

# Trade and gender

## Briefing paper for the Commission on a Gender-Equal Economy

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### Summary

- Modern trade agreements have expanded beyond managing barriers to trade at the border and can also have significant impacts on the domestic regulatory powers of governments. As well as trade in goods they also cover trade in services, investment protection, government procurement, intellectual property rights and e-commerce.
- Trade agreements may also create obligations on states including regulation of consumer and environmental standards, labour standards and human rights.
- Trade has gendered impacts which can be both positive and negative for equality. This is a consequence (and sometimes a cause) of underlying patterns of inequality between women and men. The gendered effects of changing patterns of trade vary significantly by country and depend on the social and economic context, stage of development and position of women.
- These impacts may affect employment opportunities, conditions of work, access to and cost of food and other basic goods and access to public services.
- An increasing number of trade agreements include gender chapters and chapters covering labour and environmental standards. These are generally limited in scope with weak mechanisms for enforcement or to ensure participation by affected groups.
- In order to ensure trade policies are gender equitable it is important to:
  - Assess the likely impact of trade deals on equality and human rights and monitor actual impact over time to address adverse impacts
  - Provide targeted support for groups most badly affected
  - Include clauses to allow governments to amend trade agreements when justified to address negative social impacts
  - Include provisions to enable governments to exclude vital public services
  - Revise investor protection provisions

### Background

In a modern economy where “90 per cent of everything”<sup>1</sup> that we use and consume has been internationally traded, the effects of domestic trade policies and international trade agreements are felt by everyone in society. But the gains and losses of changing trading arrangements can be different for different groups. It is well established that trade agreements can have significantly

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<sup>1</sup> George, Rose (2013) 90 Percent of Everything: Inside Shipping, the Invisible Industry That Puts Clothes on Your Back, Gas in Your Car, and Food on Your Plate, New York: Henry Holt.

different impacts on women and men and on different groups of women and men because of differences in economic position, caring responsibilities and power.<sup>2</sup> The United Nations Inter-Agency Network on Women and Gender Equality (IANWGE) concluded that *‘women tend to be more affected by the negative side effects of trade liberalisation and are facing bigger challenges than men when it comes to taking advantage of the opportunities trade offers’*.<sup>3</sup> These negative impacts are also disproportionately likely to affect other marginalised groups, which, depending on the country context, may include racial, religious and linguistic minorities, indigenous peoples, disabled people, poor people, subsistence farmers and people in rural areas.

Since the early 2000s a number of analytical frameworks have been developed to assess the gendered impacts of trade agreements.<sup>4</sup> One commonly used framework<sup>5</sup> focuses on the implications of trade agreements for employment, for consumption and for the provision of public services. This paper will use this model.

Most gender impact assessments of trade have focussed on the impact of trade liberalisation on women in the global South.<sup>6</sup> As the UK leaves the European Union (EU) it will simultaneously experience potentially increased trade liberalisation with other countries with which it may agree Free Trade Agreements (FTAs) and increased trade barriers with the EU. This means we cannot straightforwardly draw on international experience to predict the gendered impact of new trading arrangements in the UK. However, WBG has produced several reports analysing the potential gendered impact of Brexit and new trading arrangements with the rest of the world and this briefing draws on these.<sup>7</sup>

This briefing covers the potential gendered impacts of trade on women in the UK and in our trading partners around the world. It also considers impacts in third countries that may be impacted by our changing trade arrangements with other countries. Having discussed the impacts, the briefing makes recommendations for a gender-sensitive trade policy.

## **Complex nature of modern trade agreements**

Historically, trade agreements covered only trade in goods, and the aim was to reduce the border taxes (tariffs) that domestic companies had to pay when they exported to another country. Modern trade agreements have expanded well beyond managing barriers to trade at the border and can also have significant impacts on the domestic regulatory powers of governments. These agreements also

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<sup>2</sup> Elson, Diane, Caren Grown, and Irene van Staveren (2007) “Introduction – Why a feminist economics of trade?”, in van Staveren, Irene, Diane Elson, Caren Grown and Nilüfer Çağatay (eds.) *The Feminist Economics of Trade*, London: Routledge, 1-10.

<sup>3</sup> UN Inter-Agency Network on Women and Gender Equality: Gender Equality and Trade Policy Resource Paper 2011 [http://www.unctad.org/en/docs/ditc\\_gender\\_2011d02.pdf](http://www.unctad.org/en/docs/ditc_gender_2011d02.pdf)

<sup>4</sup> See most recently UNCTAD Virtual Institute’s Training Material on Gender and Trade (2014) available at <http://vi.unctad.org/tag/vol1.html> <http://vi.unctad.org/tag/vol1.html>

<sup>5</sup> Used, for example in this study for the European Parliament: Fontana, Marzia (2016) *Gender Equality in Trade Agreements*, Study Commissioned by the Policy Department for Citizen’s Rights and Constitutional Affairs, Brussels: European Union [https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL\\_STU\(2016\)571388\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL_STU(2016)571388_EN.pdf)

<sup>6</sup> See for example Action Aid, 2018, *From Rhetoric to Rights: Towards Gender-Just Trade*, available at [https://www.actionaid.org.uk/sites/default/files/publications/from\\_rhetoric\\_to\\_rights\\_towards\\_gender-just\\_trade\\_actionaid\\_policy\\_briefing.pdf](https://www.actionaid.org.uk/sites/default/files/publications/from_rhetoric_to_rights_towards_gender-just_trade_actionaid_policy_briefing.pdf)

<sup>7</sup> See WBG and Fawcett (2018), “The Economic Impact of Brexit on Women”, <https://wbg.org.uk/analysis/new-report-exploring-the-economic-impact-of-brex-it-on-women/>, WBG (2018), *Gender and Trade*, <https://wbg.org.uk/wp-content/uploads/2018/10/Trade-and-investment-october-2018-w-cover.pdf>, WBG (2019) *Operation Yellowhammer: briefing from the Women’s Budget Group*, <https://wbg.org.uk/analysis/operation-yellowhammer-briefing-from-the-womens-budget-group/> WBG (2019) *What does Boris Johnson’s Brexit deal mean for women?*, <https://wbg.org.uk/analysis/what-does-boris-johnsons-brex-it-deal-mean-for-women/> ,

go beyond the liberalisation and regulation of trade in goods into areas including trade in services, investment protection, government procurement, intellectual property rights and e-commerce. Trade agreements also create obligations on states in a number of other areas, including regulation of consumer and environmental standards, labour standards and human rights.

There has been criticism that, while many of the commercial provisions of trade agreements have very significant effects domestically (e.g. by introducing stringent new protections for intellectual property), many of the social and environmental protections have had very limited impacts.<sup>8</sup> One example of the far-reaching consequences of the commercial protections created in FTAs are provisions which protect the interests of foreign investors. Some FTAs have chapters on investor protections that allow corporations to bring complaints directly against states and to claim for damages that can amount to billions of dollars (see box below).

### **Investment Protection**

The protections given to foreign investors in these provisions (and in standalone investment agreements) do not apply to any other group. And they do not come with any corresponding obligations (for example to meet domestic or international labour rights, human rights or environmental standards).<sup>9</sup> Cases can be brought to arbitration by companies in a process referred to as investor-state dispute settlement (ISDS). Corporations have claimed compensation for a wide range of government actions including environmental and health protections (e.g. plain packaging of cigarettes<sup>10</sup>), regulation of finance or increasing the national minimum wage.<sup>11</sup> Vattenfall, a Swedish company, is currently suing the German government for its decision to end nuclear power generation. These cases can have a chilling effect, undermining the ability of states to pursue legitimate public policy aims for fear of being sued.<sup>12</sup>

Many of these investor protection clauses outlaw discrimination against a foreign investor. This could offer the potential to challenge discrimination against companies run by women. However, there is also the risk that it could be used to undermine positive discrimination policies. Requirements to eliminate discrimination on racial grounds in investment protection clauses have, for example, been used to challenge South Africa's black empowerment and affirmative action policies.<sup>13</sup> The same arguments could presumably be used to challenge policies that aim to positively discriminate in favour of women.

### **Gendered impact of trade**

The differential impact of trade agreements on women and men is a consequence (and sometimes a cause) of underlying patterns of inequality between the sexes. Around the world, gendered norms mean that women are responsible for the bulk of childcare, eldercare and domestic work, and, in

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<sup>8</sup> Comparing the protection of labour rights, with those on intellectual property, see Harrison, J. (2019). The Labour Rights Agenda in Free Trade Agreements. *The Journal of World Investment & Trade*, 20(5), 705-725.

<sup>9</sup> See for example: Trade Justice Movement (2015) Worried About UK BITs? The case for reviewing UK investment protection provisions, (<https://bit.ly/2EmgNLb>) and Aisbett et al, (2018) Rethinking International Investment Governance: Principles for the 21st Century, Columbia Center on Sustainable Investment (<https://bit.ly/2AbLE9j>)

<sup>10</sup> On the cases brought through ISDS on plain packaging as part of a wider strategy by tobacco companies see Benjamin Hawkins, Chris Holden & Sophie Mackinder (2018) A multi-level, multi-jurisdictional strategy: Transnational tobacco companies' attempts to obstruct tobacco packaging restrictions, *Global Public Health*,

<sup>11</sup> The case involving the minimum wage was *Veolia Propreté v. Arab Republic of Egypt*(ICSID Case No. ARB/12/15)

<sup>12</sup> Aisbett et al, (2018) Rethinking International Investment Governance: Principles for the 21st Century, Columbia Center on Sustainable Investment (<https://bit.ly/2AbLE9j>)

<sup>13</sup> Hannah, Erin, Adrienne Roberts and Silke Trommer (2018) "Gender-sensitive trade': Buzzword or basic principle of post-Brexit trade policy", SPERI Blog, Sheffield: Sheffield Political Economy Research Institute.

some parts of the world, for providing food through subsistence agriculture. This means they have less time for paid work, which combines with discrimination to mean they have lower incomes than men and are less able to access the credit, technology and other resources needed for investment. This reduces their ability to respond flexibly to a changing economic system. It also means they tend to bear the brunt of managing the family finances, often acting as the ‘shock absorbers’ of poverty if trade liberalisation increases the cost of household goods or reduces the household income.

Trade can offer opportunities to increase gender equality and improve the human rights of women, but it can also re-enforce or worsen existing patterns of inequality, damaging women’s human rights, particularly the right to food, health and equality in employment.

The gendered effects of changing patterns of trade vary significantly by country and depend on the social and economic context, stage of development and position of women. This means that it is important to carry out country-specific and sector-specific gender assessments before committing to any new trade agreement.<sup>14</sup>

## Employment

Much of the research into the gendered impact of trade on employment has focussed on trade liberalisation in countries in the global south. The effects on levels of employment, pay and conditions of work have been complex, as this section shows. This means that it is critical to monitor actual impacts and take action to mitigate negative effects.

Trade liberalisation may lead to an increase in women’s employment in those countries that specialise in production of goods for export. This happened in many Asian countries in the 1990s and in Mexico after the signing of the North American Free Trade Agreement (NAFTA) in 1994.<sup>15</sup> In Bangladesh, Cambodia and Vietnam, for example, women comprise around 80% of the export garments manufacturing workforce.<sup>16</sup> However, these jobs are low paid, with very poor working conditions, few labour rights and limited job security. Women are seen as attractive to employers as a result of their low level of unionisation and related low bargaining power over their pay and conditions.<sup>17</sup> This means that employers are less likely to invest in training to increase women’s skills, making it harder for women to compete for more highly skilled jobs when these become available if the economy grows and develops. International studies have concluded that ‘women workers have remained confined to “female” jobs with little opportunity to enter previously male-dominated sectors and occupations, and that the jobs women can access do not provide secure or long-lasting opportunities’.<sup>18</sup>

In order to fully understand the positive and negative impacts of a trade agreement on women, it is necessary to examine very carefully the opportunities and costs created. These are often sector-

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<sup>14</sup> Fontana, Marzia (2016) Gender Equality in Trade Agreements, Study Commissioned by the Policy Department for Citizen’s Rights and Constitutional Affairs, Brussels: European Union

[https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL\\_STU\(2016\)571388\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL_STU(2016)571388_EN.pdf)

<sup>15</sup> WBG (2019) Gender impacts of trade and investment agreements, <https://wbg.org.uk/wp-content/uploads/2019/09/FINAL-.pdf>

<sup>16</sup> Action Aid,, 2018, From Rhetoric to Rights: Towards Gender-Just Trade, available at [https://www.actionaid.org.uk/sites/default/files/publications/from\\_rhetoric\\_to\\_rights\\_towards\\_gender-just\\_trade\\_actionaid\\_policy\\_briefing.pdf](https://www.actionaid.org.uk/sites/default/files/publications/from_rhetoric_to_rights_towards_gender-just_trade_actionaid_policy_briefing.pdf)

<sup>17</sup> Action Aid,, 2018, From Rhetoric to Rights: Towards Gender-Just Trade, available at [https://www.actionaid.org.uk/sites/default/files/publications/from\\_rhetoric\\_to\\_rights\\_towards\\_gender-just\\_trade\\_actionaid\\_policy\\_briefing.pdf](https://www.actionaid.org.uk/sites/default/files/publications/from_rhetoric_to_rights_towards_gender-just_trade_actionaid_policy_briefing.pdf)

<sup>18</sup> Fontana, Marzia (2016) Gender Equality in Trade Agreements, Study Commissioned by the Policy Department for Citizen’s Rights and Constitutional Affairs, Brussels: European Union  
[https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL\\_STU\(2016\)571388\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL_STU(2016)571388_EN.pdf)

specific and require detailed knowledge of individual supply chains. For example, a study of the impacts of changing trade relations between the EU and Moldova found that exports particularly to the UK and Italy increased. This created more jobs for a workforce that consists of 90% women. So, there was a positive impact on female participation in the workforce. But pressure from lead firms in the UK and Italy, combined with weaknesses in the labour protection system in Moldova was also leading to the entrenchment of poverty wages and heavy reliance on piece rate payments and other troubling overtime practices and production methods.<sup>19</sup>

Research into impacts of trade agreements on labour standards has often focussed on Export Processing Zones (EPZs). These are areas where equipment and raw materials for manufacturing can be imported without taxes in order to produce goods for export. EPZs are often exempt from employment laws in the country where they are based and this, combined with women's low bargaining power means that women often work for low pay and in poor conditions. However, core labour conditions are often of greater concern in production sites further down the supply chain. Such work generally takes place outside EPZs and often in the informal sector, including in the family home.<sup>20</sup> This indicates the need to consider the impact of trade agreements on the situation of women across various different sites of work that may be affected by new trading arrangements coming into force.

Increased trade leading to employment gains for women in exporting countries have led to job losses, particularly among women in importing countries. For example, expansion of trade between OECD countries and developing countries in the 1980s and 1990s led to job losses in the textiles and footwear sector in OECD countries, which disproportionately affected women.<sup>21</sup>

In countries that are more dependent on agricultural exports, (such as much of sub-Saharan Africa), increased trade is less strongly associated with increased employment.<sup>22</sup> Trade liberalisation can lead to an increase in the production of cash crops for export, while locally produced crops face competition from subsidised imports, leading to a drop in prices.

In most of these countries, women are mainly involved in subsistence or small scale farming, while men are more likely to be involved in the growing and trading of cash crops.<sup>23</sup> Where women are involved in cash crop production, it is often as unpaid workers in family plots controlled by male family members.<sup>24</sup> Women small farmers in these countries have not tended to benefit from trade

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<sup>19</sup> Smith, A., Barbu, M., Campling, L., Harrison, J., & Richardson, B. (2018). Labor regimes, global production networks, and European Union trade policy: labor standards and export production in the Moldovan clothing industry. *Economic Geography*, 94(5), 550-574.

<sup>20</sup> Richardson, Harrison and Campling, *Labour rights in GSP+ beneficiary countries with a focus on Export Processing Zones, A Report for the European Parliament* (2017) available at [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/603839/EXPO\\_STU\(2017\)603839\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/603839/EXPO_STU(2017)603839_EN.pdf)

<sup>21</sup> Fontana, Marzia (2016) Gender Equality in Trade Agreements, Study Commissioned by the Policy Department for Citizen's Rights and Constitutional Affairs, Brussels: European Union [https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL\\_STU\(2016\)571388\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/571388/IPOL_STU(2016)571388_EN.pdf)

<sup>22</sup> Williams, Mariama (2007) "Gender Issues in the Multilateral Trading System", in van Staveren, Irene, Diane Elson, Caren Grown and Nilüfer Çagatay (eds.) *The Feminist Economics of Trade*, London: Routledge, 277-291; Fontana, Marzia with Cristina Paciello (2010) *Gender Dimensions of Agricultural and Rural Employment: Differentiated Pathways out of Poverty*, Rome: FAO, IFAD and ILO

<sup>23</sup> Fontana M, Joeks S and Masika R (1998). *Global Trade Expansion and Liberalisation: Gender Issues and Impacts*, Bridge Development – Gender, Report No 42

<sup>24</sup> Baden, S 1998, *Gender Issues in Agricultural Liberalisation*, BRIDGE Report 41, Brighton, Institute of Development Studies

liberalisation; they have seen the price of their crops depressed by cheap imports, leading many small farmers to sell their farms.<sup>25</sup>

Women farmers are also less able to adapt to increased competition as they have far less access to credit, new agricultural technologies or market knowledge.<sup>26</sup> Traditional land tenure or legal ownership systems can give land titles to the (male) 'head of the household', giving women little control over land, or access to credit. In Africa, for example, women receive less than 10% of the credit available to small farmers.<sup>27</sup>

Trade liberalisation can offer opportunities for Small and Medium Sized Enterprises to enter new markets and therefore grow. However, other SMEs may be squeezed out of the marketplace by increased competition from overseas. As with larger employers, the impact will depend on the ability of businesses to respond to changing markets. Women small business owners are less likely to have access to credit, business networks, training or productive assets, meaning that they are less able to respond flexibly to a changing economy. This means that women entrepreneurs are less likely to be able to take advantage of the opportunities for growth offered by trade liberalisation and more likely to suffer from increased external competition.

In the UK, Brexit will lead to increased barriers to trade with the EU, and possibly reduced barriers with other parts of the world. The sudden erection of trade barriers with the EU will have a significant impact on the UK economy as a whole, and on those sectors dependent on exports or imports from the EU in particular. It is uncertain what the gendered impacts of this will be in both the short and longer term. The IPPR has calculated that a 'hard Brexit' would hit sectors where women predominate harder than sectors where men predominate.<sup>28</sup> Conversely, the IFS calculates that less educated men are most likely to work in sectors exposed to the impacts of Brexit, and that overall, more men (17%) than women (10%) work in highly exposed sectors.<sup>29</sup> Both models draw on the same data on proportion of women and men working in different sectors; the differences between the two models appear to be the result of different assumptions about the impact of non-tariff barriers. There are differences between economists about the impact that different regulatory standards will have on ease of trade between the UK and the EU, for example.

The uncertainty of projections of potential impacts of trade agreements underline the importance of careful monitoring of actual impact and action to mitigate negative impacts.

## Consumption

Women tend to have the main responsibility for the purchase and preparation of food for their children and families,<sup>30</sup> and for the management of budgets in poorer households in particular.<sup>31</sup> This means that they are disproportionately impacted by changes in the price of food and other consumer goods as a result of changing trading arrangements.

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<sup>25</sup> Young B and H Hoppe (2003). Gender agenda in the WTO. The Doha Development Round, Gender and Social Reproduction. Gutachten für die Friedrich Ebert Stiftung

<sup>26</sup> UN Inter-Agency Network on Women and Gender Equality: Gender Equality and Trade Policy Resource Paper 2011 [http://www.unctad.org/en/docs/ditc\\_gender\\_2011d02.pdf](http://www.unctad.org/en/docs/ditc_gender_2011d02.pdf):

<sup>27</sup> New Agriculturalist, 2008, Gender Revolution: A prerequisite for change, <http://www.new-ag.info/en/focus/focusItem.php?a=493>

<sup>28</sup> IPPR (2018) An Equal Exit? The distributional consequences of leaving the EU (<https://bit.ly/2CJU7Tu>)

<sup>29</sup> IFS (2018) The exposure of different workers to potential trade barriers between the UK and the EU, (<https://bit.ly/2OCov7W>)

<sup>30</sup> Food Standards Agency (2017) *The Food and You Survey* (<http://bit.ly/2FCtsqs>)

<sup>31</sup> WBG (2005) *Women's and children's poverty: making the links* (<http://bit.ly/2zIUJa5>)

Traditionally, free trade agreements are assumed to increase the purchasing power of consumers as tariffs on food imports are reduced leading to cheaper imports and greater competition. However, some studies have shown that trade liberalisation may lead to increases in the cost of some food imports.<sup>32</sup> In Mexico, for example, the North America Free Trade Agreement (NAFTA) led to an increase in the price of tortillas, bread, cereals, fruit and vegetables, while the price of meat and 'junk' food fell as a result of cheaper foreign imports.<sup>33</sup> This, in turn, led to a decline in the diet of the poorest Mexicans and an increase in health problems related to obesity, including among children.

More broadly, the increasing complexity of global value chains has the potential to cause significant problems for the most vulnerable consumers if supplies of food or essential medicines is disrupted or subject to international price fluctuations.<sup>34</sup>

In the UK, Brexit is forecast to result in higher food prices for UK consumers. Food production is already suffering from a lack of manual labour, and this situation is forecast to worsen with the loss of freedom of movement to the UK for EU nationals.<sup>35</sup> While the price of imports from non-EU countries may be reduced, 70% of gross food imports are from the EU and prices are likely to go up with increased trade barriers post-Brexit. These include both higher tariffs and higher levels of checks at borders to ensure regulatory standards are met. The poorest households would be hardest hit by rising food prices: 23% of the poorest tenth of households' expenditure is on food, compared to the richest tenth who spend 10%.<sup>36</sup> This will disproportionately affect women as they are more likely to be poor, and more likely to have to manage tight household budgets.

In the UK, domestic consumer protection has been underpinned by EU regulation, which has created a number of important protections for consumer rights.<sup>37</sup> Post-Brexit, trade deals which the UK signs will potentially have a significant impact on issues that are of particular interest to consumers, such as safety standards for goods, foods and medicines. There could be a significant shift from the protections currently created through EU regulations. For example, on safety standards the EU takes a precautionary approach, which means that food, medicines and other goods have to be proved to be safe before they can be sold in the EU.<sup>38</sup> The US takes what they describe as a 'science-based' approach, which requires higher proof of harm before regulating. This means that there are significant differences in safety standards between the EU and the US, for example the US allows higher levels of pesticides.<sup>39</sup> Changes to the way that the UK regulates its food standards are a key US negotiating objective in its trade negotiations with the UK.<sup>40</sup> With the UK negotiating trade deals

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<sup>32</sup> Siddiqui, Rizwana (2009) "Modeling Gender Effects of Pakistan's Trade Liberalization", *Feminist Economics* 15(3), 287-321;

<sup>33</sup> Fontana, Marzia (2016) *Gender Equality in Trade Agreements*, Study Commissioned by the Policy Department for Citizen's Rights and Constitutional Affairs, Brussels: European Union

<sup>34</sup> WBG (2019) *Gender impacts of trade and investment agreements*, <https://wbg.org.uk/wp-content/uploads/2019/09/FINAL-.pdf>

<sup>35</sup> Financial Times (2017, 3 November) 'Migrant labour shortage leaves fruit rotting on UK farms' (<http://on.ft.com/2otlgAm>)

<sup>36</sup> Institute for Fiscal Studies (2017) *How might Brexit affect food prices?* (<http://bit.ly/2AVULcv>)

<sup>37</sup> See for example Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety, <https://bit.ly/3drmXXK> and a wide range of consumer rights set out here [https://europa.eu/european-union/life/consumer-rights\\_en](https://europa.eu/european-union/life/consumer-rights_en)

<sup>38</sup> See Communication from the Commission on the precautionary principle /\* COM/2000/0001 final \*/, <https://bit.ly/2WF4Eso>

<sup>39</sup> Donley, N. (2019) The USA lags behind other agricultural nations in banning harmful pesticides. *Environ Health* 18, 44 (2019). <https://bit.ly/2vKkff7>

<sup>40</sup> Institute for Agriculture and Trade Policy, Standards at stake: US-UK trade deal risks lower food standards (5 March, 2020) <https://www.iatp.org/blog/202003/standards-stake-us-uk-trade-deal-risks-lower-food-standards>

with the EU and the US concurrently, it will need to make a choice about whether to stay closer to the EU approach, or to shift to more towards that of the US. This choice will affect its access to both markets, and also the levels of protection consumers can expect in future over safety standards.

### **Public services**

Women, both in the UK and internationally, are more likely to depend on public services because of their responsibility for care work. They make up the majority of workers in health, social care and education.<sup>41</sup>

Trade can impact on provision of public services in complex ways. In developing countries, cuts to tariffs as a result of free trade agreements can reduce the resources available for public services, leading to cuts in public provision. For example, a study by UNCTAD found that, if Cabo Verde were to liberalise its tariffs in line with a trade agreement it was negotiating in 2011 with the European Union, it would lead to a 16 per cent drop in overall government revenue.<sup>42</sup> In addition, trade liberalisation can also impact on demand for public services as new employment opportunities draw women into paid employment. This in turn can lead to a reduction in the unpaid work carried out by women (and an even greater reduction in their leisure time).<sup>43</sup>

International trade agreements also increasingly include provisions covering public services. For example, under the Canada-EU Comprehensive Economic and Trade Agreement (CETA), countries agree to open up all services to international competition, except those specifically included on a list of exemptions negotiated before the agreement is signed. Any service not on that list is automatically open to competition, and countries cannot reverse their decision to open up services without severe penalties, as a result of ‘standstill clauses’, which lock in the current level of services liberalisation. This prevents government taking a privatised service back into the public sector. ‘Ratchet clauses’ also mean that even when a reservation is included for a particular service, if a country then decides to liberalise the market for this service, they are then obliged to maintain that level of market liberalisation and cannot reverse it.

Public services can be excluded from competition, but only if they are not provided on a commercial basis or in competition with other suppliers. In the UK, this exclusion would not apply to the NHS, for example, which operates an internal market in which a number of services are purchased from any organisation willing to supply, whether state-owned or privately run.<sup>44</sup>

When public services are opened up to foreign competition, this may increase provision of services or reduce costs in some areas as the result of greater competition. However, there is a significant risk that private companies will focus on the most profitable parts of services, leaving some women, particularly in rural or isolated areas, without vital services.<sup>45</sup> Where costs of services increase, this

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<sup>41</sup> WBG (2019) Gender impacts of trade and investment agreements, <https://wbg.org.uk/wp-content/uploads/2019/09/FINAL-.pdf>

<sup>42</sup> UNCTAD. 2011. Who is benefiting from trade liberalization in Cape Verde? A gender perspective. Geneva: United Nations

<sup>43</sup> Williams, Mariama (2007) “Gender Issues in the Multilateral Trading System”, in van Staveren, Irene, Diane Elson, Caren Grown and Nilüfer Çagatay (eds.) *The Feminist Economics of Trade*, London: Routledge, 277-291.

<sup>44</sup> On the impacts of CETA on health service provision, see Thomas Fritz (2016) CETA and TTIP Potential impacts on health and social services Working Paper Commissioned by the European Federation of Public Service Unions (EPSU) [http://www.epsu.org/sites/default/files/article/files/Working%20Paper\\_HSS%20in%20CETA%20TTIP\\_1604.pdf](http://www.epsu.org/sites/default/files/article/files/Working%20Paper_HSS%20in%20CETA%20TTIP_1604.pdf)

<sup>45</sup> Williams, Mariama (2007) “Gender Issues in the Multilateral Trading System”, in van Staveren, Irene, Diane Elson, Caren Grown and Nilüfer Çagatay (eds.) *The Feminist Economics of Trade*, London: Routledge, 277-291.



can increase the burden of unpaid work on women as they have to fill the gaps left by services they can no longer afford.<sup>46</sup>

## **Existing action to promote gender sensitive trade policy**

### **Gender chapters and sustainable development chapters in trade agreements**

One strategy to promote gender-sensitive trade policy is to include gender chapters in Free Trade Agreements. These affirm the importance of incorporating a gender perspective in international trade and commit parties to the FTA to redressing trade-related gender discrimination. However, the impact of these chapters has been limited. All existing gender chapters (there are six in total) are standalone, which means they do not apply to any of the other chapters in the agreement. They all prioritise economic growth over gender equality – none include gender equality as an end in itself, merely a way to increase or share the proceeds of growth. None of the provisions in any of the gender chapters are legally binding so there are no penalties if signatories do not comply with their commitments. Only one FTA includes a gender chapter with a (limited) mechanism for settling disputes. While all gender chapters include an obligation to consult with stakeholders, these provisions do not ensure that meaningful consultation will take place.<sup>47</sup>

Trade agreements can also include chapters covering labour rights. However, a recent study on ‘Trade and Sustainable Development’ (TSD) chapters in EU trade agreements (covering both labour and environmental standards) has concluded that these generally have very limited impact.<sup>48</sup> TSD chapters contain obligations to protect and promote core ILO labour standards and multilateral environmental agreements, but the mechanisms for enforcing these are weak. The chapters generally contain a commitment not to weaken or reduce the level of protection afforded by labour or environmental laws, but this only covers action taken ‘in order to encourage trade or investment’. In practice, it is hard to prove that labour standards or environmental laws have been reduced specifically in order to encourage trade. As with gender chapters, TSD chapters include obligations to ensure civil society engagement, but the study concluded that civil society organisations lack the resources or power to have an influence on trade policy. Trade unions involved in these engagement processes did not necessarily represent women workers or prioritise their specific concerns.

### **Policies to promote women’s entrepreneurship**

In addition to gender chapters, public and private bodies are also seeking to improve gender equality through various micro-interventions in support of women who participate in cross-border trade - especially to women entrepreneurs. These interventions often aim to help women grow their enterprises through the provisioning of loans and/or financial literacy education, and to develop the knowledge and skills necessary to successfully engage in trade.<sup>49</sup> While these are welcome, they do

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<sup>46</sup> Gender and Trade Cutting Edge Overview report, Bridge, Brighton 2006 <http://www.bridge.ids.ac.uk/go/bridge-publications/cutting-edge-packs/gender-and-trade/>

<sup>47</sup> For more information see WBG (2019) Gender impacts of trade and investment agreements, <https://wbg.org.uk/wp-content/uploads/2019/09/FINAL-.pdf>

<sup>48</sup> Smith, Harrison, Campling, Richardson, Barbu, Free Trade Agreements and Global Labour Governance: The European Union’s Trade-Labour Linkage in a Value Chain World (Routledge, forthcoming 2021). See also Harrison, J., Barbu, M., Campling, L., Richardson, B., and Smith, A. (2019) Governing Labour Standards through Free Trade Agreements: Limits of the European Union’s Trade and Sustainable Development Chapters. *JCMS: Journal of Common Market Studies*, 57: 260–277.

<sup>49</sup> WBG (2019) Gender impacts of trade and investment agreements, <https://wbg.org.uk/wp-content/uploads/2019/09/FINAL-.pdf>

not address the gendered impacts of trade on women workers who are not entrepreneurs, or the consumer and public service impacts set out above.

In addition, while some women may wish to become entrepreneurs, for others it can be the only option. For women in the Global South in particular, entrepreneurship may be a matter of necessity rather than choice, undertaken as result of poverty, a lack of labour market opportunities, discriminatory property and inheritance laws, and social norms that limit their mobility and assign them primary responsibility for care work.<sup>50</sup> It is important to ensure that entrepreneurship promotion does not simply reproduce forms of unpaid labour and precarious employment.

## Conclusions and recommendations

Trade policy has significant impacts on all our lives, and these impacts are gendered. Gendered analysis and monitoring of trade agreements is critical to ensure that harms of trade are minimised and negative impacts can be mitigated against. Analysis in advance of a trade agreement has to be context-specific, taking account of the economic and social situation and the underlying position of women in all partners to the trade agreement. It needs to involve a review of the potential gendered impacts of all parts of the trade agreement, and in-depth study of particular issues identified as potentially significant from a gender perspective. Ongoing monitoring is then needed to identify any unexpected negative impacts once the trade agreement is in force.

In addition, inclusive policies require inclusive policy making. Involving women's groups, civil society organisations and stakeholders in the formulation, implementation and monitoring of trade policy will help to provide policymakers with the information required to make gender-sensitive policy choices.

In the UK:

- Trade negotiations should operate within a **transparent** overarching policy framework that prioritises the protection and promotion of equality and human rights in the UK, our trading partners and third countries.
- Trade agreements should include mechanisms to ensure that any new employment opportunities for women in the UK or our trading partners **protect** and **promote**, rather than undermine, **equality and labour rights**.
- Governments should set up a demonstrably independent and expert body to conduct studies of the likely **impact of trade deals**, including on equality and human rights and monitor actual impact over time in order to address adverse impacts.
- There should be **targeted support** for groups most badly affected by changing trade relationships.
- Trade deals should include **revision clauses** so that they can be amended when this is justified to address problems identified.
- The UK should include carve out provisions in trade agreements to enable governments to **exclude public services** from trade agreements.
- The UK should adopt a **'positive list' approach** so that only service sectors listed in the agreement are subject to trade commitments.

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<sup>50</sup> Jamali, Dima (2009) "Constraints and opportunities facing women entrepreneurs in developing countries: A relational perspective", *Gender in Management: An International Journal* 24(4), 232- 251; Vita, Luisa De, Michela Mari and Sara Poggesi (2014) "Women Entrepreneurs in and from Developing Countries: Evidence from the Literature", *European Management Journal* 32(3), 451- 460.

- The UK should **exclude standstill clauses and ratchet clauses** from trade deals to ensure policy making flexibility.
- The UK government should use its independent trade policy-making powers to undertake a **serious review of the benefits and drawbacks of investor protection provisions**. In their current form such provisions should be **excluded** from all future UK trade deals.