

African Institute for Economic Development and Planning
United Nations Development Programme



GENDER AND ECONOMIC POLICY MANAGEMENT INITIATIVE—AFRICA



GENDER AND TRADE

INTRODUCTION

This module analyzes gender and trade, focusing on linkages with development policies and welfare at the micro, meso, macro and international levels. It first examines some key concepts in trade theory from a gender perspective, demonstrating that trade, like macro-economic policy, is gender blind, not gender neutral. Second, the module discusses the implications of introducing a gender perspective for understanding processes of trade and economic growth, examining gender value-chain analysis to understand the interaction of gender and trade. Third, the module critiques trade liberalization from a gender perspective, including case studies. This leads into a discussion of the gender dimensions and policy implications of major trade-related policies and agreements in Africa, including those of the World Trade Organization, economic partnership agreements, and bilateral and regional trade agreements.

LEARNING OBJECTIVES

At the conclusion of this module participants will be able to understand:

1. The linkages between gender, trade and other macroeconomic policies.
2. The two-way interactive relation between trade and gender relations.
3. How the two-way relation between trade and gender influences gender equality, trade and development outcomes.

OUTLINE

- I. The economics of gender equality and trade.
 - A. Comparative advantage.
 - B. Why gender equality matters for trade.
- II. Gender, trade and growth.
- III. Gender and value chains.
- IV. International trade, development and trade liberalization.
- V. Gender equality effects of trade liberalization.
 - A. Macroeconomic impacts.
 - B. Mesoeconomic impacts.
 - C. Microeconomic impacts.

- D. Gender equality and international trade in development policies.
- VI. The multilateral trading system (MTS).
 - A. Trade liberalization and the institutions of the MTS.
 - B. Gender equality and the MTS.
 - C. Gender effects and implications of regional and bilateral trade agreements.

DURATION

One-and-a-half days.

FACILITATOR PREPARATION

Since most participants are not likely to have a strong background in trade policy, the presentation and discussion of the material should be emphasized.

I. THE ECONOMICS OF GENDER EQUALITY AND TRADE

Objective: to equip participants to understand the role of gender equality in trade

A. COMPARATIVE ADVANTAGE

- a) Trade is the exchange of goods and services between individuals or groups either directly through barter or indirectly through the medium of money. Without trade, individuals or groups would have to meet all their needs from their own resources. Voluntary trade allows a division of labour among producers undertaking specialized activities. When producers specialize in an activity at which they are particularly efficient, they are more productive, increasing the volume of goods and services that they produce. In the aggregate, this broadens the range of goods and services available for consumption, meaning that all participants in trade benefit by being able to consume a greater amount and variety of goods than would have been the case without trade. As the welfare of individuals or groups is enhanced, trade is socially beneficial.
- b) When individuals or groups can produce goods and services more cheaply than their potential trading partners, they are said to possess an absolute advantage.
- c) Module 1, on gender and economics, introduced opportunity cost as the value assigned to an activity based on the most valuable possible action foregone by undertaking the activity. For example, when labour time is used for unpaid care work, the opportunity cost of that unpaid care work is the wages that the worker could have earned in the highest-paying job for which they are qualified.

- d) Opportunity costs for activities differ across individuals and groups according to their material and non-material endowments, which are a consequence of individuals' and groups' historical, social, technological and physical circumstances.
- e) When individuals or groups can produce a particular good or service at a lower opportunity cost than another party, they are said to possess a comparative advantage. Comparative advantage is the reason why specialization and trade is socially beneficial: Individuals and groups can produce a good or service with the highest relative efficiency, and hence, lowest relative costs, given all the other goods and services that could be produced. Such specialization and voluntary trade can generate benefits for both parties even when one can produce all goods with fewer resources than the other. The net benefits of such an outcome are called the gains from trade.
- f) In economic theory, comparative advantage is argued to hold from individuals, households and firms to communities and countries, and thus, is the basis of all trade and market operations.
- g) The orthodox economic explanation of the gender division of labour, as developed by new household economics, is that males have a comparative advantage in paid employment and women have a comparative advantage in unpaid care work. This is because of labour market segmentation as well as socially constructed and gender-based discrimination. Thus, the opportunity costs of women and men are, in part, historically and socially determined. Such discrimination is economically inefficient and therefore should diminish over time.
- h) In theory, trade can bring benefits in terms of economic growth; it also affects individuals through its effects on prices, employment, production and expenditure for social protection. The effects on different individuals and groups vary due to their different positions in the economic system, which arise not only from different national contexts, but also from social and cultural factors, such as gender, class, ethnicity or geographical location.

- i) Household structures are key to mediating the effect of trade on individuals. Intra-household differences in the allocation of assets, incomes and time affect the abilities of individual women and men to engage in trade as well as enjoy the benefits that can arise from it.

B. WHY GENDER EQUALITY MATTERS FOR TRADE

- a) Women play many key roles in trade, as producers, paid or unpaid workers, entrepreneurs and consumers. They also reproduce and care for the labour force. Assuming, as conventional economics has, that gender equality does not matter for trade both undervalues women's economic contributions and obscures women as economic actors.
- b) A gender analysis of trade accounts for differences in the gender roles assigned to women and men in societies. As discussed in previous modules, women and men have different responsibilities for unpaid care work and paid employment, have different access to productive resources, such as land, credit, technology and information, and face different constraints in institutions—such as households, markets and government—that have gender relations embedded within them. So gender equality, or a lack of gender equality, matters for trade.
- c) In addition, gender analysis of trade stresses the differentiated effects of trade on women and men in part because of the different constraints created by the prevailing structure of gender relations. It seeks to understand the effect of the gender division of labour on the types of work women undertake in the formal and informal sectors, women's incomes, women's empowerment, and their well-being. It also looks at the potential effects of trade intensification and expansion on women's unpaid care work. So trade matters for gender equality, or a lack of gender equality. Comparative advantage and the benefits from specialization require, as a precondition, allocations

of unpaid care work to create a productive labour force. The benefits of gains from trade require that unpaid care work transforms some goods and services into items that individuals can actually consume. So at the societal level, unpaid care work is a public good, invisibly subsidizing the building of comparative advantage and the welfare benefits that it conveys. Gender equality more broadly shapes the abilities of individuals, households, firms, communities and countries to take advantage of the benefits from trade.

- d) As unpaid care work enables firms and countries to avoid paying for the full costs of reproducing labour, the role of relative costs in determining trade patterns may be less significant than absolute costs: Firms with lower unit costs of production, derived from real wages that reflect the effect of gender on employment and labour markets, as discussed in Module 5, as well as technology that is not gender neutral, can take a greater market share than firms with higher costs of production, within and between communities and countries. This suggests that a significant factor in a competitive absolute cost advantage accruing to firms, communities and countries is the allocation of unpaid care work on the basis of prevailing gender regimes.
- e) So gender analysis of trade is predicated on the central role of women's unpaid care work in underpinning trade. This, in turn requires an understanding of the pre-existing gender dimensions of household structures and market dynamics, as well as the broader social, cultural and political environments of specific countries.
- f) Gender analysis of trade is more likely to rely on competitive absolute advantage than comparative advantage as a concept to understand trade patterns. There is significant empirical support for the proposition that competitive absolute advantage better explains actual trade patterns than does comparative advantage.

II. GENDER, TRADE AND GROWTH

Objective: to critically evaluate the relations among gender relations, trade and economic growth

- a) Most economists who examine the relation among gender, trade and growth focus on trade outcomes, suggesting, for example, that market deregulation can increase the use of markets, expand trade and generate employment that benefits women. Gender-aware economists examine the relations among gender, trade and growth in a more complex and nuanced way, considering the outcomes of trade as well as the link between production and unpaid care work. As modules 1 and 3 infer, this opens up a range of issues affecting trade outcomes and economic growth because of the positive externalities generated by the provision of unpaid care work.
- b) A range of studies suggests that gender inequality directly and indirectly limits economic growth and women's participation in trade. The relations among gender equality, trade and economic growth is due largely to three major gender differences:
 - Access to assets (e.g., land, finance), which limits women's investment options, restricting trade opportunities and economic growth.
 - Labour remuneration, which affects the allocation of labour inside and outside the household, and hence, trade opportunities and economic growth.
 - Investment in human capital, which reduces productivity, limits economic efficiency and restricts trade and economic growth.

According to some estimates, gender inequality may account for between 15 and 20 percent of the difference in the growth performances of sub-Saharan Africa and East Asia.

- c) On the other hand, some studies point out that gender inequality in wages can stimulate growth in semi-industrialized economies (e.g., Mauritius). In these cases, the pressure for flexible prices to foster competitive absolute advantage leads to an increase in employment for women; women's wages are lower than men's because they have less bargaining power and other gender-based disadvantages in the labour market. The empirical evidence indicates similar trends in the export processing zones of African countries.

III. GENDER AND VALUE CHAINS

Objective: to introduce value chain analysis as a tool in the gender analysis and evaluation of trade policy

- a) Value chain analysis decomposes the chain of activities involved in producing a good or service for final consumption. Products pass through all activities of the chain in a certain order; at each activity the product gains value. So the chain of activities adds value to the product.
- b) Originally developed in 1985 for business management, value chain analysis was initially confined to the business unit. Since then it has been extended beyond individual firms to examine the dynamics of supply chains and distribution networks, as the delivery of goods and services to the final customer often requires the mobilization and integration of different firms, each producing a particular good or service, which can then be combined with the goods and services that other firms produce to create a final product for consumption. Value chain analysis thus examines the linkages within production that add value to a final product, seeing how each firm in the chain manages its own value added. The industry-wide synchronized interactions of local and individual value chains create an extended value chain, which, since the increase of globalization in the 1990s, has increasingly become global in extent.
- c) Trade is involved whenever products move through a link in a value chain. In this way, value chain analysis, in part, examines a sequence of trades between users of products seeking to add value to the product. Value chain analysis is now widely used in private and public policy circles to understand how strategic interventions in the chain can boost competitiveness by reducing costs and thereby increasing value added.

- d) Value chain analysis has clear gender dimensions because of the asymmetrical positions of women and men in the production of goods and services resulting from the intra-household distribution of assets, income and time. Box 1 gives an example of both the more general issue of value chains in Africa, as well as the more specific issue of the relevance of gender as an analytical category in understanding the implications of the trading that takes place within a value chain.

BOX 1: VALUE CHAINS IN AFRICA

In Mozambique, most cashew nuts, the country's main export product, are shipped to India for processing by eight or ten traders who control the export market. These traders retain most of the profits even when prices increase in international markets. Owing to the establishment of two factories in Mozambique to process cashew nuts, the marketing chain has been shortened, thereby allowing producers and processing workers to get greater returns (Kanji, Vijfhuizen, Braga and Artur 2004).

In West Africa, there is a growing and profitable market for processed shea nut butter in Europe, North America and Japan for use in cosmetics and chocolate manufacture, with a consequent rise in the final price in northern markets. But the women who collect shea nuts are often totally unaware of this trend and continue to sell to middlemen, who then supply the more profitable global markets as well as domestic and regional markets. The women are integrated into global value chains without any knowledge of these chains or their position and rights within them, and without any means of exploiting more profitable markets to their own advantage (Chen, Vanek and Carr 2004). In Ghana UNDP is seeking to address these constraints by developing women's production skills, business management and marketing strategies in the shea nut butter chain (UNDP 2008).

Source: Randriamaro (2006).

- e) As value chain analysis has clear gender dimensions, policy makers can use gender value chain analysis (GVCA) to understand women's and men's economic situation and empowerment needs, tracing financial profits and social benefits throughout the trade relations embedded within a value chain. GVCA can also help in understanding micro-, meso- and macro-level linkages, distinguishing among the constraints, needs and opportunities of independent producers, wage workers in the formal and informal sector, and other economic agents. Thus, GVCA can help to define appropriate strategies to strengthen local economies and maximize forward and backward linkages. Box 2 provides definitions and a description of the GVCA tool.

Box 2: Gender Value Chain Analysis

According to the International Labour Organization, "a value chain is a sequence of target-oriented combinations of production factors such as land, capital, raw material, labour force, and information that create a marketable product of which the value is higher than the sum of all input costs" (Mayoux and Mackie 2007). In other words, a value chain (VC) is a network that includes several stages at which different actors perform particular processes of production, value addition and marketing, resulting in a finished product that can be sold and bought. For example, a value chain for chocolate (Mayoux and Mackie 2007) involves cocoa and other raw materials; workers; technology (machines); knowledge and information about how to make chocolate and meet quality standards, as well as other market information; and infrastructure, such as trucks and ships.

The conceptual framework of value chain analysis (VCA) maps and categorizes economic processes, including the different stages and actors in the value chain, the relations between them, how and where value is added, and how the final market price is distributed through the chain. In the example of chocolate, a value chain

analysis conducted in Madagascar has demonstrated that most of the value is added at levels outside the country, beyond the cocoa farmers and exporters.

WHY A GENDER VALUE CHAIN ANALYSIS?

Gender value chain analysis seeks to address the gender dimensions of each stage in the value chain by focusing on how gender relations affect different parts of the chain. It allows mapping out the business procedures and the characteristics of the overall environment in which women and men operate, and hence, the determining factors of their respective positions in the chain.

Thus, it helps to understand the nature and causes of variations in the forms of gender-based differences in economic production processes. Subsequently, it allows identifying challenges and opportunities, as well as leverage points for interventions to address gender discrimination and move poor women up in the chain.

As such, a gender VCA can be used to understand why the potential benefits of trade fail to reach poor women. It can also help identify the reasons why it is more difficult for particular types of enterprise to enter certain economic sectors.

HOW TO DO A GENDER VALUE CHAIN ANALYSIS

Following the definition of a value chain above, the basic step is to cut the chain as much as possible to identify the different stages between the producer and final consumer, that is, drawing a map of the value chain that shows the relations among all the stages and actors involved. Data for all the stages of the value chain should be collected to fill in the map by indicating, for example, where value is added, how many actors are involved in the different stages and how much they earn.

A gender VCA asks specific questions about gender relations, gender equality strategies and the position of women and men in each stage

of the value chain, with the ultimate objective of answering the following central questions in gender analysis:

- What is the burden of productive and unpaid care work for women and men in the value chain?
- Do women and men have the required resources? What is lacking? Why?
- What are the material/tangible rewards and costs for women and men in the value chain?
- What are the intangible rewards and costs for women and men in the value chain?
- What are the prospects for progressive change for women and men in the value chain?
- To what extent do women and men define the priorities and rules governing the value chain?
- How do the positions of women and women in the value chain compare with their positions in other sectors in the country? Or,
- How do the positions of women and men compare with their positions in the value chain in other countries competing for the same markets?

Adapted from Mayoux and Mackie (2007).

- f) In formulating trade policy around global value chains, it is useful to identify gender-based constraints to trade and the implications of gender-based constraints for the success or failure of policy.
- g) Gender-based constraints to trade can be:
- Supply side (border-in issues): limits on women's capacity to take advantage of trade opportunities because of their unpaid care work responsibilities, a lack of investment in human capital, or a lack of competitiveness arising out of the character of the specific productive activities that women undertake.

- Operational (border issues): limits on women's capacity to take advantage of trade opportunities because of a lack of adequate infrastructure to get products to markets, a lack of human capital that precludes dealing with trade facilitation issues, as well as a lack of income that prevents the formalization of informal activities.
- Demand side (border-out issues): limits on women's capacity to take advantage of trade opportunities because of gender bias in market access and market support services offered by the private and public sectors.

IV. INTERNATIONAL TRADE, DEVELOPMENT AND TRADE LIBERALIZATION

Objective: to discuss the relation between international trade, trade liberalization and development

- a) The trade relations embedded within value chains increasingly take place across national frontiers.
- b) In theory, international trade can bring benefits in economic growth, through the more economically efficient allocation of resources in the world economy resulting from specialization and comparative advantage, and because of the expansion of domestic production arising from specialization, which should increase employment opportunities and earned income. Moreover, as discussed in Module 7 on gender and macroeconomic theory, the import of investment goods can generate significant multiplier-accelerator effects. International trade can also improve gender equality through the expanded opportunities and welfare gains it can generate for women.
- c) International trade involves not only nation-states, but also a whole range of actors: from companies, trade negotiators, business owners, importers, exporters and consumers, to institutions and trade promotion organizations, such as chambers of commerce, to producers, who can be self-employed, paid or unpaid workers in the formal and informal sectors. These actors have different roles in international trade relations, different levels and types of power and influence over markets and governments and, consequently, different amounts to lose and gain from international trade.

INFORMAL CROSS-BORDER TRADE

- a) Extensive informal cross-border trade is commonly used in much of Africa to get around existing formal rules and procedures, even in countries that impose high restrictions on international trade. While informal cross-border trade may deal in basic necessities and everyday goods and services (i.e., staple foods, cigarettes, beer), usually in order to take advantage of price differentials between countries, in some instances informal cross-border trade also involves trading in more expensive consumer durables (i.e., household appliances, household electronics, cars). In these latter instances, informal cross-border trade may involve an element of criminality.
- b) A study for UNIFEM in southern Africa estimated that informal cross-border trade accounted for between 30 and 40 percent of trade within the Southern African Development Community in 2008 and that 70 percent of the informal cross-border traders were women (UNIFEM 2009). These women and men undertook informal cross-border trade as a survival strategy, and as such, the trade contributed to poverty reduction, employment and wealth creation.
- c) Informal cross-border trade has been demonstrated to be subject to gender-specific effects. Such trade performed by women can result in women's increased exposure to gender-based harassment and violence from male traders, government officials and male relatives attempting to control the income that flows from the trade.

TRADE LIBERALIZATION

- a) International trade liberalization opens an economy and thus promotes the freer movement of goods, services and capital across national borders through reducing both tariffs and non-tariff barriers to international trade. Trade liberalization has been an essential facilitator of the process of globalization discussed in Module 9 on gender and development strategies in Africa. At the same time, where women dominate informal cross-border trade,

trade liberalization, by promoting the easier movement of goods and services, can contribute to a reduction in the gender-based violence that can surround such trade.

- b) International trade liberalization was a key element of the macroeconomic reforms promulgated under structural adjustment and continued under poverty reduction strategy papers (PRSPs), including second-generation Millennium Development Goals (MDG)-based PRSPs, discussed in Module 9.
- c) Some African countries have unilaterally liberalized trade by cutting tariffs or eliminating import quotas. As noted in Module 9, these indirect trade taxes provide important fiscal space for national governments, and the resulting financial pressures resulting from unilateral liberalization weakened the autonomous policy space for African debtor countries.
- d) In the early trade literature, the prevailing view assumed that international trade liberalization was the key to ensuring the economic growth and development of poor countries, as enhanced specialization allowed countries to reap gains from trade based on comparative advantage. However, academic and policy circles now dispute the relation between the openness of an economy and its economic growth. While some research finds a positive relation between openness and economic growth, other findings point to a negative or unclear relation.
- e) The evidence from almost three decades of international trade liberalization in African countries as a result of structural adjustment and PRSPs shows that trade liberalization fosters economic growth only:
 - (i) To the extent that trade outcomes are influenced by appropriate regulations and policies.
 - (ii) If trade liberalization is well managed and allows sufficient time and policy space for African countries to build up their productive capacities so as to benefit from international trade opportunities.

In any event, in most cases in Africa, rapid international trade liberalization has resulted in increased income inequality.

- f) International trade also has strong redistributive effects among economic sectors, leading to the expansion of some economic sectors and the contraction of others. This redistributive effect helps explain the relation between trade liberalization and increased income inequality. In some cases trade liberalization is associated with rising employment and entrepreneurial opportunities for women. More commonly, trade liberalization and intensification had exacerbated existing gender inequalities and worsened women's economic and social status.
- g) International trade is also linked to investment capability, as discussed in Module 7 on gender and macroeconomic theory, to fiscal, monetary and exchange rate policies, as discussed in Module 9, and to financial policy, foreign aid and debt. All these policies shape the economic conditions that influence how the opportunities from international trade are transmitted to different groups in the economy.
- h) Cumulatively, these points strongly suggest the need to ensure that national PRSPs account for the effect of international trade policy.

EXERCISE 1

Objective: to review the interaction of gender relations and international trade

Facilitate a 20-minute discussion in plenary on gender equality and trade, addressing the following questions:

1. What role does women's labour play in the functioning of the international trade system?
2. Does gender inequality contribute to export-led growth and international trade competitiveness in African countries? If so, how?
3. Does international trade increase or decrease gender inequality?

Many of the issues raised in the discussion will be examined in more detail in the following section.

V. GENDER EQUALITY EFFECTS OF INTERNATIONAL TRADE LIBERALIZATION

Objective: to develop an understanding of the multifaceted effect of international trade liberalization on gender relations

EXERCISE 2

Objective: to review the effect of trade liberalization on different types of economic agents

Ask participants to form four groups of equal numbers. Each group represents one of the main categories of economic agents involved in trade (e.g., producer, consumer, business owner, small informal trader, artisanal manufacturer, agricultural processor) in a country to be chosen among their own countries by each group. Give the groups about 45 minutes to respond to the following questions:

- What are the main trade liberalization measures in your country?
- How do these measures affect the economic agent that you are representing?
- Would these effects be identical for women and men? Explain your answer.
- What are the gender equality effects that your economic agent is likely to experience through trade liberalization?
- What are the likely effects of the gender issues that you have identified on trade policy outcomes in your country?
- What are the possible policy actions to address these?
- What role do trade support institutions and trade promotion organizations play?

During the reporting back on the results of the exercise in plenary, facilitators should fill in some of the gaps and address possible misunderstandings of the gender equality effects of trade liberalization. The remainder of this subsection provides the necessary information.

A. MACROECONOMIC EFFECTS

- a) International trade liberalization has different outcomes for women and men, across countries and regions and contingent on the type of economic area and specific sector, measures, timing and sequencing of trade policies. They also cut across different sectors and subsectors of trade liberalization, and have distinct macro, meso and micro-level effects.
- b) At the macroeconomic, national policy level, proponents of international trade liberalization argue mainly that increased international trade and investment liberalization can improve economic growth, which in turn can increase women's participation in formal employment.
 - This argument is true in some countries and subsectors (e.g., the textile and clothing industry in Madagascar at the end of the 1990s or the non-traditional agricultural exports subsector, as described in Box 3).
 - However, in many contexts international trade liberalization is coupled with persistent occupational segregation by sex, both vertical and horizontal, as well as no significant reduction in the gender wage gaps discussed in Module 5.
 - This is because women's participation increased in industries that required large numbers of low-cost wage workers to generate competitive absolute cost advantages, which depends on pre-existing inequalities between women and men reflected in the existing gender division of labour (e.g., textiles).
 - Overall, international trade liberalization has resulted in increasing flexibility and deregulation of labour markets and casualization of work across regions as a result of the push for

global competitiveness and technological innovation, as described in Box 4. Among global value chains, a disproportionate share of the value added is captured by firms based in developed countries.

Box 3: Non-Traditional Agricultural Exports in Sub-Saharan Africa

It is often argued that non-traditional agricultural exports (NTAEs) such as horticulture and organic farming, which generate significant revenues, can redress the bias against women in the agricultural sector. For example, while the lack of access to credit remains a major constraint for women who produce 80 percent of NTAEs in Uganda, most women entrepreneurs have been able to access credit and expand their businesses if they own land (Snyder 2003).

In contrast to the prevailing view, a recent study underlines that in general, it is the male, better-off farmers with large-scale plantations, equipment and capital who have benefited from NTAEs in sub-Saharan Africa. The majority of women are involved in NTAEs as waged labour in large-scale enterprises, organized along quasi-industrial lines. Over 65 percent of workers in Kenya and Zambia are women, and women constitute 91 percent of horticultural employees in Zimbabwe. In smallholder farms, contracts often depend on the ability of male household heads to state that they can mobilize the labour of women and children in the family (Kabeer 2003).

In reality, the production of NTAEs varies along the lines of many other forms of agricultural production, from small farms to large-scale commercial enterprises. Differences in gender roles and the gender inequalities that exist in production of commodities other than NTAEs also apply here. For example, Ugandan women involved in horticulture can have difficulties meeting EU environmental regulations because they have less access than men to the required information on organic farming, which is a growing segment of NTAEs in northern markets (Sengendo and Tumushabe 2003, cited in Randriamaro 2006).

Source: Randriamaro (2006).

Box 4: South Africa's Informal Sector

The liberalization of tariffs in the South African footwear and leather subsectors, from 41.2 percent in 1995 to 28.9 percent in 1999, has led to retrenchments and dramatic changes in production processes in local factories. In addition, there has been a direct relation between company restructuring in the footwear industry and the growth of the informal sector, which has become the last resort not only for the increasing number of retrenched workers, but also for factories that subcontract to the informal sector to cut labour costs.

South Africa's informal sector increased from 1,136,000 workers in 1997 to 1,907,000 in 1999. There were about 193,000 African women compared to 28,000 white women working in the informal sector. These figures show that it is the social groups with the least power and resources who are most highly represented in the informal sector.

Source: Pape (2001).

- The gender dimensions of the effect of international trade liberalization on production is a consequence of:
 - The effects of increased imports on local production.
 - The related effects on local economic sectors where women or men are concentrated, including the informal and export promotion sectors.
 - The effects of export promotion on access to and use of land.
- As already noted, trade liberalization reduces trade as a critical source of revenue for many African countries, which restricts their freedom to manoeuvre in the pursuit of individual national development strategies and their capacity to undertake public investment. As discussed in Module 9, fiscal issues may generate gender-specific effects through fiscal austerity packages that reduce social spending and increase non-trade indirect and regressive taxes.

B. MESOECONOMIC IMPACTS

- a) At the mesoeconomic level of institutions, international trade liberalization:
- Affects the legal and regulatory frameworks, which can affect gender equality.
 - Affects labour market policy, including training and retraining.
 - Has implications for labour rights and standards, mechanisms of social protection, as well as perceptions, norms and informal rules governing both gender relations and trade, which occurs in gender-embedded markets.

C. MICROECONOMIC IMPACTS

- a) At the microeconomic, community and household level, international trade liberalization affects:
- Gender equality through the price changes induced by trade liberalization and their effects on individual incomes and livelihoods as consumers, producers, workers and traders.
 - Women's unpaid care and non-care work resulting from:
 - The additional caring responsibilities arising from a reduction in public social spending along with economic downturns in contracting productive sectors.
 - Juggling multiple roles and workloads.
- b) Conversely, increased unpaid care work also affects the outcome of international trade liberalization. It is likely to have contributed to the weak supply response of African agriculture to export opportunities in some countries, discussed in Box 5.

BOX 5: GENDER IMPACTS OF SMALL FARM COMMERCIALIZATION IN NIGER

In 2001, the Food and Agriculture Organization (FAO) launched a project to study the effects of small farm commercialization (SFC) on gender relations at intra- and inter-household levels and how development projects are addressing them in 14 developing countries, including Niger.

According to the survey informants, development of small farm commercialization is part of a more comprehensive change in rural livelihoods, which, in the majority of cases, includes off-farm activities and migration. This change affects all types of household capital assets—natural, physical, financial, social and natural.

In most cases, rural households bore significant economic and social costs to attain the benefits of SFC. In particular, the increased income made possible by commercialization required a parallel increase in household workload. This finding suggests that the effect of commercialization on rural household livelihoods is often ambivalent: It entails a gain of financial capital (e.g., income; purchasing power and capacity to pay) but also a loss of human capital (less time available for social activities, childcare, education, leisure and creative expression). There is a need to better understand and, if possible, quantify the economic and social values (costs and benefits) involved in the labour-for-money exchange that takes place in rural livelihood systems as a result of SFC. Although no significant gender differences seemed to exist in carrying the workload of commercialization, evidence suggests that women involved in SFC had a double economic disadvantage as compared to men. First, women continued to be fully responsible for reproductive work (i.e., pregnancies, childcare and

housekeeping). Second, men controlled the income generated by SFC, even if women had invested an equal or higher amount of labour in its generation.

Adapted from Warren P. Distance Survey on Gender Impacts of Small Farm Commercialization, Final Report, FAO's Farm Management and Production Service (AGSP) and Gender and Development Service (SDWW), 2002, cited in UNCTAD (2004, 108–109).

- c) International trade liberalization affects intra-household relations in terms of access to and control over productive resources, the division of labour between unpaid care work and non-care work, gender roles and intra-household decision making.

D. GENDER AND INTERNATIONAL TRADE IN DEVELOPMENT POLICIES

- a) As there are clearly significant gender equality issues in international trade liberalization, Box 6 provides a number of generic policy actions that can be taken at the national level to address gender inequality issues in international trade.

BOX 6: GENERIC POLICY ACTIONS AT THE NATIONAL LEVEL FOR ADDRESSING GENDER INEQUALITY IN INTERNATIONAL TRADE

The member states of the United Nations Conference on Trade and Development (UNCTAD) convened a round table on trade and gender in June 2004 at the UNCTAD XI meeting in São Paulo.

Round table participants recommended that the following types of domestic measures be taken to address gender inequality in the context of international trade:

- Improvements in women's and girls' access to education and skills.
- Measures to reduce discrimination in labour markets.
- Access to export market information and credit (not just microcredit) for women entrepreneurs.
- Gender equality in rights to land and other productive resources.
- Reduction of violence against women, without which they cannot benefit from other rights.
- Support to women in their reproductive roles, for example in child-feeding programmes and crèches.
- Mainstreaming, consistency and proactive implementation of gender equality policies throughout all government departments.

Source: Fernandez-Layos and Specht (2004).

- b) Civil society organizations can use a number of different tools outlined in UNCTAD (2004, Chapter 12) to forecast the possible differentiated social implications of trade policies and agreements on women and other disadvantaged groups, including potential negative effects. Such ex ante assessments allow time to make the policy adjustments required to address the identified issues.
- c) These gender equality and trade impact assessments allow a shift in the evaluation of trade policy from a purely efficiency-based technical exercise that focuses on growth, the costs of production and prices to a more qualitative evaluation of the human development, poverty and gender-equality dimensions of trade policy. They therefore can open space for poor women and men to engage in trade policy processes at the national level.

EXERCISE 3

Objective: to review the integration of gender and international trade in PRSPs

Ask participants in plenary to recall the PRSPs on which they worked in Module 9. Participants should then discuss, for a maximum of 15 minutes, whether and how gender equality and trade international issues are incorporated into the PRSPs. The key point for facilitators to highlight is that there has been no or very little integration of gender equality and international trade issues in those processes.

VI. THE MULTILATERAL TRADING SYSTEM

Objective: to critically understand the role of the multilateral trading system in trade liberalization

A. TRADE LIBERALIZATION AND THE INSTITUTIONS OF THE MULTILATERAL TRADING SYSTEM

- a) International trade policy involves the formal rules and mechanisms that operate to regulate cross-border trade activities.
 - At the national level, it is developed by government and intertwined with the domestic macroeconomic policies discussed in Module 7.
 - At the international level, it is developed by multilateral institutions in agreement with the principal stakeholders, namely governments.
 - These rules and mechanisms, multilateral institutions and governments comprise the multilateral trading system (MTS).
- b) The modern management of trade through the MTS commenced in 1947 with the General Agreement on Tariffs and Trade (GATT). When the GATT was signed in 1948 after a first round of trade negotiations, most African countries were not yet independent and were excluded from the decision-making process, even as they were bound by the commitments that colonizing countries made. Thus, from its inception, asymmetries within the MTS have hindered the effective and beneficial participation of African countries in international trade; as the major trading powers established the system, the application of the rules and principles of the GATT—including the most favoured nation clause, reciprocity and the national treatment clause—has tended to favour the major trading powers.
- c) The GATT was an important institution in promoting the trade liberalization agenda, but so too were the International Monetary Fund (IMF) and World Bank, the policy conditions of which, under structural

adjustment in particular (discussed in Module 8 on gender and development strategies), provided loans for trade liberalization, export promotion, export-import insurance and credit, investment dispute resolution mechanisms, and research and analysis that supported liberalization. So the international financial institutions facilitated the coherence of trade liberalization policies. They continued to do so after the World Trade Organization (WTO) was founded in 1995.

- d) That developing countries might not immediately benefit from trade liberalization, and that they had been largely excluded from forming international trade policy in the MTS, was first recognized in 2001 when the Doha Development Round of WTO negotiations commenced. Since then, recognition has increased that international trade is not simply a neutral macroeconomic issue, but involves strategic development areas, such as agriculture, services, intellectual property rights and investment, as well as critical issues regarding employment, livelihoods, well-being and human rights.
- e) As a result, the development dimensions of the MTS and global trade rules have been a continuing source of disagreement between developed and developing countries. At the regional level, the development dimensions of the economic partnership agreements (EPAs) between African countries and the European Union highlight the continuing asymmetries in negotiating stances and leverage in the MTS, discussed later in this module.

B. GENDER EQUALITY AND THE MTS

- a) The institutional framework of the MTS assumes that trade policies and agreements do not affect social inequalities. This underlying assumption has led to the neglect of gender as a variable in trade policy-making, while women and other groups affected by trade policies have been excluded from the decision-making processes at the multilateral, regional and national levels.
- b) Gender analysis of the MTS requires attention to be paid to the effect of trade policy on the distribution of time between women and men in unpaid care work and paid employment. One cannot assume a

limitless supply of unpaid care work to produce the paid labour force that allows the development of comparative advantage. Nor can one assume that female labour is free to cease performing unpaid care work and take up the paid employment in specialized non-household activities that generate the goods and services from which gains from trade might accrue.

c) Gender analysis of the MTS also requires attention to the extent to which gender is integrated into its governance. There is evident gender imbalance between women and men in terms of:

- Agenda setting, concerning who defines the values, goals and objectives of the MTS, along with defining the substantive content and negotiating parameters and frameworks within the MTS.
- Rule making, concerning the basis and determination of the substantive content of the MTS, along with the formal and informal processes and procedures of participation.
- Enforcement, concerning the mechanisms and processes for assessing claims and counterclaims, along with arbitration procedures and the enforcement of judgements.
- Recognition and implementation of mechanisms for assessing and introducing corrective measures to address negative effects, identified deficiencies and structural imbalances in the MTS.
- Accountability, concerning the processes and mechanisms that are available to monitor and evaluate the effects of the implementation of trade rules on people's lives and gender equality.

C. GENDER EFFECTS AND IMPLICATIONS OF REGIONAL AND BILATERAL TRADE AGREEMENTS

a) Following the deadlock in WTO trade negotiations since the collapse of the WTO ministerial conference in Cancún in 2003, the big international trading powers (namely the European Union and United States, as well as China and India) have demonstrated an increased interest in negotiating bilateral and regional trade and investment agreements (BTAs and RTAs). In particular, the European Union has

been intensifying the regionalization process that has culminated in the economic partnership agreements (EPAs) with African, Caribbean, and Pacific (ACP) countries on the basis of reciprocal free trade agreements (FTAs), which strongly contrasts with previous agreements based on trade preferences (such as the Lomé Convention).

- b) There are currently more than 2,500 BTAs and RTAs in force around the world. They are important to the functioning of the MTS and can influence both the nature and direction of the global trade and investment agenda.
- c) In many cases BTAs and RTAs include WTO-plus provisions that go beyond requirements in WTO agreements and rules. US bilateral FTAs contain trade-related aspects of intellectual property rights (TRIPS)-plus provisions on generic drugs. African countries have found that some issues on which they refused to negotiate in the WTO are now to be found in the EPAs.

EXERCISE 4

Objective: to understand different views within and about the MTS

Distribute the papers by the International Gender and Trade Network-Asia (2006) and by Caliri and Williams (2004) in advance of this exercise for all participants to read beforehand. Prepare a short description of a hypothetical (but typical) country for the exercise.

Divide the participants into three groups of equal numbers. Explain that two of the groups should pretend they are from the hypothetical country during the exercise. Each group represents one key stakeholder in trade policy formulation and negotiations, and each stakeholder group is comprised of different individual stakeholders with their own specific concerns and interests:

- (i) The government (for example, the prime minister, the trade minister, the finance minister, and others).
- (ii) Foreign officials from the big trading powers (such as the United States trade representative and the European Union trade commissioner,

among others) as well as international officials (such as IMF senior economists and World Bank country representatives).

- (iii) Local producers, consumers and experts (farmers; female small traders; housewives; gender-aware economists; women's rights activists, and others).

Give the groups 40 minutes to answer the following questions according to the roles assigned to their respective groups and to the individuals within each stakeholder group:

- What is your position on trade liberalization? What position would you like the government of your country to take in this regard? Why? What arguments can you make to support your position? Are there points of difference among the members of your group?
- What kind of incentives, threats or bargaining chips do you have at your disposal to convince the government to take this position? What is the most effective way for you to use them?
- If the government takes your position and acts according to your demands, what is likely to happen concretely? If it does not, what is likely to happen concretely?

Tell each group to prepare for members of their group to report back, which will take the form of a mock negotiation platform between different individual stakeholders given the assignment of convincing their opposite group of the incorrectness of their negotiating position (e.g., a farmer negotiating with a World Bank country representative; a trade minister negotiating with an EU trade representative; a gender-aware economist negotiating with the minister of finance).

Facilitators should carefully note key negotiating positions and synthesize the comments that participants make in their roles. Participants should fill in the gaps as necessary regarding the linkages between international trade, macroeconomic policies and gender, as well as the coherent trade liberalization agenda of the WTO, IMF and World Bank. Close the exercise with the points related to the asymmetrical negotiating position of debtor countries in the WTO and other trade negotiation arenas, as well as the shrinking policy space in which debtor countries can operate.

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