

Can Trade Agreements Accommodate Gender Equality?

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COVID-19 Magnifying the Impact of Barriers

The Problem

Key Barriers

Access to education (STEM and digital learning)

Access to markets, technology, finance and other productive resources

Time poverty, domestic violence and culturally-prescribed stereotypes

Business and employment restrictions; bans and prohibitions

Unfair working conditions and employment discrimination

Disproportionate tariff and non tariff barriers for trade in goods and services

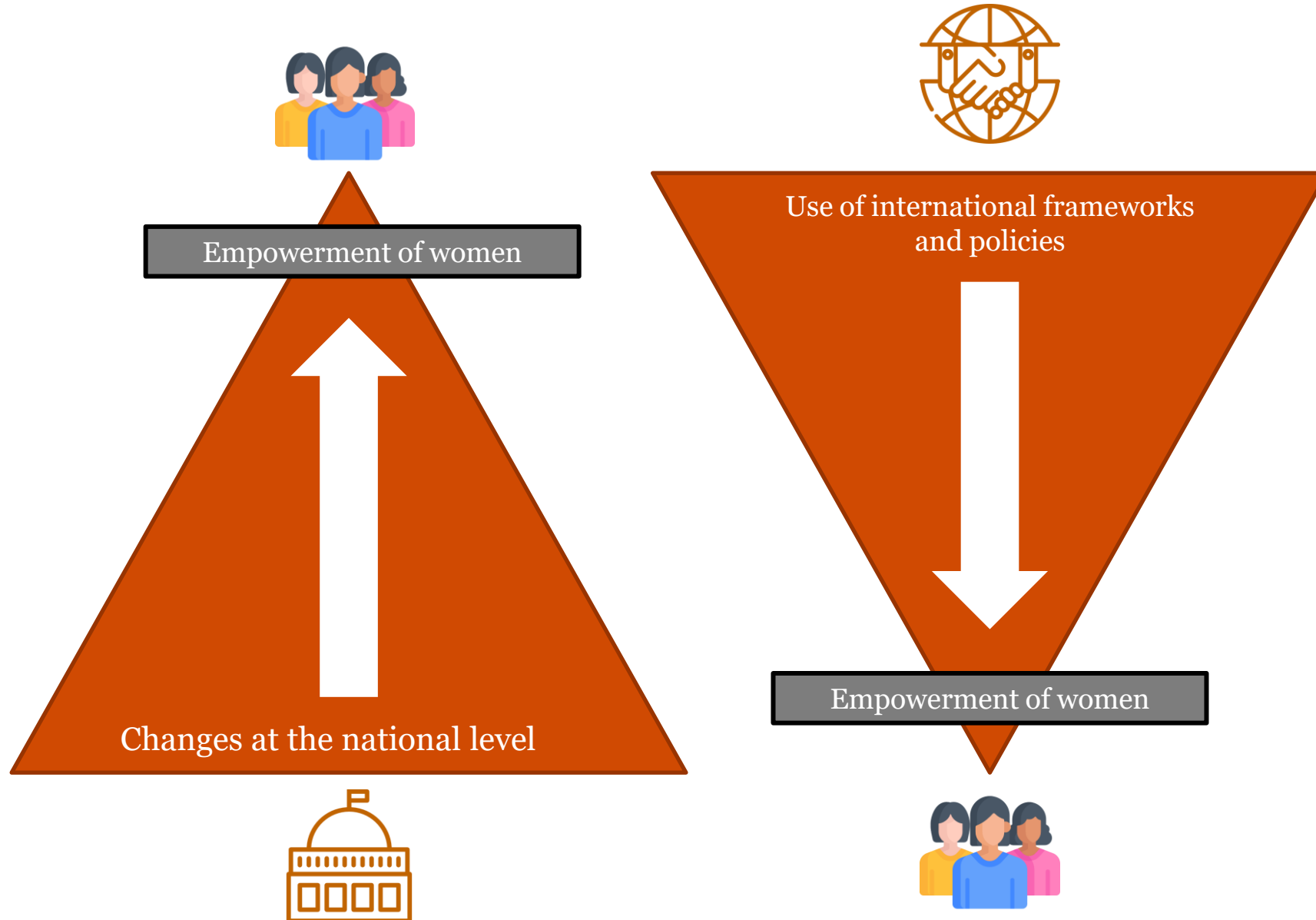
COVID-19
exacerbating these
barriers

COVID-19-Inflicted Challenges

- 1 Loss of jobs for 30% of women in service industries (proximity-demanding, low paid and temporary jobs)
- 2 740 million women in informal economy, either exposed to contagion risk or face imminent loss of jobs
- 3 Women own close to 10 million of the world's SMEs; SMEs scaling down or facing closures
- 4 Spiralling household responsibilities and domestic violence
- 5 Reduced access to education, owing to lack of digital affordability and know-how
- 6 Restricted access to health facilities, including maternity care and abortive services

For more details, see [Bahri, Women at the frontline of COVID-19](#)

Two Approaches: Bottom up or Top down



Why negotiating instruments work?

1 Diplomatic reasons

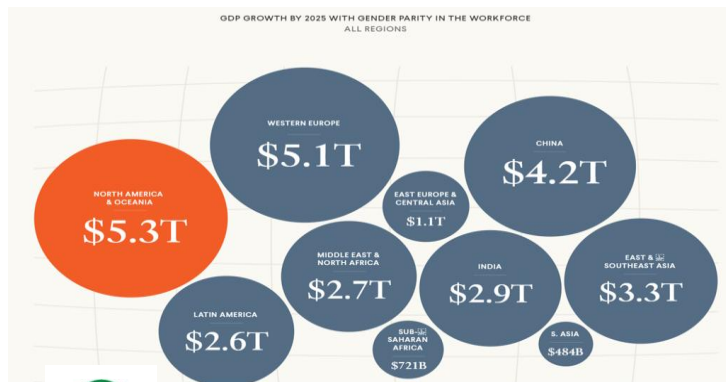


Ease of negotiating with certain countries (i.e., Canada)

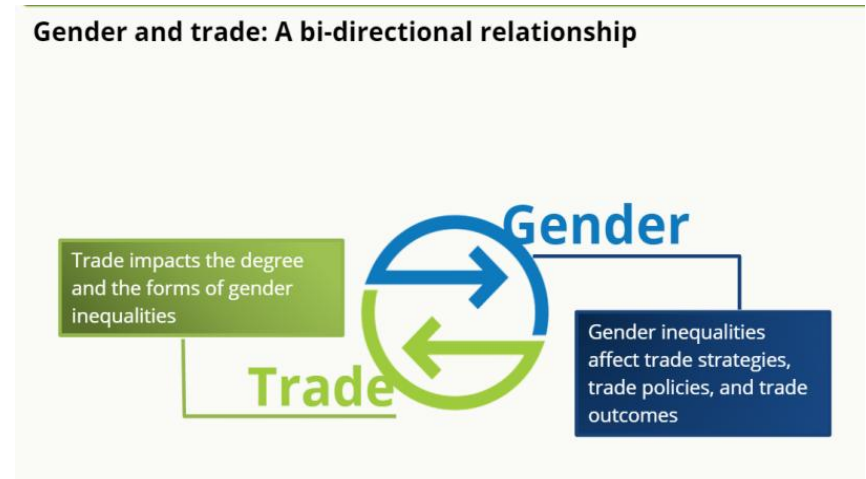


The inclusion of gender provisions is a precondition to negotiate with others (i.e., EU)

2 Substantive reasons



The Business Case: Gender Equality benefits the economy



How advancing women's equality can add \$12 trillion to global growth



If every country matched the progress toward gender parity of its fastest-improving neighbor, global GDP could increase by up to \$12 trillion in 2025.

Incremental 2025 global GDP
over business-as-usual scenario,¹ %

Incremental GDP,
\$ trillion

India	16%	0.7
Latin America	14%	1.1
China	12%	2.5
Sub-Saharan Africa	12%	0.3
North America and Oceania	11%	3.1
World	11%	11.8
Middle East and North Africa	11%	0.6
South Asia (excl. India)	11%	0.1
Western Europe	9%	2.1
Eastern Europe and Central Asia	9%	0.4
East and Southeast Asia (excl. China)	8%	0.9

¹Sample = 95 countries.

Gender and trade: A bi-directional relationship



Trade affects the distribution of income and resources in an economy, including between men and women, through various channels



1 Trade can lead to **changes in the structure of production**, with export sectors expanding and import-competing sectors contracting

➤ This, in turn, affects types of employment and workers' compensation



Global markets

➤ typically the quality of jobs deteriorates, with security, benefits, and formalization declining

2 Trade leads to a **change in the relative prices of goods and services**, which generate **changes in real incomes** that affect groups of producers and workers differently

The impact of trade on gender equality

Based on conventional trade theory



Trade liberalization leads to an **increase in the export of commodities that use the abundant factors of production intensively**



Rise in the compensation to the abundant factors of production



Developing countries are abundant in **unskilled labour**, a large share of which is constituted by **women**

- Trade liberalization should lead to an **increase in women's employment and wages**
- In turn, **men's employment and wages should decline** and **gender inequality reduce**

But...



Heterodox economic theory

Women's labour may be exploited to keep labour costs low



- International trade is likely to lead to a rise in women's employment, but **without a corresponding increase in wages**

Rather than promoting gender equality, trade likely perpetuates or even exacerbates gender inequalities



"Source of competitive advantage"

Heterodox economic theory: firms facing intense international competition in international markets may have the incentive to employ a larger share of women to take advantage of the gender wage gap and so keep labour costs down

- Women may also be **disproportionately employed as subcontract workers**, who are **poorly paid** and **deprived of social security benefits**



A strategy of development based on the employment of women to boost competitiveness through low wages may support labour-intensive exports in the short and medium-run

In the long-run, however, this is **neither a sustainable nor a desirable strategy**

International Instruments Acknowledge this Relation....



Beijing
+25

WTO Rulebook is Gender-Blind, but can WTO Help?



1. General Agreement on Trade and Services

2. Agreement on Agriculture

3. Revised Agreement on Government Procurement

4. Trade Facilitation Agreement

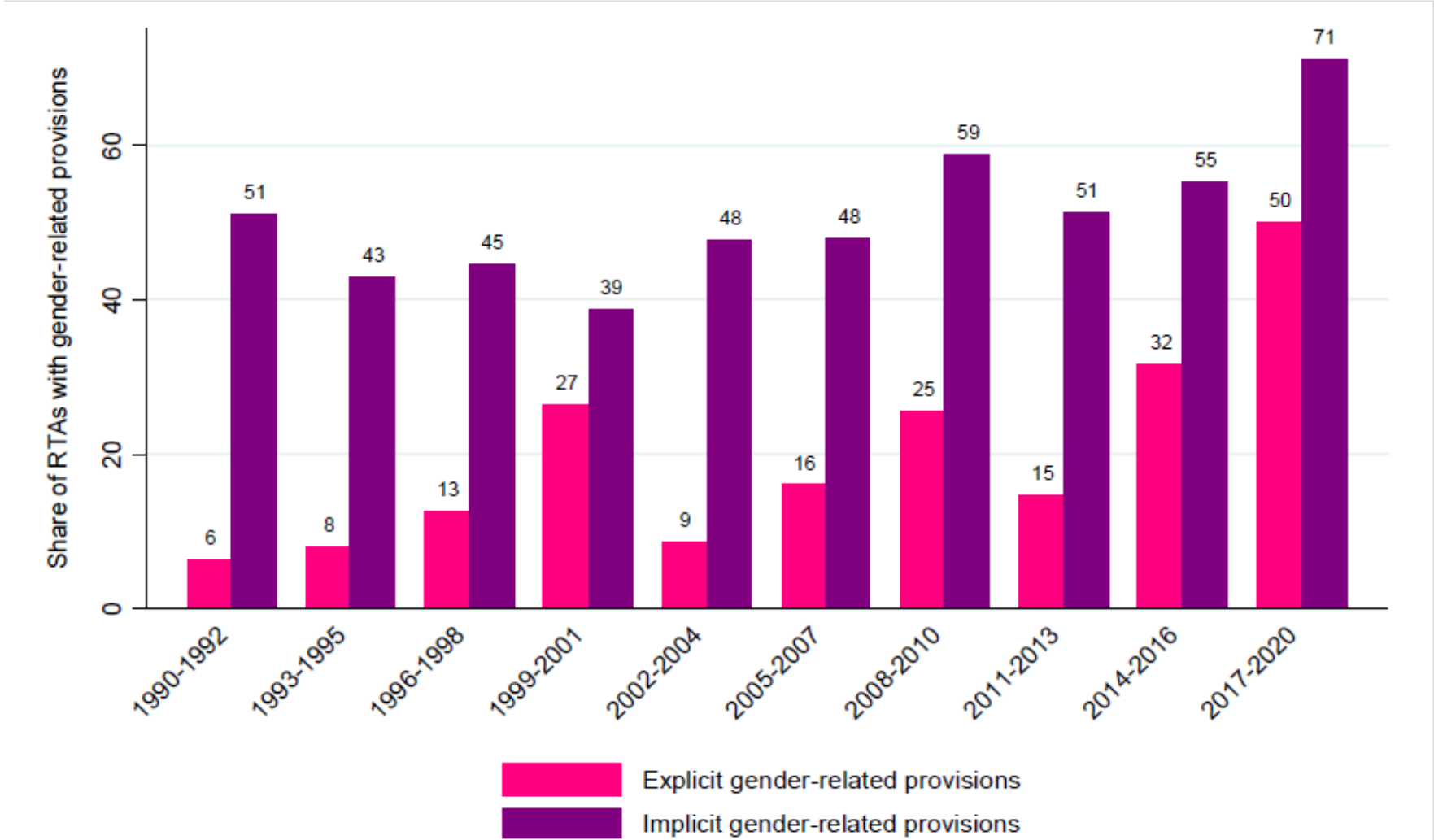
5. Aid for Trade Program & Trade Policy Review Mechanism

6. Article XX of GATT 1994 and Article XIV of GATS

7. The WTO's Joint Declaration on Trade and Women's Economic Empowerment

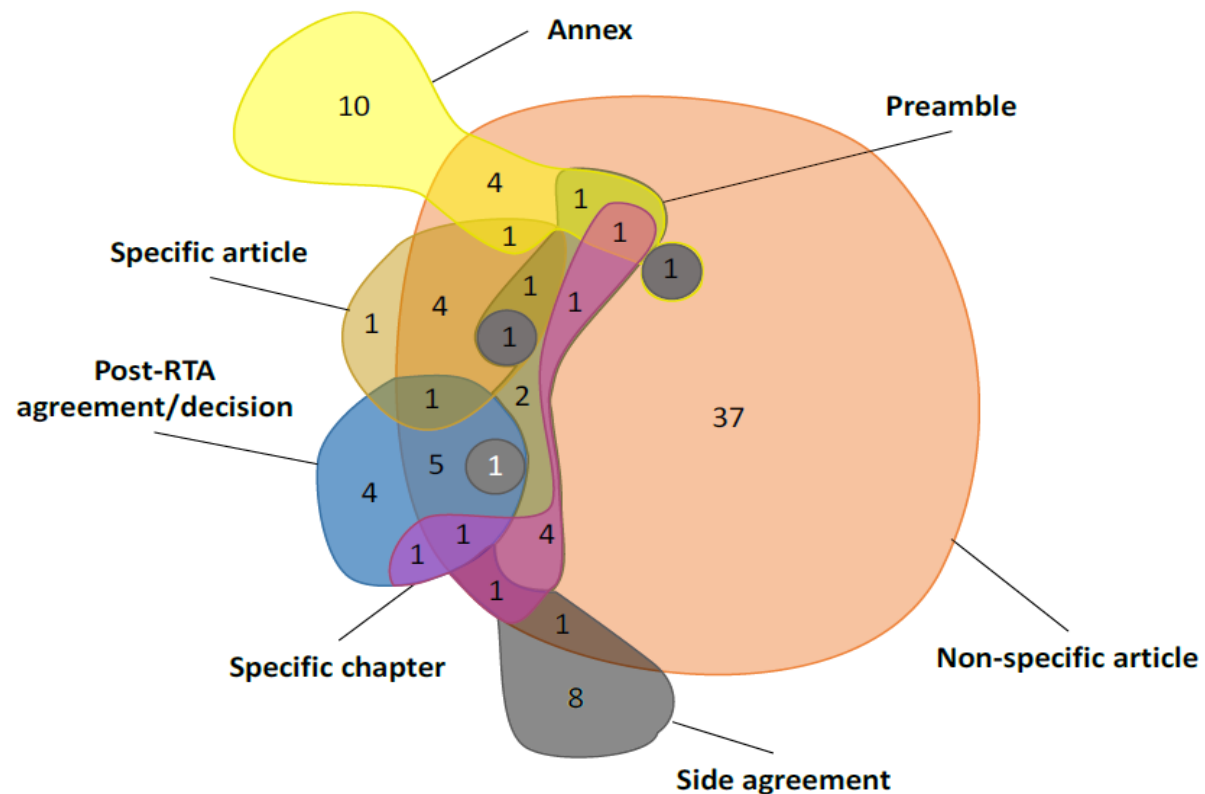
8. WTO trade and gender focal point, informal working group, and gender research hub

Figure 3: A growing share of RTAs include explicit gender-related provisions



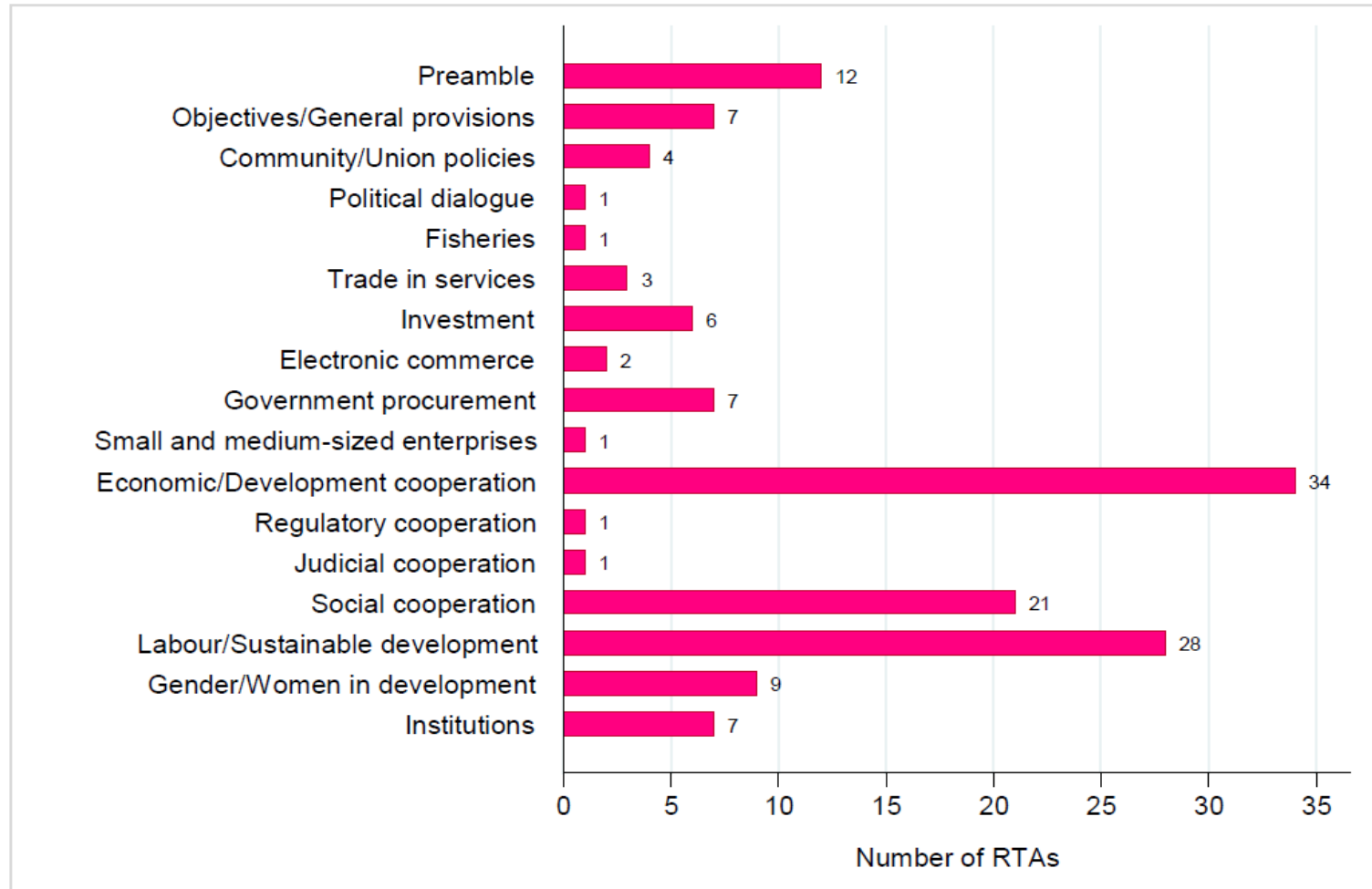
Source:
[WTO Economic Research and Stats Division 2018](#)

Gender provisions are found in different parts






Source:
[WTO Economic Research and Stats Division 2018](#)

They are found in different disciplines



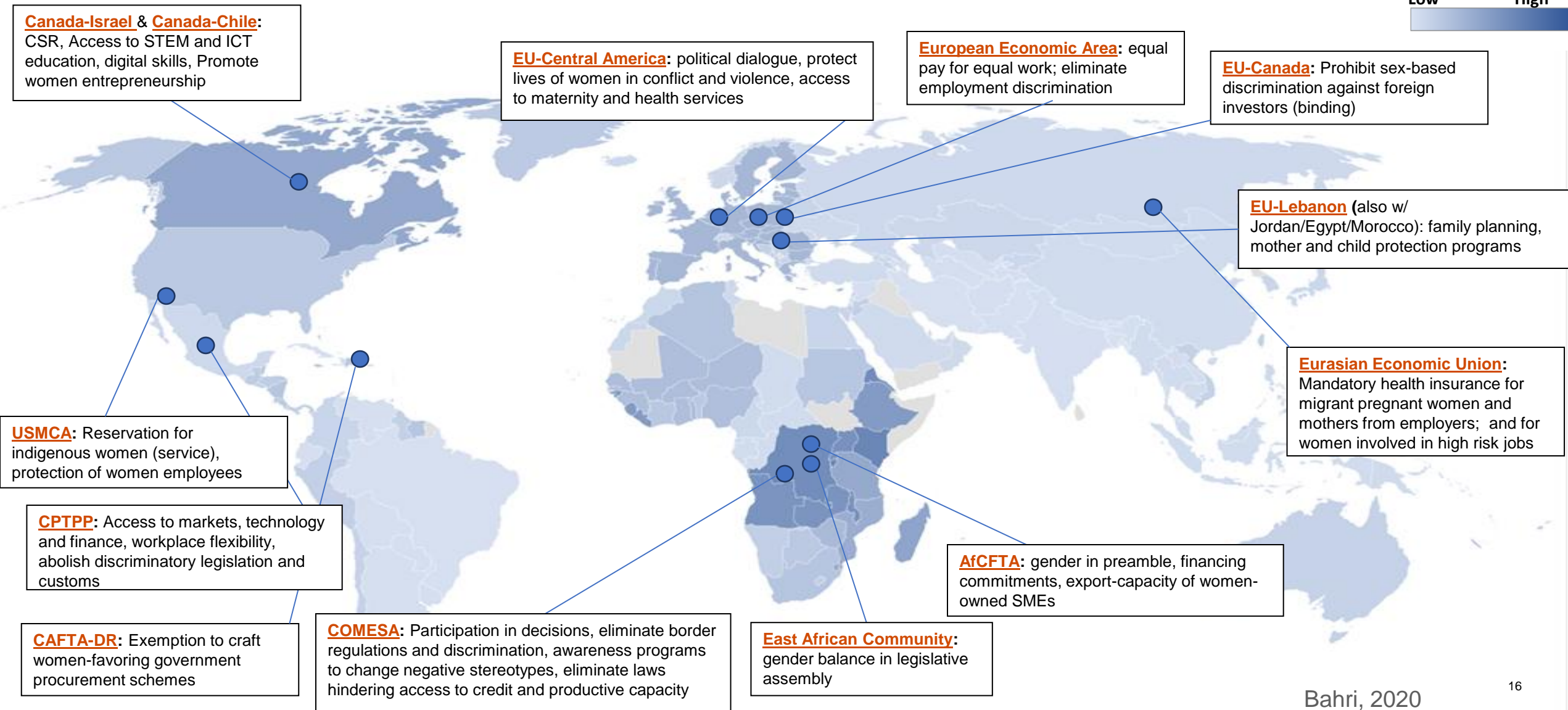
Source:
[WTO Economic
Research and Stats
Division 2018](#)

Approach: Measuring Gender-Responsiveness of FTAs: ITC's Maturity Toolkit

Category	Definition	Dimensions	
 <p>Awareness</p>	This category reflects parties' awareness and the importance they assign to the incorporation of gender concerns in the given free trade agreement (FTA).	1. Frequency of Relevant Provisions	2. Location of Relevant Provisions
 <p>Affirmative Action</p>	This category reflects whether parties to the given FTA consider or commit to any affirmative action to incorporate gender concerns.	3. Affirmations and Reaffirmations	
 <p>Enforcement</p>	This category reflects whether parties to the given FTA consider or commit to the robust enforcement of gender-components included in the FTA.	4. Cooperation Activities	5. Institutional Arrangement
		6. Procedural Arrangements	7. Review and Funding
		8. Settlement of Disputes	9. Waivers, Reservations & Exceptions
		10. Minimum Legal Standards	
<p>Limited</p> <p>FTA at this level is either completely or close to being gender-blind or gender-neutral in nature as it fails to mainstream gender concerns.</p>	<p>Evolving</p> <p>FTA at this level employs some best practices for mainstreaming gender concerns, but it has a significant scope for further improvement.</p>	<p>Advanced</p> <p>FTA at this level achieves the highest level of maturity in the way it mainstreams gender concerns, and there is no or only a negligible scope for further improvement.</p>	

Trade Agreements can Help: Best Practice Examples

The Solution



What remains undone?

1 | Implementation



2 | Enforcement



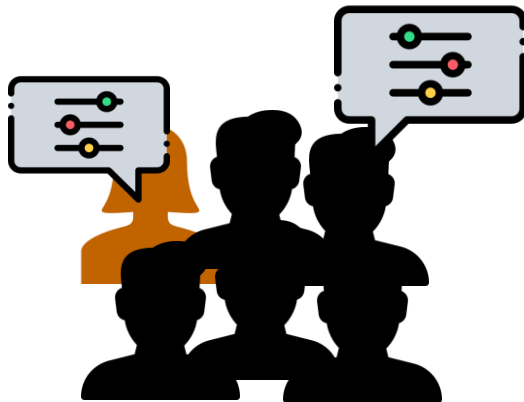
3 | Funding



What impedes gender mainstreaming? The Hesitations and Impediments



1. Fears of Protectionism and cultural imperialism



2. Underrepresentation of women in policy-making roles



3. Lack of political will



4. Cost of compliance, and probability of compliance

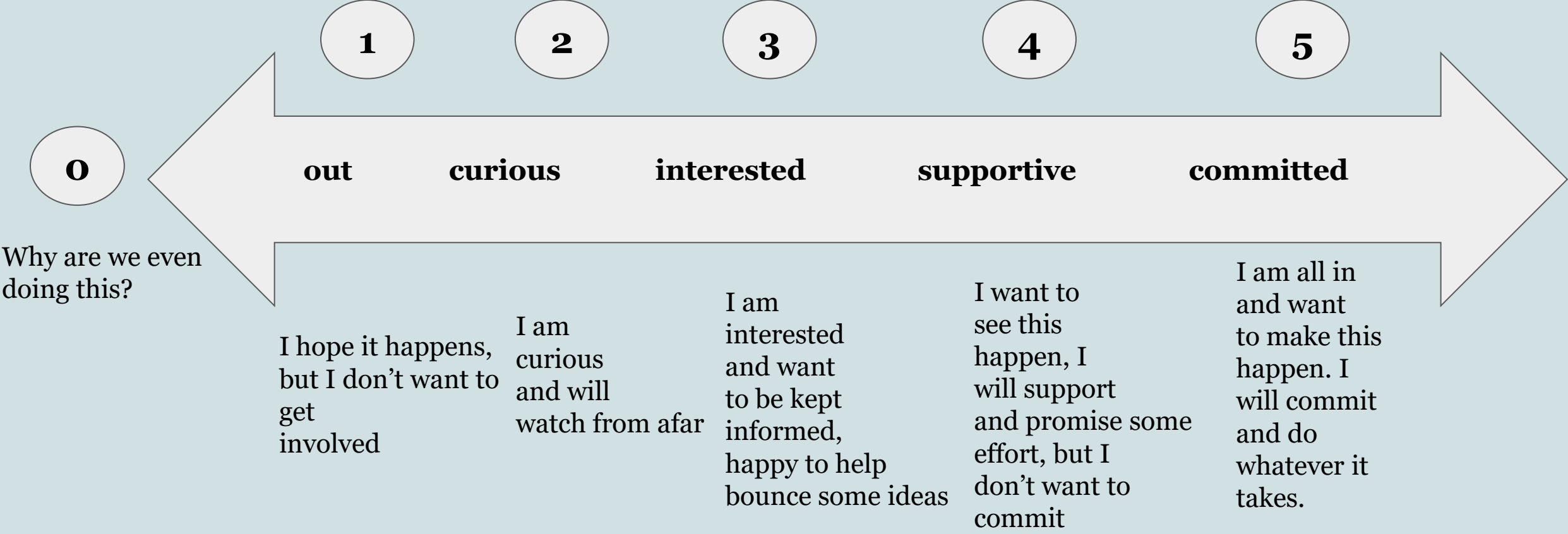


5. Absence of expertise and paucity of gender disaggregated data



6. Lack of understanding and awareness

Countries' States of Acceptance: Gender Mainstreaming in Trade Agreements



Commitment Level Scale

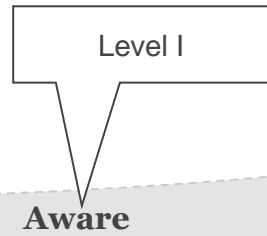
Parameters to Determine a Suitable Level: Complexity vs Value

Complexity:

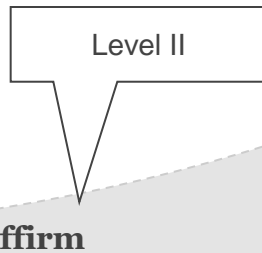
1. resources required
2. compliance cost (legal, social, cultural and economic)
3. political readiness/level of agreement
4. risk of protectionism

Value:

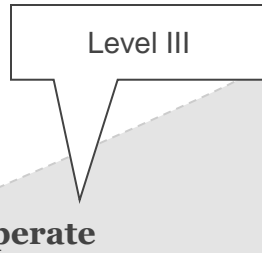
5. commitment's importance and expected benefits (in line with barriers women face)



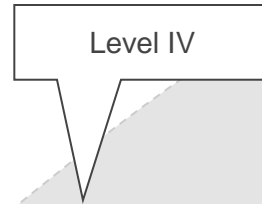
- Mere Mention
- Principle or value
- Acknowledgment



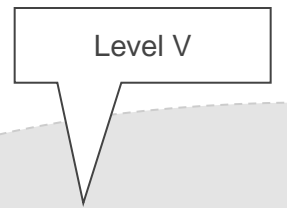
- Express an intention to undertake a positive action
- Reference to conventions, inclusion in preambles or objectives clauses
- General commitment that countries will address gender issues



- Non-binding commitments drafted with non-mandatory verb constructions to cooperate on various substantive and non-substantive issues
- Clearly expressed will to mainstream gender concerns
- Cooperate on undertaking identified actions



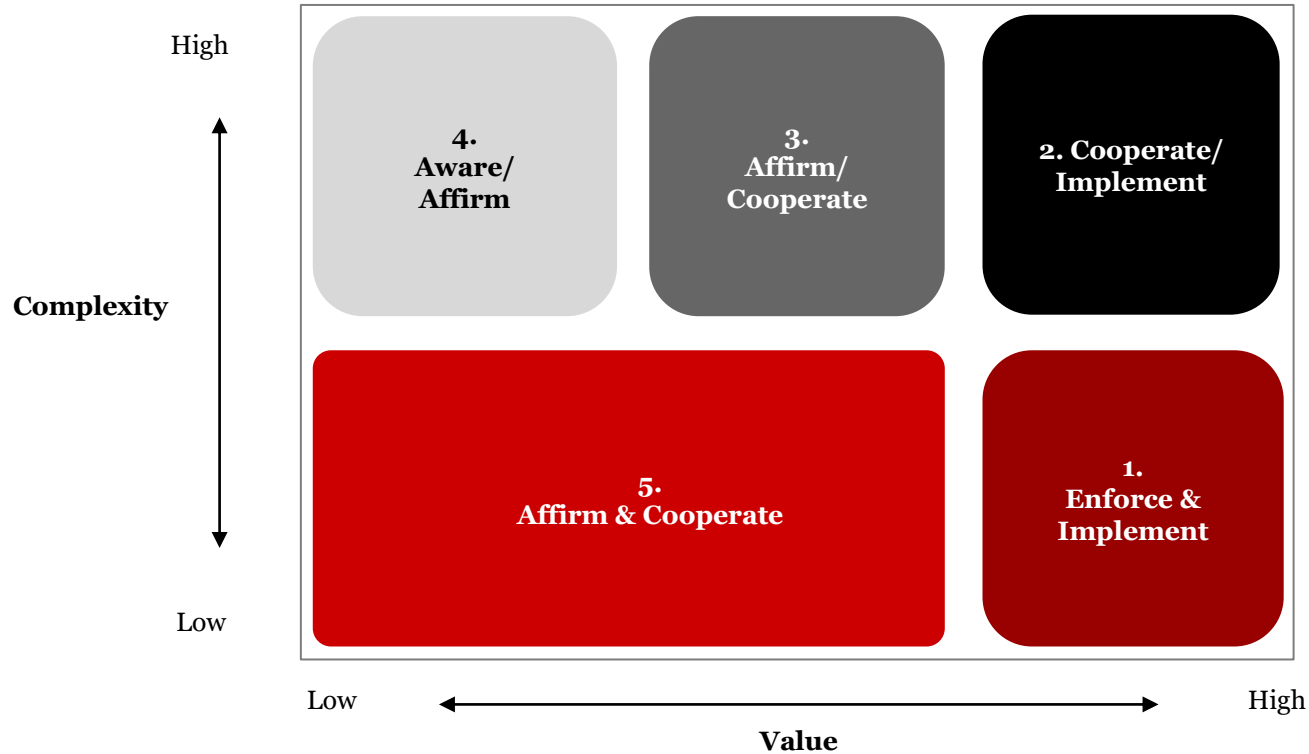
- Provision of institutions responsible for implementation, cooperation, monitoring and review
- Understanding on the organizational requirements and details of the institution
- Creation of concrete procedures to implement actions and provision of funds to finance such actions



- Applicable dispute settlement mechanism or another alternate dispute resolution system
- Dispute settlement mechanism to have binding and compulsory jurisdiction and remedies in case of non-compliance
- Binding commitments drafted with mandatory verb constructions and/or defensive policy commitments drafted in the form of reservations, waivers and exceptions

If value > complexity = high level of commitment highly recommended
 If value < complexity = high level of commitment less recommended

Framework to Prioritize



Portfolio Segment	Comments
1. “Enforce & Implement”	<ul style="list-style-type: none"> The strategic value is high, and the implementation complexity is low If that is the combination, then that provision can be drafted with elements from levels 4 and 5
2. “Cooperate/Implement”	<ul style="list-style-type: none"> The strategic value is high, and the implementation complexity is also high If that is the combination, then that provision can be drafted with elements from levels 3 or 4
3. “Affirm/Cooperate”	<ul style="list-style-type: none"> The strategic value is medium, and the implementation complexity is high If that is the combination, then that provision can be drafted with elements from levels 2 or 3
4. “Aware/Affirm”	<ul style="list-style-type: none"> The strategic value is low, and the implementation complexity is high If that is the combination, then that provision can be drafted with elements from levels 1 or 2
5. “Aware/Affirm/Cooperate”	<ul style="list-style-type: none"> The strategic value is low to medium, and the implementation complexity is low If that is the combination, then that provision can be drafted with elements from levels 2 and 3

Value: Will depend on the anticipated short- and long-term strategic benefits and the commitment's importance determined in light of the relevant barriers that women in that given country face

Implementation Complexity: Will depend of the number of interdependent and interconnected factors including: . resources required, compliance cost (legal, social, cultural and economic), political readiness/level of agreement, and risk of protectionism

Three big questions:

- 1 | Many new FTAs (such as USMCA) contain highly enforceable labor commitments. If this can be negotiated, why countries are still reluctant to include enforceable gender-related commitments such as equal pay for equal work?
- 2 | If we can have exceptions to protect public morals, or animal health or life, or even plant health or life in almost 100% of existing FTAs, why can't we negotiate an exception to reduce gender inequality?
- 3 | Even if gender provisions are not made enforceable, wouldn't they remain a distant reality if parties do not craft procedures and institutions or mobilize funds to put these commitments to action?

Thank you

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