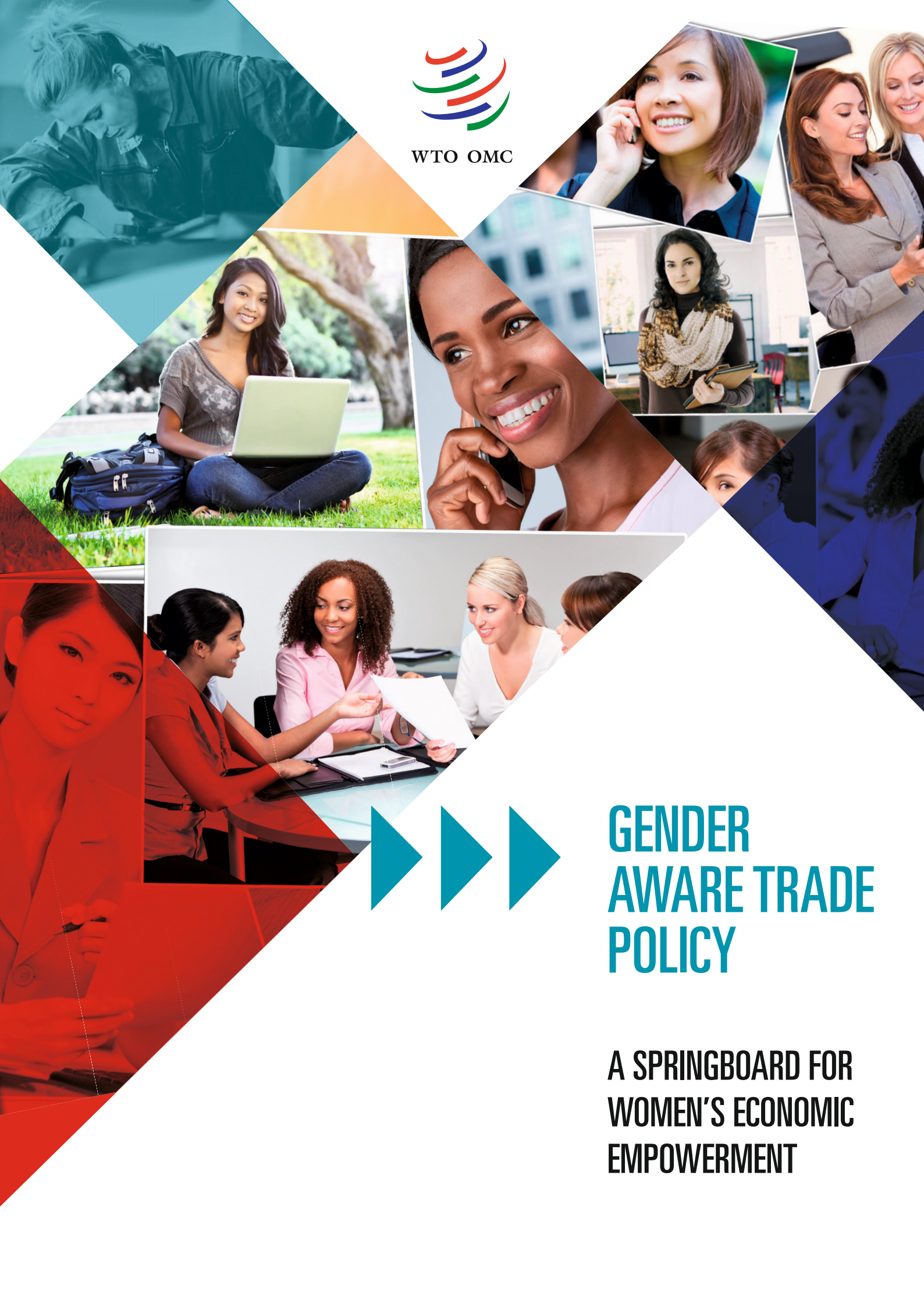




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GENDER AWARE TRADE POLICY

**A SPRINGBOARD FOR
WOMEN'S ECONOMIC
EMPOWERMENT**



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Action is needed to better integrate women into the international trading system. All the evidence suggests that giving an equal economic chance to women is not only economically important; it results in beneficial outcomes for society as a whole. Investing in women - and empowering women to invest in themselves - is a risk free venture. What society gives them, they give back ten times over.

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ROBERTO AZEVÊDO,
*Director-General of the WTO
and International Gender Champion*

Economic and social discrimination against women is costing Africa USD 105 billion a year or 6% of the continent's gross domestic product (Source: Africa Human Development Report from UNDP, 2016)

In most countries, women earn on average only 60-75% of men's wages. (Source: Un Women and World Bank Gender Data Portal 2015)

Women produce 50% of global food products and comprise, on average, 43% of the agricultural labour force in developing countries (Source: FAO, 2011)

STATISTICS CONFIRM THAT WOMEN PLAY A VITAL ROLE IN THE ECONOMY BUT A RANGE OF BARRIERS LIMIT THEIR OPPORTUNITIES

Close to 40% of SMEs worldwide are women-owned businesses. Only 15% of exporting firms are led by women (Source: ITC 2017)

Between 1995 and 2015, the participation of women in the labour force decreased from 52.4% of the overall total to 49.6% (Source: ILO Women at Work Trends, 2016)

According to a World Bank survey of 173 countries, 90% had at least one law impeding women's economic opportunities (Source: Women Business and the Law - 2016)





WOMEN PLAY A KEY ROLE IN ECONOMIC DEVELOPMENT:

THE MORE INVOLVED THEY ARE,
THE MORE ECONOMIES GROW.
GENDER EQUALITY MAKES A DIFFERENCE.

Women's economic empowerment has a positive impact on economic growth and helps to reduce poverty. The more involved they are, the more economies grow. Reducing barriers to accessing the labour market is therefore key.

Globally, the elimination of all forms of discrimination against women would raise per capita productivity by 40% (World Bank - Doing Business Report, 2017).

Increasing women's participation in the labour market to the same level as men's would raise US GDP by 5%, Japan's by 9% and Egypt's by 34% (IMF). Gender inequality in education has a negative impact on economic growth.

If African countries had closed the gender gap in schooling between 1960 and 1992 as quickly as East Asia did, this would have almost doubled per capita income growth in the region (World Bank Gender and Development Group).



SUCCESS STORY: the example of Bangladesh

The Bangladesh Women Chamber of Commerce & Industry was created by Ms Selima Ahmad, a successful businesswoman. The Chamber is exclusively devoted to helping women entrepreneurs and fostering women's economic and social empowerment. After Ms Ahmad attended a meeting with south Asian women entrepreneurs, she said: "I realized that I needed to do something for women. After that meeting, we thought we should all go back to our country and create a platform for women entrepreneurs of Bangladesh. The story is simple; we came back and started working".

EMPOWERING WOMEN: A "SNOWBALL EFFECT" ON DEVELOPMENT

Increasing women's participation in the economy means more jobs and more economic autonomy. When women have their own incomes, their status and bargaining power in the family increase as well as their quality of life. This is sometimes known as the "power of the purse".

Women invest most of their incomes (90%) back in their families (notably in education and health) and in their communities. Increasing their economic power has therefore a "snowball effect" on society by increasing living standards for all and therefore reducing poverty.



EMPOWERING WOMEN THROUGH INTERNATIONAL TRADE:

While most developing countries acknowledge that e-commerce provides economic opportunities for women, only 47% believe that the development of computer and related services would have an impact on women's economic empowerment (Aid for Trade Monitoring and Evaluation results, 2017).



Trade can create opportunities for women's employment and economic development. **Through trade, job opportunities for women have increased significantly.**

Many of these jobs are concentrated in **export-oriented industries**. And they often have higher pay and better conditions than equivalent domestic-oriented jobs. **Exporting companies** in developing countries employ more women than non-exporters (WTO/World Bank - The Role of Trade in Ending Poverty, 2015). Women constitute up to 90% of the workforce in export processing zones in many developing countries such as Honduras, Jamaica or Sri Lanka.

Jobs in export sectors tend to have better pay and conditions than those in the informal sector, which is an important job provider for both women and men in developing countries. Export processing zones offer better and more stable jobs, higher income and more fairly paid work with better conditions than in the informal sector. Data is not available for all countries but in 15 out of 43 (where data exists) women account for more than 70% of non-agricultural informal employment (The World's Women 2015, UNstats).

Through export-related jobs, women have access to training, helping them to remain in the formal sector (ILO/WTO study on globalization and informal jobs in developing countries – 2009).

Globally, the **services sector is currently the largest source of employment for women** - 62% were engaged in this sector in 2015 (Women at Work ILO trends, 2016). In Latin America and the Caribbean, Eastern Europe, Southern Europe and other developed regions, more than 70% of employed women work in the services sector (The World's Women 2015 – UNstats). **Increasing participation in the services sector in low-income countries** in areas such as tourism, finance, health, education, distribution and environment has a positive impact on women's economic empowerment. Ideally women should be encouraged and supported to participate in all sectors. The monitoring and evaluation undertaken for the Aid for Trade Global Review 2017 shows that 61% of developing countries believe that financial services can contribute to women's economic growth;

66% believe that tourism is an important sector for women; 57% regard education services as a key sector for empowering women; and 47% consider information and communication technology (ICT) as a sector with the potential to foster women's economic development (Aid for Trade Monitoring and Evaluation results, 2017).

Global value chains – or worldwide production and supply networks - provide an opportunity for women to realize their potential. For instance, through programmes funded by the Enhanced Integrated Framework in Mali, 465 women involved in a mango value chain, growing fruit and producing jam, were able to earn higher wages. They have learned how to comply with the necessary sanitary and phytosanitary standards for global trading; they have developed sound agricultural practices; and they have received marketing support for both national and international markets. The women involved in this programme have therefore been able to harness the opportunities provided by trade to sell their products worldwide.

New technology, online platforms and e-commerce provide a relatively easy and inexpensive way of allowing small businesses to enter foreign markets, of expanding women-owned businesses and of facilitating women's entrepreneurship. Bringing women online would contribute up to USD 18 billion to the annual GDP of 144 developing countries (Women and the Web report - Intel Corporation). Unfortunately, a digital gender divide persists in many countries, with women having less access than men to the internet. The global internet user gender gap was 12% in 2016. In least-developed countries (LDCs), it was 31% (ITU, 2016).

Empowering small and medium-sized enterprise (SMEs) has a direct impact on women. One-third (10 million) of the world's SMEs are women-owned. In the European Union, women constitute 34.4% of the self-employed and 30% of start-up entrepreneurs (see below on trade facilitation).

Trade has **increased incentives for girls to attend school**. In Indian villages, for example, where services outsourcing has increased employment opportunities for young women, girls are more likely to be in school than those living in villages where no such trade links exist.



RECOGNISING THE OBSTACLES FACED BY WOMEN:

Trade clearly constitutes an opportunity for women but it is also very important to consider why they are still lagging behind.

Women participate less in international trade because they face numerous challenges and obstacles. According to the joint WTO/World Bank report, "The Role of Trade in Ending Poverty", published in 2015, "even when trade opportunities have delivered new jobs for women, gender biases have sometimes resulted in greater risks, less protection and more unfavourable working conditions for women".

Gender-biased laws and procurement processes prevent women from entering the work force, setting up a business or owning land and assets.

Women's businesses are very often threatened by difficulties in accessing finance. Women-owned SMEs have unmet financial needs of between USD 260 billion and USD 320 billion a year (World Bank). Engaging in trade-related activities typically requires a lot of capital, and without collateral, women cannot access the requisite loan schemes provided by banks. In gender-biased environments, women also face **extra challenges in acquiring the knowledge needed to participate in trade**. Research shows that low levels of literacy and lack of knowledge

about cross-border trade regulations and procedures are more prevalent among female than male traders (World Bank, 2012, UN Women, 2009). Women traders therefore face particular constraints in accessing information regarding critical issues such as how to comply with complicated border procedures, how to meet global standards and how to access information on exports? This information is essential if trade is to be used as a tool for economic empowerment and for increasing women's participation in the global market.

Similarly, SMEs tend to be disproportionately affected by trade costs (ITC and WTO, 2014) and female-owned firms tend to be smaller than male-owned firms. Women traders, therefore, often **face higher export costs**, such as delays in processing export permits, lack of access to trade finance, exclusion from distribution networks (making it difficult for them to reach out to consumers), inevitably leading to higher prices for their goods and wage gaps.

Women also face **greater risks when trading across borders**. Their conditions of employment are frequently precarious and their opportunities for advancement limited.

When economic disruption occurs in import-sensitive sectors such as textiles in developing countries, women often represent the bulk of the workers affected.





INTERNATIONAL TRADE RULES, CAPACITY-BUILDING PROGRAMMES AND TRADE FINANCE CAN HELP TO EMPOWER WOMEN:

A number of areas in the WTO's work, such as trade facilitation, trade finance, or Aid for Trade, can help to empower women.

More than 90% of trade transactions involve some form of credit, insurance or guarantee. **Trade finance** is therefore an essential tool for international traders, including women. However, women and SMEs in developing countries face even greater challenges in accessing trade finance. The estimated value of unmet demand for trade finance in Africa is USD 120 billion (one-third of the continent's trade finance market) and USD 700 billion in developing countries in Asia (WTO report on "Trade finance and SMEs: bridging the gaps in provision").

Regarding trade facilitation, WTO members concluded negotiations at the 2013 Bali Ministerial Conference on a landmark **Trade Facilitation Agreement (TFA)**, which entered into force on 22 February 2017 following its ratification by two-thirds of the WTO membership. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. The TFA sets out measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.

Trade facilitation is particularly beneficial for **SMEs**, increasing their opportunities to access the global market. SMEs suffer more from administrative burdens and their exports are more sensitive to border delays. Empowering SMEs has a positive impact on women as SMEs are major employers of women, as detailed above.

Many trade facilitation measures contained in the Agreement directly contribute to meeting the UN's Sustainable Development Goals (SDGs), such as SDG 9.c on "access to the internet", SDG 16.5 on "reducing corruption and bribery" and SDGs 8.3 and 16.5 on "formalization and growth of micro, small and medium-sized enterprises". All of them have a direct positive impact on women.

Government procurement offers women entrepreneurs opportunities to expand their business and create more jobs. Public procurement accounts for over 30% of GDP in developing countries and up to 15% in developed countries (source: ITC).

Trade-related development decisions, negotiated in the WTO, can also improve women's engagement in the global economy. Duty-free and quota-free market access for products originating in LDCs and preferential rules of origin, which aim to make it easier for exports from LDCs to qualify for preferential market access, are good examples of such decisions.

The **Aid for Trade** initiative helps developing and least developed countries improve their capacity to trade, to access global markets and to increase their exports by using trade as a tool for development. USD 1 in Aid for Trade is worth USD 20 of exports (Aid for Trade at a Glance 2013 – Connecting to Value Chains). That 1 dollar also has an impact on women as trade can be used as a tool for their empowerment.

The **Standards and Trade Development Facility (STDF)** supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards. The STDF helps women, who are major players in the agricultural sector in developing countries, comply with SPS measures so that they are able to export their products. For instance, the STDF has helped women flower workers in Uganda to enter the supply chain by complying with agreed standards.

The **Enhanced Integrated Framework (EIF)** promotes gender balance and inclusiveness in LDCs. It runs trade capacity programmes to support women's empowerment in Burkina Faso, Cambodia, Guinea, Mali, Nepal, Rwanda, Samoa, the Solomon Islands and Vanuatu.

Current **WTO negotiations on agriculture and services** could also facilitate women's empowerment, especially in developing countries.

While **trade can help, it cannot do it alone.**

To be effective, actions on trade would need to be accompanied by gender-friendly policies developed at the national and regional levels on wages, gender budgeting, access to education and finance, and certification of women-owned businesses.

WTO MEMBERS ARE INCREASINGLY FOCUSING ON GENDER ISSUES:



Women's economic empowerment has gained increased attention of the WTO Members and the Secretariat.

Most WTO members - least-developed, developing and developed - believe that trade can play an important role in empowering women and contributing to **achieving SDG 5 on gender equality** (Aid for Trade Monitoring and Evaluation results 2017).

At the **11th Ministerial Conference**, WTO members and observers have launched the **Buenos Aires Declaration on Trade and Women Economic Empowerment**. For the first time in the history of the World Trade Organization, they endorsed a collective initiative to increase the participation of women in trade. In order to help women reach their full potential in the world economy, 121 WTO members and observers agreed to support the Buenos Aires Declaration on Trade and Women's

Economic Empowerment, which seeks to remove barriers to, and foster, women's economic empowerment. At the launch press conference on 12 December, the DG stated that this Declaration "provides guidance from the Members to the WTO for the way forward and the WTO will play its full part. It would be a vital element in the WTO's work to make trade more inclusive".

Many of the issues under discussion at the WTO have a strong gender component. For example, WTO Members have also introduced gender into their discussions on **services negotiations**. A group of WTO members led by Canada made a proposal to include **gender equality in services domestic regulations**. Other Members, notably the **EU, Iceland and The Gambia** have used the **Trade Policy Review** process to highlight their policy developments that contribute to gender equality.



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