

TRADE POLICY ANALYSIS

Towards a gender-sensitive trade regime

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With a high average trade-to-gross domestic product ratio, large absolute inflows of foreign direct investment, substantial capital flows and significant movements of labour, South Asia is well on its way to becoming one of the most globally integrated regions in the world.

International trade is one of the engines of growth. Due to differences in social and cultural factors, it affects men and women differently. The consequences of trade liberalization for women—absolutely as well as relative to men—have been mixed, depending on a range of factors and preconditions. The factors and preconditions include gendered patterns of rights to resources, female labour force participation rates, education levels and gaps by gender, and patterns of labour market discrimination and segregation, as well as socio-cultural environments.

This paper examines the trade and gender linkages in South Asia in agriculture, manufacturing and services, and recommends what needs to be done to ensure that trade agreements, at multilateral, regional and bilateral levels, are gender sensitive.

Only 36 percent of South Asian women participate in the labour force (Table), well below the global average of 53 percent as well as the 67 percent participation rate of East Asian women. A huge majority of women in South Asia (up to 85 percent) are in “vulnerable” employment, such as in the informal economy or in low-end self-employment, far above the global average of 53 percent. More than 65 per cent of female employment in South Asia is in agriculture, as opposed to 40 percent in East Asia.¹ In the non-agricultural sector, female employment is concentrated in labour-intensive industries such as garments, microelectronics, food processing and toy-making.

AGRICULTURE

In the South Asian socio-cultural setup, domestic and social compulsions tie women to their homes, thus restricting their access to local markets only. It, therefore, becomes very difficult, if not impossible, for women farmers to survive and compete in a free-trade world. In recent years, many small and marginal farmers, particularly women farmers, have sold their land and become casual labourers. There are also reports of increased migration of women from rural areas.

As is the case in most developing countries, women in South Asia constitute the majority of the poorest section of the rural population engaged in the agricultural sector. Agriculture, with its low requirement of skills and because

Table	Female labour force participation rate in South Asia (% of female population, 15–64 years)		
	2006	2007	2008
Afghanistan	32	33	33
Bangladesh	58	58	58
India	33	33	33
Maldives	53	55	56
Nepal	62	63	63
Pakistan	21	21	21
Sri Lanka	37	35	35

Source: <http://data.worldbank.org>

it can be easily combined with household work, is an easy source of employment for women. Many women also work as unpaid family labour. The requirement of lower skill and education levels is highlighted by the fact that 52–75 percent of female agricultural workers are illiterate.

Most women involved in agriculture tend to be landless workers, with only a small percentage owning land. Even when women own farmland, these lands are generally in small fragmented plots and are of poor quality. This denies them access to institutional credit and public support programmes.² Farming on these lands is done primarily for self-consumption and a very small portion of the output is either sold in the market or exported. As a result, even if trade liberalization does, indeed, unlock export opportunities, it is unlikely that these farmers will have the ability to take advantage of such opportunities.

Rather, trade liberalization and associated domestic reforms multiply the problems of small farmers, especially women farmers. With the World Trade Organization (WTO) setting limits on subsidy levels in developing countries, the farming communities in these countries are constrained by increased prices of inputs such as fertilizer, water and electricity. This will push up the production costs for farmers. To make the situation more complex, removal of import restrictions opens the floodgates to imports of agricultural commodities. Even when there is no actual import, low world prices will drive domestic prices downwards—so much so, despite cases of crop failures, domestic prices of may not necessarily increase.

Many small and medium farmers are finding it difficult to cope with this dual problem of increasing production costs and low domestic prices. Post-

WTO, many farms are engaged in export-oriented commercial cultivation. Commercialization encourages consolidation of land holdings as it is generally believed that bigger farms are more conducive to this type of farming. Therefore, in many developing countries, big farms are replacing numerous small and marginal farms. As big farms generally use more machines and employ less labour than small and marginal farms, consolidation of land is reducing employment opportunities in this sector.

Free trade agreements (FTAs) with developed countries also threaten the domestic agricultural sector. For example, if the proposed European Union (EU)-India FTA comes into force in its current form, India will have to liberalize imports of gender-sensitive products such as dairy, coffee, mate, tea, wheat and fruits and vegetables, which will not be able to compete with heavily subsidized and mechanically produced EU agricultural products.

MANUFACTURING

The trade-gender linkages are full of contradictions. Often, even where women gain in absolute employment and incomes, particularly in the manufacturing sector, their relative positions may worsen. For example, many of the trade-based export sectors in Asia's developing countries such as textiles and clothing (T&C) have generated employment opportunities for women workers, but these have emerged specifically with lower wage rates and adverse work conditions.

Dismantling of non-tariff barriers is also very important. A case in point is the EU anti-dumping duties imposed on bed linen imports from India. A case study of the Anglo-French textiles sector conducted by Oxfam showed that these duties resulted in shedding more than 1,000, mostly women's, jobs.³ The study also suggested that even after these duties were removed, it would take over two years to rebuild a company, and to restore exports and the previous level of jobs. Thus, in terms of employment, women are most vulnerable to such non-tariff barriers to trade.

The gender profile of the T&C industry also tends to be different among South Asian countries. Paradoxically, India's integration into the global economy is rather sporadic in nature in comparison to the relatively more liberal approaches of Bangladesh and Sri Lanka. This has led to better wages and employment in Bangladesh and Sri Lanka compared to India. According to a survey carried out by the Centre

for Women's Development Studies in Delhi, India, the reason for the continuing low proportion of women in the majority of the garment-exporting factories in Delhi may be the fact that tailoring operations in most units still remain male dominated.

Pakistan has been making efforts to sensitize its trade policy to gender equality concerns. Pakistan Trade Policy 2009–2012 has been designed as a gender-sensitive trade policy. It recognizes that trade policies affect men and women differently, as more often than not women are constrained by structural factors such as low skill level, weak ability to negotiate wages, and gender-insensitive work conditions. In Pakistan, women workers are present more in low-skilled and low-paying sectors, especially in the T&C industry. With the increasing trend of women pursuing higher education, it is important that women are represented more at managerial, supervisory and high-skill levels. Though women have started playing a larger role in Pakistan's export sector than ever, they are far from women in other Muslim countries such as Malaysia and Bangladesh,⁴ who have tremendously benefited from the diverse and creative expertise of women in garments, shoes, jewellery, electronics, horticulture, handicrafts and services.

The global T&C quota regime was initially a crucial factor in the emergence of the export-oriented RMG sector in Bangladesh and Nepal, and its subsequent momentum. Even in other South Asian countries like Sri Lanka and Pakistan, a very high percentage of workers in the T&C sector are women.

The gender and poverty implications of the expiry of the WTO's Agreement on Textiles and Clothing (ATC) for Bangladesh readymade garment (RMG) sector are well recognized, since the vast majority of workers in Bangladesh's RMG sector are young women from poor households. The export-oriented RMG sector of Bangladesh is a major source of employment and income for about two million people, of whom 80 percent are women. Employment in the sector has increased dramatically from 0.1 million workers in the mid-1980s and currently absorbs about one third of the industrial workforce.⁵

In the case of Nepal, where the quota phase-out under the ATC wrought havoc on the RMG industry in general, women workers, who were laid off, could not find alternative employment opportunities. Out of sheer compulsion, some of them were forced to join sectors like massage parlours, cabin restaurants and

dance bars to earn their living, where the potential for their exploitation is high.⁶

SERVICES

Services sector liberalization can affect women in two major ways: by creating or destroying employment and incomes; and by affecting access to critical basic services like credit, health, education, water and energy. Although services trade has provided new opportunities for women, the salaries earned by female workers, even those who are graduates and above, are on average only 70–75 percent of that earned by males with similar education levels. Work and pay disparities based on gender are found even in India's booming information technology sector. This implies that with higher growth of services, even if employment opportunities for women grow at the same rate, the benefits of the growth goes more to males as compared as females.

The movement of health workers, especially female nurses, from South Asian countries has been a matter of some concern. Mode 4 liberalization under the WTO's General Agreement on Trade in Services⁷ encourages this phenomenon. It is undeniable that Mode 4 trade in services has offered higher-paying employment opportunities for women health professionals and other care workers in India, and added to their empowerment.⁸ However, there are adverse impacts on the domestic health sector, such as availability of treatment especially for women patients.

TOWARDS A GENDER-SENSITIVE TRADE POLICY

Gender-awareness in trade policy formulation requires a deeper and contextualized understanding of the interactions between gender inequalities, class-based inequalities and poverty, on the one hand, and trade policies and trade performance, on the other. Country-specific studies of the gender differentiated impacts of trade policies as well as studies on the ways in which gender relations and inequalities affect trade performance are needed.

Creative solutions need to be explored whereby importing countries can accord concessional access to imports from those sectors which predominantly employ women. Also, countries granting trade preferences could consider deepening the preference in sectors having significant employment of women in the exporting country.

There is a need for identification of sectors with

higher women employment while formulating gender-targeted trade policies. Also, exports of products from sectors that are important sources of employment for women should be promoted.

Gender-sensitive products could be incorporated in multilateral/bilateral trade negotiations. Gender analysis of a trade agreement can take place before negotiations begin, to contribute to identifying sensitive areas and areas of potential commercial interest to women entrepreneurs; during negotiations, to support trade negotiators; and after a trade agreement is in place, to assess impacts, identify any need for mitigating measures, or assess whether there is a need to re-negotiate a provision. For instance, in the EU-India FTA negotiations, it would be interesting to look at how this FTA will impact the female labour force.

Sustainable impact assessments should be carried out to highlight the differential impacts of trade liberalization on women and men, and gender equality, as well as suggest mitigating or “flanking” measures to reduce negative impacts.

Synergies between national and international strategies and rules, between trade, monetary, finance and development policies, and between relevant institutions and actors—both public and private—need to be developed in a way that will ensure successful linkages between trade, development and gender. In some cases, these may benefit women through development gains and poverty reduction. The export potential in T&C, agriculture, tourism and other Generalized System of Preferences-covered products must be further explored such that they increase the employment and income earning capacities of female labour. This must include an analysis of tariff and non-tariff barriers to trade in these products.

Small and medium entrepreneurs must be given more support for their entry into domestic and global markets. The convergence of domestic and international markets must be analysed, especially in the context of livelihood opportunities and challenges for women. Countries should have a gender expert on their panel to assess the impact of any trade agreement on the female labour force.

Although trade liberalization in South Asia is still at an incipient stage, a study on the potential gender implications of intra-regional trade liberalization in all the three sectors covered by this paper is long overdue.

Such a study and subsequent advocacy efforts will help South Asian negotiators not only to gauge the gender implications of trade liberalization but also prepare gender-sensitive negotiating positions. ■

NOTES

- ¹ www.bernama.com/bernama/v5/newsfeatures.php?id=501771
- ² unpan1.un.org/intradoc/groups/public/documents/.../UNPAN021440.pdf
- ³ *Stitched Up: How Rich Country Protectionism in Textiles and Clothing Trade Prevents Poverty Alleviation*. Oxfam Briefing Paper. www.oxfam.org.uk/resources/policy/trade/downloads/bp60_textiles.pdf
- ⁴ www.pitad.org.pk/indexP.php?type=research-portfolio#6
- ⁵ Razzaque, A. and Raihan, S. 2008. *Venturing into a Quota-Free Regime: The Ready-made Garment Industry in Bangladesh*. Dhaka: Pathak Samabesh.
- ⁶ Adhikari, Mona Shrestha. 2007. *Study on Women Workers' Vulnerability to HIV after the Phase-out of Textiles and Clothing Quotas: Nepal Case Study*. Submitted to UNDP, Asia Pacific Regional Centre, Colombo.
- ⁷ Trade under Mode 4 involves the movement of natural persons from one WTO member to another to supply services.
- ⁸ See Sengupta, Ranja and Abhilash Gopinath. 2009. *The Current Trade Framework on Gender Linkages in Developing Economies: An Introductory Survey of Issues with Special Reference to India*. December. New Delhi: CENTAD and Heinrich Boll Stiftung.



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ABOUT US

South Asia Watch on Trade, Economics and Environment (SAWTEE) is a regional network that operates through its secretariat in Kathmandu and member institutions from five South Asian countries, namely Bangladesh, India, Nepal, Pakistan and Sri Lanka. The overall objective of SAWTEE is to build the capacity of concerned stakeholders in South Asia in the context of liberalization and globalization.