportunity to equal participation in and benefits from trade). A lot of knowledge and recommendations are available on how to conduct a GIA. Policymakers should draw inspirations from these resources.<sup>384</sup>

#### **Use the available information**

The next step in the process is to ensure that the information from the ex ante impact assessment is fed into the design of the entire trade agreement and is available to both the trading parties and interested stakeholders. Information regarding impact on trade-exposed sectors can be used to design the provisions in the trade agreement and to develop suitable trade adjustment assistance measures. The information on barriers to equal opportunity from an expanded impact assessment can be

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<sup>384</sup>See, e.g., the EIGE gender impact assessment guide, <http://eige.europa.eu/gender-mainstreaming/toolkits/gender-impact-assessment/what-gender-impact-assessment>.

used to identify the national reforms needed for women and men to benefit equally from the proposed trade reforms.

### **Follow up implementation and effects with ex post assessment**

An ex ante GIA does not solve the problem of monitoring and implementation of the trade agreement and potential gender provisions. As the National Board of Trade has highlighted before, an ex ante gender impact assessment needs to be complemented with an ex post analysis of actual effects on gender equality.<sup>385</sup> Implemented liberalisation measures require regular monitoring and follow up with ex post assessments. Otherwise, there is no way of knowing if the agreement had unexpected effects on gender equality, if potential mitigating measures had the desired effect, or any other information that may be necessary for a revision or renegotiation of the contents of the agreement. This requires making room in the agreement to modify commitments in accordance with the new findings. Important aspects for the parties to agree on is who should perform the monitoring and the ex post assessments, how often they should be carried out, and how the findings of the assessments should be managed.

Policymakers could additionally use an ex post assessment to evaluate policies that are already in place, for example, as a reason to renegotiate the terms of an existing trade agreements.

## **16.4 Continue tariff reductions and eliminations, especially on gendered tariffs**

As evidenced, in some cases goods have different tariffs depending on the sex of the intended end-consumer. In addition, both gendered tariffs and non-gendered tariffs may have a discriminatory effect and cause gender gaps in consumption. This means that continuous removal of tariffs on goods can contribute to reducing the gender gaps in consumption. Considering the overrepresentation of women among low-income earners, the gender wage gap, and the fact that women tend to spend a higher proportion of their income on basic goods, consumption effects from trade reform in the form of reduced tariffs ought to be relatively more positive for women than men. Additionally, since women are becoming an increasingly important consumer group through the power of the purse, trade policymakers would be wise to include gendered consumption preferences during trade negotiations when considering what products are included in tariff reductions.

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<sup>385</sup> National Board of Trade, *Trade and social sustainability* (2017)

## 16.5 Continue to liberalise trade in services

Considering that liberalisation of trade in service is likely to benefit women more on a relative scale and thereby reduce the gender gaps, it should be a priority for trade policy. Liberalising trade in services could increase employment opportunities for women and help reduce the gender gaps on the labour market. Modes 1 and 4, cross-border trade and services that require the temporary movement of natural persons across borders,<sup>386</sup> are the modes of supply most often identified as the main roads for increasing women's participation in international trade in services.<sup>387</sup> Most liberalisation, however, seems to happen primarily on the unilateral level.

Reform of Mode 4, temporary movement of service providers, has the highest potential to reduce the gender gaps in trading occupations. Liberalising trade services under Mode 4 is an issue where trade negotiation positions have differed between high-income and developing countries. Traditionally, developing countries have taken the position that movement of people should be liberalised as much as the movement of goods, because they see labour as their primary competitive advantage, while for many developed countries it has been a politically sensitive issue.<sup>388</sup> To date, Mode 4 liberalisation has mostly been reserved for highly qualified business professionals. For services provided under Mode 4, women are usually involved in labour-intensive services such as care, health, and domestic and social services rather than professional services such as accountancy, engineering, and management.<sup>389</sup> A wider application of Mode 4 to the occupations in which women work could get more women into trade-related employment.

One area of special interest is the care sector, which is not very liberalised. Simplifying trade in areas such as healthcare and education may be beneficial for women, not only regarding new employment and entrepreneurial opportunities but also through the reduction of the care burden.<sup>390</sup> Further liberalised trade in services, especially in Mode 4, could create jobs and promote decent work in the female-dominated care sectors. Some studies indicate that trade liberalisation measures can reduce the reproductive care burden on the condition that these types of

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<sup>386</sup> E.g., people migrating for jobs as domestic workers or healthcare professionals.

<sup>387</sup> Shepherd and Stone, *Trade and Women*. ADBI Working Paper 648. Tokyo: Asian Development Bank Institute (2017).

<sup>388</sup> Shepherd, B and Stone, S, *Trade and Women*

<sup>389</sup> Lipowiecka; Kirita-Nganga, *The Gender Dimension of Services*

<sup>390</sup> Klugman, *The 2030 Agenda and the Potential Contribution of Trade to Gender Equality*

tasks are transformed into services that are sold in the formal market. Access to care services allows for women with care responsibilities to take up formal employment instead.<sup>391</sup>

However, there is a risk that the increased job opportunities in already female-dominated sectors could push even more women into formalised care work and thereby cement gender roles. Trade reforms related to liberalisation need to be combined with measures tackling social norms, gender bias, and discriminatory wages. In addition, considering that research indicates that the feminisation of sectors leads to lower average wages, trade policy reform needs to consider that the liberalisation of sectors that generally provide public services may require complementary policies to broaden access to the services in question.

## 16.6 Create more incentives for female entrepreneurship in trading sectors

Considering the multitude of potential positive effects of female entrepreneurship, promoting it should be a prioritised area for all economic cooperation, including trade policy. As recommended by the OECD, public policy should address institutional barriers to close gaps in access to finance and entrepreneurial skills, build entrepreneurial awareness and motivation, and reach out to support business growth through targeted business development support.<sup>392</sup> As pointed out by Randriamaro, supporting the creation of cooperatives and other types of networks for female entrepreneurs at national, regional, and international level may contribute to increasing economies of scale and bargaining power.<sup>393</sup> Within trade policy, incentivising female entrepreneurship can primarily be accomplished through the sharing of best practices and other cooperative measures with trading partners. A special focus should be placed on capacity building and financial support for women entrepreneurs in services. Trading partners can target interventions, such as networking events and export promotion efforts, to female entrepreneurs in the service sectors and ensure greater visibility of women service exporters.

## 16.7 Improve access to trade finance

Boosting access to finance is an important way to overcome the barriers faced by WO or women-run businesses. Since reducing gaps in access to

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<sup>391</sup> European Commission, *2018 Report on equality between women and men in the EU*

<sup>392</sup> OECD, *The Pursuit of Gender Equality: An Uphill Battle*

<sup>393</sup> Randriamaro, *Gender and Trade: Overview report*

finance is about levelling the playing field in terms of competitiveness, this is a suitable topic for trade policy. Increased access to finance in general and trade finance in particular should be a priority area for policy to reduce trade-related gender gaps in entrepreneurship.

Shepherd has concluded that new rule-making is probably not necessary for trade policy to improve access to trade finance and that the use of traditional FTA provisions may be sufficient.<sup>394</sup> Instead, he proposes using an FTA for regulatory changes to create greater competition in financial markets and to thereby reduce discrimination. Since most WO businesses are SMEs, promoting access to microfinance is especially important to reduce the gender gaps in access to finance.

Regarding access to trade finance specifically, one potential reform could be to introduce gender considerations into the process of providing businesses with loan guarantees such as export credits. Like certain public procurement strategies, agencies providing export credits could set goals or even quotas for WO businesses as a way to support female entrepreneurs who want to take the step to establishing trading businesses.

## 16.8 Increase transparency and stakeholder engagement

Increasing transparency in all phases of trade policy creation may help overcome the barriers to access to information that primarily women face. It can also be an important way to expand the consultative and participatory process with stakeholders during the negotiation phase. An improved stakeholder dialogue may promote legitimacy for trade policy and expert input from, for example, women's rights organisations would help policymakers make informed decisions. Policy reforms should include reducing potential barriers for all relevant stakeholders to participate in trade negotiations, such as providing equal access to negotiated texts and having an open consultation process with all relevant stakeholders as part of the impact assessment process.

## 16.9 Intensify work on a universal definition of WO business

Regarding entrepreneurship, the biggest obstacle for data collection is the lack of a universal definition of a WO company. Consequently, a policy priority should be to intensify the work on an international standard and certification in this area. Currently, not enough countries are involved in

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<sup>394</sup> Shepherd, B., *Women and access to finance: What is the role (if any) of trade policy?*

this process. This could be a topic for cooperation between trading parties. Important defining features of such a definition include what level of percentage of the company must be owned by a woman, 100% or simply a majority; the level of female CEOs; and the level of female participation in other management.<sup>395</sup>

### **16.10 Continue awareness raising and capacity building for policymakers**

Ever since the Buenos Aires Declaration, raising awareness of the different effects of trade and trade reform on women and men has been a priority in the trade community, but there is still room for improvement. Increased awareness is essential for policymakers to understand the need to apply a gender lens, the importance of including gender in impact assessments, and the methods that can be employed to use the results in the design of trade regulation. Since the trade policy community tends to frame the topic as important mostly in a developing country context and as a women's issue, it is of special importance to raise awareness about the potential positive social effects of reduced gender gaps and barriers to equal participation in trade that primarily affect women.

### **16.11 Promote responsible business conduct**

Considering both the fact that partnerships are necessary to reach the SDGs and the potentially positive effects of private sector initiatives on gender-equal value chains, trade policy should continue to support responsible business conduct, through both dialogue and collaboration and through appropriate policy and regulative measures. As highlighted in the case study above, public policy can complement and reinforce 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. The latter has so far been done mainly by encouraging the private sector to adhere to international guidelines on responsible business conduct, but also through increased regulation on, for example, sustainability reporting. Since international guidelines have started to include gender aspects to a greater extent, the continued encouragement to follow such guidelines is recommended. In addition, to increase transparency—and thereby corporate responsibility—beyond the first level in the supply chain, tier

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<sup>395</sup> It is likely appropriate that a definition includes management as a parameter, because ownership may sometimes be hard to trace and not necessarily an indicator for decision-making processes. Registration of ownership could also be a formal pretence to receive a benefit such as a procurement contract or a tax benefit.

1, there might be room for additional regulation on, for example, due diligence requirements for large and international companies. However, this topic requires additional research, specifically on such a regulation, to avoid unnecessary trade obstacles.

## 16.12 Improve policy coherency

Trade policymakers also need to understand the context in which potential trade reforms operate. As the 2030 Agenda states, harmony between trade policy and the sustainability agenda has the potential to create a win-win situation. Reaching the SDGs requires policy coherence and coordinated efforts between policy areas. To work effectively, coordination and interaction between several policy areas is needed. The links between trade and gender that policy analysts are beginning to uncover are important information for the design of other policy interventions as well. For example, recent research shows that women are underrepresented in jobs supported by trade or export. The reasons for this are still unclear. Is it only because of the gender-segregated labour market, or do these jobs require a specific skill set? What can educational and vocational policies learn from these findings? These uncertainties show a need for increased dialogue between these policy areas.

## 17 Specific reforms at various policy levels

### 17.1 Initiatives in the multilateral arena

#### 17.1.1 Reform of the WTO as an organisation

Although gender is not included in the trade negotiation mandates and therefore not a rule making issue within the WTO, it can still be mainstreamed in the organisation, and rules can be implemented and designed with a gender lens. The WTO has taken big steps the past few years in its work with trade and gender, including initiating work on many of these topics, but a proper mainstreaming is yet to be achieved. In addition to the measures already initiated by the WTO, the National Board of Trade believes that the most progress may be reached by implementing several actions:

***Increasing the capacity of the gender focal point*** with a supporting committee, task force, or similar structure. This group would be responsible for managing all trade- and gender-related activities and would contribute to increasing expertise within the WTO Secretariat.

***Levelling up capacity building*** for both the WTO Secretariat and members. This should include moving away from defining trade and women as a development issue towards treating trade and gender as a sustainability issue of importance for both developing and high-income members. This is especially important considering the increasing demand from members to learn more about the connections between trade and gender in the context of trade negotiations.

***Conducting a gender impact analysis of existing WTO agreements.***<sup>396</sup> Increased capacity at the WTO Secretariat could also make it possible to conduct a gender impact analysis of existing WTO agreements. The results of this should be used for updates to and renegotiations of existing agreements.

***Introducing a requirement of gender impact analysis for potential new WTO agreements.***<sup>397</sup> No new trade agreements should be able to become a part of the WTO umbrella unless a gender impact analysis has been made and accounted for in the negotiations.

***Increasing contact and cooperation with other international agencies.***<sup>398</sup> Since sustainable development is a holistic concept, it is important to not act in silos and to embrace the expertise of other relevant actors on gender issues.

***Including 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 should be made a mandatory part of the Secretariat's report as well.

***Including gender as a part of the evaluation in the accession negotiations.*** The accession negotiations with prospective new members could include a requirement to implement social reforms connected to improving that country's potential for making liberalisation measures beneficial for both women and men. However, this possibility is limited due to the relatively low number of prospective members and because of possible deficiencies in these areas among existing members.

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<sup>396</sup> As previously suggested by Wagner. Wagner, C.Z., "Gender Mainstreaming in International Trade: Catalyst for Economic Development and Political Stability",

<sup>397</sup> As previously suggested by, e.g., Wagner, *ibid.*

<sup>398</sup> As previously suggested by, e.g., Randriamaro.

### **17.1.2 Substantive reform of WTO law**

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 be successful. The National Board of Trade therefore recommends other routes to begin with, and perhaps in due course, with a sufficient shift in attitude, gender may be a topic for potential substantive multilateral trade regulation.

One way to start might be by making smaller changes to existing regulations. For example, the initiative brought forward by Canada to include gender in domestic services regulation is an interesting example that shows the will to make existing policies more gender responsive. The most successful route is likely to try to include a gender perspective into already ongoing negotiations at the WTO, such as on the new e-commerce initiative.<sup>399</sup>

### **17.1.3 Possible plurilateral initiative**

The difficulties of moving forward multilaterally have led to several members moving towards plurilateral initiatives in various trade topics they consider of importance, such as trade in environmental goods and e-commerce. The Buenos Aires Declaration calls for the potential of a plurilateral solution. Such an agreement could be inspired by trade and gender provisions in FTAs, such as the trade and gender chapters concluded so far. That would mean a focus on reaffirming existing international obligations in the area and listing potential cooperation activities. Such a plurilateral agreement is not overly ambitious, so it is a good start for continuous momentum and increased awareness raising on the issues.

## **17.2 Bilateral/regional arena**

Even though the greatest impact could be reached through multilateral trade reforms, currently most trade reforms take place at a regional or bilateral level, which makes it important to consider opportunities to encourage gender equality in this framework.

### **17.2.1 Systematic application of gender impact assessments**

The most important reform for FTAs to become more responsive is the systematic application of gender impact assessments. The general

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<sup>399</sup> [https://www.wto.org/english/tratop\\_e/ecom\\_e/ecom\\_e.htm](https://www.wto.org/english/tratop_e/ecom_e/ecom_e.htm) [accessed 28 May 2019].

recommendations for improving current trade policy impact assessments stated above applies also in a bilateral or regional context.

Looking at EU FTAs as an illustrative example, considering at what rate the European Union has been entering into new FTAs and the amount of ongoing negotiations, the SIA conducted in connection to any new FTA negotiation has the potential to be an important tool to make EU trade policy more gender responsive. For future SIAs, it is especially important to make sure that they focus on the effects of trade reforms on not only women but also on gender equality in both the European Union and partner countries and include proposals for measures to counteract negative effects. In addition, the SIA should be complemented with an ex post version.

### **17.2.2 Gender lens in implementation of FTAs**

The first step towards making FTAs more gender responsive could be to strengthen the implementation of the existing commitments. The National Board of Trade has previously recommended several measures to strengthen the implementation of sustainability chapters or provisions in FTAs.<sup>400</sup> Many of these suggestions can be complemented with an additional gender dimension. For example, our previous suggestions include creating a *structured complaint mechanism* under which civil society representatives could launch a complaint about breach of a TSD provision. This could be used to, and maybe even encouraged to be used to, promote the objective of gender equality and women's economic empowerment. Other recommendations advocate explicit and *direct involvement of the ILO and MEA institutions* in TSD implementation, enforcement, and monitoring, which could easily be complemented by additional international institutions with gender expertise.

In addition, recommendations call for the establishment of an explicit and direct link between TSD implementation and technical or financial assistance, thereby incentivising credible commitment through the strategic management of development aid. This could also be further developed to include gender considerations, such as directing aid towards gender-marked AfT projects, or using AfT measures as a way to assist partner countries in implementing gender provisions that require domestic reform.

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<sup>400</sup> National Board of Trade, *Possible tools for strengthened implementation of sustainable development provisions in free trade agreements (FTAs)* (2017).

### 17.2.3 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.

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

- 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.<sup>401</sup>

One additional potential for FTA reform is to reform rules of origin (RoO). The National Board of Trade has recently brought forward a new set of ideas for how to reform RoOs in a way that may contribute to sustainable development. One possibility is to consider more liberal rules of origin if the producer of a product is owned or led by a women-owned company.<sup>402</sup>

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

### 17.2.4 Move beyond reaffirmation towards actual commitments

So far, gender-related provisions in FTAs have rarely created new obligations but have instead focused on reaffirming existing obligations. A new move for an FTA could be to require the parties to adopt and implement new national legislation or regulation prohibiting discrimination based on gender, or obligations to effectively implement such existing regulation. So far, the trading community has shown

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<sup>401</sup> <https://www.empowerwomen.org/en/weps/about>.

<sup>402</sup> For a more comprehensive discussion of the kind of RoO design that would be necessary, see upcoming report from the National Board of Trade, *Rules of Origin in the 21st century*, 2019.

limited interest in such obligations, but it does not mean that it could not be a very effective instrument to promote gender equality.

### **17.2.5 Conditionality in FTAs**

A more far-fetched way of strengthening the gender relevance of FTAs could be to introduce conditionality. It implies that a specific provision is only applicable on condition that the trading partner removes a certain discriminatory domestic regulation (such as a legal restriction limiting access to a certain profession, starting a business, etc.) or implements a law on gender discrimination. However, considering the highly contentious nature of the possibility of conditionality, the uncertainties regarding its effectiveness, and its impact on other potentially positive effects of the intended liberalisation, conditionality requires significant research before it can be recommended as a policy reform.

## **17.3 Unilateral arena**

### **17.3.1 Public procurement reform**

Considering the low level of access of WO businesses to public procurement and the potential for WO businesses to use procurement contracts as a stepping-stone to grow, scale up, and then reach international markets, it should be a policy priority to include gender considerations in public procurement strategies. As described in this report, inspiration can be drawn from several countries. Even though quotas for WO enterprises have been successful in certain countries, this might not always be appropriate, or even legally viable, as is the case for the European Union. If this is the case, measures on transparency and digitalisation of the process may be more suitable. One example of an important policy measure is to make it easier for WO businesses to pool their resources to fulfil the requirement to win a contract. This may help overcome the obstacle of WO businesses generally being smaller and thereby lacking the capacity to take on public contracts. A lot of additional advice and recommendations are available for governments interested in mainstreaming gender into their procurement process.<sup>403</sup>

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<sup>403</sup> Notable examples include the ITC guide *Empowering Women Through Public Procurement 2014* and Rimmer, S, *Gender-smart Procurement: Policies for Driving Change*, Research Paper, Chatham House, Finance Department (December 2017)

**17.3.2 Aid for Trade reforms**

Finally, AfT projects deserve increased integration of a gender perspective. For example, capacity-building projects could target initiatives related to WO businesses with a special focus on building networks and increasing access to trade information. This has enormous potential to contribute to reducing the barriers and obstacles female entrepreneurs face in trying to connect to international markets.

## 18 Annexes

### 18.1 Annex I: Examples of studies on how trade reforms have had an impact on the GWG

#### **The North American Free Trade Agreement and US GWG**

A study from 2014 argues that whenever trade expands sectors that are intensive in female labour, the GWG will widen and female labour force participation will fall. Looking at US-Mexican trade flows, the researchers concluded that due to the North American Free Trade Agreement (NAFTA), the US GWG increased and female labour participation rates went down.<sup>404</sup>

#### **NAFTA and Mexico**

Another study, looking at the effects of NAFTA on the other side of the border, examined whether NAFTA induced exporting firms to update their technology in a way that raised the relative wage and employment rate of women in blue-collar occupations in Mexico. The study concluded that the tariff reductions following from NAFTA both increased employment opportunities for women in blue-collar jobs and had a wage effect.<sup>405</sup> An average tariff reduction of 5.2 percentage points caused a 24% increase in the blue-collar women's relative wage bill. The authors of the study primarily attributed this effect to the technological upgrades made by exporting firms who invested in new machinery, which raised the productivity of female workers in blue-collar jobs.

#### **Impact on Brazilian GWG of increased trade flows with China**

Between 2000 and 2010, the trade flows between Brazil and China increased tremendously, and imports from China to Brazil increased by 994%.<sup>406</sup> The imports led to a reduction of total wages in Brazil, completely borne by male workers. At the same time, the female share of workers in higher-paying occupations increased. Consequently, import competition in Brazil decreased the GWG, but at the expense of lower average wages in total.

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<sup>404</sup> Sauré, P., Zoabi, H., "International trade, the gender wage gap and female labor force participation", *Journal of Development Economics*, Elsevier, vol. 111(C), pp 17-33 (2014)

<sup>405</sup> Juhn, Ujhelyi, Villegas-Sanchez, "Men, women, and machines: How trade impacts gender inequality"

<sup>406</sup> Benguria, F and Ederington, J, *Decomposing the Effect of Trade on the Gender Wage Gap* (2017).

### **OECD overview**

Another paper looked at differences between women's and men's wages in 18 OECD countries in the period 1970–2005 and came to several interesting conclusions.<sup>407</sup> An increase in sector concentration was associated with wage gap growth. Both import and export penetration were associated with a reduction of the high-skill gender wage gap growth in concentrated industries, and the researchers found evidence for trade having increased the GWG in the medium- and low-skilled occupations in less competitive industries.

### **Norway**

In a high-income country context, the study from the manufacturing sector in Norway provides the most recent evidence on the impact of trade on the GWG. The researchers found that the GWG was 3 percentage points higher in exporting firms than in non-exporting firms.<sup>408</sup> This study shows that the GWG increased with the share of output exported, number of markets served, and number of export varieties. The study provides evidence that the internationalisation of firms in a high-income country context actually enhances wage inequalities. It should be emphasised that this finding concerns high-skilled workers.

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<sup>407</sup> Wolszczak-Derlacz, J, "Mind the Gender Wage Gap – The Impact of Trade and Competition on Sectoral Wage Differences", *The World Economy*, Vol. 36, Issue 4, pp. 437-464 (2013)

<sup>408</sup> Bøler, E.A., Javorcik, B., Ulltveit-Moe, K.H., "Working across time zones: Exporters and the Gender Wage Gap"

## 18.2 Annex II: BSR Indicators

<b>Impact Area</b>	<b>Programme</b>	<b>Indicator</b>
Behaviour	HERhealth	% women with demonstrated dietary diversity
Behaviour	HERhealth	% women who report willingness to be tested for HIV/AIDS
Behaviour	HERhealth	% women who use menstruation products
Behaviour	HERhealth	% women who use modern family planning products
Behaviour	HERhealth	% women who self-conduct a breast exam
Behaviour	HERrespect	% women who believe a woman sometimes deserves to be beaten
Behaviour	HERrespect	% men who believe a woman sometimes deserves to be beaten
Behaviour	HERrespect	% women who report they would use workplace grievance mechanisms should they have a sexual harassment claim to make
Behaviour	HERrespect	% women who report having more gender equitable attitudes
Behaviour	HERfinance	% women and men who increase their total savings
Behaviour	HERfinance	% women and men who believe men should make large financial decisions in the household
Behaviour	HERfinance	% women and men who report a formal savings account as their preferred saving method
Behaviour	HERfinance	% women and men who report increased confidence in being able to meet their family's future needs
Self-esteem	all	% women who report positive self-esteem
Workplace relationships	all	% women who report high confidence in speaking to a manager about an issue at work

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## 20 Sammanfattning på svenska

*(Summary in Swedish)*

***Agenda 2030 identifierar internationell handel som ett verktyg för inkluderande tillväxt, vilket inkluderar att kvinnor och män har lika möjligheter att dra nytta av handel.***

Handel och handelsliberaliseringar kan ge, och har gett, både män och kvinnor ökade ekonomiska möjligheter, men bristande jämlikhet och jämställdhetsgap påverkar individens kapacitet att dra nytta av de möjligheterna. Trots att handelsregelverk är könsneutralt utformade kan internationell handel och handelsreformer påverka män och kvinnor på olika sätt. Insikten om att handelsregler kan ha icke-jämställda effekter har skapat en efterfrågan på mer jämställdhetsanpassad handelspolitik, och de senaste åren har ett ökat antal handelspolitiska initiativ tagits i syfte att bidra till ökad jämställdhet och främja kvinnors ekonomiska makt. Med den här rapporten vill Kommerskollegium bidra till den pågående diskussionen om handelspolitikens roll i att minska de handelsrelaterade jämställdhetsgapen.

Rapporten utforskar länkarna mellan handel och bristande jämställdhet på tre huvudområden: sysselsättning och arbetsmarknad, företagande och konsumtion. Syftet med rapporten är att öka förståelsen för hur handelspolitiken kan bidra till en inkluderande tillväxt där kvinnor och män har lika möjligheter att dra nytta av de potentiella vinster och möjligheter handel och globala värdekedjor ger.

För att undvika att frågan behandlas som en kvinnofråga eller utvecklingsfråga fokuserar rapporten på kopplingen mellan handel och jämställdhetsgap, inte handel och kvinnor, och på effekterna i hög- och medelinkomstländer samt skälen för hög- och medelinkomstländer att överbrygga de handelsrelaterade jämställdhetsgapen. Därutöver presenterar rapporten genom en fallstudie exempel på hur näringslivsinitiativ kan inspirera handelspolitiken.

***Det huvudsakliga problem som rapporten beskriver är att handel och handelspolitik inte är könsneutrala i praktiken.***

Handelsrelaterade jämställdhetsgap finns inom sysselsättning, på arbetsmarknaden, för företagare och för konsumenter. Gapen tenderar att vara till mäns fördel. Färre kvinnor än män har jobb som stöds av internationell handel, färre kvinnliga entreprenörer deltar i internationell handel och produkter som riktas till kvinnliga slutkonsumenter tenderar att vara dyrare. Genom förändring av faktorer som tillgängliga jobb,

tillgång till resurser, och konsumtionsmönster, så varierar handelseffekter för kvinnor och män.

För att börja med sysselsättning och arbetsmarknaden så indikerar större delen av tillgänglig forskning att handel och globala värdekedjor kan bidra positivt till att skapa jobb, men eftersom större delen av den forskningen är från en utvecklingslandskontext så är det oklart om det även gäller för höginkomstländer. Dessutom minskar inte automatiskt jämställdhetsgap genom ökad kvinnlig sysselsättning om inte mäns deltagande förblir konstant eller minskar. Hittills indikerar forskning från höginkomstländer ett större jämställdhetsgap för deltagande på arbetsmarknaden och för könsskillnader i lönenivåer i handlande sektorer. Det är även oklart vilka jobb som skapas genom handeln. Även om handelsrelaterade jobb tenderar att ge högre löner än jobb utan handelskoppling så består könsskillnader i lönenivåer efter handelsreformer, och kan till och med öka.

Huvudförklaringen till jämställdhetsgap för sysselsättning och arbetsmarknad, liksom för företagande, är yrkes- och branschmässig könssegregering. Kvinnor och män tenderar att både arbeta och starta företag inom olika sektorer och yrken. Generellt sett arbetar kvinnor och startar företag i sektorer med svag handelskoppling, oftast inom tjänster, som i sin natur är svårare att handla internationellt. Könsegregationen på arbetsmarknaden är än starkare i en höginkomstkontext. För entreprenörer finns skillnader i företagskaraktär mellan företag som ägs eller drivs av kvinnor respektive män, såsom företagsstorlek, antal anställda och tillgång till finansiering, vilket utgör ytterligare viktiga faktorer som påverkar jämställdhetsgapet och leder till svårigheter i att utgöra ett handlande företag.

Flera hinder, som särskilt kvinnor möter, försvårar jämlika möjligheter att delta i eller gynnas av internationell handel och handelsreformer. Dessa hinder bidrar också till jämställdhetsgapet. De två största hindren för kvinnors deltagande i handelsrelaterad sysselsättning är fördomar kring vilka jobb som passar kvinnor och jämställdhetsgapet när det gäller obetalt omsorgsarbete. De huvudsakliga hindren för kvinnliga företagare att handla verkar vara begränsad tillgång till kapital, begränsad tillgång till information och könssegregation i branscher. Följaktligen etablerar sig kvinnor främst i sektorer med lägre hinder för etablering och lägre koppling till globala värdekedjor.

När det gäller konsumtion är det svårt att identifiera homogena konsumentgrupper baserat på kön, vilket gör handelsrelaterade

jämställdhetsgap för konsumtion svåra att mäta. Det är dock möjligt att identifiera vissa könsbaserade skillnader i konsumtionsmönster för varor och tjänster. Skillnader i vad kvinnor och män spenderar sin inkomst på och hur de varorna och tjänsterna är prissatta leder till jämställdhetsgap för konsumtion. Dessutom är vissa produkter i vissa länder belagda med olika tullar beroende på vilket kön slutkonsumenten har, vilket skapar ojämlika konsumtionseffekter.

***På alla handelspolitiska nivåer pågår initiativ för ökad jämställdhet och för att främja kvinnors ekonomiska deltagande.***

Hittills har den handelspolitiska gemenskapen svarat på insikten om att handel inte är könsneutral och på hinder för jämställda möjligheter på flera sätt på alla policynivåer.

På multilateral nivå finns för närvarande en stark rörelse för att göra handel mer inkluderande och jämställdhetsanpassad. Den rörelsen kan till stor del tillskrivas *The Buenos Aires Declaration on Trade and Women's Economic Empowerment* som antogs i anslutning till WTO:s ministermöte i Buenos Aires år 2017, och till påföljande ansträngningar från WTO-medlemmars ansträngningar att implementera de åtgärder som lades fram i den deklARATIONEN. Formella handelsförhandlingar på multilateral nivå har hittills främst berört jämställdhetsfrågor indirekt, och bara förhandlingar om nationell reglering av tjänster har uttalade referenser om jämställdhet mellan män och kvinnor.

Den primära vägen framåt för större integrering av jämställdhetsfrågor i WTO skulle kunna vara den handelspolitiska översynen, *Trade Policy Review Mechanism*, genom vilken flera medlemsländer redan har tagit initiativ till att inkludera jämställdhet i sin nationella rapportering. WTO-sekretariatet vidtar också åtskilliga åtgärder för att integrera jämställdhet i sitt dagliga arbete, om än främst från ett utvecklingsperspektiv, vilket indikerar ett paradigmskifte kring hur multilaterala handelsförhandlingar innefattar jämställdhet.

I bi- och plurilaterala frihandelsavtal har inkluderingen av jämställdhet i handelsförhandlingar kommit längre än på den multilaterala arenan, till exempel genom att inkludera separata avtalskapitel om jämställdhet. Fokus ligger dock fortfarande på att bekräfta redan gjorda åtaganden och samarbete snarare än att skapa nya förpliktelser. När jämställdhet inkluderas i frihandelsavtal behandlas det vanligen som en hållbarhetsfråga, ofta som en fråga om arbetsrättsliga bestämmelser som syftar till förbättrade arbetsvillkor för kvinnor. Det är ovanligt att jämställdhetsskrivningar kopplas till en tvistlösningsmekanism. En sådan

koppling leder inte nödvändigtvis till bättre implementering, utan andra åtgärder kan i stället vara mer användbara.<sup>409</sup>

Unilateral handelspolitik är det område där den mest kreativa utvecklingen förekommit vad gäller att inkludera jämställdhet i handelspolitiken. Preferentiella handelssystem, *Aid for Trade*-projekt, strategier för offentlig upphandling och feministisk handelspolitik är exempel på unilaterala handelspolitiska strategier som länder antagit för att föra handelspolitiken i en mer jämställd riktning. För många av åtgärderna har fokus legat på att avlägsna hinder för kvinnors tillgång till de möjligheter internationell handel erbjuder, såsom förenklat marknadstillträde för kvinnliga företagare.

Tematiska initiativ växer också fram, såsom den ökade inkluderingen av jämställdhet i handelspolitiska konsekvensanalyser, men för befintliga initiativ finns förbättringsutrymme, både vad gäller de processer som används för att utföra analyserna och vad gäller hur resultaten används.

***Erfarenhet från näringslivsinitiativ för att främja jämställdhet i leverantörskedjor kan användas i framtida handelsreformer.***

Näringslivet har intresse av att främja jämställdhet eftersom det är bra för verksamheten och attraherar kompetens, och det ses allt mer som en naturlig del av ansvarsfullt företagande. Initiativen verkar bli allt mer ambitiösa med ökat fokus på ekonomisk egenmakt. De huvudsakliga skälen för företag att arbeta med jämställdhet i leverantörskedjan är att göra grundläggande åtaganden för bättre arbetsvillkor, visa resultat för andelsägare och behålla kommersiella relationer med leverantörer. De två största utmaningarna är brist på könsuppdelad data som krävs för att mäta finansiella fördelar samt brist på transparens i värdekedjan. Socialpolitik och handelspolitik kan komplettera och förstärka potentiella positiva effekter av näringslivssatsningar.

***Även om inte handel på egen hand kan lösa jämställdheten så kan den spela en viktig roll.*** Handelsliberalisering räcker inte för att överbrygga jämställdhetsgapet och handelspolitik kan inte på egen hand lösa de handelsrelaterade jämställdhetsgapen eller övervinna hinder för jämställda möjligheter att handla. För att uppnå inkluderande ekonomisk tillväxt, jämställdhet mellan könen och öka kvinnors ekonomiska

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<sup>409</sup> Tidigare rekommendationer från Kommerskollegium för att stärka implementeringen av hållbarhetsåtaganden gäller även för jämställdhetsskrivningar. Se *Implementation and enforcement of sustainable development provisions in free trade agreements – options for improvement*, NBT 2016, och *Possible tools for strengthened implementation of sustainable development provisions in free trade agreements (FTAs)*, NBT 2017.

egenmakt behövs en kombination av handelspolitik, kompletterande politisk reglering och näringslivsinitiativ. En lämplig policyutformning kräver analys från fall till fall. Det står dock klart att handelspolitiken har en funktion att fylla, både genom traditionella åtgärder, såsom fortsatta liberaliseringar, och genom att stötta policyreformer som primärt lämpar sig för nationell reglering.

Ytterligare liberalisering av tjänstehandel kan bidra till att skapa jobb och främja anständiga arbetsvillkor i kvinnodominerade sektorer, såsom omsorgssektorn. Störst potential för att minska jämställdhetsgapet i handlande yrken ligger i fortsatt liberalisering av tillfällig personrörlighet för tjänsteutövare. De som utformar politiken måste dock ta i beaktande risken att fler kvinnor drivs in i formaliserat omsorgsarbete vilket förstärker könsroller. Fortsatt sänkning och avlägsnande av tullar på varor och tjänster, särskilt på könsspecifika tullar, kan bidra till minskade jämställdhetsgap för konsumtion.

Störst effekt skulle ändå troligtvis uppnås om handelspolitiken började behandla jämställdhet som en fråga om marknadstillträde. Det innebär att jämställdhet kopplas till de villkor som parter enas kring för varor och tjänster för att föras in på sina specifika marknader. Detta kräver förbättrade och utökade könsdimensioner i konsekvensanalyser av handelsreformer. Genom att använda tillgänglig information från konsekvensanalyser av jämställdhetseffekter kan sektorer, produkter och tjänster som har en positiv effekt på jämställdhet identifieras, och ett prioriterat fokus på marknadstillträde bör i förhandlingar ligga på dessa sektorer. Den information som jämställdhetskonsekvensanalyser ger kan också upplysa om möjliga kompletterande reformer som i sin tur bidrar till samstämmighet i politiken och ökad samordning för insatser för att nå de globala utvecklingsmålen.

En förbättrad och utökad användning av jämställdhetskonsekvensanalyser kräver korrekt och tillgänglig statistik. Handelspolitiken borde därför fortsätta att främja utökad och systematisk insamling av data. Eftersom könsuppdelad statistik främst finns tillgänglig för jämställdhetsgap på arbetsmarknaden bör data som rör företagande och konsumtion prioriteras. Det kräver även arbete med en gemensam definition av vad som utgör ett kvinnoägt företag.

***Även när handelspolitiken inte är rätt arena för reform kan den bidra till att föra processen framåt.***

Några av de utmaningar som är kopplade till att göra handel mer jämställd kräver reform av sociala policyer, vilket inte är

handelspolitikens roll utan främst en fråga för nationella reformer. Handelspolitiken kan fortfarande fylla en funktion genom att till exempel bidra till ökad dialog mellan intressenter, främja effektivt genomförande av befintliga internationella åtaganden, ökade samarbeten och erfarenhetsutbyte. Lämpliga exempel för handelsfrämjande på det här området kan vara att främja kvinnliga företagare i handlande sektorer genom samsarbetsåtgärder som motiverar kvinnor inom branscher som vetenskap, teknologi, ingenjörsvetenskap och matematik, främja kvinnligt ledarskap och ökad tillgång till finansiering för kvinnoägda företag. Dessutom bör handelspolitiken fortsätta att stötta ansvarsfullt företagande genom dialog och samarbete, och genom lämpliga politiska- och lagstiftningsåtgärder.

***Olika handelspolitiska nivåer kräver olika politiska åtgärder.***

Jämställdhet ingår inte i det multilaterala handelsförhandlingsmandatet för WTO, och en genomgripande reform av WTO-rätten är troligen inte genomförbar i det rådande handelspolitiska klimatet. Men ett plurilateralt initiativ skulle vara möjligt, och inspiration kan hämtas från befintliga kapitel om handel och jämställdhet i bilaterala och regionala handelsavtal. WTO som organisation kan ta fortsatta steg mot att föra in jämställdhet som horisontell fråga och garantera att befintliga regler kan implementeras och utformas på ett jämställt sätt. Det kan uppnås genom att till exempel öka kapaciteten för organisationens centrum för jämställdhet, genomföra konsekvensanalyser av befintliga WTO-avtal, öka samarbetet med andra relevanta organisationer och föra in jämställdhet som standardinnehåll i WTO:s handelspolitiska medlemsöversyner (TPRM).

För frihandelsavtal verkar de viktigaste reformerna vara att systematiskt tillämpa jämställdhetskonskvensanalyser, införa ett jämställdhetsperspektiv i arbetet med att stärka genomförande av befintliga åtaganden, samt utöka befintliga jämställdhetsvillkor. De senare bör utgöras av exempelvis åtaganden kring samarbete och informationsutbyte i vissa frågor och att utöka förteckningen av internationella åtaganden som parterna ska bekräfta. Ytterligare vägar framåt kan vara att gå bortom upprepning av tidigare åtaganden mot faktiska nya förpliktelser, såsom att begära att parterna antar och genomför ny nationell lagstiftning eller reglering som förbjuder könsbaserad diskriminering, eller till och med att införa konditionalitet.

På unilateral nivå verkar de huvudsakliga områdena för handelspolitisk reform vara att integrera jämställdhet i strategier för offentlig upphandling och för *Aid for Trade*-projekt.

***Viktigast är att all handelspolitik som syftar till att bidra till ökad jämställdhet kräver ett nytt sätt att tänka hos beslutsfattare.***

En sant jämställdhetsanpassad handelspolitik som utformas för att bidra till mer inkluderande handel kräver ett nytt sätt att tänka och ett erkännande av strukturella nackdelar – kort sagt att jämställdhet verkligen genomsyrar handelspolitiken. En sådan tankeförändring börjar med fortsatt ökad medvetenhet och kapacitetsuppbyggnad för de som utformar politiken, för att öka förståelsen för behovet att tillämpa ett jämställdhetsperspektiv, för vikten av att inkludera jämställdhet i konsekvensanalyser, för hur resultaten ska användas när handelsregler utformas. Eftersom de som arbetar med handelspolitik oftast behandlar jämställdhet som en fråga som främst gäller utvecklingsländer och som en kvinnofråga är det särskilt viktigt att öka medvetenheten kring de potentiella positiva effekter minskade jämställdhetsgap har på hela samhällen och kring de hinder för jämställt deltagande i handel som främst drabbar kvinnor.