

Gender and Free Trade Agreements: Practical Policy Guidance

Economic growth is central to a country's development and, overall, countries that have liberalized and opened their markets to international trade have grown faster than those that have not. Increasingly, key components of trade liberalization strategies are bilateral and regional free trade agreements. The broad objective of these agreements is to deepen international trade links bilaterally and regionally by enhancing access to international markets.

This policy brief provides guidance on how public policy can help women – as micro entrepreneurs, producers and business owners – access market opportunities generated through free trade agreements.

While the benefits that accrue from trade liberalization are significant, there are also short-term costs, and as with most economic policies, the benefits and costs are distributed differentially between different sectors and groups of an economy and society. Gender, defined as the social, behavioural, and cultural attributes, expectations, and norms associated with being a woman or man (World Bank 2011), is no exception. Trade liberalization has translated into more jobs and better connections to markets for many women. Beyond job creation, evidence shows that trade liberalization has heightened women's autonomy and resulted in benefits for future generations through investments in human capital (Klugman and Gamberoni 2012). But trade liberalization can also exacerbate existing gender inequalities and worsen women's economic and social status. Indeed, evidence suggests that trade liberalization can lead to the persistence and widening of wage and occupational gaps, as well as job insecurity (Gamberoni and Reis 2011).

Identifying ways to support women to benefit from free trade agreements makes sense from both economic and gender equality perspectives. This is especially true with trade policy, capacity development, and women's economic empowerment being increasingly prominent on the international development agenda. Based on policy research and analysis conducted as part of a North-South Institute (NSI) initiative titled "Gender Equity and Canadian Free Trade Agreements," this policy brief identifies best practices and provides guidance on how public policy can help women—as micro entrepreneurs, producers, and business owners—access market opportunities generated through free trade agreements.

Why Does Gender Inequality Matter for Trade?

The 2012 World Development Report titled *Gender Equality and Development* states that gender inequality matters for two reasons (World Bank 2011, 3). First, it matters intrinsically because the ability to be spared from absolute deprivation and to live the life of one's own choosing is a basic human right and should be equal for everyone, independent of whether one is female or male. Second, it matters instrumentally because greater equality contributes to economic efficiency and the achievement of other key development outcomes.

Elisa Gamberoni and José Guilherme Reis (2011) extend these arguments to trade, arguing that there are at least three reasons why gender inequality matters and needs to be addressed in the trade context:

1. Discrimination against women entrepreneurs and producers may impede their access to information, finance, and markets, which in turn can undermine the real and potential productivity of women-led economic activities, thereby **slowing overall economic growth**.
2. Trade policies and initiatives that do not meet the specific needs of women can **aggravate existing inequalities and reverse previously achieved gains**. For example, evidence suggests that as industries upgrade, female-intensive sectors become less female-intensive. Complementary policies therefore need to be in place to ensure that women do not unfairly bear the burden of adjustment processes.
3. Women typically devote a larger portion of their incomes than men to the health and education of their families, which enhances human capital. Therefore, addressing gender-differentiated constraints to trade can have **multiplier effects in terms of the overall development impact**.

What Does Gender Inequality Look Like in the Trade Context?

To understand how to best facilitate and promote the participation of women in accessing the market opportunities generated through free trade agreements, it is useful to identify the particular gender-differentiated constraints that women face (see Box 1).

Box 1: Gender-differentiated constraints to trade

Information and business networks: Many women lack access to crucial information about trade and export requirements and opportunities. In addition, men typically dominate business networks and organizations, such as chambers of commerce and unions, and the government institutions established to support exporters.

Access to and control over key assets: Relative to men, women globally tend to have lower levels of access to the natural, physical, financial, and human capital necessary to fulfill their trade and export potential.

Education, skills development, and training: While in many countries, education enrolment and completion rates between women and men are equalizing, women still lag behind in skill development programs and on-the-job training, particularly in technical and management-related fields.

Trade facilitation, logistics, and transportation: Women face gender-intensified constraints at border crossings and are often less equipped to negotiate complex customs procedures than their male counterparts. They are likely to be in a weaker position when negotiating terms and prices with powerful buyers and intermediaries, and are disproportionately disadvantaged when it comes to transportation infrastructure.

Insecure working conditions and arrangements: In almost all countries, women are over-represented in part-time work and temporary labour. Although part-time work may be considered better for women because they have reproductive responsibilities, it often subjects them to job insecurity, denies them benefits, and can result in their concentration in low-skilled and unskilled jobs.

Cultural biases and gender norms: Cultural and gender norms have implications for women's engagement with export markets. Gendered expectations regarding responsibilities for productive and reproductive activities partly explain occupational segregation and gender wage gaps. But gender norms go beyond this. For instance, gender norms often mean



that women are assumed to be better suited for certain types of work (e.g., picking and packing products in the horticultural sector, repetitive and manual work). These norms leave women in lower-paying occupations, providing them with limited mobility. Further, even when women participate in the economy, other female members of the household may become disadvantaged. Girls and young women often take on their mothers' household responsibilities while their mothers are at work, which has implications for their education and future opportunities.

Policy Guidance

A range of strategies involving public and private sector stakeholders are available to support women in making the most of the market opportunities generated through free trade agreements.

Conduct gendered value chain analysis

Understanding how gender issues play out in value chains is critical for identifying how to better support women's access to export opportunities generated through free trade agreements. A value chain is the full sequence of activities required to bring a product or service from conception, through the intermediaries of production, marketing, and distribution, to consumers. While attention has been paid to understanding and enhancing value chains to support trade, economic growth, and poverty reduction for some time, the trade and development impacts of gender issues on value chain development has not received much attention.

The Greater Access to Trade Expansion (GATE) project, funded by the United States Agency for International Development, developed an approach for integrating gender into agricultural value chains (see Rubin, Manfre, and Barrett 2009). The approach involves: (1) mapping gender roles and relations along the value chain, (2) identifying how gender inequalities lead to gender-based constraints, (3) assessing the implications of gender-based constraints on value chains, (4) taking action to remove gender-based constraints, and (5) measuring the impact of action. Conducting gendered value chain analyses on value chains that are benefiting from free trade agreements can improve the productivity of those value chains by ensuring that

women's labour, skills, and capital are fully utilized. Such analyses can also support the economic empowerment of women as traders, workers, producers, and entrepreneurs.

Support women's business networks

Business networks are one of the most pivotal resources an enterprise can leverage for growth. In response to gender bias, women's business associations have proliferated across the globe. These associations and their networks have proved to be effective in providing women with the access to information and contacts that are vital to tapping into new distribution channels and supply chains. They can also provide mentoring opportunities for women and increase awareness among female entrepreneurs of policies and programs in place to support them. Supporting the establishment and reach of women's business networks, then, helps women to learn about and benefit from market opportunities generated through free trade agreements.

Champion women entrepreneurs through export authorities and trade missions

Including gender in the mandates and initiatives of export authorities and trade missions can support women entrepreneurs and send a clear signal that a government is proactively promoting them. The Canadian government, through the Canadian Trade Commissioner Service, has Business Women in International Trade, a service that supports women entrepreneurs in the export sector by representing and advocating their commercial and economic interests. Moreover, all-women trade missions, which provide an important vehicle for businesswomen to reach out to foreign markets, have been sponsored by Canada's Department of Foreign Affairs and International Trade. The Malaysia External Trade Development Corporation has the Women Exporters Development Programme, which targets women entrepreneurs who want to expand beyond Malaysia's borders. The program facilitates women's participation in international trade promotion events and offers skills development opportunities and international marketing support, focusing on access to markets,



financing, and leadership, areas identified to be keeping Malaysian women entrepreneurs from reaping the full benefits of international business.

Support skills development and training

To ensure that women's products are competitive internationally, access to suitable training programs that improve production capacities and upgrade product quality to meet international standards and demand is crucial. Several examples of skills development and training programs exist. For example, in Chile, SERCOTEC, which operates within the Chilean government's Production Development Corporation, has the mandate to support micro and small entrepreneurs. SERCOTEC pays special attention to women entrepreneurs and has adapted its services to their needs, especially focusing on their need for accurate information about how to access credit or markets. A Seed Capital for Women program, which is supported by the National Development Fund, is also in place.

Leverage supplier diversity initiatives

A number of global companies, such as Walmart, have supplier diversity initiatives. These are commitments to set aside a specific dollar or percentage amount for purchases from diverse under-represented groups, such as women, disabled, and visible minorities entrepreneurs. WEConnect International is a corporate-led non-profit that helps to empower women business owners to succeed in global markets. It achieves this by providing the knowledge, networks, and certification that women business owners need to reach new markets and benefit from the supplier diversity initiatives of global companies. Supporting women to benefit from these initiatives is an innovative way to partner with private sector actors and ensure that women entrepreneurs and business owners in developing countries benefit from new markets and opportunities.

Conclusion

As more bilateral and regional free trade agreements are signed and countries continue to seek to benefit from international market opportunities, ensuring these agreements result not only in more trade but also broad-based growth and development should be a priority. Understanding the constraints that women face in trade and addressing them through publicly supported initiatives and innovative public-private partnerships is one way to ensure that these agreements have a broadly positive impact. Indeed, supporting women micro entrepreneurs, producers and business owners to benefit from the market opportunities generated through free trade agreements not only makes sense from a gender equality perspective, but also makes good economic sense.

References

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