

## **Gender Issues in International Trade and Investment: A Brief Review**

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Although globalisation and international trade are generally taken as gender neutral these forces can have an adverse impact on gender equality. This paper explores how gender roles and relations change at the time of rapid economic transformation, prompted by globalisation.

[Keywords: international trade, globalization, WTO, changing gender relations, Millennium Development Goals, property rights, trade related capacity building, export processing zones]

### Introduction

International trade and investment, which is an integral component of globalisation, is considered to be gender neutral. However, experience over a couple of decades shows that the 'ground level' impact of the international trade and policies have an adverse effect upon gender. This is a constraint to development because it limits the ability of women to development and exercise of their full potential. Gender roles and relations are subject to change, most noticeably at the time of rapid social and economical changes.

A key objective of trade policy-makers at the World Trade Organisation (WTO) as well as in regional and bilateral negotiations is to promote national economic growth and through this, the reduction of poverty. There is considerable evidence that many countries with expanding trade levels have been able to achieve respectable growth rates. But the contribution that trade can play in improving the lives of women is particularly pertinent, since women make up 70 per cent of the world's poor. The Millennium Development Goals (MDGs) that the world leaders adopted in New York in 2000 present a major challenge. The issues to be considered inter alia are eradication of extreme poverty and hunger (Goal 1), and promoting gender equality and empowering women (Goal 3).

### Differential Impact on men and women

Gender analysis is about examining and understanding the ways in which policies affect women and men differentially. Given women's role in reproduction as well as societal norms that in many countries still constrain their access to education, credit, property rights and political representation, amongst other areas, women may be affected in a different way by changes in trade policy than men. Unless these gendered characteristics are taken into account, policymakers may assume that women will respond to changed incentives (such as new job openings, better access to foreign markets or increased competition domestically) more readily than is possible in practice. Even if they are able to respond (for instance by taking these jobs), their welfare may not necessarily improve in the same way that men's welfare may be affected.

World-wide, women and men tend to be employed in different sectors or different levels in similar sectors. In most developed and developing countries, for example, women are more likely to be employed in factories making clothing, working in poorer conditions and for lower wages, than in car factories, which are more likely to employ men, at higher wages and better conditions. In some developing countries, rural women are more likely to produce staple food crops for household consumption and sale in the local market than to be employed in the production of cash crops for export. In the service sector, women are more likely to be involved in cross-border trade as nurses or domestic workers than as engineers or construction workers.

In the case of agriculture, as governments cut tariffs and other barriers to imports, many women small holder farmers face the prospect of increased competition in their local markets, from imported produce, that is often heavily subsidized. Even when these subsidies are eliminated, they may not be able to compete with more mechanized and large-scale farming from developed and even some other developing countries. Of course many women have found employment in production of vegetables and flowers for export – besides their income, however, women are sometimes exposed to risks from pesticides, as well as the uncertainty of market access given the way in which food and other standards are applied in some importing markets.

It is typically women who have primary responsibility for their families' health needs, including the care of sick relatives. Relaxed TRIPs rules for seeds might help raise the productivity of subsistence and small farmers many of whom are thereby addressing both income and food security needs (Gibb et al 2003).

In the case of services (such as health, tourism, data-processing, telemarketing), relaxed trade rules have created new employment opportunities for some women. But there are concerns that women and girls, as consumers and care-providers, may be particularly affected by cutbacks in public provisioning of essential services. This may be a direct result of trade liberalization commitments or as indirect consequence of governments losing revenue with cuts in import taxes and no new fiscal sources being found. Higher prices, which often follow privatization and liberalization, usually require increased efforts by women (and girls) to meet their families' needs (Nilufer 2001).

Finally, with expanding market access as a result of the special initiative offered to Least Developed Countries (LDCs), there are new opportunities for entrepreneurs to engage in export-oriented activities. Combined with other enabling factors, such as e-facilitated tools and services, easier access to credit and information about foreign markets, these initiatives can offer very positive changes for smaller women business owners. To ensure that enabling measures can be adopted rules on Trade-Related Investment Measures (TRIMs) should be examined to ensure that they make allowances for the special measures needed to promote small business, especially those involved in non-traditional activities.

There are many ways in which governments can work with business and civil society organizations to ensure that trade contribute to gender equality. These include ex ante and ex post analysis, inclusive consultations and trade-related capacity building (TRCB). While there have been several empirical and theoretical studies examining the relationships between trade, trade rules, trade policies and gender equality, more gender-disaggregated analysis is essential for policy-makers to understand the likely impacts of alternative trade rules or policies (Caren et al 2000).

As internationally acclaimed economist Naila Kabeer has noted:

For macroeconomic strategies to reduce poverty and address gender inequality, they must be based on an understanding of the various synergies and trade-offs as well as the deep-rooted prejudices that operate in different contexts rather than on 'one-size fits all' formulae. Women's interests and agency, if analyzed correctly, are one of the most powerful means available to policy makers to achieve a variety of developmental goals' (Kabeer 2003).

Inclusion of women's organizations and gender experts in discussions about trade policy options being considered by governments is another way to ensure that gendered dimensions are taken into account. Countries like Canada have developed an extensive process of electronic discussions, sectoral advisory groups and consultative meetings as well as tasking parliamentary committees to solicit views on trade negotiations. Even so, it has proved difficult to determine the gendered dimensions - many women's organizations lack the resources (time, money, knowledge) to be able represent their views adequately, suggesting that the process of consultation may need to be redesigned and accompanied by some capacity-building both of those organizing the consultation and those being consulted. Even gender equality government departments or ministries have found it difficult to engage in inter-departmental process of developing trade negotiating positions.

### Addressing Gender Equality in Trade

Given the linkages that are now widely recognized between trade and gender equality as well as the linkage between trade and the Millennium Development Goals (MDGs) and other international commitments, it is timely to consider the part to be played by the WTO. This concern for policy coherence needs to be reflected not only in the preparation of the new rules and agreements to be negotiated. It should also be integrated in the implementation of the existing agreements. For example, if national governments are to pursue poverty reduction and the promotion of gender equality, WTO agreements could be reviewed to ensure that they do not prohibit the use of economic policy instruments which could help reach these goals.

The trade-related capacity building (TRCB) programs of the WTO are another area where the membership could adopt relevant measures. These are programs aiming at improving development countries' capacity to negotiate and implement trade agreements. This is an area where donors are becoming increasingly active and the WTO could take a leadership role in demonstrating how gender equality can be integrated in TRCB.

At the analytical level, the WTO Secretariat could ensure it has the technical capacity to undertake gender analysis of trade rules. The WTO could develop and apply a framework for gender impact assessments, to assist trade negotiators identify gender equality considerations and systematically factor them into all phases, from negotiation to implementation and evaluation, in a transparent and accountable fashion. Alternatively this expertise could be obtained from outside groups. For his part, the WTO Director-General could include a gender equality expert in each of his advisory groups (Seguino 2000; Seguino 1997; Joeke and Weston 1994). The importance of examining trade-gender linkages in the context of WTO has arisen essentially on three counts. The significance of international trade in global economic activities has continued to grow exponentially. Thus, while world merchandises output has increased by four percent a year, the volume of trade in goods has grown by an average of six percent a year since 1948. In volume terms, this represents an eighteen fold increase in world trade since 1948. Exports of manufactured goods are now 43 times higher than they were 50 years ago. The net result is that around one quarter of world production is now traded and subject to rules of international trade (WTO 2003).

The shift in women's employment from financial to business services therefore may have led to lower average wages for women in the commercial services sectors. The table presents the data on employment in manufacturing in 1996 and 2001.

Table 1: Paid employment (thousands) and women's share of employment (per cent)

Sector	1996		2001	
	Number	% women	Number	% women
Foods and beverages	160.9	22.1	143.7	26.4
Tobacco	0.7	57.1	0.1	66.7
Textiles	51	32.3	57	21.8
Apparel	55	72.2	88.9	56.6
Leather	36.5	16.5	26.1	27.9
Wood and products	11.9	21.7	11.1	10.8
Paper and products	6.9	13.0	3.7	70.2
Publishing and printing	30.4	29.4	18.1	19.8
Coke and refined petroleum	1.1	10.0	2.0	50.0
Chemicals	27.7	28.9	31.1	31.8
Rubber and plastics	18.9	12.2	19.4	18.6
Non-metallic mineral prod.	31.7	8.5	30.6	9.1
Basic metals	4.2	-	3.9	5.1
Fabricated metal products	38.9	8.0	35.4	-
Machinery and equipment	13.4	12.6	4.5	-
Electrical machinery	3.7	-	2	47.6
Radio, TV and comm....equip.	1.4	-	-	-
Scientific instruments	0.9	-	3.0	-
Motor vehicles	3.3	-	7.0	-
Other transport equipm.	4.1	-	3.4	-
Other manufacturing	47.8	11.5	57.6	23.7
Total manufacturing	550.2	24.5	548.8	26.9
Total economy	2924.5	31.0	3329.9	33.8

Source: ILO (2002)

Since 1995, the WTO is the chief vehicle that creates and enforces the rules governing international trade. The rules contained in the WTO agreements account for well over 90 percent of world trade and are followed by 149 countries. The WTO comprises a wide array of legally binding multilateral trade agreements covering most aspects of our day-to-day lives. The impact of WTO agreements on gender outcomes and concerns, therefore, constitutes a key area of engagement for all concerned. This is especially so since none of the WTO agreements make any explicit reference to gender impacts despite normative and legal obligations to the contrary as enunciated in various historic commitments advancing the cause of gender equality (WTO 2003).

A striking feature of early industrialization in developing countries, particularly those with relatively large endowments of labour, is the high share of female employment in the emerging export industries. Descriptions of export processing zones (EPZ) in a number of Asian countries and in mainland China all

paint the same picture of a female dominated rapidly growing industrial labour force (Financial Times, 4. 2. 2003).

The insights from the general trade literature suggest that trade liberalization in poor countries that are rich in unskilled labour would shift investment and employment towards labour-intensive exportable sectors, while employment in import-competing industries would decline. Wages may decline in the short run if the capital investment adjustment takes longer than adjustments in the labour market, but in the long run wages will increase. The most labour-intensive industries are clothing, toys, consumer electronics and also some of the metal product industries. General trade theory tells us that in the process of opening up to trade, labour-abundant countries will experience job creation in these industries and over time a rise in the relative wage of unskilled labour will occur. Many of the labour-intensive industries are dominated by women and consequently job creation will largely benefit women.

Under the above situation there is a two-way interaction between gender and socio-economic policies. On the one hand economic changes may affect groups of men and women differently, for example, because of their different access to employment and resources; on the other hand, because gender assumptions and relations influence the division of labour, distribution of work, income, wealth, education level, access to public goods and services, the gender difference may influence outcome of economic policies.

Some major issues that this paper will address are:

- In newly industrialized, labour intensive countries the share of women in export processing zones have increased but the wages are very low
- In middle income countries the activity became skill oriented and since 1980s the employment of women decreased
- Export crop expansion has displaced women from permanent subsistence agriculture to seasonal work on export crops and nontraditional agricultural export
- For every formal sector job created by trade and FDI, informal job opportunities are created where there is predominance of women [eg. outsourcing, subcontracting] with low wages
- Expansion of import under trade liberalisation has a negative multiplier effect on women's employment in the informal sector as local producers lose market share to cheaper imports
- Despite increase in women's employment the labour market continues to be segregated by sex and 'women's job' pays less and has a lower status and less opportunity for advancement.

Mainstreaming gender perspective is the process of assessing implication for men and women of any planned action, including legislation, policy programmes in all areas and at all levels.

Gender differences and trends in global economic activity statistics on women's participation in the global economy published in 1999 by UN Secretariat also state that globalization has given rise to ambiguous and at times contradictory effects on gender equality. Trade policy initiative need to identify their likely social impact beyond producer interests and to include broadly conceived welfare support measures.

## Gender Issues in General Agreement on Tariffs and Trade (GATT), 1994

In the post GATT scenario newly industrialized countries have increased wage employment opportunities for women it but is concentrated in the labour intensive area characterized by low wage and poor working condition. In import competing segments there are displacements and job losses. Lower tariff results in reduction of government revenue which badly affect the social welfare expenditure in developing countries. If tariff reductions are not offset by increase in government revenue from other sources, there will be reduced social spending under structural adjustment programs having negative impact on women. The gender blind provisions in GATT are:

- ARTICLE XVIII: Calls for govt. assistance for development designed to raise the general standard of living. Rise in general standard of living does not necessarily denote rise in the standard of living of women and children. The foregoing evidence shows that there is differential impact of such growth.
- ARTICLE XX: Pertains to measures to be taken for protecting public morals, human, animal, plant life / health, protection of national treasures, conservation of natural resources, customary laws and intellectual property. Gender issues in agreement on trade and the agreement on agriculture fails to ensure equal treatment and non-discrimination and promote gender equality or redress historical disadvantages suffered by women and other social groups (A. 20).

The Beijing Platform of Action Fourth World Conference on Women 1995 called on governments to 'ensure national policies related to international and regional trade agreements do not have an adverse impact on women's new and traditional economic activities.' It called upon the UN General Assembly to invite WTO to explore how it can contribute to this end. Globalization presents new challenges for fulfillment and realization of goals of the 4th world conference of women. The CSW [UN Commission on Status of Women] and CEDAW Expert Committee have called upon the governments, international organizations and other stake holders to enhance market access to developing countries particularly for developing and transitional economies in sectors that provide greater employment opportunities for women and to help women owned business benefit from international trade and investment. Economic approaches to gender, trade and investment at conceptual level reveal that assessment macroeconomics performance based on conventional indicators such as GDP are incomplete because national accounts on which GDP measures are based generally ignore or under count home-based production carried out primarily b women. Macroeconomic models used to formulate stabilization and adjustment policies ignore women's unpaid labour in reproductive and care giving activities and therefore fail to recognize that reduction in basic services such as health care, effectively shift the related cost from public sector to the 'reproductive' or 'care' sector mainstream macroeconomics fails to recognize that labour market are dependent on the reproductive or care sector, therefore cut back in basic services such as education and health care can have a negative effect on the welfare of the future labour force and thus on future economic performance. Based on these insights following measures are proposed:

1. De-segregation of key variables by gender
2. Two sectors or two system approach
3. Interaction between 'paid' and 'unpaid' economies

Now there is a two-way interaction between gender and trade policy. On one hand different impact on men and women and within groups of man and women and influence of gender on outcome of trade policies by affecting the supply response on the other hand is seen.

Suggestion for gender related impact on comprehensive trade reform include:

- o changing patterns and conditions of paid and unpaid work
- o changes in gender gaps in wages, earnings, ownership and control of assets
- o changes in consumption pattern and use of technology by men and women
- o change public provisioning of services and gender impact
- o implication of gender differentiated empowerment

Legal analyses of gender trade and investments trade agreement expand into new sectors such as services trade related areas such as intellectual property rights indigenous knowledge, the central domain of trade policy still is the domestic regulation and the legal system.

Domestic laws and regulations are the critical tools for redressing discrimination and structural disadvantages experienced by vulnerable groups like women, children, indigenous people, and ethnic minority. Many countries have enacted laws to fulfill international obligations under treaties such as CEDAW, and commitments like Beijing platform for action and a number of 'new approaches' have been taken by law which are multi-disciplinary such as international laws and international relations law and economics critical jurisprudence new stream approach feminist approach a common method of legal analysis include consideration of text of the agreement and related implementation and enforcement mechanisms possible interactions by various laws and norms that influence gender roles and women's opportunities and constraints within a particular country.

It must be examined whether a trade agreement conflicts with any of the countries international commitment to gender equality and human rights, the country's constitution, national & laws and regulation benefitting gender non-discrimination and equal treatment laws affirmative action's and special treatment laws gender neutral laws gaps and biases in the implementation and enforcement religious traditional or customary laws and practices.

In poor, labour-rich developing countries, expansion of exports is related to a sustainable increase in female employment and an increase in women's share of employment at very low wages. There is indeed a statistically significant and negative correlation between women's share in employment and changes in imports. It appears that the correlation reflects a tendency for import competing industries to employ men.

## Conclusion

To conclude, there has been a concern that women's gains from trade liberalisation are reversed as countries upgrade their industries to higher value added and more technologically sophisticated production. The observation has caused this concern is that the share of women in employment has declined in these industries as they become more sophisticated. Moreover, a negative correlation between women's share of employment and women's relative wages indicates that as the industrial structure changes towards higher value added industries where employment seem to be gender-biased, women's relative earnings will decline. However, it should be emphasises that the impact of trade liberalisation on women's job opportunities and income is an empirical question and more empirical studies from low-income and least developed countries would be useful to shed light on the issue.

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