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FACT SHEET

TRADE LIBERALIZATION, ECONOMIC GROWTH, AND GENDER

USAID is committed to sustainable development and views trade liberalization as a means to assisting nations reduce poverty and improve the lives of their citizens. Trade and investment agreements have proliferated in the past 10 years and cover a wide array of issues beyond tariffs and quotas to include regulations on food safety, intellectual property, services such as health care and education, and agricultural crops—sectors and products which heavily impact women in their daily lives.

Benefits to Integrating Women into the Global Economy

- Throughout the world, women are the majority of the poor and could stand the most to gain from trade policies that yield economic growth.
- Gender discrimination in hiring results in an inefficient allocation of resources. Gender norms that impede women's ability to gain paid, formal employment or access higher-paying jobs affect a country's allocative efficiency. If a country is not deploying its full labor force, the economy will not grow as quickly as it might.
- Increasing women's income also provides greater human capital accumulation for the next generation. When women accrue additional income, they invest in better food, healthcare, and schooling for their children. In the Ivory Coast, an increase in women's share of cash income was associated with significantly higher spending on food and reduced spending on cigarettes and alcohol. It was also found that in order to achieve the benefits to children's nutrition and health of a \$10 per month increase in women's income, men would have to increase their per month income by \$110 (Hoddindot & Haddad, 1995).

Why Women are Affected Differently by Trade and Economic Growth

Gender analysis looks at the experiences of men and women in a society and examines where and why their experiences may diverge. Through gender analysis, policymakers and practitioners should gain a better understanding of what women and men stand to gain (or lose) if the policy or project is implemented.

To date, studies on gender and trade have indicated that women lag behind men in most regions of the world in their ability to gain from new trading patterns and policies. Gender analysis enables Mission staff to expand in areas where women may gain from trade and

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economic growth, as well as to mitigate any adverse effects of global trade and economic growth activities through the timing and phasing in of trade liberalization measures, allowing for adjustment or the development of compensatory measures.

Factors that constrain women's ability to participate in global trade:

- **Lack of access to assets such as land, credit, loans.** Throughout the world, women are often disadvantaged by inheritance laws and practices that preclude or reduce their share of inheritance or land, one of the most economically tangible assets a person can have. In many parts of Africa, men hold formal land title and women's land rights are contingent on their status as a wife or mother. Any change in civil status for the woman alters her land rights and access to a critical productive resource. When women do have land, they often lack formal title to the land or the power to decide how to dispose of it. Women also often farm the smallest and most marginal land, which means it may be difficult for them to produce cash crops or other products for export.
- **Socio-cultural norms.** These attitudes and beliefs determine what roles are appropriate for men and women. In practice, these norms often leave women in a subordinate position within society, affecting women's access to education, employment, political and household decision-making, and often favoring men. In Bangladesh, for example, socio-cultural attitudes favor boys and they receive greater access to nutritious food and health care. As a result, 45% of rural women have a low body mass index, one of the highest rates in Asia. Undernourished, these women are less likely to have the physical stamina for some of the employment opportunities available to them. Gendered social norms also mean that certain jobs are considered appropriate for women, others for men. In general, women's employment is often in low-skilled, labor-intensive sectors with low returns. Around the world, women are earning far less than men with similar educational and occupational backgrounds. In Mozambique, a study of cashew processing plants in the Nampala province, found that while women and men worked in the cashew factories, no women worked in the shelling of the nuts. The study also found that women worked longer hours but received the same wages as men who worked fewer hours (Carr 2004).
- **Time poverty.** Women continue to perform the majority of unpaid work including caring for children as well as performing household chores. * In rural Kenya, women work as much as three hours more per day than men. This vital work means that women have less leisure time than men. With this lack of free time, it may be more difficult for women to pursue vocational opportunities, take advantage of workforce development programs, or gain important market information if this time would conflict with her ability to maintain the household. For example, in Burkina Faso, Uganda, and Zambia, it is estimated that women and girls could save hundreds of hours a year if fuel and potable water were reduced to within a 30 minute walk. This additional time could be spent in income-generating activities, in study, or acquiring more leisure time.

Moreover, this need to balance paid work with household responsibilities means that women may need to work in lower-paid, more informal activities, where they can combine paid and unpaid work. Without access to childcare or other household support, women may not be able

* This holds true when household work and market and non-market work are taken into consideration, which exemplifies the "dual day" that women work.

to take advantage of certain income-generating opportunities. Women are over-represented in the informal economy. In Benin and Chad, women are 98 and 99 percent of the informal, non-agricultural workers respectively. In Zambia, women constitute 75 percent of the informal economy (Chen, Vanek, Lund, Heintz with Jhabvala 2005).

Sectoral Examples of How Women Have Been Affected by Trade

Agriculture

Trade policies often encourage countries to shift their agricultural production from staple foods for domestic consumption to products for export. Increased exports often benefit consumers, especially the urban poor; however, attention must be paid to getting the policies right and ensuring that such shifts do not come at the expense of small producers. Failure to pay attention to who has access to land; which crops are considered “male” or “female” crops; which can be grown by small producers as well as large producers; and, which crops require new inputs or extensive technical assistance may result in programs that increase exports but do not necessarily reduce poverty among the rural poor. Failure to consider gender concerns into project and policy designs may exacerbate this outcome (see Box 1).

BOX 1. MISSED GROWTH OPPORTUNITIES

Burkina Faso: Shifting existing resources between men’s and women’s plots within the same household could increase output by 10-20 percent.

Kenya: Giving women farmers the same level of agricultural inputs and education as men could increase yields obtained by women more than 20 percent.

Tanzania: Reducing time burdens of women could increase household cash incomes for smallholder coffee and banana growers by 10 percent, labor productivity by 15 percent, and capital productivity by 44 percent.

Reprinted from: Blackden and Bhanu. “Gender, Growth and Poverty Reduction.” Special Program of Assistance for Africa 1998 Status Report on Poverty, World Bank Technical Paper No. 428, World Bank, Washington, DC. 1999.

For example, in Tanzania, men tend to produce grains which have a higher value and are more durable than the fruits and vegetables that women produce. Therefore, men are more likely to gain from incentives to export cash crops.

At the same time, export promotion has led to new jobs for women as seasonal farm workers and food processors. While this work is an improvement over unpaid labor, these seasonal jobs can be poorly paid and precarious. For example, in South Africa, men form 74 percent of the permanent workforce while women form the bulk (69 percent) of the seasonal workforce.

In South Africa, the government promoted subsidies for its food producers, lowering production costs. As a result, cheap eggs from South Africa flooded Kenya, benefiting consumers but harming Kenyan poultry producers. The majority of those affected was women because poultry production requires few start-up costs and can be done in the backyard, thus combining it with household responsibilities.

When policymakers pay attention to gender issues in agriculture, the gains can be significant.

Kenya: Women farmers who own small plots of land have succeeded in exporting green beans to Europe and other regions. The profit margin on green beans is high. Most importantly for women, green beans can be grown on a family farm, which provides women the flexibility to care for their families while cultivating cash crops. In addition, green beans require specialized skills which women have already gained by growing other crops in their family gardens.

Ghana: Both women and men own cocoa farms. As a result of trade liberalization, cocoa farmers joined together with European NGOs, donors (including USAID and DFID) and the private sector to create a cocoa cooperative that produces fair trade chocolate bars for the European market. Women comprise one-third of the co-op's membership of more than 40,000 cocoa growers. The difference between the fair trade price and the market price contributed \$1 million additional income to the co-op farmers between 1993-2001. Moreover, the co-op members have used their earnings to start health care programs, improve potable water and more. More than 100,000 people have received free medical attention under the co-op health care program.

Handicrafts

While intellectual property rights have been an important tool for protecting ideas, innovations, and research, they are not easily reconciled with many indigenous communities' belief in communal property. Nor is it easy for indigenous groups to avail themselves of the expertise needed to protect local knowledge of plants or designs.

The Tarahumara Indians of Mexico have crafted hand-woven baskets for centuries. The majority of the weavers are women who supplement their families' meager farming income with this traditional handicraft. This task is one that women can combine with their household responsibilities. Yet, an August 2003 newspaper reported that the Tarahumara weavers had to compete with a flood of cheaper, mass-produced copies of their baskets which were produced in China. As a result, nearly 20,000 women were said to have lost income and may possibly have been put out of business.

Similarly, women in eastern Kenya weave sisal kiondo bags for shopping, to carry produce or water. Intricate kiondos are given as gifts for important occasions. These bags have been an important export for Kenya but sales both internationally and domestically have declined as buyers began to purchase imported, mass-produced imitations from South Asia.

Creatively used, the technology conferred by globalization can help artisans. E-commerce and the use of the internet have helped the Kuna women of Panama. The Kuna women run a cooperative, sewing colorful intricate textile (molas), and selling them to tourists. In 1998, these women began posting their products on the World Wide Web and sales increased by 10% that year. They have continued to increase their Internet sales each year.

Manufacturing

Global trade technology and trade tariffs and policies have provided incentives for companies to relocate manufacturing and production processes from the U.S. to developing countries where the company can take advantage of the financial incentives, the lower wage bill, and other benefits. These industries are primarily labor-intensive industries.

For some women, these jobs offer increased autonomy and new opportunities. For example, employment and the economic autonomy it provides, may improve women's status within the household. In the longer term, employment for women can also shape parental attitudes toward girls, as parents begin to perceive girls as a benefit rather than as a financial burden. As a result, parents are more likely to send girls to school.

These gains may be offset, however, by disadvantages in the sector. In many of these manufacturing plants, women are concentrated in low-waged, low-skilled segments of the production chain and rarely move up to managerial or supervisory positions. Long hours, poor working conditions, and labor rights violations still characterize the conditions in many export-oriented factories. For example, in Kenya, if a woman goes on maternity leave, she loses her work number and if rehired, starts off as a new employee, having lost all her benefits for the period worked before her leave.

Women are often paid little for their work. Evidence from Mexico shows that between 1980-1998 real average daily earnings declined by 40% in the maquila sector because there was an abundant labor supply. Moreover, this type of production often results in labor-abundant, low-wage countries competing against one another – a situation that Bangladesh is currently responding to with the expiration of the MFA/ATC agreement.

Tariff Reduction and Trade Liberalization

The Greater Access to Trade Expansion (GATE) project's research in South Africa demonstrated the gender-differentiated effects of trade in the country. One study found that women spend more on food across all income categories than men, while men spent more on tobacco and alcohol across all income levels. As a result, women did not benefit as much from tariff reductions because of the range of goods that they consumed.

Another GATE study in South Africa used a gendered computer modeling system to assess the impacts of trade liberalization in the country to date. The research showed that males and male-headed households were more likely to benefit from further liberalization than females or female-headed households. Furthermore, the study found that trade reforms have had little impact on reducing poverty and in fact income inequality has worsened in the country.

What Can Be Done?

- Implement gender analysis in the formulation of trade and economic growth policies and programs, examining where men and women converge and diverge in their abilities to gain from these policies and programs.
- Include gender-specific objectives in procurement documents, in monitoring and evaluation plans, and in the indicators required for projects.
- Provide training and capacity-building for Missions, bureaus, and partners on gender integration techniques.
- Provide technical capacity-building for government representatives, civil society, and other change-agents who create and influence national policies.

Greater Access to Trade Expansion

Trade and gender concerns are being addressed by the GATE Project—a five year initiative funded by USAID's Office of Women in Development, and implemented by Development and Training Services, Inc. (dTS). It supports USAID Missions in integrating the needs of the poor, particularly poor women, into their trade and economic growth activities and programs. GATE is working in Albania, Bangladesh, Vietnam, the Dominican Republic, Peru, South Africa, Kenya, and Nigeria to provide gender analysis, training, and technical assistance to USAID Missions.

GATE Accomplishments:

- GATE's South African research was presented to Trade, Labor, and other government ministries in April 2006. The research generated a great deal of interest and GATE has been asked to assist the Government of South Africa in ensuring that gender issues are appropriately integrated in a new national livelihoods survey the government will administer.
- GATE conducted gender and pro-poor research on the shrimp value-chain in Bangladesh. The findings and recommendations have been used by USAID/Bangladesh to shape their subsequent activities in that sector.
- GATE provided a gender, trade, and economic growth training for USAID/Bangladesh in October 2005. The Mission has provided all contractors and grantees with key sections of the training and will be regularly discussing further gender integration opportunities with their partners. Moreover, many aspects and indicators from the training have been incorporated into the Mission's latest economic growth procurement.
- Research and other activities will commence in Nigeria this quarter. Work in Kenya will begin in October 2006.