



3 GOAL 5: GENDER EQUALITY

3.1 Current trends in women's participation in the economy and trade

Women's economic empowerment has gained momentum and become a global trend in recent years. Gender equality sits at the intersection of many international issues, negotiations and policies including climate change, labour, trade and the COVID-19 pandemic. Each of these include a gender perspective, as women are at the centre of countries' economic and social lives.

Economic trends clearly point toward the importance of integrating women into national economies, as the greater women's involvement, the greater the national economic growth. In fact, increasing women's participation in the labour market to the same level as men's would raise countries' GDP to 34 per cent in some cases. Investing in women and integrating them into the economy positively impacts job creation, economic diversification, innovation, entrepreneurship, poverty reduction and development.

In terms of job creation, women entrepreneurs are job-creators for themselves and others. There is a tendency for businesswomen to employ other women. In South Asia, East Africa and Latin America, 57 per cent of workers employed by women-owned micro-companies are female (WTO regional surveys South Asia, East Africa and Latin America 2019-20). A similar story plays out in country-level economic diversification: women tend to be more involved in services sectors, broadly growing these industries and fostering diversification. Certain countries, for example the Kingdom of Saudi Arabia, are beginning to include women's economic empowerment in their economic diversification strategies, recognising women's key role in the economy (Vision 2030).

When trained in new technologies, women entrepreneurs are more likely to integrate these technologies into their businesses than their male

counterparts, fostering innovation. Simultaneously, women entrepreneurs are also using ancestral knowledge on medicine to develop innovative agricultural products and find niche markets for their export activities, scaling their business activities up. Most women entrepreneurs contribute to the overall family income and family expenses, such as rent and education, contributing to poverty reduction and human and economic development. In South Asia, East Africa and Latin America, these are women's second and third pillars of investment after their businesses (WTO regional surveys South Asia, East Africa and Latin America 2019-2020). All these elements drive economic growth.

However, the World Economic Forum (WEF) has calculated that it will take 268 years to close the gender economic gap and 136 years to close the global gender gap. Deep-rooted discrimination against women is still being perpetuated. Most societies where women live and work are not gender-neutral, and women still face a multitude of obstacles, including gender-biased laws and social norms and reduced access to finance, skills and knowledge.

Equal rights and opportunities for women are the only way to change this paradigm, and trade has an important role to play. Firms that trade employ more women. They represent 33 per cent of the workforce of export firms, compared with 24 per cent of non-exporting firms. Also, women constitute 36 per cent of the workforce of firms involved in global value chains (GVCs), and 38 per cent of the workforce of foreign-owned firms, which respectively represents 11 and 12 percentage points more than the proportion for non-GVC and domestically owned firms. In some countries, such as Morocco, Romania, or Viet Nam, women actually represent 50 per cent or more of the workforce of exporting firms, thus creating jobs for more than 5 million women in these countries, which roughly represents 15 per cent of the female population working in these countries. Trade can also free women from the informal sector and the risks associated with it.

3.2 The role of trade policies in empowering women

Behind these statistics, trade policy and trade agreements play a key role in fostering such employment for women as well as in addressing working conditions issues. Trade policy can create opportunities for women to enter the workforce. In the last decades, WTO members have designed gender-responsive trade policies that promote women's employment, aimed at supporting economic growth and development or filling workforce shortages in export-oriented sectors that are driving their economies. WTO members are also including gender chapters in their trade agreements and in their Aid for Trade strategies. Further, they are devising national trade policies that are gender-responsive. In Nigeria, for instance, the government fostered women's participation in the construction sector, where a labour shortage was identified. Similarly, in the Zambia, women were encouraged to work in the male-dominated mining sector.

Many governments include women's economic empowerment and their integration in the job market as a key priority in their national trade and investment strategies. They mostly use financial incentives to achieve this target. For example, some trade policies provide financial support to key export sectors to hire women. Others focus on re-integrating women that are on career breaks or reducing the number of women leaving the workforce because of childbirth. Some trade policies also have made women's employment one of the criteria for grant eligibility for cooperative enterprises.

By supporting women entrepreneurs, WTO members also support women's employment. For example, some trade policies provide financial incentives in the form of tax credit to encourage small businesses to re-employ career disconnected women. While these incentives are provided to both male and female small business owners, it is of note that governments can also support women's employment by targeting women entrepreneurs, as businesswomen employ a vast number of female workers.

Trade policy can balance the scale in favour of women by reducing gender discrimination and creating more decent work conditions. Some trade policies have had the result of socially empowering women. Trade policy can transform unpaid domestic work and care into paid work and reduce wage gaps between men and women. Some trade policies, not primarily targeting women's economic empowerment, have resulted in better working conditions for

female employees and even better social laws based on gender equality. In order to support women's employment in the export sector, some countries have amended their labour in favour of women laws or have imposed beneficial social requirements to the private sector. Some have also focused on providing women with better mobility infrastructures. Trade agreements also focus on women's working conditions, childcare and nursing mothers, the prevention of gender-based workplace violence and harassment, and the elimination of gender discrimination in employment.

3.3 The WTO's work on trade for women

These are very encouraging trends, and the WTO is playing its part too. Inclusive trade is today at the heart of the WTO's work and supporting the integration of women in international trade is one of its key components. Gender mainstreaming in trade is crucial to maximize positive impacts on women, while curtailing negative effects. This process strengthens the effectiveness of the WTO agreements.

Since 2016, the WTO has grown from a gender-blind organization into a gender-aware one. With the establishment of the Informal Working Group on Trade and Gender in 2020 and the new Joint Ministerial Declaration on the Advancement of Gender Equality and Women's Economic Empowerment within Trade (WT/MIN(21)/4/Rev.1) – hereafter the Declaration on Trade and Gender Equality – to be adopted at the 12th WTO Ministerial Conference, the WTO is now on a path to becoming a gender-responsive organization.

The establishment of the Informal Working Group on Trade and Gender was a turning point in the history of the WTO. Through the creation of this group, more than 75 per cent of the WTO membership institutionalized the trade and gender issue in the Organization. The Group serves as a platform to strengthen members' efforts in increasing women's participation in global trade. With this goal, and throughout 2021, WTO members have discussed various trade instruments, policies and programmes in support of women¹ in 12 categories of policy intervention areas, such as data collection, the impact assessment of trade agreements on women, the promotion of female entrepreneurship and traders, Aid for Trade and capacity-building.

They have now decided to go further and take action with the Declaration on Trade and Gender Equality, which more than 124 WTO members will launch at MC12. This is the first formal joint ministerial declaration fully devoted to supporting gender equality and to be adopted by the WTO. It focuses on four key areas that are fundamental to advancing gender equality:

1. Data collection: Members commit to act on developing and improving gender-disaggregated data collection.
2. Policy making: Using research findings to inform gender-responsive trade policies and promote female leadership in trade
3. Integrating gender issues in the work of the WTO. Members will first explore and analyse options.
4. Mainstreaming gender in Aid for Trade

The Declaration will provide members with a concrete pathway for implementation. To carry out these action points, members will design a concrete work plan. The Declaration will also further institutionalize gender in the WTO through a periodic reporting process to the General Council and WTO Ministers at the 13th Ministerial Conference. Through the Declaration, WTO members have also integrated on-the-ground realities into their work on trade and gender equality. Members will continue reviewing how COVID-19 impacts women to build inclusive recovery and strengthen women's economic resilience. Data collection is identified as a key tool in this respect.

The WTO Secretariat is also playing a role and actively supports members in their work on trade and gender. It has created a specialized unit dedicated to working on trade and gender. It has launched several initiatives, such as the WTO Gender Research Hub, a network of 40 experts aiming to foster research on this topic and to support WTO members' work, as research can be a powerful tool for governments to use when designing gender-responsive trade policies. The WTO Secretariat also supports members by offering a dedicated training programme on trade and gender, collecting data and providing them with a set of eight trade and gender policy tools to help them integrate gender in their programmes and policies. One of these tools is a comprehensive database detailing and categorizing all the gender provisions included in all trade agreements adopted by WTO members. Overall, out of 500 agreements, 104 include gender provisions, and some include full chapters on gender. Most of these provisions are

focused on information-sharing and collaboration, very few are binding, many such provisions can be found in agreements adopted by African countries, which were actually pioneers in this regard.

Another database being developed by the WTO will compile gender-responsive trade policies adopted by WTO members as part of their national development strategies. Measures include, among others, support to female-owned MSMEs and female farmers, government procurement set aside for women, capacity-building programmes, and working conditions in export sectors. Both databases will be published along with the other trade and gender policy tools in 2022.

Yet many obstacles remain in trade, such as difficulties in accessing finance and trade finance. The SME Finance Forum reports that women-owned businesses account for 32 per cent of the MSME financial gap, representing a total of US\$ 1.7 trillion of unmet credit demand. The lack of access to trade finance, such as trade credit and guarantees, is one of the main trade barriers raised by women entrepreneurs around the world. In the WTO Regional Surveys 2019-20 covering South Asia, Latin America and East Africa, 49 per cent of women entrepreneurs identified the lack of access to trade finance as a major obstacle to participating in trade. In its 2019 *Trade Finance Gaps, Growth, and Jobs Survey*, the Asian Development Bank (ADB) estimates that the average rejection rate for women-owned firms' proposals was 44 per cent compared with 38 per cent for male-owned firms. The ADB also found that once rejected, women were less likely to find alternative finance and they were also 10 per cent more likely to be discouraged to apply for trade finance, despite their needs.

Access to finance in general is a key obstacle for women that want to export. Trade can be costly, and women need to cover costs related to standard requirement, packaging, labelling, skilled staff on custom procedure, specialised IT systems among other costs. However, in today's world, things have become tougher for women as they have suffered from the economic and social consequences of the COVID-19 pandemic. Women have been impacted mostly because of the disadvantages they face in the economic, social, financial and regulatory ecosystems they are economically operating in and which have been exacerbated by the crisis.

The COVID-19 pandemic has dried up their finances and the government responses to mitigate the impact of the pandemic have not helped. Only 9 per cent

of all gender-sensitive measures taken globally to mitigate the impact of COVID-19 on women support their economic security (UNDP COVID-19 Global Gender Response Tracker). Actually, women entrepreneurs were *de facto* excluded from most financial recovery packages, because of requirements that women could not fulfil.

The existing trade policies described above can help women overcome these obstacles but gender mainstreaming in trade policies is not systematic, often because government lack data on where women are in trade. Sex-disaggregated data in general are lacking, but when it comes to trade, data are quasi-inexistent. The lack of trained statisticians or of resources to conduct such extensive data collection explains, among other factors, the data gap. Hence the importance of inter-ministerial and inter-agency collaboration.

In fact, the issue is simply not integrated in the statistics package. Even for countries that do collect sex-disaggregated data, they often do not have data on labour market and entrepreneurship. Statistical analysis of trade as a branch of economic activity in national surveys often does not clearly distinguish between foreign trade and domestic trade, or retail. Moreover, there is a low level of responsiveness from women entrepreneurs when governments organize consultations to collect data and information, out of fear of being additionally taxed or of having their trade secrets revealed. Distrust in government can

also be a strong disincentive. Furthermore, many women work and run their businesses in the informal sector, and data are therefore harder to capture.

This issue has been discussed in the WTO, and members have exchanged data collection methods in the Informal Working Group on Trade and Gender and have committed to improve data collection, as described in the new Declaration on Trade and Gender Equality to be adopted at MC12. Among other policy tools, the WTO has developed a data collection questionnaire for government to use as guidance in this matter and it has incorporated this issue in its trainings on trade and gender for government officials.

Gender inequalities are still rampant, and the COVID-19 pandemic has widened these existing gaps between men and women, to a point that in today's world, women are set backwards economically and socially compared to pre-pandemic. This is why it is crucial to mainstream gender in trade policies. Gender mainstreaming makes them respond more effectively to the roles and needs of women. It seeks to improve the daily condition of women by addressing practical gender issues and needs. It can also lead to positively transforming the social position of women and how they are valued in society. This is crucial as women's economic empowerment is a key driver of economic growth and sustainable development, one of the WTO's objectives.

Endnote

- 1 See <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/TGE/R1.pdf&Open=True>.