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# POLICY BRIEF

## Key points

- There are two ways to make trade policy more gender-sensitive: the first is to conduct a gender-related assessment prior to introducing new trade measures; the second is to include gender-related considerations in the text of trade instruments such as trade agreements. To yield the best results, they should be combined
- As the nexus between trade policy, gender equality and development becomes increasingly clear, a new generation of free trade agreements includes trade and gender chapters, significantly shifting the visibility of such issues within trade instruments
- The inclusion of trade and gender chapters in new free trade agreements is a welcome step, yet such chapters remain a light component. However, such developments should not be overlooked, as they encompass a number of positive outcomes

## THE NEW WAY OF ADDRESSING GENDER EQUALITY ISSUES IN TRADE AGREEMENTS: IS IT A TRUE REVOLUTION?

**As the nexus between trade policy, gender equality and development becomes increasingly clear, a new generation of free trade agreements includes trade and gender chapters, signalling a remarkable shift from past practice. This policy brief attempts to show whether this can be regarded as a completely new approach in the way the trade community addresses gender equality issues.**

### How to make trade policy more gender-sensitive

Over the last 30 years, globalization has contributed to increased cross-border flows of goods and services, capital, technology and information. The prevailing assumption during this period has been that the lowering of economic, geographic and cultural barriers leads to higher levels of productivity and expanded employment opportunities from which everybody can benefit. However, at present, globalization and international trade are under scrutiny and being criticized for leaving too many behind, especially the most fragile segments of the population.

Establishing clear links between trade policy and overarching goals, including on gender equality and women's economic empowerment, would further contribute to making trade a tool for sustainable development. Trade has an impact on women's empowerment and well-being,

and gender inequality has an impact on the trade performance and competitiveness of countries.<sup>1</sup>

There are at least two ways to make trade policy more gender-sensitive and, to yield the best results, they should be combined.

### Ex ante gender-related assessments of trade measures

First, assessments of the risks and benefits of trade for a country as a whole should be complemented by an analysis of potential impacts on specific segments of the population, in particular those at risk of being left behind, including women and girls. Such assessments may lead to the rethinking of planned trade reforms or may indicate the necessity of accompanying measures or of scaling up trade measures due to expected positive impacts. The best approach is to conduct such assessments prior to introducing new trade measures.



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<sup>1</sup> Trade affects economies along three main channels. First, trade usually leads to changes in the structure of production, with some sectors expanding due to new export opportunities and others contracting due to import competition. Such changes are likely to affect employment opportunities, remunerations and the quality and security of jobs. Second, trade induces changes in the price of goods and services, which in turn has an impact on real incomes. Third, the reduction or elimination of tariffs due to trade liberalization diminishes government revenues and may curtail its ability to provide public services. These impacts of trade can be examined through a gender lens. See UNCTAD, 2014, *Virtual Institute Teaching Material on Trade and Gender: Volume 1 – Unfolding the Links* (United Nations publication, New York and Geneva).

The effects of trade liberalization on women are context-specific and difficult to generalize, and the gender-related implications of trade measures should be assessed on a case-by-case basis. UNCTAD has developed a methodological approach for carrying out ex ante gender-related assessments of trade reforms.<sup>2</sup>

### **Inclusion of gender-related considerations in trade instruments**

Second, gender-related considerations should be included in the text of trade instruments such as trade agreements. There has been a shift in the way gender equality issues are addressed within trade agreements. In the past, reference to such issues was mainly included in the preambles of agreements or addressed as cross-cutting issues.

For example, the African, Caribbean and Pacific Group of States–European Union Partnership Agreement,<sup>3</sup> in its preamble and articles 1, 9, 11, 20, 25, 31 and 31a, states the respect of the parties for international conventions regarding women’s rights; recommends that systematic account be taken of the situation of women and gender issues in all areas, whether political, economic or social; states that gender issues, along with other cross-cutting themes, should be mainstreamed into all areas of cooperation and be eligible for European Community support; recommends that peacebuilding and conflict prevention and resolution activities include women; and asserts the need to address gender inequality and violence against women and to involve women in strategies and programmes on HIV/AIDS prevention and care. In its chapter on thematic and cross-cutting issues, the Agreement mandates that technical cooperation should create the appropriate framework to “integrate a gender-sensitive approach and concerns at every level of development cooperation including macroeconomic policies, strategies and operation; and encourage the adoption of specific positive measures in favour of women” (article 31(a) and (b)).

In addition, the Caribbean Forum States–European Union Economic Partnership Agreement, signed in 2008, reaffirms the commitment of the parties to promote the development of international trade in a way that is conducive to full and productive employment and decent work for all, including men, women and young people (chapter 5, article 191).

The inclusion of gender-related capacity-building mechanisms features in earlier free trade agreements.<sup>4</sup>

For example, in the European Union–Mexico global agreement (1997; revised and expanded in 2000; negotiations for modernization launched in 2016), gender equality, along with human rights and environmental issues, is regarded as a cross-cutting issue to be mainstreamed in development cooperation between the parties.

In addition, the European Union–East African Community economic partnership agreement (ratification pending) includes articles on fisheries that provide for cooperation on and contributions to poverty alleviation measures through the “participation of marginal groups in the fishing industry, for example the promotion of gender equity in fisheries and particularly developing capacity of women traders involved and intending to engage in fisheries” (article 89 (g) (ii)).

Finally, annex 16.5 of the Dominican Republic–Central America–United States of America Free Trade Agreement (2005), on the labour cooperation and capacity-building mechanism, includes gender-related issues such as the “elimination of discrimination in respect of employment and occupation” as a cooperation and capacity-building priority; and one of the two side agreements to the North American Free Trade Agreement (1994), namely the North American Agreement on Labour Cooperation, states that the ministerial council of the Commission for Labour Cooperation shall promote cooperative activities between the parties with regard to, among others, the equality of women and men in the workplace (article 11).

<sup>2</sup> UNCTAD, 2017, *Trade and Gender Toolbox*, advance edition, available at <http://unctad.org/en/Pages/DITC/Gender-and-Trade/Trade,-Gender-and-Development.aspx>.

<sup>3</sup> Signed in Cotonou in 2000, to replace the Lomé Conventions; revised in 2005 and 2010; and set to expire in February 2020.

<sup>4</sup> For more details on the examples provided, see UNCTAD, 2009, *Mainstreaming gender in trade policy*, TD/B/C.I/EM.2/2/Rev.1, Geneva, 19 March.

In more recent trade agreements, gender equality issues are addressed in specific chapters, significantly shifting the visibility of such issues within trade instruments.

For example, the Chile–Uruguay free trade agreement (2016) recognizes the importance of gender mainstreaming for achieving inclusive economic growth, as well as the key role that gender equality policies can play in fostering socioeconomic development; recognizes that trade is an engine for development and women’s increased participation in domestic and international economies as a means to ensure sustainable economic development; and confirms gender commitments taken within multilateral conventions, in particular those related to equal pay for equal work, maternity protection for women workers, protection for domestic workers and the reconciliation of professional and family life (chapter 14, articles 14.1 and 14.2).

In addition, Canada and Chile have agreed to amend, with respect to investment and trade and gender, the Canada–Chile free trade agreement (1997). Chapter N bis on trade and gender acknowledges “that international trade and investment are engines of economic growth, and that improving women’s access to opportunities and removing barriers... enhances their participation in national and international economies, and contributes to sustainable economic development”; and that “women’s enhanced participation in the labour market [and access to] economic resources contribute to sustainable and inclusive economic growth, prosperity, competitiveness and the well-being of society” (article N bis-01). In addition, the parties affirm their commitment to “adopt, maintain and implement effectively their gender equality laws, regulations, policies and best practices” and to promote public knowledge about them, and reaffirm their commitment to implement the obligations under the Convention on the Elimination of all Forms of Discrimination against Women and other international agreements addressing gender equality (articles N bis-01 and N bis-02).

Both free trade agreements include almost identical provisions for cooperation activities from which women can benefit, in areas such as skills enhancement, financial inclusion, agency and leadership,

entrepreneurship and access to science, technology and innovation; and for the setting up of trade and gender committees to operationalize the relevant chapters of the agreements (articles 14.3 and 14.4 of the former and articles N bis-03 and N bis-04 of the latter).

### **Why are the new free trade agreements including gender considerations in a bolder manner?**

New free trade agreements may include gender considerations for a number of reasons, including the following:

- (a) More women than before are involved in trade policymaking, including at senior levels;
- (b) An increasing number of women are trading in international markets and own or manage export firms;
- (c) Advocacy campaigns have contributed to raising the relevance of gender equality issues in the development debate;
- (d) There is increased awareness about the gender dimension of trade policy, including as a result of research work conducted by international organizations and academia;
- (e) There is widespread belief that trade can be instrumental to long-lasting development only if it is more inclusive and its benefits more equally shared.

Such reasons may also be behind the initiative of some members of the World Trade Organization to issue, on the margins of the eleventh Ministerial Conference in December 2017, a joint ministerial declaration on trade and women’s economic empowerment.

### **Policy implications**

With regard to the trade and gender chapters of the Chile–Uruguay and Canada–Chile free trade agreements, a number of features may be noted, as follows:

- (a) Specific gender-related standards that could affect trade under the agreements are not included and, instead, reference is made to the implementation of gender equality commitments included in global conventions;
- (b) Milestones or specific goals are not included;

- (c) Dispute-settlement mechanisms do not apply to the trade and gender chapters;
- (d) Harmonization of gender-related legislation between the parties is not mandated;
- (e) Potential impacts of trade liberalization pursued under the agreements on women's well-being and economic empowerment are not addressed.

The inclusion of trade and gender chapters in new free trade agreements is a welcome step, yet such chapters remain a light component.

However, such developments should not be overlooked, as they encompass a number of positive features, including the following:

- (a) Raising the profile of gender equality issues in the trade discourse;
- (b) Encouraging broader participation by

civil society and the private sector in the implementation of agreements;

- (c) Enhancing cooperation between parties to the agreements on issues of immediate relevance to women;
- (d) Strengthening capacity-building, especially if one party is a developing country.

The new ways in which some countries are addressing gender-related issues in free trade agreements, and the commitments made by some other countries and regional groups to make trade and gender chapters a regular feature of future free trade agreements,<sup>5</sup> may have implications for the eleventh Ministerial Conference. A joint declaration on trade and women's economic empowerment may pave the way for more in-depth discussions in future, and would help to realign perceptions of gender neutrality in trade policy.

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<sup>5</sup> The European Community is envisaging including a gender chapter in an update to the trade agreement with Chile, due to be negotiated soon, and possibly in other future trade negotiations (see C Malmström, 2017, Trade matters to women; women matter to trade, presented at the International Forum on Women and Trade, Brussels, 20 June).