

# Looking at the trade and gender nexus from a development perspective

## A brief overview

*Concepts, definitions  
and analytical frameworks*



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## 1. INTRODUCTION

Before starting any kind of research, there are three basic questions that need to be answered: (1) What is the topic I want to examine? (2) Why is it important to investigate it? (3) How can I carry out my analysis? This document aims to provide an answer to each of these questions in the context of the trade and gender nexus.

Over the last 40 years, globalization has contributed to increased cross-border flows of goods and services (i.e., international trade or simply trade in general), capital, labour, technology and information. *Trade liberalization*<sup>1</sup> has been at the core of globalization. The prevailing assumption during this period has been that lowering economic, geographic and cultural barriers would lead to higher levels of productivity, and expanded production and employment opportunities from which everyone would benefit. Economic policies were often designed based on the assumption that market forces would automatically ensure these outcomes would be realized.

With the adoption of the Millennium Declaration in 2000 and the 2030 Agenda for Sustainable Development as a follow-up in 2015, the discourse in international development has shifted first to the *Millennium Development Goals (MDGs)* and then to the *Sustainable Development Goals (SDGs)* as an overarching framework for development. Global *gender equality* goals have been a critical component of the sustainable development agenda. There are also international legal frameworks for *gender equality* in addition to the development goals (box 1).

With regard to trade, the World Trade Organization's (WTO) Doha Round of multilateral trade negotiations, launched in 2001 with a strong emphasis on development, contributed to challenging the view that globalization would consequentially lead to economic growth and development for all. Indeed, a key feature of economic development in this era is a disconnection between economic growth and social development: income disparity, social inequality and exclusion have

### Box 1: International instruments and goals related to gender equality

The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) was signed by governments in 1979, entered into force in 1981, and at present has 189 state parties. CEDAW is the first legally binding instrument that takes a comprehensive approach to prohibiting discrimination against women in all domains of economic, social and political life, and it is considered a significant achievement.

The Beijing Declaration and Platform for Action, signed by 189 governments in 1995, is the first international legal instrument to incorporate a detailed action plan that sets out strategies to ensure equality and full human rights for women in 12 areas of concern: poverty, education and training, health, violence against women, armed conflict, the economy, power and decision-making, institutional mechanisms for the advancement of women, human rights, the media, the environment, and the girl-child.

MDG3, the Millennium Development Goal that specifically focused on *gender equality*, was subject to some criticism for its narrow (mainly social) interpretation of *gender equality* and women's empowerment, and for its limited attention to the impact of economic factors on women's well-being. SDG5, the Sustainable Development Goal that succeeded MDG3, has a broader approach to *gender equality*. SDG5 aims to achieve *gender equality* and empower all women and girls. It includes nine targets in the following areas: elimination of all forms of discrimination (5.1), violence (5.2) and harmful practices (5.3) against women and girls, recognition and valuing of unpaid care and domestic work (5.4), supporting women's decision-making power (5.5), ensuring access to sexual and reproductive health and reproductive rights (5.6), providing women with equal rights and access to economic resources (5.a), use of technology to support women (5.b), and adopting and strengthening policies and legislation toward greater gender equality (5.c).

Source: UNCTAD secretariat.

<sup>1</sup> All concepts listed in italic through the text are defined in the Glossary.



increased even in countries that have recorded high levels of economic growth and had a remarkable *trade performance*. It has become increasingly evident that economic policies affect different segments of the population, including men and women, in different ways, and the assumption that economic policies are “*gender neutral*” has been increasingly challenged. It has also become clear that economic policy, including trade policy, can play a critical role in narrowing the *gender gap* only if policymakers consciously take into account existing gender inequalities (UNCTAD 2012). In 2017, 127 members and observers of the WTO endorsed the Buenos Aires Declaration on Trade and Women’s Economic Empowerment to further support *women’s economic empowerment* and *gender equality* in the context of trade, as discussed in section 4 of this document.

Women and men are affected by international trade in distinct ways in their different economic roles, as shown by research on gender and trade, including research carried out by UNCTAD. Adopting a gender perspective therefore contributes to a deeper and

richer understanding of trade, and brings new insights into trade policy analysis. First, a gender perspective challenges the prevailing aggregate focus of conventional trade policy analysis, which overshadows the redistributive effects of trade at the country level. Second, a gender perspective is instrumental to bringing into analysis intersecting patterns of inequality (e.g., income, wealth, race, ethnicity, caste, spatial location, age) that would otherwise be overlooked. Finally, by delving deep into social norms and power relations, the gender approach integrates social and cultural factors into economic analysis. Hence it helps enhance the social meaningfulness and inclusiveness of trade policy (UNCTAD 2012).

Any impact of trade on the economy is likely to have gender-specific repercussions. Looking at countries’ socio-economic structure through a gender lens is therefore the general framework that will be described next. The document then presents a review of the two-way relationship between trade and gender and the notion of *gender mainstreaming in trade policy*.

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## 2. THE ECONOMY AS A GENDERED STRUCTURE

Before delving into the trade and gender debate, it is important to clarify the ways in which “gender” and the “economy as a gendered structure” are conceived in this teaching material. *Gender* is a system of norms and practices that ascribe certain roles, characteristics and behaviours to males and females based on their sex, and that generally assign those born female a subordinate status in society. Gender differences are socially constructed and learned through socialization processes rather than being based on any “natural” distinction. These differences structure social, economic and political power relations between persons of different genders within the household, the market, and society at large. They are context/time-specific and changeable.<sup>2</sup> In this context, gender equality implies that the interests, needs and priorities of both women and men are taken into consideration.<sup>3</sup> Hence it is not a women’s issue, but rather should concern and fully engage men as well as women. Equality between women and men is seen both as a human rights issue and as a precondition for, and an indicator of, sustainable people-centred development.<sup>4</sup>

It is also important to clarify the difference between *gender equality* and *women’s empowerment*, as the two concepts are closely related but quite distinct. *Gender equality* concerns women’s status relative to men’s status, while *women’s empowerment* refers to whether women have the ability to exercise control, and whether they have options and choice over practical and strategic decisions. Women can be empowered, for instance, by being enabled to make their own decisions regarding the use of their resources and income (economic empowerment), access good-quality education and be independent in society and the family (social empowerment), and participate in political life (political empowerment). *Women’s empowerment* is a more controversial concept and

more difficult to measure than gender equality because it entails many complex dimensions, such as social norms and institutions, that are highly context-specific.

By understanding the economy as a “gendered structure,”<sup>5</sup> one explicitly acknowledges and identifies the gendered power relations that underpin the various institutions, transactions and relations that make up the sphere of the economy. That is, the economy is viewed as part of a system of social relations in which gender is already inscribed, though gender relations within that system can also be transformed and made anew. For example, gender-based discrimination in labour markets is rife and means that women can access only a limited range of *occupations*, and that wages paid to them underestimate their contribution. This is not only a breach of basic labour rights, it also makes it harder for a country to take advantage of the full *productive capacity* of its current and future workforce.<sup>6</sup> Similarly, when women gain access to employment and income, it may lead to greater power and say in the household, and therefore mitigate some of the gender inequalities.

The first step in looking at the economy through a gender lens is to make visible the unpaid household-based work of caring for others that is vital for the continued functioning of the market-oriented economy. Gender-aware economists draw attention to the fact that goods and services required for adequate living standards are produced not only through market work but also through many hours of unpaid labour spent cooking and cleaning, collecting water and fuel, and taking care of children, the elderly, and ill as well as able-bodied adults.<sup>7</sup> This unpaid labour is vital for the functioning of the paid economy, yet it remains invisible. It has therefore been proposed that the boundaries of the economic system be broadened to include both market and non-market dimensions. Understanding

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<sup>2</sup> See UN Women, “Concepts and definitions,” available at <http://www.un.org/womenwatch/osagi/conceptsanddefinitions.htm> (accessed 10 November 2021).

<sup>3</sup> Genders include men, women and people who do not identify themselves as either men or women, or who identify themselves with a gender different from the one assigned to them at birth. However, throughout the material here we will refer to men and women.

<sup>4</sup> See UN Women, “Concepts and definitions,” available at <http://www.un.org/womenwatch/osagi/conceptsanddefinitions.htm> (accessed 10 November 2021).

<sup>5</sup> See Razavi and Hassim (2006), Gideon (1999) and Elson (1999).

<sup>6</sup> See Darity (1995), who built a model of *gender segregation* in a low-income country and examined how gender segregation can negatively affect the *productive capacity* of the economy.

<sup>7</sup> See Antonopolous (2009) and Razavi and Staab (2008), among others.

the interdependence between market activities (i.e., production or paid work) and *non-market activities* (i.e., reproduction or *unpaid work*) as well as the *gender division of labour* within these spheres constitutes the starting point for any gender-aware economic analysis.

Gender-based norms about what constitutes men's and women's work mean that women are expected to take on the bulk of caring responsibilities (Razavi 2007). This implies that women (much more than men) have the double burden of participating in both paid and *unpaid work*. This dual role often has the effect of undermining women's position and negotiating power in the labour market, and jeopardizes their access to credit and other productive resources. For instance, it can make women seek jobs that offer flexible arrangements, as in *informal employment* and part-time employment, so that they can more easily combine paid work with unpaid care and domestic work responsibilities. Informal and part-time jobs usually pay lower wages than formal and full-time jobs, but because of their additional unpaid family work women often have little incentive to engage in paid work, which in turn reinforces their participation in unpaid family work (Higgins 2012). Consequently, women become more vulnerable within their own families because, for example, they are more dependent on their husband's income. During economic downturns such as the one caused by the COVID-19 pandemic, women shoulder a larger burden. This is because women who mostly hold part-time and seasonal or temporary jobs are the ones to be dismissed first, and because women who hold a larger share of informal employment cannot access economic rescue packages.

The second step of a gender-aware analysis is to identify and analyse how *gender bias* in various forms of gender inequality affects women in the multiple roles they play in the economy. Before looking at that, it is important to first briefly explain how *gender equality* is framed. A distinction is made between three domains of economic and social life – capabilities, access to resources and opportunities, and security – and gender inequalities are examined within each domain:

- a) The **capabilities** domain refers to basic human abilities such as knowledge and health. These are fundamental to individual well-being and generate the preconditions for engaging in production and economic decision-making. They are usually measured by various *indicators* of education, health and nutrition.
- b) The **access to resources and opportunities** domain refers to conditions that enable individuals to earn adequate livelihoods for themselves and their families by accessing economic assets and resources, and by exercising decision-making power. Access to economic assets and resources such as land and other property, infrastructure, credit, inputs, extension services, etc. shapes one's ability to access employment and income-generating opportunities. Participation in managerial and leadership positions in cooperatives, businesses and governing bodies determines one's decision-making power. Access is measured by various *indicators* on access to assets, resources and decision-making positions.
- c) The **security** domain refers to vulnerability to violence and conflict. Violence and conflict cause physical and psychological harm, and undermine the ability of individuals and communities to fulfil their potential. Security can be measured by *indicators* such as the prevalence of physical violence, rape, sexual harassment or female trafficking.

Typically, women participate in the economy as workers, producers, traders, consumers and taxpayers. Of course, women play several roles in parallel and are therefore exposed to different forms of gender inequality that may reinforce each other, putting women at a disadvantage in the market economy. Table 1 presents an overview of these economic roles and the corresponding *gender biases* that affect women.

In order to understand the gendered structure of an economy and the type of *gender bias* women have to deal with in these economic roles, it is necessary to identify the sectors where women and men work (i.e., agriculture, industry and services) and their employment status (i.e., employees and self-employed individuals including employers, *own-account workers*, *contributing family workers*, and members of producers' cooperatives). This is another categorization applied here for each economic role in this analysis of gender and trade linkages.

Women in general tend to be concentrated in fewer economic sectors (i.e., *horizontal segregation*) and are underrepresented in power and decision-making positions (i.e., *vertical segregation*). Conversely, men are more evenly distributed across a wider range of *occupations* and productive activities (World Bank 2012: chapter 5). Women are more likely than men to be found in low-paid and precarious forms of work such

as that of *own-account workers* and *contributing family workers* – the two forms of *vulnerable employment*.<sup>8</sup> Across the developing world, 45 per cent of women are *own-account workers* in low-income countries; the same share is 41 per cent for lower-middle income countries, and 25 per cent for upper-middle income countries.<sup>9</sup> Own-account work as a share of total female employment is high especially in South Asia (56 per cent) and sub-Saharan Africa (53 per cent). Similarly, 43 per cent of women are *contributing family workers* in low-income countries, 24 per cent in lower-middle income countries, and 16 per cent in upper-middle income countries (ILO 2020). Contributing family work is generally unpaid, although compensation might come indirectly in the form of family income, and it supports production for the market.

Besides their role in paid economic activities, women shoulder the lion's share of unpaid domestic work and care responsibilities in the household. The burden of *unpaid work* is particularly heavy for rural women in remote areas due to poor physical infrastructure. As mentioned above, this double burden of combining paid and *unpaid work* limits the ability of women to participate in paid economic activities on equal terms with men. The most used source of information on *unpaid work* is *time use surveys*, which are more common in developed countries but also increasing in number and coverage in developing countries. According to UN Women (2019), globally, women spend three times as much time on unpaid care and domestic work and care as men do. These differences are particularly large in developing countries. Among the different regions, the *gender gap* in unpaid care and domestic work is the largest in the Northern Africa and Western Asia region, where the median female-to-male ratio is almost six.

Women's restricted time availability implies that they face greater disadvantages than men in responding to new economic incentives, especially in their role as workers and producers. This further adds on supply-side obstacles to be faced, such as limited access to assets and resources. Gender inequality in access to property (e.g., land) also adversely affects women's access to credit, as land is often used as collateral to get a loan. Regarding education and *vocational training*, women and girls have fewer opportunities than men and boys to develop skills because boys are more likely to be sent to school than girls, who often stay at home to help within the household. At a later stage in life, vocational training, including *agricultural extension services*, may not fit women's time schedules, thus precluding their participation. Women's lower education and knowledge, especially in cutting-edge technical fields, also limit their upward mobility for employment opportunities when the economy moves up the technology ladder.

Besides their participation in paid economic activities as workers, producers, small entrepreneurs and traders, women are also affected by trade policy in their roles as consumers. This is because women purchase food and other goods for their families and use public services to a greater extent than men. Any economic shock resulting in changes in the relative price of necessities and in the provision of essential public services is therefore likely to have a different impact on female and male household members. Similarly, women as taxpayers are likely to be affected differently than men by tax policies because of the gendered economic structure, as discussed in more detail in section 3.2.

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<sup>8</sup> Women hold a lower share of wage and salaried work in their total employment compared to men in developing countries, and the gap is large especially in low-income developing countries. In 2019, 11 per cent of women were wage and salaried workers as opposed to 24 per cent of men in low-income countries (ILO 2020).

<sup>9</sup> This classification is based on the World Bank's Country Classification by Income, available at <https://www.jagranjosh.com/general-knowledge/world-bank-country-classifications-by-income-level-1594710102-1>, accessed on 1 July 2021. According to the World Bank's calculations for 2020 using the World Bank Atlas method, high-income countries have a GNI per capita of US\$12,696 or more; upper-middle-income countries have a GNI per capita between US\$4,096 and US\$12,695; lower-middle income countries have a GNI per capita between US\$1,046 and US\$4,095; and low-income countries have a GNI per capita of US\$1,045 or less.

Table 1: Women's economic roles and gender bias

Women's economic role	Gender bias
<p>Workers, producers and small entrepreneurs</p> <ul style="list-style-type: none"> <li>• Wage or salary workers (employees)</li> <li>• Self-employed individuals (employers, <i>own-account workers</i>, <i>contributing family workers</i>, members of producers' cooperatives)</li> <li>• Owners of <i>micro, small and medium-sized enterprises</i> (MSMEs)</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Gender segregation</i> in the labour market: <i>horizontal and vertical segregation</i>, women's concentration in low-paid and precarious forms of work (e.g., informal, part-time, seasonal, <i>casual</i>, temporary workers), and women's weaker <i>bargaining power</i></li> <li>• <i>Gender wage gap</i></li> <li>• Limited access to education, training and skill development</li> <li>• Limited access to market information</li> <li>• Limited access to and control over economic assets and resources (e.g., credit, land, inputs), and limited employment opportunities</li> <li>• Restricted time availability (i.e., time poverty): unpaid domestic work and care responsibilities that fall disproportionately on women</li> <li>• Gender-based violence and harassment</li> </ul>
<p>Traders</p> <ul style="list-style-type: none"> <li>• <i>Informal cross-border traders</i></li> <li>• Street traders and vendors</li> <li>• Owners of <i>MSMEs</i></li> </ul>	<ul style="list-style-type: none"> <li>• Lower literacy and numeracy skills</li> <li>• Limited access to and control over economic assets and resources (e.g., capital, credit)</li> <li>• Limited access to information and networks</li> <li>• Limited access to different modes of transportation</li> <li>• Limited access to business development services that are usually designed without considering the needs of women entrepreneurs</li> <li>• Limited awareness of trade rules and customs procedures</li> <li>• Time and mobility constraints to travel long distances to seek better deals</li> <li>• Weaker <i>bargaining power</i></li> <li>• Exposure to gender-based violence and harassment at border crossings</li> <li>• Higher health-related risks due to lack of sanitary facilities at border crossings</li> </ul>
<p>Consumers</p> <ul style="list-style-type: none"> <li>• Purchasers of food and other goods</li> <li>• Users of public services</li> </ul>	<ul style="list-style-type: none"> <li>• Higher exposure to increases in import prices</li> <li>• Higher vulnerability to cuts in public expenditure</li> </ul>
<p>Taxpayers</p>	<ul style="list-style-type: none"> <li>• Higher exposure to explicit and implicit forms of <i>gender bias</i> in taxation</li> <li>• Higher risk of dropping out of work because of higher marginal tax rates in joint income tax filing</li> <li>• Higher exposure to <i>indirect taxes</i> on consumption as main consumers of necessities</li> </ul>

Source: UNCTAD secretariat.

## 3. THE TRADE-GENDER NEXUS

Trade affects economies by altering the structure of production, employment patterns and income through changes in the relative prices of goods and services. International trade agreements also increasingly include provisions that go beyond trade rules and intersect with other public policy areas. Each of these aspects has a gender dimension that depends on women's position in the economy.

### 3.1. A TWO-WAY RELATIONSHIP BETWEEN TRADE AND GENDER

Changes in a country's trade patterns and volume, whether resulting from domestic trade policies or from trends at the international level such as instability in world prices of export and import items, take place in the context of economic structures and institutions that tend to be shaped by *gender bias*. This has two implications.

The first implication is that the distributional outcomes of trade vary by gender: within a country, trade and trade policy affects men and women in discrete ways in their different economic roles, and shapes overall gender equality. Furthermore, the effects of trade are likely to vary among women themselves, depending on their ethnicity, age, income, educational level and migration status, as well as the social obligations prevailing in their households and communities. This is one side of the two-way relationship between trade and gender.

The second implication is that gender inequalities in different domains of economic and social life may affect a country's competitiveness and export performance. This is the other side of the two-way relationship between trade and gender.

A number of analytical frameworks exist that could help in organizing an analysis of the interaction of trade with gender inequalities. An approach frequently used in gender analysis, but which can also be applied to the links between trade and gender, is to distinguish between the "macro," "meso" and "micro" levels (Elson et al. 1997; Elson 1999). Macro-level analysis examines the *gender division of labour* between the *productive sphere* (market or paid) and *reproductive sphere* (domestic or unpaid) of the economy. Meso-

level analysis looks at the institutions and frameworks responsible for the distribution of resources, provision of public services, and functioning of labour, commodity and other markets. Micro-level analysis provides an in-depth look of the gender division of labour, resources and decision-making, particularly within the household (UNICEF 2011).

This analysis of the channels of interaction between trade and gender suggests that trade can affect gender inequalities at all three of these levels. For example, *gender gaps* in market participation may narrow if the expanding sectors are more female-intensive than the contracting sectors (macro); public provision of social services that favour women (e.g. health, education) may be undermined if the loss of government revenue from reduced *tariffs* leads to cuts in such services (meso); and female control over household spending may be reduced or extended, depending on whether *trade liberalization* destroys or creates sources of independent income for women (micro). Employment, public provision and consumption effects may in turn have consequences for the level and gender distribution of *unpaid work* at both the micro level (among household members) and macro level (between households and public institutions).

Another important contribution to conceptual frameworks for the analysis of trade and gender is provided by Elson et al. (2007), who draw on heterodox trade theories to develop a critique of the concept of *comparative advantage* and highlight that the acquisition of it is a gendered process. The following section will examine how this theoretical framework can be used to analyse the channels of interaction between trade and gender.

### 3.2. CHANNELS OF INTERACTION BETWEEN TRADE AND GENDER

This section presents a review of the two-way relationship between trade and gender. It first describes how trade affects women's economic empowerment, well-being and overall *gender equality*. It then turns to the other side of the two-way relationship and discusses how gender inequalities shape the *export competitiveness* and *trade performance* of a country.



### 3.2.1. THE EFFECTS OF TRADE ON GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT

Trade influences economic outcomes (e.g., employment, income, wages, working conditions, consumption, tax burden) for women and men in their different economic roles (e.g., workers, producers, small entrepreneurs, traders, consumers, taxpayers) through multiple channels.

#### 3.2.1.1. Women as wage workers

According to standard trade theory, a country exports goods that more intensively use its relatively abundant factor – hence relatively cheaper factor – and imports goods that are intensive in relatively scarce factor based on their *comparative advantage* (Heckscher and Ohlin 1991). *Trade liberalization* hence leads to an expansion of sectors producing export goods and increases relative demand for – and relative returns to – the abundant factor of production (Stolper and Samuelson 1941). Since developing countries are abundant in labour rather than capital, *trade liberalization* is expected to lead to an expansion of labour-intensive sectors, and increase the relative demand for labour (employment) and returns to labour (wages) in these countries.

Another way to think about this framework is in terms of *skill level*: if developed countries are abundant in high-skill labour and developing countries in low-skill labour, trade will increase the relative returns to low-skill labour in the latter. Since women are assumed to form a bulk of the low-skill labour force in developing countries, standard trade theory implies that *trade liberalization* increases the demand for women's labour relative to men's, boosting female employment. As a result, female wages are expected to rise more relative to male wages, leading to a lower *gender wage gap*. This interpretation of standard trade theory implies that *trade liberalization* contributes to reducing gender inequality in developing countries. Additionally, reinterpreting Becker's theory of labour market discrimination published in 1957 in an open economy context, some scholars (Black and Brainerd 2004) assert that liberalization is likely to lead to competitive pressures that will reduce the scope for employers to discriminate, including against women, and hence lower gender wage inequality.

Standard trade theory has evolved from the concept of *comparative advantage* to “new trade theory” and “new-new trade theory” over time.<sup>10</sup> These models consider previously omitted characteristics of product and labour markets (e.g., firm and worker heterogeneity, labour market frictions, informality, international outsourcing and offshoring), and show that the gendered implications of *trade liberalization* are more complex and context-specific than previously thought (Aleman-Castilla 2020). For example, if *trade liberalization* induces technological change as a competitive strategy, this would make manufacturing jobs less physically demanding and increase women's relative productivity in production tasks. As a result, demand for women workers and their wages would increase relative to men, narrowing the *gender wage gap* in such tasks (Juhn et al. 2013; Pieters 2018). Export opportunities abroad and the selection of only the most competitive firms into exporting would also narrow the *gender wage gap* through increased competition (Ben Yahmed 2017).

According to *heterodox economics*, trade is based on absolute or *competitive advantage* rather than on *comparative advantage*. That is, a country that produces a good more cheaply will dominate the international market and outdo its competitors. In this framework, costs are not determined by “given” *factor endowments* and technology, but by historically and socially shaped processes of technology generation, rights acquisition and *bargaining power* (Elson et al. 2007). International competition is the main driver in this narrative, and it stimulates the search for lower-cost labour as firms use price-cutting and cost reductions as a strategy to gain and hold market share (Shaikh 2007). Firms seize on existing *gender gaps* in power in households and labour markets (e.g., *gender wage gap, occupational segregation*) and hire women in order to lower costs of production, particularly in labour-intensive sectors in developing countries.

Contrary to the discrimination-reducing impact of competition in standard trade theory, heterodox economists see persistent discrimination as consistent with a competitive economy (Darity 1989; Darity and Williams 1985). In this framework, wages are determined by the relative *bargaining power* of groups of workers, which are shaped by worker skills and job characteristics. When exports expand, women may

<sup>10</sup> New trade theory introduces *economies of scale*, product differentiation and *imperfect competition* to explain international specialization and trade patterns (Krugman 1990). New-new trade theory incorporates firm heterogeneity to understand intra-industry impacts of trade (Melitz 2003).

experience job gains but not necessarily a decline in wage discrimination. Gender wage discrimination instead may be a conscious employer strategy to boost profits given the relatively lower *bargaining power* of women workers, and the *gender wage gap* may widen instead of narrowing as a result of *trade liberalization* (Elson et al. 2007).

In this context, women's employment, especially in *non-traditional agricultural exports* and export-oriented manufacturing, has contradictory gender implications. On the one hand, wage employment becomes available for many women. This helps undermine old structures of gender inequality as women work outside their home and earn their own income. On the other hand, women are crowded into a few *occupations* on unfavourable terms and may lose on other dimensions of well-being such as time for leisure or sleep (Elson et al. 2007). Women's wages may not necessarily rise as a result of increased demand for their labour in export-oriented sectors either.

Empirical evidence shows that the adoption of export-oriented policies by developing countries from the 1960s and 1970s onward saw a massive influx of women workers into labour-intensive export sectors, especially in manufacturing. Women constituted up to 70 to 90 per cent of workers in these manufacturing sectors and entered formal employment for the first time in most cases in Asia, Latin America and some parts of Africa. The expansion of export-oriented services (e.g., tourism, call centres, data entry) further facilitated this process of women's increased share in wage employment, known as the *feminization of labour*.

The *feminization of labour* through export orientation appears to be more common in the manufacturing sector and in semi-industrialized economies than it is in agriculture-based economies or mineral-resource-rich countries. However, it has mostly occurred in labour-intensive, *low-value-added* and low-wage export sectors such as garments, textiles, leather and toys. These sectors are characterized by low-quality jobs and limited prospects for career advancement. In this regard, the term *feminization of labour* refers to both

the increase in women's share of total employment and the extension of unfavourable working conditions such as low wages and job insecurity, which traditionally characterize women's jobs, to men's jobs (Standing 1989, 1999).

More recently, there has been a decline in the female share of employment in traditional export sectors in some countries and economies (e.g., Republic of Korea, Taiwan Province of China and Malaysia) – a phenomenon defined as the *defeminization of labour*. This is mainly because firms have a stronger preference for male workers in more technologically advanced production during industrial upgrading (Kucera and Tejani 2014). It is also the case that labour costs make up a smaller share of total cost in capital-intensive production and therefore the competitive pressures that lead employers to prefer women over men are alleviated (Tejani and Millberg 2016; Saraçoğlu et al. 2018). Lack of relevant skills, time poverty and gender stereotypes about jobs also play a role in this *gender segregation by occupation*.

Services require further attention given their increased role in international trade and women's employment around the world. The development of services is essential for a country's aggregate productivity and societal advancement,<sup>11</sup> and trade in services is expected to have positive outcomes through efficiency-inducing international competition, fostering of innovation, specialization from division of labour, *economies of scale*, and lower consumer prices. *Cross-border trade* and investment in services has been the fastest rising component of world trade in recent decades (Sauvé 2020).

A strong and dynamic services sector could greatly contribute to women's empowerment. Some recent developments, such as the *servisification* of manufacturing (i.e., services in the form of inputs, activities or outputs being incorporated into goods and sold with them),<sup>12</sup> may provide women with job opportunities in the *value-added* segments of services sectors. Services jobs are often viewed through a high-value lens, with technology, financial, business,

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<sup>11</sup> Transport, wholesale distribution and retail, logistics, marketing, sales and after sales, IT and R&D services are key for business competitiveness and profitability. Extension and other consultancy services contribute to agricultural productivity and food security. Health and education services are essential determinants of social well-being. Energy and environmental services are at the centre of a country's sustainable development.

<sup>12</sup> In the OECD countries, services are estimated to contribute slightly more than a third of *value-added* of manufacturing exports. If the *value-added* of services provided within the firm is also considered, the contribution of services activities to manufacturing exports in terms of value addition reaches half of the total (OECD 2017).

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information and communications technology (ICT) and research and development (R&D) services receiving much of the attention. However, the shift toward services in developing countries is generally taking place at lower income levels than in developed countries. In many developing countries, more traditional, non-tradable and low-productivity services with reduced capital accumulation potential account for the increasing share of services in GDP and employment.

Services and services exports have become an important source of employment for women in many developing countries,<sup>13</sup> including both formal and informal service sectors. These economic activities range from small-scale *cross-border trade*, as in many parts of sub-Saharan Africa (UNCTAD 2019), to a host of ICT-related services (e.g., back-office processing, call centres, e-commerce), as in India, the Philippines, Jamaica and Mexico (Mitter 2004; Prasad and Sreedevi 2007),<sup>14</sup> and to the provision of education, healthcare, social services, and hospitality and catering services for the tourism sector. Most of these *occupations* fall in the category of low-skill services, and providers face barriers to provide their services abroad. Conversely, medium- and high-skill services may open new opportunities for women's economic advancement and are easier to provide across the border.

*Global value chains (GVCs)* play a central role in global trade (corresponding to around 80 per cent of total trade) and have become the centre of investment and trade policy in developing countries due to many expected benefits that include employment generation, export revenue and knowledge and technology transfer. For many women, employment in GVCs is a source of economic empowerment as their first paid and regular job outside agriculture. Examples include textile, clothing, horticulture, cocoa, coffee and other *agricultural value chains*, despite women being segregated into low-skilled and low-paid segments of the value chain in many cases. International interventions such as the International Labour Organization's (ILO) Better Work Programme have been instrumental in expanding women's agency to control their earnings and effectively communicate

in the household, as documented for the clothing GVCs in Bangladesh, Cambodia, Kenya, Lesotho and Viet Nam (Pike and English 2021).

More recently, technology advances and the rise of higher-skilled GVCs have opened new opportunities for women to break out of this job segregation by gender. For example, for Costa Rica and the Dominican Republic it is documented that the medical devices GVC offers well-paid and permanent job opportunities for women not only on the production line but also in professional and technical positions (Bamber and Hemrick 2019).

The COVID-19 pandemic directly affected economic activities related to GVCs through both supply and demand shocks.<sup>15</sup> For example, in the garment GVCs in Asia, it resulted in employment and income losses due to severe demand contraction, more acutely felt by women because they make up the bulk of the work force in the sector (MacDonald 2021). The adverse effects were less harsh in industries such as *business process outsourcing (BPO)*, and to an extent electronics, mainly through the continuation of work at home (Tejani and Fukuda-Parr 2021). Despite the evident job segregation by gender and unfavourable working conditions in low-skilled sectors, most job positions for many women in export-oriented manufacturing, *non-traditional agricultural exports* and traded services such as tourism pay more than alternative forms of employment, especially in the agricultural sector. Indeed, many women rank employment in export-oriented sectors – and in particular in *export processing zones* – better than agricultural or low-skilled services employment, as they provide a regular source of income (e.g., wage) and formal employment opportunities in many cases.

### 3.2.1.2. Women as producers and small entrepreneurs

Many women have gained employment as wage workers in export-oriented production, but the impact of trade on women producers and small entrepreneurs can be quite different. The domestic price of the

<sup>13</sup> According to ILO data for 2019, globally 48 per cent of men work in the service economy as opposed to 58 per cent of women, with a 40 per cent rise in women's participation since 2000 (ILO 2019).

<sup>14</sup> Traded professional services (e.g., legal, medical, accountancy, auditing services) have also increased their share in women's employment in part due to improvements in women's education levels over the last few decades (Sauvé 2020). This is likely to be stronger in developed than developing countries.

<sup>15</sup> Lockdowns disrupted the flow of raw materials and intermediate goods leading to a supply shock. The economic slowdown across the global economy created a demand shock.

good in which the home country has a *comparative advantage* (i.e., its export good) will rise as a result of *trade liberalization*. This is because under free trade, excess demand for this good in the foreign country will cause its world equilibrium price to rise.

Women producers can benefit from *trade liberalization* by taking advantage of expanded markets and better prices for exports and integrating into GVCs as producers and small entrepreneurs. Consider the case of agriculture. Small farmers have difficulties competing in international markets because they often operate at the subsistence level and are isolated from those markets. They face specific constraints, many of which are gendered. These include unequal land tenure systems, poor infrastructure, limited access to credit, and often a lack of technical expertise required to comply with regulations and output standards, among other issues (Fontana and Paciello 2009).

Additionally, the transition from subsistence farming to export crops is increasingly associated with men taking over female-intensive crops, intensifying *gender segregation* in agricultural production. Once a crop commercializes and becomes profitable, male farmers participate more in production of that crop, as they dominate the distribution of *cash crops* and control over proceeds of sales. This happens even though women are just as involved as men in the cultivation of export crops, especially as unpaid labour on family farms (UNCTAD 2015). Commercial crops may also displace *subsistence crops*, which are primarily grown by women to feed the household, and thus commercial crops adversely affect food security in rural areas. The ability of women farmers to effectively integrate into export crop production and *global value chains* as producers depends on corrective action taken by governments to redress gender-based inequalities and constraints. Strategies geared at dynamizing the traditional subsistence-oriented sector should have a gender perspective while supporting women's production and exporting capacity.

The elimination of import *tariffs* and an influx of imports may have an adverse effect on domestic producers and small entrepreneurs in import-competing sectors as prices fall and competition rises. Some productive activities can be rendered unviable because domestic producers cannot compete with the fall in prices due to import competition and are driven out of the market altogether. In the case of agriculture, small farmers, many of whom are women, face both higher

input prices due to the removal of agricultural support programmes and lower farm prices due to import liberalization, squeezing their incomes, as observed in several African and Latin American countries (Koopman 2009; Van Staveren 2007; Perez et al. 2008).

Entrepreneurial activity plays an important role in all countries, including developing ones. It contributes to economic growth by stimulating job creation, improving skills and encouraging technological innovation. However, differences in the level and type of *entrepreneurship* have a significant effect on the economic performance of enterprises, on their capacity to contribute to a country's development, and on the entrepreneurs themselves. While dynamic, opportunity-driven *entrepreneurship* may have significant positive effects on those aspects, entrepreneurs who run survival-oriented enterprises by necessity are typically less innovative, operate mostly in low-productivity and low-*value-added* activities and produce traditional goods and services with established technologies. Such firms, which include many women, tend to remain at a microenterprise level (UNCTAD 2018).

Many entrepreneurs by necessity are in the *informal economy*. The financial and nonfinancial costs of the registration process, a lack of information about that process, and greater uncertainty about the benefits of formalization contribute to the decision of entrepreneurs to remain informal (UNCTAD 2018).

*Entrepreneurship* occurs within an economic and social context that is gendered. This has a bearing on the types of entrepreneurs who emerge and their chances of success. Women-owned enterprises in developing countries are on average less productive than men-owned enterprises, reflecting constraints to access to skills, finance, technology, inputs, training and networks, as well as limited time availability. Laws such as those requiring a husband's approval to start a business, further inhibit women's *entrepreneurship*. Women-owned firms also tend to be less innovative and to operate, in particular, in consumer-oriented services such as those involving retail, lodging, restaurants, personal services, health, education and social and recreational services. What are called "me-too businesses" based on imitations of existing activities are widespread among women entrepreneurs. For example, according to field interviews, many female small-scale cross-border traders in sub-Saharan Africa engage in cross-border activities because their neighbours or family members are doing so. While

such enterprises provide a living for women and their families and may create employment opportunities for other women, they have limited potential to empower women and to contribute to the development-oriented transformation of a country.

Women-led enterprises are also less involved in international trade. The percentage of women entrepreneurs with sales of 25 per cent or more to international customers is very low across developing regions (4 per cent in sub-Saharan Africa, 5 per cent in Latin America and the Caribbean, and 10 per cent East/South Asia and the Pacific). Business discontinuance among women entrepreneurs is also the highest in low-income countries, with financial reasons being the main reason (GERA 2019). More recent data show that there was a sharper decline in the number of women starting or running a new business in 2020 than the same number for men, possibly reflecting the higher burden of domestic work shouldered by women during the pandemic (GERA 2021).

Unleashing the potential of women-owned enterprises requires a conducive cultural and legal framework, government policy supportive of *entrepreneurship*, available financing, the development of human capital, new markets for products and services, and infrastructure support.

GVCs provide opportunities for women's economic empowerment as small entrepreneurs. Women as producers and entrepreneurs can take advantage of GVCs to overcome established gender inequalities in access to resources and markets embedded in traditional market settings. GVCs can also enable product and skill upgrading through the networks and channels for training and accessing resources. However, access to such opportunities is not widely available and accessible. Interventions combining access to finance (especially grants) and business training are more successful in supporting women business start-ups than single-area interventions (ILO 2018).

Digital technologies and e-commerce have eased women entrepreneurs' access to markets through lower investment requirements and flexible time management, as well as by offering the possibility of bypassing cultural and mobility barriers. Indeed, the share of women entrepreneurs is higher in e-commerce platforms than offline businesses, and areas of

e-commerce activity include cosmetics, clothing, grocery and baby products (World Bank and WTO 2020).<sup>16</sup> The pandemic opened new opportunities especially for women entrepreneurs through the expansion of the e-commerce sector. It is important to support women in technology use and connectivity to better take advantage of expanding e-commerce business opportunities.

### 3.2.1.3. Women as consumers

In order to examine the impact of a trade policy (such as reductions in *tariffs*) on women as consumers of imported products, it is necessary to investigate (a) how much influence trade policy has on the domestic prices of imported goods; and (b) women's degree of exposure to imported goods. According to standard trade theory, one of the advantages of *trade liberalization* is the welfare-enhancing effect it has on consumers through the fall in the price of imports following the removal of tariffs. A fall in the price of basic consumption goods as a result of import competition may favour women to a greater extent than men, as women tend to spend more on household well-being. But while lower prices of imports following *trade liberalization* can be positive for women as consumers of those goods and services, it can be negative for the same women if they are employed (e.g., as producers or workers) in import-competing sectors that produce these goods and services. Hence there are adjustment costs to women who participate in the production of import-competing goods, as discussed earlier.

While a large share of men's income is often spent on products that Darity (1995) defines as "pure luxury items," the consumption basket of women is mainly made up of food products and other necessities. A change in economic policy that increases food prices means, for example, that women have to purchase a smaller amount of food products with a given income. This has consequences for the well-being of the family generally, but particularly for girls, since food may be unequally distributed among male and female members of the family.

Women are also affected by trade as consumers of public services. *Gender equality* and social outcomes can improve if government spending is dedicated to education, infrastructure or reducing the care burden. This would be an expansionary and "gender

<sup>16</sup> These findings are based on an analysis by the WTO Secretariat of women-led enterprises on the Alibaba Group platform, which is based in China and is the largest retail e-commerce company in the world.

cooperative” effect of fiscal policy. A decline in such spending, in the other hand, would be contractionary and “gender conflictive” (Seguino 2012).

Loss of governmental revenue through *tariff* reductions or corporate tax incentives can affect women adversely as consumers of public services. If governments cut back on social expenditures (e.g., education, health, social protection) to make up for revenue loss and/or alter the composition of public spending, this implies an increase in women’s unpaid domestic work and care burden, with negative implications for women’s participation in paid activities. Alternatively, the additional responsibilities can spill over to young girls at home whose education might suffer as a result (Elson 1993).

*Gender-responsive* budgeting initiatives are a useful tool both for gathering information on gender patterns in the use of public services and for ensuring that social sector spending, especially spending that promotes *gender equality*, is protected.<sup>17</sup>

Efficient services – such as telecommunications, banking or transport – are a precondition for economic success. According to theory, international competition among providers of public services should result in higher-quality and lower-cost delivery of these services for consumers. Privatization of public services pursued unilaterally or within the framework of trade agreements, however, may lead to higher prices or to unavailability of such services in remote areas where services provision may prove unprofitable.

#### 3.2.1.4. Women as taxpayers

Apart from cutting social spending, governments may try to offset lost *tariff* revenues by increasing tax rates in other areas. Women and men are likely to be affected differently by tax policies because of the different roles and responsibilities they have in the economy, which is itself a gendered structure. A distinction can be made between explicit and implicit biases against women in taxation (Stotsky 1997; Elson 2006; Barnett and Grown 2004; Grown and Valodia 2010, UNDP 2010). Explicit forms of *gender bias* include cases in which men and women are subject to different tax rules. They are easier to identify because they depend on the language used in the tax code or tax regulations, and are more common in personal income tax

arrangements than in other types of taxation (Barnett and Grown 2004).

Implicit forms of *gender bias*, on the other hand, refer to cases where tax law appears to treat men and women equally but in fact has an unequal impact. They are the result of social norms and economic behaviour, and therefore are more difficult to identify. In this case, the different treatment of men and women is not the result of tax law, but rather of how societies are organized. A typical example is systems of joint filing of income tax by married couples, which used to be widespread and implied higher marginal tax rates for secondary earners (who tend to be women) compared to the case of filing separately. This situation affected women’s labour force participation decisions and other decisions such as having a child (Barnett and Grown 2004). Implicit bias may also be found in other areas, such as different levels of consumption taxes, because men and women have different expenditure patterns on various goods such as food, children’s clothes and medical care (Birchall and Fontana 2015).

Another distinction can be made with respect to the type of taxes (e.g., *direct* and *indirect taxes*) being increased to compensate for the loss of revenue due to the removal of or decrease in tariffs or in other trade-related revenues. *Direct taxes* are mostly defined based on income while *indirect taxes* are linked to consumption; both have gendered effects due to the different economic roles and responsibilities of men and women.

In the case of *direct taxes*, changes in personal income tax tend to disproportionately impact men, as they usually earn more and own more wealth. The way in which income tax returns are filed is also relevant in assessing the gendered impact of taxation. There might be explicit *gender biases* depending on the allocation of non-labour earnings, exemptions or deductions for children and other purposes in individual filing systems, and the allocation of tax preferences (i.e., to only one spouse) or in filing rules in joint filing systems. Similarly, payroll taxes, which are deducted at source from the wages of employees, put a greater tax burden on the poor than the personal income tax because payroll taxes only affect wage income, which is the sole source of income for the poor in most cases, and is taxed higher than other forms of income such as profits, interest, etc. This may affect women more

<sup>17</sup> See Oxfam (2018) for a brief review of *gender-responsive* budgeting processes.



adversely, since women tend to rely more on wage income than other sources. Corporate income tax can also have different impacts on men and women as producers and workers depending on the tax treatment of different economic sectors and enterprises (Barnett and Grown 2004).

In the case of *indirect taxes* such as commodity taxes (e.g., value-added tax, sales, excise), taxation puts a greater tax burden on the poor. Lower-income groups, including women, tend to consume a higher proportion of their income than wealthier groups and therefore face a higher tax incidence; that is, they pay a higher proportion of their income as taxes. Trade taxes in the form of import and/or export duties are also an example of *indirect taxes* and may have gendered implications depending on the sector of employment and consumption patterns of women and men.

Additionally, the gender implications of different types of taxation differ across developed and developing countries. *Gender biases* are more important in indirect taxation than direct taxation in developing countries, where formal employment opportunities are limited. In the case of an *informal economy*, which is the dominant type of economy in most developing countries, tax incidence may differ depending on the visibility of the economic activity under consideration. For example, taxes levied on markets, which are more easily enforced, may disproportionately affect women because women dominate such market jobs. This is the case for rural areas in Africa. In contrast, economic activities such as home-based manufacturing may escape taxation more easily. Similarly, user fees imposed on public services may affect women more adversely than men because women tend to consume such services to a greater extent (Joshi 2017).

### **3.2.2. THE EFFECTS OF GENDER INEQUALITIES ON TRADE PERFORMANCE AND EXPORT COMPETITIVENESS**

Now that this paper has briefly discussed how trade and trade-related policies impact women as wage workers, producers, small entrepreneurs, traders, consumers and taxpayers, this section moves to the other side of the two-way relationship between trade and gender: how gender inequalities in different domains of economic and social life impact a country's *export competitiveness* and *trade performance*.

This section first analyses the reasons why women have been preferred as workers for low-wage, low-*value-added* jobs in labour-intensive manufacturing. It then discusses the reasons why women who are self-employed as small entrepreneurs, producers and traders may not achieve *export competitiveness* as much as men do. For this purpose, the categories employed are provided by van Staveren et al. (2007) and Elson et al. (2007), who describe women as (a) “sources of *competitive advantage*” for export-oriented firms, and (b) “underachievers of *competitive advantage*” in their own enterprises. The former refers to women as unpaid family workers and wage workers who enable producers to compete in international markets based on the use of cheap labour. The latter refers to women as owners of businesses employing other people or as own-account self-employed producers who lack the necessary resources, assets, training and market information to be able to achieve *competitive advantage*.

#### **3.2.2.1. Women workers as “sources of competitive advantage”**

The relatively lower wages that women receive for similar work make them an attractive labour force for firms that face stiff competition in international markets. For labour-intensive products, which characterize female-intensive export sectors, international price competition tends to be particularly intense, and the price elasticity of demand is relatively high. Thus, wage hikes in female-intensive sectors are more likely to squeeze profits and investment as opposed to male-intensive sectors, where demand is relatively price inelastic (Seguino 2020). This force may put downward pressure on wages in female-intensive sectors. Job segregation by gender combined with women's lower *bargaining power* also serves to keep their wages low and contributes to the persistence of the *gender wage gap*. Moreover, labour costs make up a large share of total production costs in labour-intensive sectors; this makes feminization of the labour force a viable strategy to cut costs. Besides their role as wage workers, women may also become a source of *competitive advantage* as home-based workers in labour-intensive export sectors.

Export-oriented firms in the low *value-added* segments of GVCs face pressure to meet short deadlines and seasonal demand peaks in international markets, for which they recruit female labour. Thus, firms might consciously choose a dual strategy and hire a lower-

wage workforce with weaker *bargaining power*, on the one hand, and pay higher wages to a smaller group of more skilled workers, on the other, as documented for the garment industry in Morocco (Rossi 2011).

Gender wage differentials have played a key role in the achievement of competitiveness by developing countries in labour-intensive exports. However, it is not a sustainable strategy in the long run for several reasons. First, gender inequalities in various domains of economic and social life may hinder economic growth through mechanisms such as the role of women in fertility decisions and human capital investments (Klasen and Santos Silva 2018) and their adverse effects on labour productivity (Seguino 2020). Second, if this strategy is adopted by all countries, it may adversely impact their *terms of trade* vis-à-vis capital-intensive exporting countries (Çağatay 2001); hence, higher gender wage differentials may lead to lower export prices and a deterioration of the *terms of trade*, negatively affecting the country. Third, reliance on gender inequality as an export strategy is also problematic from a human rights perspective. Reliance on gender inequality contravenes international *labour standards* and human rights as set out by the ILO conventions, as well as equal remuneration and discrimination and human rights standards set out in treaties such as the Convention on the Elimination of All Forms of Discrimination Against Women and the International Covenant on Economic, Social and Cultural Rights.

Even though many countries have ratified the ILO's labour conventions and treaties protecting women's rights, there is a big gap between policy and practice. There is need for a strong global regulatory framework to prevent capital flight and firm relocation as part of efforts to seek the lowest labour costs, forcing a race to the bottom. Besides capital flight and firm relocation concerns, both foreign-owned firms and governments that benefit from foreign direct investment should incorporate *gender equality* into broader regulatory and management frameworks.<sup>18</sup> A global push to implement these standards will be essential if the trading system is to function in such a way as to enable sustainable, gender-equitable growth for all countries.

Besides the inherent human rights case for *gender equality* while participating in international markets, there is also the economic case for achieving international

competitiveness while ensuring *labour standards* and *gender equality*. As highlighted by several economists, there is a “low road” and a “high road” strategy to gaining international competitiveness (e.g., Milberg and Houston 2005; Braunstein et al. 2020). The “low road” is characterized by cost cutting, limited social policy, and labour and management discord. The “high road” is characterized by high productivity growth, higher wages, collective bargaining and effective social protection.

### 3.2.2.2. Women producers, small entrepreneurs and traders as “underachievers of competitive advantage”

The rise of GVCs and developments in ICT have opened new opportunities for small businesses to participate in trade and access business opportunities abroad. However, various supply-side constraints that reduce productivity hold small businesses back from benefitting from these opportunities (World Bank and WTO 2020). In particular, women who own and run *micro, small and medium-sized enterprises* face gender-based obstacles in different domains of economic life that constrain them from achieving *competitive advantage* in international trade.

Data on the participation of women producers, entrepreneurs and traders in international trade are more limited than data on women participating in international trade as wage workers. However, available data and analyses show certain patterns. Most of the enterprises that women own are small-scale and “survival-oriented” rather than “accumulation-oriented” (Kabeer 2012). As a result, female-owned enterprises are less likely than male-owned ones to export, engage in GVCs, or have foreign ownership (World Bank and WTO 2020). Women-owned enterprises tend to be concentrated in lower-*value-added* sectors such as garments, handicrafts, carpets, tourism, and food processing (Livani et al. 2019; Hallward-Driemeier 2011).

That women trade less is in line with the fact that women-owned businesses tend to be smaller and often lack the resources to expand into international markets. Due to their small size, and therefore relatively smaller trade volumes, women-owned firms also face proportionally higher fixed costs for transport and to comply with formal trade procedures (e.g., customs,

<sup>18</sup> For instance, see the Office of the United Nations High Commissioner for Human Rights guiding principles on business and human resources, available at [https://www.ohchr.org/Documents/Issues/Business/Gender\\_Booklet\\_Final.pdf](https://www.ohchr.org/Documents/Issues/Business/Gender_Booklet_Final.pdf).

sanitary and phytosanitary standards, immigration procedures, technical regulations) (Brenton et al. 2014; Higgins 2012). Moreover, seemingly gender-neutral trade barriers, such as deficient infrastructure and cumbersome regulatory and documentary requirements, impinge more heavily on women traders and women-owned enterprises than on their male counterparts because of women's greater time constraints (Livani and Solotaroff 2019).

Other export-related costs that women entrepreneurs and traders often cite include delays in processing export permits, exclusion from distribution networks (making it difficult for them to reach out to consumers), and lack of access to trade finance, which leads to higher prices for their goods. Surveys of women-led firms have shown that accessing credit is cited as one of the biggest challenges to business expansion and international trade activity, especially among smaller firms in several regions (ITC 2018, 2019). It should be noted that e-commerce helps women overcome some of these barriers such as *market entry* and *market access* issues, as discussed in section 3.2.1.

It must be kept in mind that many women trade informally as a consequence of these barriers. Engaging in formal trade first and foremost requires formalization of their businesses. In many regions of

the developing world, particularly sub-Saharan Africa, women make up a large proportion of informal cross-border traders, and such trade is their major source of income.<sup>19</sup> They face both supply-side and border obstacles to a greater extent than men.<sup>20</sup> Supply-side constraints include societal *gender norms*, limited access to finance, markets, and information, problems with access to transportation, the *unpaid work* burden, low education levels, and the lack of a conducive business regulatory environment. Border obstacles include inadequate border infrastructure, corruption, and lack of safety and security at borders, especially during overnight stays.

Similar to the case of women cross-border traders, women street vendors and owners of *micro, small and medium-sized enterprises* tend to have less education and *bargaining power*, and limited access to productive resources, market information, and networks compared to men. Obligations related to the well-being of the household place extra demands on women's time and income. Women street traders and vendors are also excluded from the protection of labour legislation and are often unable to access formal social protection measures due to the informal nature of their economic activities. In most cases, women were also excluded from the rescue packages related to the COVID-19 pandemic.

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<sup>19</sup> *Informal cross-border trade* refers to trade in legitimately produced goods and services that escape the regulatory framework established by the government (i.e., by avoiding certain taxes and regulatory rules). These goods and services may be traded by (i) informal (unregistered) traders operating entirely outside the formal economy and passing through unofficial routes, or by (ii) formal (registered) traders who fully or partially evade trade-related regulations and duties (UNCTAD 2019).

<sup>20</sup> See UNCTAD (2019) for a detailed discussion of women in *informal cross-border trade*.

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## 4. TRENDS IN MAINSTREAMING GENDER IN TRADE POLICY

*Trade policy* refers to laws, regulations and requirements affecting trade. *Trade openness in policy* is concerned with the existence and extent of measures designed to restrict or enhance trade. It is distinct from *trade openness in practice*, which indicates a country's degree of integration into the world economy. It should be noted that openness in practice is not necessarily linked to trade openness in policy, as it may also be the result of non-policy factors such as the size of the country, natural resource endowments, and other determinants of *comparative advantage* (McCulloch et al. 2001). Moreover, trade policy may not translate into desired trade outcomes due to both domestic and international factors.<sup>21</sup>

While the focus in this section is on trade agreements, *trade liberalization* may also be pursued on a unilateral basis. Therefore, gender mainstreaming is of relevance also in case of unilateral trade liberalization. Many actors have a role to play in mainstreaming gender in trade policy, including ministries and other government agencies, trade negotiators, researchers, statisticians, international organizations, and civil society organizations. One of the main challenges is to make sure that all these actors get involved and that their actions are interconnected and well-coordinated.

The topic of gender and trade has received increased attention recently in policy circles. Especially over the past decade, there has been a transformation in how the trade community deals with gender issues. After having long considered trade to be *gender-neutral*, trade policymakers are increasingly recognizing that although trade rules and regulations are the same for all firms and traders, they impact different segments of the population, including women and men, in different manner.

Mainstreaming gender in trade policy means ensuring that due consideration is given to gender inequalities

and implications at every stage of the trade policy process: design, implementation and monitoring. The section that follows discusses different types of *gender mainstreaming in trade policy*.

### 4.1. EX-ANTE GENDER IMPACT ASSESSMENTS OF TRADE AGREEMENTS

Ex-ante gender impact assessments of planned trade agreements constitute a valuable tool to ensure *gender-responsive* trade policy formulation. They help in obtaining an estimate of the gender impact of trade policies before their implementation and identify measures that should be adopted to support *gender equality*. Some countries or economic blocs indeed undertake assessments while negotiating a trade agreement. These assessments vary in scope and purpose. Many include at least some analysis of the likely distributional effects of trade measures under consideration on men and women, while others have a more detailed focus on broader gender issues.

For example, Canada has developed the Gender-Based Analysis Plus (GBA+) and mandated its integration into all policies and policy proposals, including free trade agreements (FTAs). The comprehensive GPA+ process consists of an expanded economic impact assessment,<sup>22</sup> which is conducted by the Office of the Chief Economist at Global Affairs Canada, as well as a chapter-by-chapter analysis of the proposed FTA. The GBA+ exercise – which usually considers women in Canada but not in the partner country – serves to inform the negotiations and help identify opportunities for adding new *gender-responsive* and inclusive trade provisions to the FTA (Government of Canada 2020).

As an economic bloc, the European Union has been carrying out Trade Sustainability Impact

<sup>21</sup> Domestic factors include limited physical infrastructure (such as ports and roads), weak *productive capacity*, lack of resources and measures to stimulate development of such capacity, distorted markets, and restricted access to information and productive resources. Obstacles at the international level (and beyond the control of a country's government) include *market access* restricted by trading partners, high volatility in world prices of a country's main exports, and increased competition from other countries.

<sup>22</sup> This economic analysis includes a newly developed labour market module that takes into account worker characteristics such as gender, age and worker distribution across eight occupational categories and 57 sectors of the economy. In this way, the economic model assesses the potential impact of *trade liberalization* under the proposed FTA on labour, gender and other inclusive trade considerations.



Assessments (SIAs) since 1999. SIAs provide an in-depth assessment of the potential economic, social and environmental impacts of a proposed trade agreement while its negotiation is ongoing.<sup>23</sup> They also make recommendations about accompanying measures to be put in place (if a deal is agreed upon and implemented) to increase positive benefits or mitigate possible negative effects. Since 2012, all SIAs also include an analysis of the potential human rights impacts of the trade agreement under negotiation (European Commission 2016). Gender considerations are introduced into SIAs among the social themes under “equality,” while *gender equality* is evaluated based on gender equality in employment and employment opportunities, education, social protection and social dialogue (European Commission 2016). The modernization of the EU-Chile Association Agreement trade pillar stands out as a good example of how gender considerations could be introduced in a more solid way in SIAs.<sup>24</sup> UNCTAD (2017a) developed the Trade and Gender Toolbox as another ex-ante gender impact assessment framework of trade reforms.<sup>25</sup>

Human rights impact assessments (HRIAs) can also serve as a gender impact assessment tool for trade agreements, as *gender equality* is an important concept in the context of the human rights principle of equality and non-discrimination. In 2015, the United Nations Economic Commission for Africa commissioned an HRIA of the African Continental Free Trade Area, then under negotiation. That HRIA is significant as the only (as of November 2021) published HRIA commissioned by an intergovernmental body, and it illustrates how gender considerations are introduced.

There are certain limitations of ex-ante gender impact assessment frameworks that need to be addressed. First, they are often limited to quantitative analysis of the trade agreement’s impact on employment in the formal economy, so there is also a need to analyse the impact on women in other economic roles (e.g.,

as consumers and taxpayers) and in the informal economy. Second, there is need to consider *unpaid work* that is mostly shouldered by women under the traditional *gender division of labour*, with repercussions for women’s participation in paid work. Third, subsequent monitoring of the impact of implemented trade agreements on women’s empowerment and *gender equality* needs to be done to draft better trade agreements from a gender perspective in the future, or to adjust existing ones.

Besides methodological issues that need to be addressed, there is a need for more active involvement of women, gender specialists and/or women’s groups in carrying out impact assessments and in negotiating trade agreements. It is also critical to support the capacity of states to collect sex-disaggregated data and carry out research for trade policy analysis.<sup>26</sup> For example, technical and financial assistance to statistical offices should be aimed at promoting the collection of sex-disaggregated data on a more regular basis and for a wider range of relevant variables and dimensions. It is equally important to link data collected for different purposes (e.g., labour market, living conditions, trade).

## 4.2. GENDER PROVISIONS IN TRADE AGREEMENTS

Gender provisions in trade agreements can take three different forms (Korinek et al. 2021): (i) provisions that reaffirm existing commitments of parties to *gender equality*; (ii) “safeguard” provisions to ensure that no adverse effects on *gender equality* occur because of a trade agreement; and (iii) provisions that incorporate *gender-responsive* policies or cooperation to actively promote *gender equality* and *women’s economic empowerment*.

While a few trade agreements included gender-related provisions before the 1990s, the number of trade agreements with gender-related provisions increased significantly between 1990 and 2001, showed a slight

<sup>23</sup> SIAs rely on both quantitative and qualitative analysis. The quantitative analysis is centred on a computational general equilibrium model to simulate the impact of a trade agreement, and it is accompanied by case studies whenever relevant. The qualitative analysis is the result of inputs received in a consultation process with stakeholder representatives of all interested parties in both the European Union and the partner countries (European Commission 2016).

<sup>24</sup> See Villup (2015) and Module 3 in UNCTAD’s Teaching Manual on Gender and Trade for more discussion on the European Union’s Trade SIAs from a gender perspective.

<sup>25</sup> The toolbox was first applied to assess how the economic partnership agreement between the European Union and the East African Community would affect Kenyan women (UNCTAD 2017a). It is also applied in the SIA of the modernization of the trade portion of the EU–Chile Association Agreement.

<sup>26</sup> UNCTAD (2020) provides a discussion of data requirements and methodological developments on the issue.

increase from 2002 to 2015, and then increased significantly again between 2016 and 2020.<sup>27</sup> In addition, besides the increase in the number of gender-related provisions in regional trade agreements (RTAs), the level of detail in such provisions has expanded over time, and even led to the development of stand-alone gender chapters (Monteiro 2021). The 2016 FTA between Chile and Uruguay is the first example of an RTA with a new-generation gender chapter in the sense that it includes detailed provisions on cooperation activities and institutional arrangements, including the creation of a trade and gender committee and consultation procedures (Monteiro 2021).<sup>28</sup>

Is the increased inclusion of substantive gender provisions or dedicated gender chapters an effective way to mainstream gender in trade agreements? It has significantly raised the profile of *gender equality* issues in trade discourse and encouraged broader participation by civil society and the private sector in trade policy formulation and monitoring. However, these gender chapters lack certain features, undermining their efficacy. They do not introduce specific gender-related standards, milestones or goals with which parties should comply. Instead, they confirm the gender commitments included in global *gender equality* conventions. The gender chapters do not require the harmonization of gender-related legislation between the parties, nor do they refer to the potential impacts of trade policy measures pursued under the agreements on women's well-being and *gender equality* (UNCTAD 2017b). Finally, the gender chapters are not subject to dispute settlement mechanisms, except for the amended RTA negotiated by Canada and Israel (as of June 2021).

Gender provisions and chapters in trade agreements could be improved in several ways. For example, women, women's groups and other civil society representatives could be more involved in the negotiation, design and implementation stages of trade agreements. It would be valuable to ensure that findings of ex-ante gender impact assessments

are fed into the design of the agreement itself. Direct policy measures to prevent or redress negative gender impacts would be valuable in the agreement or its domestic implementing legislation. Moreover, gender-related provisions would be more effective if they were brought within the agreement's cooperation, monitoring and other implementation and supervisory mechanisms.

### 4.3. TRADE AND GENDER IN THE WORLD TRADE ORGANIZATION

The inclusion of gender provisions has been pursued more vigorously in RTAs and FTAs than within the WTO. There is no WTO trade and gender agreement as such, and the prospect of there being one has not been considered. The WTO is, however, addressing the issue. The main impulse for WTO trade and gender work came from the WTO Joint Declaration on Trade and Women's Economic Empowerment, which was adopted in December 2017 during the Buenos Aires Ministerial Conference.<sup>29</sup> Areas of collaboration include (i) sharing experiences relating to policies and programmes to encourage women's participation in the economy, (ii) sharing best practices for conducting gender-based analysis of trade policies and monitoring their effects, (iii) sharing methods and procedures for collecting *sex-disaggregated data*, using *indicators*, and analysing gender-focused statistics related to trade, (iv) working together with the WTO to remove barriers to *women's economic empowerment* and increase their participation in trade, and (v) ensuring that Aid for Trade supports tools and know-how to analyse, design, and implement more *gender-responsive* trade policies.

The declaration was the first document fully devoted to gender issues adopted during a trade conference and marked a decisive step in putting trade and gender on the international agenda. Even if its text is not in itself transformative, the declaration is significant in that it shows that the trade community has moved away from its long-standing position that

<sup>27</sup> Of 577 regional trade agreements, including 305 agreements currently in force and notified to the WTO as of December 2020, 83 include at least one provision that explicitly mentions gender or women, and 257 include implicit reference to gender issues (Monteiro 2021).

<sup>28</sup> The gender chapter in the 2016 RTA between Chile and Uruguay also provided a basis for subsequent gender chapters in the RTAs of Chile with Argentina, Brazil and Ecuador and the amended RTAs negotiated by Canada with Chile and Israel (Monteiro 2021).

<sup>29</sup> The declaration has been endorsed by 127 WTO members and observers from all parts of the world and at all levels of development. The full text of the declaration is available at [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)

trade is “*gender neutral*” to formally recognizing that trade has a different impact on men and women and is one of the policies that can be used to achieve *women’s economic empowerment* goals.

Following the adoption of the Buenos Aires Declaration, a group of WTO members agreed to establish an Informal Working Group on Trade and Gender in September 2020 to intensify efforts to increase women’s participation in international trade. The group’s objectives include sharing best practices among members on increasing women’s participation in trade, considering and clarifying what a “gender lens” is in the context of WTO work, reviewing gender-related reports, and discussing how women may benefit from the Aid for Trade initiative.<sup>30</sup> The group drafted a Joint Ministerial Declaration on the Advancement of Gender Equality and Women’s Economic Empowerment within Trade that is expected to be launched at the 12th WTO Ministerial Conference<sup>31</sup>. The declaration includes the following objectives:

- Continue to review, develop and improve the collection of *sex-disaggregated data* on trade and gender as the basis for informed *gender-responsive* policies
- Utilize the findings of research initiatives to support *women’s economic empowerment* and increase their participation and leadership in trade
- Explore and analyse a gender perspective and *women’s economic empowerment* issues in the work of the WTO
- Promote the collaboration on trade and gender among international and regional organizations and national authorities for *gender mainstreaming* in Aid for Trade

The new declaration does not appear to be particularly ambitious. While it recognizes that women continue to face many barriers, magnified by COVID-19, that prevent them from fully engaging in and benefitting from international trade, its emphasis is more that increasing women’s participation in trade and the labour market has the potential to increase GDP. The declaration focuses less on the conditions under

which women’s enhanced engagement in paid work and trade would contribute to bettering their lives and empowering them. New opportunities opened by trade in low-skill jobs that do not provide avenues for skill and career development cannot be regarded as “empowering.” On the other hand, linking women’s rights to GDP growth could encourage some countries to join the declaration and change their attitude towards women’s rights. Moreover, the declaration could become a turning point if indeed a gender perspective is included throughout the work of the WTO. The declaration, however, fails to acknowledge that trade rules and commitments may restrain the policy space that countries may need to ensure favourable outcomes for women. For example, tariff bindings restrict governments’ scope to protect small domestic producers, many of whom may be women, or ensure food security, a responsibility mostly held by women within the household, by increasing tariffs beyond the bound rate. Commitments on the liberalization of public services may make such services more expensive, with detrimental implications for women.

In 2020, the foreign ministers of 10 European Union member countries called on the European Union to promote, in the WTO, the inclusion of clauses that contribute to preventing *gender discrimination* in plurilateral and multilateral agreements – for example, in the domestic regulation agreement; this development signals the potential for gender-related work to develop further in the WTO (Asselborn et al. 2020).

Some studies present good practices for gender-based analysis and *gender mainstreaming in trade policy* to support the realization of the promise of the Buenos Aires Declaration (ITC 2020). There have also been criticisms from women’s rights groups about work on *women’s economic empowerment* in the context of the WTO. The criticism focuses on three areas. First, that the agenda focuses on turning women into entrepreneurs; second, that it ignores the multiple ways in which women are affected by liberalization policies; and third, that gender issues are used to support the free trade agenda.<sup>32</sup>

<sup>30</sup> For more information on the Informal Working Group, see [https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/iwg\\_trade\\_gender\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/iwg_trade_gender_e.htm)

<sup>31</sup> The 12th WTO Ministerial Conference was scheduled to take place during 30 November–3 December 2021. On 26 November 2021, the WTO General Council agreed to postpone the Ministerial Conference indefinitely because of travel restrictions imposed by several countries to limit the spread of a new COVID-19 variant. Travel restrictions would have prevented many ministers from participating in the Ministerial Conference.

<sup>32</sup> See the Women’s Rights Groups Statement at <https://apwld.org/press-release-164-womens-rights-groups-call-on-governments-to-reject-the-wto-declaration-on-womens-economic-empowerment/>

#### 4.4. OTHER AVENUES FOR MAINSTREAMING GENDER IN TRADE POLICY

Trade facilitation is an important mechanism that could support *gender mainstreaming in trade policy*. Women's lack of knowledge about trade rules and customs procedures, limited network of information, low literacy that makes paperwork hard to do, unpaid work burden, and bribery and sexual harassment at borders all create barriers to trade for women. Trade facilitation initiatives therefore benefit women to a greater extent than men by easing trade procedures and lessening the adverse effects of these barriers.

Trade facilitation is commonly understood as improving the transparency and efficiency of international trade procedures to reduce the time and financial costs of international trade transactions. In 2013, WTO members adopted the Trade Facilitation Agreement

(TFA), which entered into force in 2017. Its objective is to boost global trade by expediting the movement, release and clearance of goods. The agreement contains provisions aimed at simplification, harmonization and standardization of border procedures, along with provisions for technical assistance and capacity-building in this area. By 2021, about two-thirds of the WTO membership had agreed to the TFA. Although the TFA does not include any reference to gender, an increasing number of trade facilitation initiatives being implemented aim to support women's participation in international trade.

Public procurement is another mechanism that could be used to mainstream gender in trade policy. For example, linking smallholders to public stockholding schemes for food security could dynamize the domestic sector, which would particularly benefit women. A different approach would be for governments to favour women producers in public procurement initiatives.<sup>33</sup>

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<sup>33</sup> Precedent exists for this – the Kenyan Government has reserved 30 per cent of public procurement contracts for women, while in the United States of America, the Government establishes subcontracting quotas for women-owned businesses. The Republic of Korea, Chile and Mexico are amongst the numerous other countries that implement measures to favour women's access to governmental contracts.

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## 5. CONCLUSION

The impact of *trade liberalization* on *gender equality* and *women's economic empowerment* is highly context-specific, and depends on the economic role that women play (i.e., as workers, producers, small entrepreneurs, traders, consumers and taxpayers). Therefore, *trade liberalization* initiatives need to be evaluated on a case-by-case basis. Policymakers should recognize that there are losers as well as winners in the *trade liberalization* process, and that losers need to be identified, compensated and supported during the transition period. In this regard, there is a need for complementary policies on both the supply and demand sides of the labour market. Education policy plays a critical role on the supply side. In addition to reducing gender inequalities in formal education, on-the-job training and skill development programmes are critical to shift women toward higher-*value-added* sectors. Also important are programmes that match job seekers with potential employers and that address unpaid care and domestic work responsibilities (e.g., public childcare facilities). On the demand side, it is necessary to introduce policies that support production and trade capacity of firms in higher-*value-added* sectors, and that advance women's participation in these sectors. For example, subsidized credit programmes, targeted input subsidies, technological investments, extension and advisory services, reform of land tenure systems, and easing of business formalization procedures could all be helpful. Producer organizations and cooperatives could also be utilized to support the capacity of women producers to export. In terms of the legal and institutional framework, it is important to incentivize both vertical and horizontal mobility of women and to enforce protection against gender-based discrimination in the labour market.

Gender inequalities in different domains of economic and social life (i.e., capabilities, access to resources and economic opportunities, and security) may render women “sources of *competitive advantage*” and “underachievers of *competitive advantage*,”

as discussed in this document. *Gender equality* needs to be considered as a cross-cutting issue in policymaking. Domestic policies need to target various forms of *gender inequalities* and be implemented in coordination with trade policy to support women's successful participation in international trade. *Gender-responsive* capacity-building programmes should be utilized more broadly to support women in international trade. It is also important to ensure that any trade-related commitment allows policymakers sufficient policy space to introduce measures to protect different groups of people affected by trade policy, including women, from problems such as food insecurity, poverty and job losses.

Gender issues are increasingly being taken into consideration in trade policymaking. There is an increase in the number of RTAs and FTAs with *gender equality* provisions or chapters, and more countries and regions are introducing *gender mainstreaming* tools in their trade policy processes. There are also developments within the multilateral trading system toward greater recognition of gender issues in trade policymaking, though no country as yet has been willing to change the WTO rulebook or negotiate a trade and gender agreement. One of the challenges regarding *gender mainstreaming* in trade is to make sure that all the actors who can play a role in mainstreaming are involved and that their actions are interconnected and well-coordinated. *Gender-equality*-related goals in trade agreements should be accompanied by financial provisions and monitoring mechanisms to improve their efficacy. Gender impact assessments and gender value chain analyses need to be utilized to identify areas for further development. Development assistance programmes, such as Aid for Trade, need to be better designed to reach small entrepreneurs, many of whom are women. Finally, *gender equality* should be considered a common responsibility for all, and policies coordinated accordingly at the national, regional and international levels.

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## GLOSSARY

### A

**Agricultural extension services:** Activities aimed at educating and training farmers on agricultural practices, including farming methods and techniques.

**Agricultural value chain:** Set of actors and activities that bring a basic agricultural product from production in the field to final consumption, adding value to the product at each stage.

### B

**Bargaining power:** Relative capacity of one party to exert influence over another party during a negotiation or a dispute. The party with stronger bargaining power is able to secure an agreement closer to its own terms, thereby achieving a more desirable outcome.

**Business process outsourcing/Business process operations (BPO):** These two terms are used interchangeably to refer to subcontracting various business-related operations to a party outside the company. They can involve back office BPO (e.g., accounting, payment processing, human resources) as well as front office BPO (e.g., customer-related services, sales, marketing). Companies sometimes outsource operations to countries with lower income taxes and/or cheaper labour forces as cost reduction measures.

### C

**Cash crop:** Agricultural crop grown for sale and not for the farmer's own consumption. See also "Subsistence crop."

**Comparative advantage:** The efficiency with which a country can produce one good relative to another in the standard theory of international trade. It is generally measured as the ratio of unit labour costs. Trade between countries occurs if their relative efficiencies in producing two goods are different. If country A can produce product X (e.g., shoes) at a relatively lower cost (hence at a relatively higher efficiency) than country B, then Country A has a comparative advantage in producing shoes. By specializing in and exporting shoes to its trading partner country B, and importing product Y (e.g., tractors) from country B at a relatively lower cost, country A can get more tractors and at a lower price through this exchange than if it produced both goods nationally. As a result, total welfare increases in both trading partners following free trade thanks to the benefits from specialization. See also "Competitive advantage."

**Competitive advantage:** The idea that countries compete on absolute unit costs (rather than relative costs) and use different strategies such as unit cost reduction and price-cutting to outperform their competitors and gain market shares. The country that produces a good more efficiently (or at a lower cost in absolute terms) than another country is the one that captures the export market, regardless of the relative cost of production of goods within countries. It may well be the case that one trading partner exports both goods while the other becomes a net importer of both goods if trade is liberalized. This contrasts with standard trade theory based on comparative advantage in which trade is based on the relative cost of production within countries and none of the trading partners are negatively affected as a whole by free trade. See also "Comparative advantage."

**Contributing family worker:** A self-employed individual in a market-oriented establishment managed by a related person living in the same household. Contributing family workers cannot be considered co-workers because their degree of commitment to the operation of the establishment in terms of working time or other factors is not comparable to that of the head of the establishment. Together with own-account workers, they form the two categories of vulnerable employment. See also "Own-account worker."

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**Cross-border trade:** Buying, selling and related activities of goods and services between individuals or companies in neighbouring countries, with the seller(s) in one country and the buyer(s) in the other country. See also “Informal cross-border trade.”

## D

**Defeminization of labour:** The decline in the share of female employment in any given sector or industry. Some of the factors that may contribute to the defeminization of labour include the shift to capital-intensive production (if women are concentrated in labour-intensive production); export contraction (if women are strongly present in exporting industries); higher wages in female-intensive production, which may attract men and contribute to pushing women out of employment; and firms’ stronger preference for male workers due to gender norms designating a certain type of work as “masculine.”

**Direct taxes:** Taxes on individuals or companies (income and corporate taxes) based on the taxpayer’s ability to pay as measured by income or wealth. Direct taxes are often progressive, meaning that tax rates rise along with income. A direct tax is paid to the government and cannot be shifted to another individual or entity.

## E

**Economies of scale:** Decrease in costs per unit of output that a firm experiences because its fixed costs can be spread over more units of output as production expands.

**Entrepreneurship:** There are several definitions of entrepreneurship. The empirical literature equates entrepreneurship with measures such as self-employment or new business activity. In contrast, the theoretical literature defines entrepreneurship based on personality traits, skills and behaviours. Entrepreneurs vary in their economic objectives, skills, roles in the economy and policy responses. Necessity-driven entrepreneurs are those who have no better options for work. Opportunity entrepreneurs are those who aim at wealth accumulation and at providing employment opportunities for others. Women entrepreneurs are more likely to be motivated by necessity.

**Export competitiveness:** A measure of the advantages or disadvantages a country faced when selling its products in international markets. It is measured in terms of lower prices of the country’s exports compared to the prices of its international competitors. Improved export competitiveness may translate into increased trade performance, and create positive spillover effects on a country’s economy as a whole.

**Export processing zones (EPZs):** Areas generally set up in developing countries to attract foreign direct investment. The advantages of EPZs for firms (usually foreign-owned) include duty-free imports of raw and intermediate inputs for the processing of export products; facilitated licensing or building permits; fiscal advantages such as low or zero taxation of profits; and the provision of less strict labour laws or their relaxed enforcement. Potential benefits of EPZs for the host country include “static” benefits such as an increase in foreign capital inflows, expansion of exports, and employment generation; and “dynamic” benefits such as transfer of technology and innovation, economic diversification and skill upgrading.

## F

**Factor endowments:** Amount of production factors, typically land, labour and capital, that are available and can be exploited to produce goods and/or services within a country.

**Feminization of labour:** The increase in the share of women employed in wage work in a given sector as a result of the expansion of the manufacturing sector following, for example, a free trade agreement or foreign investment inflows. Feminization of labour is also driven by the competitive advantage that firms get by hiring more women workers thanks to existing gender wage gaps. The feminization of labour also refers to the extension of insecure working conditions from female to male jobs.

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**G**

**Gender:** Socially constructed differences in attributes and opportunities associated with being female or male. Aspects of gender vary greatly across socio-cultural contexts and determine what is the expected, valued and allowed behaviour in women/girls and men/boys.

**Gender bias:** Actions or thoughts with prejudice, often against women, based on the gendered perception that women and men are not equal with respect to rights and dignity.

**Gender discrimination:** According to the United Nations Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Article 1, gender discrimination is “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.” Discrimination can be contained in both law (*de jure*) and practice (*de facto*).

**Gender division of labour:** The way in which different tasks, jobs or types of work are allocated between men and women/girls and men/boys according to gender roles, norms, institutional rules and practices or what is otherwise considered as appropriate for each sex. It is not a static concept and can change over time.

**Gender equality:** The enjoyment of equal rights, responsibilities and opportunities across different sex categories in social, economic and political life. Gender equality does not mean that women and men are the same but means that women’s and men’s opportunities, rights and responsibilities do not depend upon whether they are born female or male. See also “Gender parity.”

**Gender gap:** Gap between women/girls and men/boys in terms of their levels of participation, access, rights, remuneration or benefits in different domains of economic, social and political life in the society.

**Gender mainstreaming:** The process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels.

**Gender mainstreaming in trade policy:** Ensuring that due consideration is given to gender inequalities and implications at every stage of the trade policy process, that is, the stages of (1) generating evidence to inform decisions on trade policy; (2) designing policies based on such evidence; and (3) supporting interventions on the ground to enable their successful implementation.

**Gender neutral:** Policy, programme or situation that has no differential positive or negative impact in terms of gender relations or equality between women and men.

**Gender norms/roles/stereotypes:** The accepted attributes and characteristics of being a woman or a man at a particular point in time for a specific society or community. They are used as standards and expectations to which women and men should conform and result in gender stereotypes

**Gender-responsive:** To identify and acknowledge existing differences and inequalities between women and men and articulate measures, policies or initiatives that address them.

**Gender segregation:** Differences in women’s and men’s representation in economic, social and political life (e.g., in the labour market, political participation, education). Gender segregation in employment refers to the unequal distribution of men and women across occupations and functions – also known as occupational gender segregation. Gender segregation in employment can be vertical (where men are typically concentrated at the top of the occupational hierarchy while women are at the bottom) or horizontal (where women and men carry out different job tasks within occupational classes).

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**Gender-sensitive:** Understanding and taking account of the societal and cultural factors involved in gender-based exclusion and discrimination. Although it does not address inequality generated by unequal norms or roles, or propose remedial actions, gender sensitivity indicates gender awareness.

**Gender wage gap:** The difference between men's and women's average wage/pay. The raw gender wage gap consists of two parts: the explained gender wage gap and the unexplained or residual gender wage gap. The explained part reflects the differences in a worker's productivity or qualifications due to factors such as education, experience, occupation, industry of work, etc. The unexplained or residual part results from gender-based discrimination (the unequal remuneration of a male and a female worker with the same qualifications). It should be noted that the lack of equality of opportunity for men and women (e.g., in education) may also result in lower qualifications for women and may not necessarily reflect their own choice. The gender wage gap can be measured as the difference between male and female average earnings expressed as a percentage of male earnings.

**Global value chain (GVC):** A global value chain is the set of different activities, involving two or more countries, that are needed to bring a product or service from conception through the intermediary phases of production, delivery to final consumers, and final disposal after use.

## H

**Heterodox economics:** An umbrella term that is used to loosely describe non-neoclassical approaches to economics such as Keynesian, Marxian, feminist and institutionalist schools of thought in economics. Although these schools are based on different theoretical foundations, they are all critical of standard (or neoclassical) economics and its methodological individualism, and examine the economy within the broader political economy framework.

**Horizontal segregation:** A situation in which the workers of a specific economic sector or occupation are mostly made up of one particular gender. It is understood as under- or over-representation of women or men in occupations or sectors, not ordered by any criterion. For example, construction in many countries is a male occupation, whereas childcare is almost exclusively a female occupation. This contrasts with vertical segregation, which concerns the top of an ordering based on "desirable" attributes such as income, prestige, etc. See also "Vertical segregation."

## I

**Imperfect competition:** A type of market structure depicting some but not all characteristics of perfectly competitive markets. It is characterized by the price-making behaviour of firms (i.e., firms holding market power to influence the price of the good they sell) that mostly sell heterogeneous products in a market setting with barriers to entry/exit. Monopolistic competition and oligopoly are the main examples of imperfectly competitive markets. See also "Perfect competition."

**Indicator:** An indicator constitutes the evidence of the condition of an event, a process or an outcome. In the context used in the present study, gender indicators provide qualitative or quantitative information on the state of women's rights and women-related issues.

**Indirect taxes:** Taxes levied on the production or consumption of goods and services or on transactions, including imports and exports. Examples include sales taxes, value-added taxes, taxes on legal transactions, and customs duties. General sales taxes are applied to most consumer expenditures. Conversely, an excise tax is levied only on particular goods, in particular alcoholic beverages, tobacco, and motor fuel. Indirect taxes are collected by an intermediary (e.g., a merchant) from the person who bears the burden of the tax (e.g., the customer).

**Informal cross-border trade:** Trade in legitimately produced goods and services that escapes the government regulatory framework, thereby avoiding certain taxes and regulations. Informal cross-border traders can be classified into three categories: (a) informal (unregistered) traders who operate entirely outside the formal

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economy; (b) formal (registered) traders who fully evade trade-related regulations and duties; and (c) formal (registered) traders who partially evade regulations by resorting to illegal practices. See also “Cross-border trade.”

**Informal economy:** All economic activities undertaken by economic agents not covered by formal arrangements in law or in practice.

**Informal employment:** For a job held by an employee to be considered informal, the employment relationship should not be subject, in law or in practice, to national labour legislation, income tax, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.).

## L

**Labour standards:** International labour standards are legal instruments drawn up by the International Labour Organization setting out basic principles and rights at work. They are either Conventions, which are legally binding international treaties, or Recommendations, which serve as non-binding guidelines. In many cases, a Convention is accompanied by Recommendations that provide more detailed guidelines on how the Convention could be applied. Recommendations can also be autonomous, i.e., not linked to any Convention.

## M

**Market access:** The conditions for the entry of goods into national or regional markets. From an exporter’s perspective, these conditions cover both tariff and non-tariff measures (e.g., quotas, subsidies, technical regulations, etc.), and the ease of market access depends on (a) the disadvantages or advantages that exporters face as compared to domestic producers; and (b) the relative advantages or disadvantages that exporters have over other external competitors.

**Market entry:** The ability of producers to meet necessary requirements to enter a market. Market entry conditions may refer to standards for products involving quality, safety (e.g., use of pesticides or hormones), and authenticity (e.g., guarantee of geographical origin or use of a traditional production process). Other possible conditions are those related to the nature of the production process (e.g., with respect to workers’ health and safety, or environmental impact) as well as price and speed of delivery. Market entry conditions are not mandatory by law, but are usually imposed by large distribution networks and large commercial customers. Failure to satisfy market entry conditions would result in de facto market exclusion.

**Micro, small and medium-sized enterprises (MSMEs):** The World Bank defines MSMEs as follows: microenterprises, 1–9 employees; small enterprises, 10–49 employees; and medium-sized enterprises, 50–249 employees. However, the local definition of MSMEs may vary from country to country, and is based not only on number of employees, but also by inclusion of other variables such as turnaround and assets. A significant proportion of MSMEs are women-owned/led.

**Millennium Development Goals (MDGs):** The United Nations Millennium Declaration, adopted at the Millennium Summit on 8 September 2000 to shape the international development agenda for the 21st century, set out a series of time-bound targets that are known as the Millennium Development Goals. The deadline to meet the goals was 2015. The MDGs were succeeded by the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). See also “Sustainable Development Goals.”

## N

**Non-market activities:** Production of goods and services that household members produce for their own consumption (e.g., subsistence agriculture) and/or reproductive activities such as unpaid domestic work (i.e., housework) and care work (i.e., care of children and elderly, ill and able-bodied adults). See also “Reproductive sphere.”

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**Non-traditional agricultural exports:** High-value, non-bulk agricultural commodities that either require special handling, such as fresh fruits, flowers and vegetables, or are processed in one or more post-harvest stages, such as specialty coffee, asparagus, and honey, prior to reaching the end market.

## O

**Occupation:** The kind of work performed in a job. The concept of occupation is defined by the International Labour Organization (ILO) as a “set of jobs whose main tasks and duties are characterized by a high degree of similarity.” The ILO classifies occupations under the International Standard Classification of Occupations (ISCO), which is intended, inter alia, for use in compiling statistics.

**Occupational segregation:** The separation of women and men into different occupations. It can reflect different opportunities available to female and male workers and can be useful to capture the rigidity of occupational hierarchies and “job ladders” for women.

**Own-account worker:** A self-employed individual who does not engage “employees” continuously and works on his/her own account or with one or more partners. Together with contributing family workers, own-account workers form the two categories of vulnerable employment, which is characterized by inadequate earnings (if paid), low productivity, and difficult working conditions that undermine workers’ fundamental rights.

## P

**Productive capacity:** Productive resources, entrepreneurial capabilities and production linkages that together determine the capacity of a country to produce goods and/or services and generate employment. Productive capacity also determines the type and quantity of goods and services a country can export. Productive capacity is influenced by trade through, for example, economies of scale, more efficient use of resources, and acquisition of technology.

**Productive sphere:** All of the activities that produce goods and services for exchange in the marketplace and therefore generate income. Both men and women contribute to family income with various forms of productive work, although men predominate in productive work, especially at higher levels of remuneration. See also “Reproductive work.”

## R

**Reproductive sphere:** All activities related to the reproduction of the current and future labour force. The reproductive sphere corresponds to the domestic realm and is associated with unpaid care work and household tasks, including childbearing and childrearing responsibilities, food preparation, housekeeping, and water and fuel collection, among other tasks. It is also referred to as “social reproduction,” implying that the reproductive sphere forms the basis of the productive sphere in the economy. Most of these tasks are carried out by women without being paid. They are not recorded in national accounts because standard economics considers them outside the realm of markets, an approach that is criticized by feminist economists. See also “Productive work.”

## S

**Sex-disaggregated data (or gender-disaggregated data):** Data collected and tabulated separately for women and men that allow for the measurement of differences between women and men in various social and economic dimensions and are one of the requirements for obtaining gender statistics. However, disaggregating data by sex does not guarantee, for example, that concepts, definitions and methods used in data production are conceived to reflect gender roles, relations and inequalities in society.

**Skill level:** Defines the complexity and range of tasks and duties to be performed in an occupation. It is measured by considering the nature of the work performed, the level of formal education required for a given occupation, and the amount of informal training and/or previous experience required to carry out the tasks and duties involved. The International Standard Classification of Occupations (ISCO) defines four skill levels that range from occupations

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involving simple and manual tasks and requiring basic literacy levels (low-skilled), to occupations involving complex problem-solving and decision-making for which high levels of education and training are required (high-skilled). The latest ISCO classification was introduced in 2008 and is known as ISCO-08.

**Subsistence crop:** Agricultural crop grown for the farmer's and his/her family's own consumption, leaving little or nothing left to be sold on the market. See also "Cash crop."

**Sustainable Development Goals (SDGs):** 17 goals with 169 targets set by the United Nations in 2015. All 193 United Nations Member States agreed to try to achieve the goals by 2030. The SDGs represent a universal call to action to end poverty, protect the environment and ensure the enjoyment of peace and prosperity by all people. The SDGs were preceded by the Millennium Development Goals (MDGs). See also "Millennium Development Goals."

## T

**Tariff:** Tax imposed on goods exported from or imported into a country. The term tariff is often used synonymously with import tariff. A tariff is specific when it is imposed as a fixed sum per unit of the imported good. A tariff is ad valorem when it is calculated as a percentage of the value of the imported good. Mixed and compound tariffs are combinations of specific and ad valorem tariffs. Bound tariff rates are those that are negotiated by countries under bilateral, regional or multilateral trade agreements. Once agreed upon, they represent the maximum level of tariffs the parties are authorized to use in relation to imports from countries. The applied tariff rates are those de facto used by countries; they are generally lower than the bound rates.

**Terms of trade:** An economics term usually used to denote the relative price on world markets of a country's exports compared to its imports.

**Time use survey:** A household survey that collects sex-disaggregated data on the amount of time spent by household members on paid work (market activities), unpaid work (non-market activities), leisure time and personal time.

**Trade integration:** The process of increasing a country's participation in the world market through trade, accomplished by trade liberalization.

**Trade liberalization:** Removal or lowering of barriers and restrictions to international trade. Measures of trade liberalization include the removal or lowering of tariff (e.g., import duties) and non-tariff obstacles (e.g., quotas, import licensing rules, etc.). Trade liberalization may be the result of bilateral, regional or multilateral commitments taken by a country, or may be pursued unilaterally. It falls in the category of "Trade openness in policy" (see below).

**Trade openness in policy:** A set of government measures including laws, regulations and requirements that determines the degree to which countries are open to international trade. Openness in policy is defined in relation to barriers to international trade imposed by governments, which may include tariff and non-tariff measures (such as quotas, import licensing systems, sanitary regulations, prohibitions, etc.).

**Trade openness in practice:** Indicates a country's degree of integration into the world economy and thus the importance of international trade relative to domestic activities. Trade openness in practice may result from both policy-related and non-policy-related factors directed toward greater trade. Measures of trade openness in practice include either import or export values, or both, as shares of GDP.

**Trade performance:** As trade performance is quantified in terms of export flows, it is said that a country has improved its trade performance when it has experienced an increase in the quantity of exports. This may be the result of a reduction in trade barriers by a trading partner or an export-led growth strategy promoted by the country itself. Identifying an increase in the value of exports as an improvement in trade performance may be incorrect, however, depending on whether it is the prices or the quantity of exports that have increased.

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**U**

**Unpaid work:** Unpaid work is classified by the 1993 United Nations System of National Accounts (SNA) into three categories: (a) housework, childcare and other family-related services not recognized by SNA as economic activity; (b) subsistence and non-market activities, such as agricultural production for household consumption and imputed rent of own-occupied dwellings; and (c) household enterprises producing for the market for which more than one household member provides unpaid labour. Unpaid work is mostly performed by women in the household without any remuneration in return.

**V**

**Value-added:** The difference between the value of output (or total sales revenue) and the value of intermediate consumption (or total cost of components, materials and services purchased from other firms) made by an individual producer, sector or industry during a reporting period (usually a year). It is considered a measure of the contribution of a producer, sector, or industry to GDP and describes the value being generated in the production process. Economic sectors can be grouped as high-value-added or low-value-added depending on the level of value added they generate.

**Vertical segregation:** A situation in which people do not get jobs above a particular rank in organizations because of their race, age, sex, etc. Vertical segregation means that opportunities for career progression within a company or sector for a particular group of people are restricted. In the literature, vertical gender segregation is also referred to as the “glass ceiling effect,” which indicates the existence of visible and/or invisible barriers that prevent women’s ascent to higher-level positions.

**Vocational training:** Education and training aimed at providing workers with specific professional skills to perform successfully in each occupation.

**Vulnerable employment:** A form of employment characterized by inadequate earnings (if paid), low productivity and difficult working conditions that undermine workers’ fundamental rights. As defined by the International Labour Organization, vulnerable employment consists of two categories: contributing family workers and own-account workers. Across the world, more men than women on average are own-account workers and more women than men are contributing family workers. See also “Contributing family worker” and “Own-account worker.”

**W**

**Women’s economic empowerment:** Women’s ability to fully and equally enjoy their economic rights and entitlements. It refers to both the ability to economically succeed and advance and the power to make economic decisions and act on them. It covers a wide range of areas including access to employment and good working conditions, equal pay for equal work, access to training, information and technology, access to markets and control over economic resources, and the ability to influence economic decision-making, including the formulation of financial, monetary, commercial and other economic policies. See also “Women’s empowerment.”

**Women’s empowerment:** The process of enabling women to participate fully in economic, social and political life, and ensuring that they have a sense of self-worth, can exercise their right to make independent choices, have access to opportunities and resources, have control over their own lives both within and outside the domestic sphere, and have the ability to influence the direction of social change both at the national and international levels. See also “Women’s economic empowerment.”

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