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# **Women and Trade Liberalization in Africa: Challenges and Opportunities**



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## 1. Introduction:

Gender equality, as a goal central to achieving sustainable development has been enshrined in international conventions, to which most African countries are now signatories. The United Nations (UN) Charter, signed in 1945, reaffirmed «*the equal rights of men and women*»<sup>1</sup> while subsequent declarations further elaborated on women and men's specific social, economic, political and cultural rights - notably the UN Declaration for Human Rights<sup>2</sup> and the Convention for the Elimination of Discrimination Against Women<sup>3</sup>. The Fourth World Conference on Women in 1995 adopted the Beijing Platform For Action, which highlighted economic equality as one of the twelve areas of concern and explicitly referred to trade policies as an area of importance for gender mainstreaming<sup>4</sup>. Finally, the Millennium Development Declaration in 2000 commits member countries «*to promote gender equality and the empowerment of women, as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable*»<sup>5</sup>.

Furthermore, the benefits of integrating women into the global economy and of promoting gender equality are well documented, where greater gender equality has been consistently associated with economic growth<sup>6</sup>. Whereas evidence from Africa indicates that gender inequality has been associated with missed growth opportunities<sup>7</sup>.

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- (1) United Nations, *Charter of the United Nations*, for the full text, see: < <http://www.un.org/aboutun/charter/index.html> > .
  - (2) United Nations, «The Universal Declaration of Human Rights,» adopted in 1948, for the full text, see: < <http://www.un.org/Overview/rights.html> > .
  - (3) United Nations, «Convention on the Elimination of All Forms of Discrimination against Women (CEDAW),» adopted in 1979, see: < <http://www.un.org/womenwatch/daw/Cedaw/cedaw.htm> > .
  - (4) Where Paragraph 165k is a commitment by governments to «Seek to ensure that national policies related to international and regional trade agreements do not have an adverse impact on women's new and traditional economic activities,» see: United Nation, «The United Nations Fourth World Conference on Women,» < <http://www.un.org/womenwatch/daw/beijing/platform/economy.htm> > .
  - (5) United Nation, «UN Millennium Declaration: UN General Assembly Resolution,» A/RES/55/2 (18 September 2000), paragraph 6.
  - (6) M. A. Hill and E. M. King, «Women's Education and Economic Well-Being,» *Feminist Economics*, vol. 1, no. 2 (1995), pp. 1-26; David Dollar and Roberta Gatti, «Gender Inequality, Income, and Growth: are Good Times Good for Women?,» Policy Research Report on Gender and Development, Working Paper Series; no. 1 (Washington DC: World Bank, 1999), and S. Klasen, «Does Gender Inequality Reduce Growth and Development? Evidence from Cross-Country Regressions,» Background Paper for Engendering Development, Washington DC, World Bank (1999).
  - (7) World Bank, *Can Africa Claim the 21<sup>st</sup> Century?* (Washington, DC: World Bank, 2000); World Bank, *Engendering Development: Through Gender Equality in Rights, Resources, and Voice*, World Bank Policy Research Report (Washington, DC: World Bank; New York: Oxford University Press, 2001), and C. Mark Blackden, and R. Sudharshan Canagarajah, «Gender and Growth in Africa: Evidence and Issues,» paper prepared for World Bank UNECA Expert Meeting on Pro-Poor Growth Kampala, Uganda (23-24 June 2003).

Increasing women's income has also been found to be an investment in the next generation, as women who have more control over household resources tend to spend more on better food, health and schooling for their children<sup>8</sup>. Improving gender equality could therefore make a major contribution to African output and productivity levels, and improving trade competitiveness.

The unprecedented expansion of international trade has been one of the key transformational forces of our time, often associated with creating major opportunities for economic growth and poverty reduction while also sometimes associated with challenges to human development. Proponents of trade liberalization benefits point to its apparent positive relationship with economic growth and poverty reduction<sup>9</sup>, while others have pointed out the technical deficiencies of such studies, emphasizing the conditionality of the association on a country's level of income and the lack of evidence that openness has an effect on growth in developing countries<sup>10</sup>. Others have highlighted that international trade liberalization is associated with social and economic adjustment costs that create both winners and losers in an economy<sup>11</sup>.

It is, therefore, argued that women could either be winners or losers from trade liberalization depending on their capacities to participate in and benefit from production and trade and on the specific trade liberalization context. Given that the highest levels of gender inequality and absolute poverty are in Africa<sup>12</sup> and that women in Africa constitute the majority of the poor, women arguably have more to gain from trade liberalization that yields economic growth and poverty reduction, while also facing major obstacles in their ability to do so. Due to historical patterns of patriarchal discrimination, women face major capacity constraints and inequalities vis-à-vis men in almost every determinant of economic success. For ex-

(8) J. Hoddinott and L. Haddad, «Does Female Income Share Influence Household Expenditures? Evidence from Cote d'Ivoire.» *Oxford Bulletin of Economics and Statistics*, vol. 57, no. 1 (1995); Thomas Duncan, Dante Contreras and Elizabeth Frankenberg, «Child Health and the Distribution of Household Resources at Marriage.» Working paper, RAND, University of California at Los Angeles (1997), and World Bank, *Engendering Development: Through Gender Equality in Rights, Resources, and Voice*.

(9) F. Rodriguez and D. Rodrik, «Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence.» in: B.S. Bernanke and K. Rogoff, eds., *NBER Macroeconomics Annual* (Cambridge, MA: MIT Press, 2001), and Francisco Rodriguez, «Openness and Growth: What Have We Learned?», UN DESA, Working Paper no. 51 ST/ESA/2007/DWP/51, New York (August 2007).

(10) D. N. DeJong and M. Ripoll, «Tariffs and Growth: An Empirical Exploration of Contingent Relationships.» *Review of Economics and Statistics*, vol. 88, no. 4 (November 2006), pp. 625-640.

(11) Ha-Joon Chang, ed., *Rethinking Development Economics*, Anthem Studies in Political Economy and Globalization (London: Anthem Press, 2003).

(12) For Example, The 24 countries performing worst on the UNDP Gender-related Development Index (GDI) in 2007/2008 were African countries.

ample, despite recent improvements in education systems in Sub Saharan Africa, the gender gap in primary school completion rates remains at about 10 percentage points between females and males<sup>13</sup>. Consequently, literacy rates also remain lower where only 50% of females are literate compared with 69% of males<sup>14</sup>. Women's labour force participation rates are also lower (62% of females aged 15-64 were active in the labour force in 2006 compared to 86% of males)<sup>15</sup>. Unsurprisingly therefore, female income levels in Africa are about half those of men<sup>16</sup>.

Therefore, since trade liberalization is likely to have an impact on gender equality, and gender equality on economic growth and trade competitiveness, it is important that this two-way relationship is analyzed to inform policies that can both ensure the fulfillment of women's rights in Africa as well as improve African growth and trade competitiveness prospects.

This paper aims to identify mechanisms through which trade liberalization affects gender equality and vice versa and present evidence in relation to African countries. Section 2 analyzes the relationship between increased trade volumes and gender equality. Section 3 looks at the impact of trade liberalization agreements including measures such as tariff or subsidy reductions whose effects may not be gender neutral. Section 4 highlights major findings from the evidence examined and presents specific recommendations to African policy makers.

## **2. Increased Trade Volumes and Gender Equality in Africa:**

Trade liberalization measures are designed to reduce barriers to trade and consequently increase trade volumes, thereby providing economic growth opportunities while expanding consumer choice. Increased export and import levels have been found to impact the economic, social and political aspects of gender equality in Africa in different ways.

### **2.1 Increased Trade Volumes and Gender Equality in Economic Opportunities**

#### **2.1.1 Level and Quality of Employment**

Evidence suggests that trade expansion often improves women's formal employment opportunities due to the increase in labour intensive exports from devel-

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(13) Averaging 55% completion rate for females and 65% for males in 2006, See: World Bank, *World Development Indicators* (Washington, DC: World Bank, 2007).

(14) Aged 15 and over, Ibid.

(15) Ibid.

(16) UNDP, Gender-related Development Index 2007/2008, male and female estimated earned income indicators.

opening countries. Several studies find that trade expansion is associated with an increase in the number of jobs for females in export-oriented industries<sup>17</sup>. There is also evidence of women's dominance in African export-oriented production (see Table 1 below). Women employed in the export oriented manufacturing sector typically earn more than they would have in traditional sectors, many of them having never earned cash income before. For example, 85% of the women who found new employment in the textiles and apparel sector in Madagascar had never directly earned monetary income<sup>18</sup>.

**Table 1**  
**Women's Share of Total Employment in**  
**Selected African Export Processing Zones**

Countries	Total Employment (2005-06)	% Female	Main Sectors of Production	Zone Exports as % of Total Exports
Cape Verde	1,180	88	Goods, services, warehouses	–
Kenya	38,851	60	Apparel, pharmaceuticals, tea	86.9
Madagascar	115,000	71.1	Manufacturing, food processing, timber, watches	80
Malawi	29,000	51	Tobacco, tea, coffee, macadamia nuts, rice, confectionary, ceramics, textiles, crafts, farm implements, furniture, gemstones, enamelware, rubber, live fish, cut flowers, buses and trailers	–
Mauritius	65,512	62.6	Food, flowers, textile, leather, wood and paper, optical goods, electric and electronic products, jewellery, toys	42
Morocco	145,000	20	Food, mechanical industries, leather, textiles, services, chemicals, tourism, automobile components	61

**Source:** Jean-Pierre Singa Boyenge, «International Labour Organization (ILO), database on export processing zones (Revised),» Working papers are preliminary documents circulated to stimulate discussion and obtain comments, International Labour Office, Geneva (April 2007).

(17) Adrian Wood, «North-South Trade and Female Labour in Manufacturing: An Asymmetry,» *Journal of Development Studies*, vol. 27, no. 2 (January 1991), pp. 168-189; G. Standing, «Global Feminization Through Flexible Labor: A Theme Revisited,» *World Development*, vol. 27, no. 3 (March 1999), pp. 583-602, and David Kucera and William Milber, «Gender Segregation and Gender Bias in Manufacturing Trade Expansion: Revisiting the Wood Asymmetry,» *World Development*, vol. 7 (2000), pp. 1191-1210.

(18) Alessandro Nicita and Susan Razzaz, *Who Benefits and How Much?: How Gender Affects Welfare Impacts of a Booming Textile Industry*, Policy Research Working Paper; 3029 (Washington, DC: World Bank, 2003).

However, due to the persistence of socio-cultural norms that discriminate against women in Africa, these new employment opportunities are mostly in low paid jobs. Women are much more likely to be in temporary and insecure employment. For example, in South Africa's fruit farms, women represent 65% of all temporary and seasonal employees and only 26% of all long-term employees<sup>19</sup>. Women are often paid less than men for the same work. In a study of cashew processing plants in Mozambique, it was found that women worked longer hours but received the same wages as men<sup>20</sup>. Women also often work in unhealthy or exploitative conditions. In Kenya's fresh vegetable industry, women's handling of chemicals during storage, mixing, and spraying has led to skin allergies, headaches, and fainting<sup>21</sup>.

### **Box 1**

#### **Increased Exports and Women's Employment in the African Horticulture Sector**

Women in the non-traditional agricultural export sector, such as the horticulture industry, have seemed better placed to benefit from the increase in exports of these products. African horticulture exports have grown significantly providing a large number of additional jobs, the majority of whom are held by women. In Kenya, Africa's largest horticulture exporter, export volumes increased from 26,000 tonnes to over 60,000 tonnes in the last decade and the cut flower industry alone employs over 56,000 workers, approximately two thirds of whom are women<sup>(1)</sup>. This is likely to be contributing to poverty reduction through increased employment and wage levels. Evidence from Kenya, Uganda and Zimbabwe, for example, shows that while wage levels in the cut flower industries are low, they sometimes are above the government set minimum wages and the potential income available through alternative activities<sup>(2)</sup>.

On the other hand, employment in the sector seems to be characterized by low wages, vulnerable employment, health and environmental hazards. Studies on women in African horticulture farms<sup>(3)</sup> found that women perform tasks, which are defined as low or un-skilled and are consequently poorly remunerated. Women were also found to be in the minority at supervisory and managerial levels, locking them into jobs whose pay levels were reported as insufficient in meeting their basic family needs. Moreover, women were concentrated in more vulnerable forms of work (casual, temporary and seasonal). In Kenya, the proportion of women engaged in flexible work in the vegetable exports labour force was 63% compared to 38% of their male peers<sup>(4)</sup>.

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(19) Stephanie Barrientos, Sharon McClenaghan and Liz Orton, «Stakeholder Participation, Gender, and Codes of Conduct in South Africa,» *Development in Practice*, vol. 11, no. 5 (November 2001).

(20) Marilyn Carr, ed., *Chains of Fortune: Linking Women Producers and Workers with Global Markets* (London: Commonwealth Secretariat, 2004).

(21) C. Dolan and K. Sutherland, «Gender and Employment in the Kenya Horticulture Value Chain,» *Overseas Development Group*, University of East Anglia, Norwich, Globalisation and Poverty Working Paper (2002).



These women are precluded from employment benefits such as maternity leave, sick leave, access to social security schemes and the right to join a union. Women were also found to have less access to training and suffer from poor quality accommodation, poor or lacking childcare provision, inadequate health care facilities and lack of transport. It is unsurprising therefore that international evidence has not found a correlation between greater female employment in producing export crops and substantial increases in women's income.

- (1) «Promoting Women Workers' Rights in African Horticulture: Overview of Research Into Conditions on Horticulture Farms in Kenya, Zambia, Tanzania and Uganda,» *Women Working Worldwide* (September 2007), and Other countries also have similar female employment ratios. For example women represent 75-85% of the labour force in Zimbabwe's cut flower industry.
- (2) Catherine S. Dolan and Kristina Sorby, «Gender and Employment in High-Value Agriculture Industries,» World Bank, Agriculture and Rural Development Working Paper 7 (May 2003).
- (3) Stephanie Barrientos, Sharon McClenaghan and Liz Orton, «Stakeholder Participation, Gender, and Codes of Conduct in South Africa,» *Development in Practice*, vol. 11, no. 5 (November 2001), < <http://www.informaworld.com/smpp/title`content=t713412875`db=all`tab=issueslist`branches=11> > .
- (4) Catherine S. Dolan and Kirsty Sutherland, «Gender and Employment in the Kenya Horticulture Value Chain,» *Globalisation and Poverty*, Discussion paper 8, < <http://www.gapresearch.org/production/final-draft.pdf> > .

**Source:** «Promoting Women Workers' Rights in African Horticulture: Overview of Research Into Conditions on Horticulture Farms in Kenya, Zambia, Tanzania and Uganda,» *Women Working Worldwide* (September 2007).

The informal economy is huge in Sub-Saharan Africa. Women often cluster in informal employment due to the pressure to combine productive and domestic responsibilities. These women are affected by trade liberalization as they have more insecure employment with fewer benefits, lower wages and less access to social protection<sup>22</sup>.

The net effect of trade liberalization on gender equality in employment in Africa will therefore depend on the net balance between its expansionary and contractionary effects in the sectors where women are most active. Improving gender equality does not only depend on whether trade liberalization creates more jobs for women but on the quality of the jobs created. Conversely, gender inequality may even increase if women are disproportionately affected by contractions in output and employment resulting from increased competition from imports.

(22) Jacques Charmes, «Informal Sector, Poverty and Gender: A Review of Empirical Evidence,» Background paper for the World Development Report 2001 (October 1998), and Armando Barrientos and Stephanie Ware Barrientos «Extending Social Protection to Informal Workers in the Horticulture Global Value Chain,» Social Protection Discussion Paper Series, Paper no. 0216, Social Protection Unit, Human Development Network, the World Bank (June 2002), < <http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/0216.pdf> > .

### 2.1.2 Wage Inequality

The inconclusive theoretical and empirical debates as to the effects of trade liberalization on gender wage inequality suggest that the effects can be positive or negative depending on the context. According to the neo-classical approach based on Becker (1959)'s theory of discrimination, increased competition from trade reduces the incentive for employers to discriminate against women as discrimination entails higher costs<sup>23</sup>. Also, the Heckscher-Ohlin factor price equalization effect of trade would result in increased demand for low-skilled (mostly female) labour in low-skilled labour abundant developing countries, raising their wages relative to higher-skilled labour (mostly men). On the other hand, proponents of New Economic Geography approaches argue that wage discrimination may increase with growing trade and competition in a context where employment segregation and greater capital mobility limits women's bargaining power<sup>24</sup>. They also highlight that trade liberalization often results in technological upgrading and a premium on skills, therefore increasing the wage gap between skilled workers (mostly men) and unskilled workers (mostly women). In terms of empirical evidence, some international studies have found evidence that competition from trade is associated with a narrowing of the gender wage gap<sup>25</sup>, while others have found the opposite - that greater international competition in concentrated sectors is associated with larger gender wage gaps<sup>26</sup>.

There is evidence of a two-way relationship between trade and gender wage inequality, where gender wage inequality has also been found to affect trade compe-

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(23) According to the theory, in a competitive environment, the existence of an equally productive but underpaid group of workers will attract profit maximizing firms that do not have discriminatory tastes against this group. The expansion of demand for this group will gradually eliminate wage differentials, moving towards an equilibrium wage.

(24) William Darity, «What's Left of the Economic Theory of Discrimination?», in: Steven Shulman and William Darity, eds., *The Question of Discrimination: Racial Inequality in the U.S. Labor Market*, essays by Robert Higgs [et al.] (Middletown, Conn: Wesleyan University Press, 1989); R. M. Williams and R. E. Kenison, «The Way We Were? Discrimination, Competition, and inter-industry Wage Differentials in 1970», *Review of Radical Political Economics*, vol. 28, no. 2 (1996), pp. 1-32, and Patrick L. Mason, «Male Interracial Wage Differentials: Competing Explanations», *Cambridge Journal of Economics*, vol. 23, no. 3 (May 1999), pp. 261-299.

(25) Raquel Artecona and Wendy Cunningham, «Effects of Trade Liberalization on the Gender Wage Gap in Mexico», *World Bank Development Research Group* (May 2002), < <http://siteresources.worldbank.org/INTGENDER/Resources/tradeartecona.pdf> >, and Remco H. Oostendorp, «Globalization and the Gender Wage Gap», *World Bank Economic Review*, Working Paper no. 3256.

(26) Günseli Berik, Yana van der Meulen Rodgers and Joseph E. Zveglich, Jr., «Does Trade Promote Gender Wage Equity? Evidence from East Asia», Center for Economic Policy Analysis (CEPA) (August 2002), CEPA Working Paper 2002-14.

tiveness and export levels. Cross country studies<sup>27</sup> and case study evidence<sup>28</sup> have found that gender wage inequality may have contributed to the export success of several countries particularly in labour intensive goods. However, most studies have concentrated on export-oriented semi-industrialized countries, which is unlikely to be applicable to most African countries where unprocessed agricultural and commodity exports dominate. As women dominate agricultural production in these countries, the inequalities they face in terms of access to productive resources inhibit their productivity and in turn aggregate levels of output and exports.

**Box 2:**  
**Increased Exports and Women's Wage Inequality**  
**in Madagascar's Apparel Sector**

The apparel export sector has grown substantially in Madagascar, providing increased employment opportunities for women. The country has substantially benefited from preferential market access agreements such as to the US market. The industry has given employment to the poor and particularly women. Furthermore, the jobs created have improved women's employment status, where almost half of the female new entrants (as compared to 28% of males) used to be unpaid family workers or unemployed. In the case of households in which female members were employed in the apparel sector, the women's share of the households' monetary income rose from 8% to 33%.

Nonetheless, there is evidence of continued inequality in the types of jobs created for women compared with men. Close to 80% of male workers have permanent salaried positions while the corresponding figure for women is about 57%. In addition, 17% of women have temporary jobs, as compared with only 3% of men. The median wage for men is higher than that of women (about \$47 compared with \$28 respectively). Further estimates by Nicita and Razzaz indicated that assuming a 20% growth per year for five years in the industry, approximately one million people would have their purchasing power increased by 24%, but that the gains of male workers would be approximately double that of female workers.

**Source:** Julia P. Clones, «Gender and International Trade in the Context of Pro-Poor Growth: Conceot Paper,» (2003), <<http://siteresources.worldbank.org/EXTAFRREGTOPGENDER/Resources/GIntTrade.pdf>>.

The effect of trade liberalization on gender wage inequality in Africa and vice versa is therefore debatable given the inconclusive nature of international theory and evidence as well as the lack of empirical evidence specific to the continent. The case studies of the horticulture and apparel export sectors presented (in boxes 1 and 2 above), however, suggests that while export expansion has created new jobs

(27) Stephanie Seguino, «Gender Inequality and Economic Growth: A Cross-Country Analysis,» *World Development*, vol. 28, no. 7 (June 2000), pp. 1211-1230, and Matthias Busse and Christian Spielmann, «Gender Inequality and Trade,» *Review of International Economics*, vol. 14, no. 3 (August 2006), pp. 362-379.

(28) Dani Rodrik, «Institutions for High-quality Growth: What They Are and How to Acquire Them,» *Studies in Comparative International Development*, vol. 35, no. 3 (2000), pp. 3-31.

for women in Africa, the types of jobs created for women compared with men are unlikely to contribute to narrowing the gender wage gap.

### 2.1.3 Unequal Access to Economic Resources

Resulting from historical patriarchal societal norms, women's unequal access to economic resources inhibits their ability to participate in and benefit from trade liberalization. This is particularly the case in African countries where most women work in the agricultural sector but have less access to land, agricultural inputs, education, credit and technology, thus affecting their agricultural productivity. Women do 80% of African agriculture and food production work and yet receive less than 10% of credit granted to small farmers and less than 1% of all credit in the agricultural sector<sup>29</sup>. African women face major obstacles in gaining land rights. For example, although women in Uganda account for the largest share of agricultural production, they own only 5 percent of the land<sup>30</sup>. Women also have less access to agricultural inputs such as chemical fertilizers<sup>31</sup> (Uttaro) found that in Zomba district in Malawi 55% of Female Headed Households (FHHs) did not use any chemical fertilizer for their maize compared with 33% of male farmers as they could not afford it) and modern seed varieties (for the case of Ghana)<sup>32</sup>. Women also have less access to agricultural extension (in Ghana, female farmers on average received less than half the number of contacts with extension agents than male farmers did, *ibid*, table 8). Moreover, women farmers have less years of schooling on average than male farmers (e.g. 5.7 years compared with 6.25 years for men in Ghana, *ibid*). Unsurprisingly, therefore, women in Africa tend to have less agricultural yields than men. For example, in Burkina Faso, Cameroon and Kenya, it was found that more equal control of household inputs and farm income by women and men could raise farm yields by as much as one-fifth of current output<sup>33</sup>. Women also miss out on export opportunities for lack of resources. In Uganda, where rural poverty levels have declined as a result of increased production of agricultural exports, especially

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(29) C. Mark Blackden and Chitra Bhanu, *Gender, Growth and Poverty Reduction: Special Program of Assistance for Africa, 1998 Status Report on Poverty in Sub-Saharan Africa*, World Bank Technical Paper; no. 428 (Washington, DC: World Bank, 1999).

(30) World Bank, «Agriculture for Development,» World Development Report, Washington DC, 2008.

(31) Robert P. Uttaro, «Diminishing Choices: Gender, Small Bags of Fertilizer, and Household Food Security Decisions in Malawi,» *African Studies Quarterly*, vol. 6, nos. 1, 2 (2002).

(32) Cheryl R. Doss and Michael L. Morris, «How Does Gender Affect the Adoption of Agricultural Innovations?: The Case of Improved Maize Technology in Ghana,» *Agricultural Economics*, vol. 25, no. 1 (2001), pp. 27-39.

(33) *Engendering Development: Through Gender Equality in Rights, Resources, and Voice*, World Bank Policy Research Report (Washington, DC: World Bank; New York: Oxford University Press, 2001).

coffee, FHHs were among the categories of rural households that failed to benefit as they lacked the resources to get into coffee production<sup>34</sup>.

Furthermore, most women farmers are less able to capitalize on the expansion of agricultural tradable goods in Africa as they tend to hold small scale farms while men are more likely to own medium-sized or large scale commercial farms<sup>35</sup>. For example, trade liberalization in Ghana was found to benefit medium and large-scale farmers in the cocoa sector where few women are employed<sup>36</sup>.

A strong gender division of labour within the household, where women have the responsibility to grow food to feed the family and men are responsible for growing cash crops, is also likely to be affecting African agricultural export levels. As Van Staveren (2002) argues, agricultural export levels have remained low in Africa as female farmers were found to refuse their labour to cash crops because they do not receive anything in return. For example, in a study of an irrigated rice project in Cameroon, most married women were found to continue growing sorghum despite higher returns from rice (seen as a male crop) as any income from rice is controlled by men<sup>37</sup>.

In the non-agricultural sector, even though women-owned businesses constitute the majority of firms in the African informal sector, women have less access to capital, training, information-communication technologies and market information, affecting their levels of productivity. For example, in terms of access to credit, only 38% of black women in South Africa are formally banked compared with 44% of black men. Also, the 30/70 ratio of female to male business service providers indicated that women have less access to tailored services<sup>38</sup>. Given women's education and literacy constraints, it is also likely that women exporters and entrepreneurs find it more difficult to meet international export standards.

(34) Oliver Morrissey, Nichodemus Rudaheranwa and Lars Moller, «Uganda Trade and Poverty Project (UTPP): Trade Policies, Performance and Poverty in Uganda,» ODI, EPRC and University of Nottingham (May 2003).

(35) S. Joekes, «A Gender-Analytical Perspective on Trade and Sustainable Development,» in: United Nations Conference on Trade and Development, «Trade, Sustainable Development and Gender,» papers prepared in support of the Themes Discussed at the UNCTAD X Expert Workshop on Trade, Sustainable Development and Gender, Geneva, 12-13 July 1999, and Brigitte Young and Hella Hoppe, «The Doha Development Round, Gender and Social Reproduction,» *Dialogue on Globalization*, no. 7 (July 2003).

(36) «Trade and Gender Opportunities and Challenges for Developing Countries,» UNCTAD, New York/Geneva (2004), pp. 123-140.

(37) C. Jones, «The Mobilization of Women's Labor for Cash Crop Production: A Game Theoretic Approach,» *American Journal of Agricultural Economics*, vol. 65, no. 5 (1983).

(38) IFC, «Access to Finance for Women Entrepreneurs in South Africa: Challenges and Opportunities,» (2006), retrieved from: <[http://www.ifc.org/ifcext/africa.nsf/Content/Access\\_to\\_Finance\\_Report](http://www.ifc.org/ifcext/africa.nsf/Content/Access_to_Finance_Report)>.

Women's lack of access to productive resources and their consequent lower productivity levels are not only likely to be inhibiting their ability to benefit from trade liberalization but also to be major barriers to export expansion in Africa. Particularly in the agricultural sector, where women dominate, their lower rates of productivity and lack of interest in cash crops will continue to be big obstacles to agricultural production and exporting.

### 2.1.4 Unpaid Work and Time Poverty

The amount of unpaid work that women are expected to perform in African societies and their consequent time poverty is another inhibiting factor in their ability to benefit from opportunities created by export expansion. Time use data from Benin, Madagascar, Mauritius and South Africa shows that, on average, women worked 1 hour and 15 minutes more than men per day and that the proportion of women's market-related work to total work was just over half that of men's<sup>39</sup>. This lack of access to time, inhibiting women's ability to participate in income generation activities, restricts them to lower paying jobs that are compatible with their domestic occupations<sup>40</sup>. For example, female farmers in Malawi indicated that they were inclined to limit their labor time in farm activities due to a heavy commitment to domestic chores, while responsibility for children and housekeeping made it difficult for female heads to opt for regular or off-farm labor activities to increase their earnings<sup>41</sup>.

Conversely, there is evidence that the employment opportunities generated by higher export levels increase women's double burden and worsen time poverty. For example, studies on women working in the horticulture export industry in South Africa<sup>42</sup> and Kenya<sup>43</sup> demonstrated that while women were forced to work long hours in their new jobs, they continued to be the primary providers of unpaid household work.

Moreover, the cost of adjustment in the face of liberalization crises disproportionately affects women's unpaid work. Studies reveal that in the face of adjust-

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(39) An average of 40% of market-related work to total work for women compared with 79% for men, see: Mark Blackden and Quentin Wodon, eds., *Gender, Time Use, and Poverty in Sub-Saharan Africa*, World Bank Working Paper; no. 73 (Washington, DC: World Bank, 2006), p. 17.

(40) Mayra Buvinic and Geeta Rao Gupta, «Female-Headed Households and Female-Maintained Families: Are They Worth Targeting to Reduce Poverty in Developing Countries?», *Economic Development and Cultural Change*, vol. 45, no. 2 (January 1997), pp. 259-280.

(41) Ibid.

(42) Barrientos, McClenaghan and Orton, «Stakeholder Participation, Gender, and Codes of Conduct in South Africa».

(43) Dolan and Sutherland, «Gender and Employment in the Kenya Horticulture Value Chain».

ment, women intensify their unpaid work substituting their labour as a way to compensate for declines in male income<sup>44</sup>. In Africa, Galli and Funk (1995), for example, found that structural adjustment in Guinea-Bissau in the early nineties had the effect of increasing women's workload, having a demonstrable effect on their health.

The evidence above therefore shows that women's additional unpaid work burden is another factor inhibiting their ability to contribute to and benefit from trade liberalization opportunities. Also, when trade crises occur women tend to pay the price in terms of higher unpaid work burdens. For women to be able to adequately benefit from trade liberalization, their unpaid work contribution should be recognized and rewarded, thus freeing them up to take part in more productive activities.

## 2.2 Increased Trade Volumes and Gender Equality in Social Capabilities and Political Agency

Mechanisms also exist linking trade liberalization to women's social and political equality outcomes.

### 2.2.1 Education and Health Levels

Where higher export levels increase women's income levels, women have more of a tendency to invest in theirs and their family's human capital and health compared with men. Export expansion may increase women's income and ability to spend. For example, workers in Zimbabwe's floriculture sector claimed that they were able to send their children to school and buy furniture, clothing, and other basic commodities as a result of their employment<sup>45</sup>. There is also evidence that increasing women's share of cash is associated with far higher spending on education and health compared with men. Trade liberalization may therefore be associated with better education and health levels for women and their families.

If, however, openness is instead characterized by a higher increase in unemployment due to import competition or even by increased employment but in low quality, low paying jobs, this effect is unlikely to materialize or even worsen as wo-

(44) By switching from prepared foods to raw foods, walking rather than paying for transport, walking further to get fuel or fire-wood rather than purchasing it, etc., see: Nilufer Cagatay and Sule Ozler, «Feminization of the Labor Force: The Effects of Long-Term Development and Structural Adjustment,» *World Development*, vol. 23, no. 11 (November 1995), pp. 1883-1894.

(45) Robert Davies, *The Impact of Globalization On Local Communities: A Case Study of the Cut-flower Industry in Zimbabwe*, Discussion Paper; no. 13 (Harare, Zimbabwe: International Labour Office, Southern Africa Multidisciplinary Advisory Team; Geneva: Action Programme on Globalization, Area-based Enterprise Development and Employment, 2000).

men restrict their spending on education and health in order to survive. There is also evidence that for countries exporting low-skill intensive goods or natural resource exports (like the majority of African countries), the demand for women's labour remains in low-skilled jobs, therefore potentially lessening their incentives to invest in higher education compared with men. Instead of reducing gender inequality in these cases, trade liberalization has the effect of reinforcing education disparities<sup>46</sup>.

There is also evidence of a reverse relationship between gender inequality and social development levels, where gender inequality in education affects trade competitiveness. Busse and Spielmann (2006) found that gender inequality in labour force activity rates and educational attainment rates were negatively linked with having a comparative advantage in labour intensive commodities.

Trade liberalization, therefore has the potential to contribute to reducing gender inequalities in education and health levels and, in turn, better human capital is linked with trade competitiveness. However, whether this outcome of trade liberalization materializes seems to largely depend on its net effect on women's employment levels and quality.

### 2.2.2 Women's Political Power

Gender based power hierarchies exist in the household, work place and wider society. It has been argued that trade liberalization and exposure to external norms and modern ways of thinking may lead to attitudinal change towards women, increasing their power and opportunities to participate in society in general and trade in particular.

Indeed, at the household level, new employment opportunities for women in export oriented industries have been associated with increased women's self-esteem, status and bargaining power within the family<sup>47</sup>. In the workplace, there is less evidence of increased women's power as a result of trade liberalization, given that the jobs created for women continue to be dominated by low skill, low wage, temporary and subordinate positions (see Section 2.1.1 above). The opposition of

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(46) «Trade, Skills and Persistence of Gender Gap: A Theoretical Framework for Policy Discussion,» International Gender and Trade Network (7 October 2003), and T. Paul Schultz, «Does the Liberalization of Trade Advance Gender Equality in Schooling and Health?,» Discussion Paper no. 935, Economic Growth Centre, Yale University (May 2006).

(47) S. Amin [et al.], «Transition to Adulthood of Female Garment-Factory Workers in Bangladesh,» *Studies in Family Planning*, vol. 29, no. 2 (June 1998), and Constance Newman, «Gender, Time Use, and Change: The Impact of the Cut Flower Industry in Ecuador,» *World Bank Economic Review*, vol. 16, no. 3 (December 2002).



numerous export industry managers to unionization as well as women's dominance in informal work means that women are most often not reached by union membership and therefore lack the power of collective bargaining (e.g. see *Women Working Worldwide 2007* for the situation in African horticulture industries). At the societal level, openness may contribute to women increasing their political representation levels or their membership of trade and export-related organizations. In Africa, there is evidence of increased women's political representation in parliaments, for example (going up from 10% of parliamentary seats in 1997 to 17% in 2007 for Sub Saharan Africa and from 2.5% in 1990 to 10% in 2007 for North Africa)<sup>48</sup>. However, this is not necessarily linked to trade liberalization and could instead be a result of general socio-political forces calling for change within countries.

While trade liberalization can arguably, therefore, result in improvements in women's political power at different levels of society, there is no concrete evidence that it has done so in Africa. Moreover, given the extremely low base at which African women's political power is currently, significant improvements are unlikely without measures targeted towards this end.

### 3. Trade Liberalization Agreements and Gender Equality in Africa:

Trade liberalization agreements are the method by which countries seek to reduce the barriers to trade and thereby increase trade volumes. Agreements can be multilateral, bilateral or regional, all of which have become increasingly important to African countries. Negotiations between African Regional Economic Communities (RECs) and the EU are also ongoing towards signing the bilateral Economic Partnership Agreement between the EU and African, Caribbean and Pacific countries. Numerous African countries also benefit from preferential market access to Quad<sup>49</sup> markets, also Sub Saharan African countries benefit from the US African Growth and Opportunity Act (AGOA) and the EU Everything But Arms (EBA) scheme. African regional integration is also intensifying, with every African country already a member of one or more intra-African REC.

It is important to note that trade agreements contain rules and measures designed to reduce barriers to trade, which are unlikely to be gender neutral in their consequences. Unfortunately, there is very little gender-disaggregated data or empirical studies on the effects of trade liberalization agreements on women and gender equality. Moreover, different agreements are likely to have differential

(48) *World Development Indicators* (Washington, DC: World Bank, 2007).

(49) The name used at the WTO to describe the four major industrialized-country markets: the US, Canada, the European Union, and Japan.

consequences for various groups of people and therefore analyzing their cumulative effects is impossible. For illustrative purposes of what the effects of trade agreements could be the subsections below will, therefore, look at the main liberalization measures usually undertaken in African countries and what evidence there is of their effects on women.

### **3.1 Trade Liberalization Agreements and Gender Equality in Economic Opportunities**

Measures included in liberalization agreements (whether bilateral, regional or multilateral) usually relate to reductions in tariff and non-tariff barriers (NTBs), government subsidies and other domestic support or to the liberalization of services and investment for example. These are all likely to have differential impacts on women compared with men.

#### **3.1.1 Reduction of Tariff and Non-Tariff Barriers**

Even though theory suggests that multilateral tariff reduction and the removal of NTBs will result in increased exports in sectors where a country has comparative advantages, major barriers remain against real market access for African products, for example, tariff peaks<sup>50</sup>, tariff escalation<sup>51</sup> and NTBs are against the products of interest to African countries and have continued to limit their ability to trade and achieve their export potential. For example, in OECD<sup>52</sup> markets, the trade-weighted, most-favoured-nation tariff for manufacturing exports from developing countries is almost four times that for manufacturing exports from other OECD countries<sup>53</sup>. Quad countries also maintain numerous tariff peaks on industrial products, especially food industry products, textiles and clothing, footwear, leather, automotive products and consumer electronics, some of which are as high as 900 per cent<sup>54</sup>. Many commodity chains also suffer from tariff escalation, mostly at the first stage of processing, which is particularly pronounced in commodity sectors important to many of the poorest African countries such as meat, sugar, fruit, coffee, cocoa, and

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(50) Where specific tariffs are high in relation to average tariff levels.

(51) A tariff structure where the duty on processed goods is greater than on raw materials.

(52) Organization for Economic Co-operation and Development.

(53) Constantine Michalopoulos, *Developing Country Goals and Strategies for the Millennium Round*, Policy Research Working Paper; 2147 (Washington, DC: World Bank, Development Research Group, Trade, 1999).

(54) Erich Supper, «The Post-Uruguay Round Tariff Environment for Developing Country Exports: Tariff Peaks and Tariff Escalation,» in: United Nations Conference on Trade and Development, «A Positive Agenda for Developing Countries: Issues for Future Trade Negotiations,» United Nations, New York and Geneva (2000).

hides and skins<sup>55</sup>. NTBs are another major area hindering African countries' market access mainly due to discretionary measures allowable under WTO rules such as Sanitary and Phyto-Sanitary requirements (SPS), Technical Barriers to Trade (TBT) and Anti-Dumping Measures (ADM). For example, a World Bank study on Ethiopia (2003, Summary Volume, p.19) demonstrates that if SPS requirements were removed, Ethiopian agricultural exports to the EU could increase by as much as 100%. Tariff peaks and NTBs thus inhibit African countries from increasing export volumes in the sectors where they have comparative advantages, and tariff escalation hinders them from increasing value added through increased processing.

Moreover, even though preferential trade agreements have given African countries major market access opportunities, research has shown that supply constraints in African countries' ability to increase production and productivity are often more important than market access. For example,<sup>56</sup> UNCTAD showed how the relative deterioration of Africa's export performance over the 80s and 90s was driven more by poor supply capacity (especially with regard to infrastructure) rather than market access.

On the other hand, opening African domestic markets to cheap agriculture or manufacture imports hurts small-scale farmers and local industries, as most are not able to reduce their transaction costs to remain competitive. Reducing barriers against imported products, together with the continued subsidization of agriculture in developed countries (see section 3.1.2 below), have undoubtedly contributed to the reversal in the direction of agricultural trade observed in recent decades<sup>57</sup>, where African countries have become net importers of (often cheap subsidized) food, having once been net exporters. In a country like Kenya, tariff liberalization led to an increase in rice imports from Asia and the US and to a fall in the price Kenyan rice producers received, which by 2002 was less than half what they had received in 2000<sup>58</sup>. Also, in Senegal, there was a trebling of frozen, pre-cut poultry imports mainly from the EU, leading to a fall of 24% in local production in just two years from 2001 to 2003<sup>59</sup>. After the phasing out of textile export quotas under the WTO

(55) Food and Agriculture Organization (FAO), «The State of Agricultural Commodity Markets,» (2004), and Thomson Fontaine, «End of Quotas Hits African Textiles,» *International Monetary Fund Survey Magazine* (5 July 2007), Retrieved from: <[http://www.imf.org/external/pubs/ft/survey/so/2007/NEW\\_075A.htm](http://www.imf.org/external/pubs/ft/survey/so/2007/NEW_075A.htm)> .

(56) United Nations Conference on Trade and Development (UNCTAD), «Developing Countries in International Trade 2005: Trade and Development Index,» New York and Geneva (2005).

(57) Alongside other important factors such as rapid population growth, changes in food consumption patterns and extremely low agricultural productivity levels in African countries.

(58) «Kicking Down the Door: How Upcoming WTO Talks Threaten Farmers in Poor Countries,» *Oxfam International*, no. 72 (April 2005), p. 31.

(59) Ibid. p. 50.

Agreement on Textiles and Clothing (ATC),<sup>60</sup> exports dipped, several textile factories were shut down, and thousands became unemployed in Lesotho, Swaziland and to a lesser extent Madagascar. Exports fell by an average of 12% during 2005 and another 6% in 2006 and the impact on employment was particularly severe in Swaziland, where more than half of those employed in the sector lost their jobs<sup>61</sup>.

The impact on women producers, in terms of employment levels, income, etc therefore depends on whether they are active in competitive export sectors or uncompetitive import substituting sectors. In the agricultural sector, given that women tend to be small-scale subsistence farmers, together with the inequalities they face in access to resources, makes them more likely to be harder hit by trade liberalization's displacement effects than men. Evidence from Malawi shows that structural adjustment policies, among other factors, disproportionately affected female headed small holder farmer households who were increasingly forced to resort to casual labour, receiving lower rewards than men<sup>62</sup>. In the non-agricultural sector, where women are over represented in temporary and informal employment, they are more likely than men to lose their jobs if closures occur. For example, job loss as a result of trade liberalization under structural adjustment in Ghana was more pronounced in female owned firms (SAPRIN cited)<sup>63</sup>. While some women producers may therefore benefit from expanded export opportunities, negative effects of import competition may dominate, leading to negative aggregate effects for the majority of women producers.

In terms of women consumers, the effects are likely to be more favourable due to the increased availability of cheap imported products, reducing the cost of their basic basket of commodities and increasing their choice of products. In the case of South Africa, tariff reductions between 1995 and 2004 were found to have had absolute welfare gains for both male and FHHs, as all were paying less for the goods they consumed – albeit with FHHs benefiting less than male headed ones due to the difference in the goods they consumed. However, the relationship between import prices and consumer prices can be ambiguous in developing countries, as when a few large importers control the market, consumers have often been found not to see the benefits of lower-cost imports<sup>64</sup>.

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(60) On the 1<sup>st</sup> January 2005.

(61) Fontaine, «End of Quotas Hits African Textiles».

(62) Martin Whiteside, «Ganyu Labour in Malawi and its Implications for Livelihood Security Interventions: An Analysis of Recent Literature and Implications for Poverty Alleviation,» ODI Agricultural Research and Extension Network (January 2000), network paper no. 99.

(63) M Williams, «The WTO Negotiations on Non-Agricultural Market Access, Gender and the Removal of Industrial Tariffs,» International Gender and Trade Network (July 2005).

(64) «Kicking Down the Door: How Upcoming WTO Talks Threaten Farmers in Poor Countries».

Tariff liberalization may benefit women producers through export employment opportunities and women consumers through cheaper import prices. However, the current political economy of trade characterized by major barriers against African exports together with the constraints African women face in increasing production and productivity may prevent these positive effects from materializing for the majority of women producers. Instead, increased import competition may have a disproportionate effect on them due to the vulnerable types of employment in which they tend to dominate.

### 3.1.2 Reduction or Elimination of Subsidies and Domestic Support

Despite the multilateral reduction of subsidies in recent decades support remains high in developed countries, especially in the case of agriculture, and is depressing world commodity prices and limiting exports from African countries. Support is particularly high for products of interest to African countries such as rice, sugar, milk, wheat and meat<sup>65</sup>. This is estimated to depress international commodity prices by about 5 percent on average and suppress agricultural output growth in developing countries<sup>66</sup>.

Any future multilateral reduction of subsidies and domestic support in the sectors of interest to African countries are therefore likely to benefit African women producers through better market access and competitiveness – but may hurt consumers through an initial increase in prices. This is particularly the case for the agricultural sector where most subsidies and domestic support are concentrated<sup>67</sup>, full trade liberalization is estimated to increase international commodity prices on average by 5.5 percent for primary agricultural products and 1.3 percent for processed foods. The effect on women will therefore depend on whether they are net food producers or consumers. Any change in price will therefore produce gainers and losers among poor women. However, given the collapse of the Doha round and the presence of the other existing barriers to developing country products, these expected benefits to African women producers and initial costs to consumers are unlikely to materialize in the near future.

On the other hand, commitments made by African countries to bind or reduce

(65) FAO «The State of Agricultural Commodity Markets,» and Thomson Fontaine, «End of Quotas Hits African Textiles».

(66) World Bank, «Agriculture for Development».

(67) Kym Anderson, Will Martin and Dominique van der Mensbrugghe, «Distortions to World Trade: Impacts on Agricultural Markets and Farm Incomes,» *Review of Agricultural Economics*, vol. 28, no. 2 (2006), pp. 168-194.

their own subsidies and domestic support to productive sectors<sup>68</sup> may limit their future ability to intervene in promoting and protecting women's participation in production and exporting. Even though, most African countries already have low or nonexistent domestic support and subsidy levels due to lack of resources, and are therefore largely unaffected by having to reduce them, liberalization agreements may preclude them from adopting any such measures in the future. In the agricultural sector, under the WTO framework, African countries can continue applying development measures supporting resource poor women farmers such as the provision of agricultural input subsidies. Product specific domestic support constituting less than 10% of the value of a country's total agricultural production<sup>69</sup> can also remain. On the other hand, domestic support considered trade distorting, such as subsidies linked to production levels or investment in agricultural processing, price guarantees, government marketing, etc<sup>70</sup>, are subject to binding commitments for all countries and reductions for non-LDCs. Moreover, subsidies on exports of agriculture products are largely disallowed<sup>71</sup>. In the non-agricultural sector, subsidies and investment incentives to industry, such as tax incentives to investors or exporters, are also subject to binding commitments for all countries and reductions for non-LDCs. This may therefore preclude governments from providing incentives to women producers, entrepreneurs or exporters in the future towards increased productivity or exporting.

In those African countries required to reduce subsidies and domestic protection (i.e. non LDCs), the effects are likely to be detrimental to poor farmers, the majority of whom are women. Tanzania's past experience, for example, shows that the reduction of agricultural subsidies and price and marketing liberalization during the structural adjustment programme were associated with a decline in coffee production, output and quality due to smallholders inability to purchase inputs<sup>72</sup>. Such reforms were also associated with a serious loss of income to smallholder maize farmers in Zambia<sup>73</sup>. The reduction of protective measures for domestic farming in African countries (be they tariff, non tariff or domestic support measures) imposes challenges to national governments on how to compensate the loss of population

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(68) Mainly required by the WTO Agreement on Agriculture (AoA), the Non-Agricultural Market Access (NAMA) Agreement and the Agreement on Subsidies and Countervailing Measures (ASCM).

(69) Or the «de minimis» support level allowed for developing countries under the AoA.

(70) Considered «Amber Box» measures under the WTO AoA.

(71) In the ASCM, except as provided for in the AoA.

(72) John Baffes, «Tanzania's Coffee Sector: Constraints and Challenges in a Global Environment.» Washington DC, World Bank (29 May 2003).

(73) Oxfam-Ids, «Liberalization and Poverty: Zambia Case Study,» (1999).

groups, including poor women, harmed by external shocks and market reforms at the precise time when this compensation is most needed.

### Box 3

#### The Effects of Agricultural Liberalization on Kenya's Dairy Industry

Kenya's dairy industry is the largest in Sub Saharan Africa, providing a livelihood to hundreds of thousands of Kenyan women. The sector has a herd of about 13 million dairy cattle and milk production is in excess of 2.8 billion litres per year – a quantity that should make Kenya self-reliant in milk and milk products. Dairy production in Kenya is an important source of livelihood for about 600,000 small-scale farmers, with women forming the majority of workers right from the farm to the processing factory. Within the smallholder farm, the woman's role includes the unpaid duties of cutting and preparing fodder, milking the cows and finally ensuring the delivery of milk to the collection and storage points. Milk processing factories also employ women to carry out the often low-paid low-skilled labour of processing and packaging of milk products.

Like most other developing countries, Kenya initiated a series of liberalization measures in the 1980s and 1990s. Most «trade-distorting» subsidies were either eliminated or brought down to minimum levels and producer and consumer milk prices decontrolled.

This led to the collapse of government subsidized agricultural marketing boards and farmers' associations, which offered dairy farmers low-interest credit facilities and marketing information. The sector has since seen a decline in the quantity of processed milk production, by an average of 63% since 1993. Out of the 2.8 billion litres of milk Kenya produces annually, it only processes between 600,000 and 800,000 litres, way below its 1.5 million litres capacity. This has been blamed on inadequate information about market and pricing and the above mentioned reduced role of farmer training centres.

Moreover, an analysis of dairy product imports and exports over the last 14 years indicate that the country has become a net importer. Exports remain lower than in the 1980s and early 1990s, even after taking into account the persistent droughts of 1999 - 2001. At the same time, there has been an upsurge of cheap imports of dry milk powder mainly from the EU and New Zealand into Kenya owing to the low domestic output of processed milk.

There is a lack of empirical evidence as to the specific effects of the decline of the dairy industry on women. However, given women's dominance in dairy production and employment, they arguably stand to suffer the most if the industry was to collapse.

**Source:** Elijah Wachira, «The Negative Impact that Agriculture Rules on Trade and Finance have on Women, Families and Communities: The Dairy Industry in Kenya: A Case Study,» Gender and Trade Network in Africa (GENTA) (2006), < [http://web.igtn.org/home/index.php?option=com\\_docman&task=doc\\_download&gid=486&&Itemid=6](http://web.igtn.org/home/index.php?option=com_docman&task=doc_download&gid=486&&Itemid=6) -> .

The effect of multilateral subsidy and domestic support reduction by developed countries is likely to benefit African women producers, through higher prices and demand for their products while this may be detrimental to women consumers. On the other hand, subsidy and domestic support reduction by African countries is likely to have a detrimental effect on women as governments will be inhibited in their ability to provide incentives and support to many women producers and entrepreneurs.

### 3.1.3 Other Policy Liberalization Measures

Other liberalization measures usually required, particularly in multilateral trade agreements include the protection of intellectual property (IP) and the liberalization of services and investment, whose effects are again unlikely to be gender neutral.

While the protection of intellectual property, enshrined in the Agreement on Trade-Related Intellectual Property Rights (TRIPS), is important to promote innovation and investment in research and development, it could also have negative consequences in areas important to women such as the protection of traditional knowledge and plant varieties. Due to the lack of knowledge and IP protection system in developing countries, firms have been able to patent traditional knowledge and plant varieties, without sharing the benefits of commercialization with local communities, restricting their access to them in the future. This is likely to have more of an impact on women than men due to the feminization of agriculture. When corporations use their patents on plant varieties and seeds to dominate markets they monopolize what was previously community owned knowledge and restrict women's access to it. Patents on seeds and micro organisms, for example, increase the cost of seeds and fertilizers, which put resource poor farmers, many of whom are women, at a severe disadvantage<sup>74</sup>.

Although increased competition from the liberalization of services may lead to lower prices, increased choices and better quality services for women consumers, it may also lead to exposing women in the formal and informal service sector to increased competition from foreign service providers. Even though the liberalization of trade in services may increase export opportunities for women entrepreneurs, it may also increase the competition they face<sup>75</sup>. In addition, there is considerable evidence that the liberalization of basic services, such as education and health, without addressing equitable access concerns, often leads to more expensive services, disproportionately affecting women given their role in family care. Cost recovery programmes introducing user fees in countries such as Ghana, Kenya and Nigeria, led to price increases for health services and to a decline of up to 50 per cent in the use of medical services<sup>76</sup>. Moreover, when services become more expensive women are

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(74) Julia P. Clones, «Gender and International Trade in the Context of Pro-Poor Growth: Concept Paper,» (June 2003), < <http://siteresources.worldbank.org/EXTAFRREGTOPGENDER/Resources/GIntTrade.pdf> > .

(75) Julie R. Weeks, «International Trade Opens New Doors for Women Entrepreneurs,» *Economic Reform Today*, no. 3 (1999).

(76) «Trading Health Care Away? GATS, Public Services and Privatisation,» Corner House, London, (2001), < <http://www.thecornerhouse.org.uk/pdf/briefing/23gats.pdf> > .



more likely to compensate by producing the service themselves e.g. care for the elderly, therefore increasing their unpaid work burden or by reducing consumption. In terms of financial service liberalization, research has not found evidence that liberalizing financial markets will expand women's opportunities for saving and credit as the institutional barriers discriminating against women's access persist even after markets are liberalized<sup>77</sup>.

The liberalization of investment, such as under the WTO agreement on Trade-Related Investment Measures (TRIMS), is also likely to affect women through reducing the ability of governments to apply local content and other rules to ensure the employment of women by foreign investors. Proponents of liberalizing foreign direct investment (FDI) would argue that it would automatically benefit women through its effects on enhancing economic growth, employment and the transfer of technology. However, there is no evidence of such an effect automatically materializing in developing countries without regulatory policies to ensure development friendly FDI<sup>78</sup>.

Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT) requirements also discriminate against women, as they are the least likely to be able to comply with them. Women's lack of access to capital, technology, market information and business development schemes coupled with their low education levels makes it more difficult for them to access and understand the technical information required. For example, Ugandan women involved in horticulture have difficulty meeting the European Union's environmental regulation as they have less access than men to the required information (Sengendo and Tumushabe 2003).

The cumulative evidence in the three previous sections therefore indicates that the effect of a trade liberalization agreement on women in different African countries and sectors will differ depending on various factors; whether they are producers or consumers, which commodity they produce, what type of employment they hold, etc. It will also depend on the specific commitments and requirements of the liberalization agreement. This underscores the importance of undertaking gender analyses of trade agreements' impacts in order to inform and

(77) Sally Baden, «Gender Issues in Financial Liberalization and Financial Sector Reform.» Topic paper prepared for Directorate General for Development (DGVIII) of the European Commission, *Bridge Development-Gender Report*, no. 39 (June 1996), and S. Gammage and Y. C. Jumelle, «Framework for Gender Assessments of Trade and Investment Agreements,» Women's EDGE, Global Trade Program, Washington, DC, 2002.

(78) *Making Global Trade Work for People* (London Sterling, VA: Earthscan, 2003).

implement policies that maximize the benefits and minimize the costs to women and contribute towards improving gender equality (see Box 4 below, for an example of such an analysis).

#### Box 4

##### Analyzing Trade Liberalization's Effect on Women in South Africa

Computable General Equilibrium (CGE) models are one of the methods used to assess the impacts of liberalization on different groups of women.

In the case of South Africa Thurlow (2006) used simulations to estimate the effects of the government's programme of liberalization<sup>(1)</sup> on the labour market. The results indicated that women were most severely affected by import competition, especially in the textile and food sectors. However, when rising productivity and the spillovers from growth were included in the analysis, the growth rate in female employment almost doubles. Moreover, there is a pronounced decline in the gender wage gap, but this is driven by higher-skilled workers.

Liberalization was found to result in an overall decline in poverty, albeit only marginally but poverty amongst female-headed households was found to increase in the short-run, especially in urban areas. This result was driven by high and rising female unemployment, especially amongst urban Asian and Coloured households, who were more likely to be engaged in the textiles sector. The findings indicated that trade liberalization benefited higher-income households, who were more endowed with capital and skills than lower-income households. Low-income households face considerable unemployment and were therefore disconnected from the main benefits of trade liberalization.

The study concluded that men and male-headed households were more likely to benefit from further liberalization. Female workers were more likely to be unemployed or unskilled, and hence experience smaller increases in factor incomes as a result of trade liberalization. The key sectors adversely affected by tariff reductions were food and textiles which shed primarily female workers who moved into lower paying jobs in agriculture and services. As a result, income inequality between men and women at the lower end of the income distribution worsened.

(1) Including tariff reduction, the removal of quantitative restrictions, phasing-out export incentives, and reducing the number of tariff lines and applied rates.

**Source:** James Thurlow, «Has Trade Liberalization in South Africa Affected Men and Women Differently?», *USAID Research Brief* (May 2006).

### 3.2 Trade Liberalization Agreements and Gender Equality in Social Capabilities and Political Agency

#### 3.2.1 Social Expenditure

Import tariff reductions are likely to lead to lower levels of government revenues and consequently less social expenditure on areas such as health, education and safety nets, which would have detrimental effects on women. African countries are particularly dependent on tariff revenues. Where tariff reforms have already been undertaken in Sub Saharan Africa, this resulted in a fall in public investment. Re-

ductions in public spending in education and health can lead to reversals in human development levels e.g. in the case of Tanzania where the literacy rate went down from 85% in the 70s and 80s to 68% in the 1990s<sup>79</sup> As women are often amongst the most vulnerable, they may be most affected by such cuts. For example, the introduction of user fees for health services was associated with higher child mortality, sexually transmitted diseases and maternal deaths in several African countries<sup>80</sup>. As Boheene argues, «*When prohibitive health costs result in home care for the ill, it is women who tend to shoulder most of the burden of caring for the sick. When, in the context of reduced family income, a choice has to be made with regards to education, it is usually the female child who had to drop out of school for the male child to continue*». This removal of safety net support to poor women often comes at the time when they needed it the most, to cushion them against the adjustment costs of trade liberalization.

Tariff reductions may therefore lead to falls in government revenues and in turn in social expenditure, which is likely to disproportionately affect women. Of course these revenues could be replaced by other taxes or, in the long term, by revenues from export expansion. However, to ensure that reversals in human development and gender equality do not occur in the interim, tariff reforms need to be appropriately sequenced and mitigating measures undertaken.

### 3.2.2 Women's Participation in Trade Policy Formulation

The participation of women in the negotiation of trade agreements and in the *ex-ante* and *ex-post* assessments of their impact can help ensure that they maximize the benefits to African women and that mitigating measures are put in place to minimize the costs. Some African RECs have already taken concrete actions towards increasing women's participation in trade reforms. For example, the COMESA<sup>81</sup> Gender Mainstreaming Strategy and Gender Action Plan (2008-2012), guided by their purpose to «*Harness women as a resource and to address gender inequalities in order to increase COMESA's competitiveness*», contain specific actions to promote gender equity in decision-making organs of the COMESA Secretariat and member states, to promote the participation of women in the policy formulation

(79) Ann Whitehead, «The Gendered Impacts of Liberalisation Policies on African Agricultural Economies and Rural Livelihoods,» Background paper prepared for the UNRISD Report «Gender Equality: Striving for Justice in an Unequal World» Geneva.

(80) «Trading Health Care Away? GATS, Public Services and Privatisation,» the Corner House, and K. A. Boheene, «Tariff Reduction,» in: Non-Agricultural Market Access,» *GERA Links*, Quarterly Newsletter of the Gender and Economic Reforms in Africa Programme, Third World Network-Africa (July 2005).

(81) Common Market for East and Southern Africa.

process<sup>82</sup>, and to build the capacity of women entrepreneurs to better access regional and global markets.

Given the multiple ways in which trade liberalization can affect women in Africa, it is therefore important that African women can participate in shaping the agreements that will have such a profound effect on their lives.

#### 4. Conclusion and Policy Recommendations

This paper aimed to identify the mechanisms through which trade liberalization may affect gender equality and vice versa, specifically looking at the likely effects and available evidence in the case of Africa. The paper attempted to disentangle the effects of different aspects of trade liberalization on gender equality and, therefore, differentiated between increased trade volumes, i.e. export and import levels, and between trade liberalization agreements, including measures such as tariff and subsidy reductions.

This task was severely hampered by the lack of gender-disaggregated data and empirical studies for African countries on the role of women in production and trade or on the effects of trade liberalization on women. This data unavailability considerably restricts the conclusions that can be arrived at in terms of the overall effects of trade liberalization on women in African countries. Nonetheless, some conclusions can be made in terms of the mechanisms through which the relationship between trade liberalization and gender equality manifests itself.

The analysis suggested that increased trade volumes could have mixed effects on gender equality, mainly depending on whether this trade expansion is related more to higher export or import levels. Conversely, gender equality could impact on trade volumes depending on women's capacities to contribute to and benefit from trade opportunities.

In terms of trade liberalization and gender equality in economic opportunities, four main mechanisms were outlined through which this relationship can manifest itself:

1. Trade liberalization could impact on women's *employment levels and quality* through increasing employment opportunities in the export sector. On the other hand, higher import levels can lead to a contraction in women's employment opportunities. The evidence particularly suggests that where trade liberalization leads

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(82) Through the Federation of National Associations of Women in Business (FEMCOM) from COMESA countries.

to adjustment costs, it is women who appear to disproportionately bear them. The net effect of trade liberalization on gender equality in employment in Africa is therefore likely to depend on the net balance between these expansionary and contractionary consequences in the sectors where women are most active. Furthermore, new employment opportunities created for women in export sectors are often of lower quality than men's, reinforcing the patterns of discrimination in the workplace. Improving gender equality in employment, therefore, does not only depend on whether trade creates more jobs for women but also on the quality of the jobs created.

2. The effects of trade liberalization on *gender wage equality* and vice versa are unclear due to the inconclusive nature of theory and evidence. Available information in some sectors suggests that while export expansion has created new jobs for women in Africa, the types of jobs created may continue to reinforce gender wage disparities rather than narrowing them.
3. Women's *lack of access to productive resources* was found to inhibit their productivity, especially in the agricultural sector. While there is no empirical evidence looking at the relationship between women's productivity and trade liberalization, such obstacles to women's productivity are likely to be inhibiting their ability to benefit from trade expansion as well as constraining them in contributing to aggregate production and export levels.
4. The evidence indicated that women's *unpaid work burden* is another factor inhibiting their ability to contribute to and benefit from trade liberalization opportunities. Women are often unable to engage in productive opportunities created by export expansion due to unpaid responsibilities. Those who do so increase their double burden, often affecting their health and well-being. Furthermore, where liberalization involves adjustment costs, this appears to disproportionately affect women's unpaid work burden.

Mechanisms were also identified linking trade liberalization and gender equality in social capabilities and political agency. Firstly, trade liberalization arguably has the potential to contribute to reducing gender inequality in health and education levels through increasing women's income and expenditure shares. In turn, better human capital has been linked to trade competitiveness. However, whether these effects materialize seem to largely depend on the net effect of trade liberalization on women's employment levels and quality. Secondly, while trade liberalization can result in improvements in women's political power at different levels, through increased exposure to external ways of thinking, there is no concrete evidence that this has materialized in Africa.

The evidence also suggests that trade liberalization agreements can have mixed effects on gender equality. Trade agreements contain rules and measures designed to reduce barriers to trade, whose effects are unlikely to be gender neutral. Unfortunately there is very little data or empirical studies on the effects of trade liberalization agreements on women and gender equality. Therefore, the paper concentrated on the main liberalization measures usually undertaken and what evidence there is of their effects on African women. For example, multilateral tariff liberalization was looked at. It was found that women consumers are likely to benefit through cheaper import prices. The effect on women producers is more doubtful given the existing market access barriers against increasing African exports and women's supply constraints in increasing production and productivity. Instead, increased import competition is likely to have a disproportionate effect on women due to the vulnerable types of employment in which they dominate. Subsidy and domestic support reductions in African countries may also have a detrimental effect on women as governments are constrained in their ability to provide incentives and support to many women producers and entrepreneurs. Other liberalization measures such as services and investment liberalization and intellectual property protection can also have positive or negative impacts on different groups of women depending on which sector they are active in and their capacity levels. For the majority of poor women, however, it is likely that they will be vulnerable to exposure to increased competition and may face detrimental impacts if mitigating measures are not put in place to support them. The effect of trade liberalization agreements on women in different African countries and sectors will therefore differ depending on various factors; whether they are producers or consumers, which commodity they produce, what type of employment they hold, etc.

Mechanisms were also found linking trade liberalization agreements with social and political gender equality. Tariff reductions may lead to falls in government revenues and in turn in social expenditure levels, which is likely to disproportionately affect women. These revenues could be replaced by other taxes or, in the long term, by revenues from export expansion but in the interim, women may be detrimentally affected in the absence of mitigating safety nets. In terms of the effect on women's political power, this will depend on whether women are given the opportunity to participate in shaping the trade agreements that will have such profound effects on their lives.

While the evidence above suggests that the relationship between trade and gender in Africa is complex and context specific, the effects of trade liberalization are rarely gender neutral in terms of achieving women's rights and gender equality and vice versa. Trade liberalization has been associated with expanded opportu-

nities for African women while it has also often been associated with adjustment costs that disproportionately affect women. Conversely, gender inequalities have also been associated with reduced productivity and economic growth outcomes in Africa and are therefore likely to impact trade competitiveness.

Further empirical analysis of this two-way relationship in different African countries is therefore essential to informing and designing win-win policies that can both improve gender equality and trade competitiveness outcomes. This includes the *ex-ante* and *ex-post* impact assessment and empirical research of trade liberalization and its relationship with gender equality as well as collecting sex-disaggregated data on women's role in production and trade performance.

As for policy recommendations on how to improve women's capacity to contribute to and benefit from trade, we can classify them into four categories: labour-related policies, increasing women's access to productive resources, gender-sensitive trade policies and other social policies unrelated to trade.

**Firstly**, in terms of labour-related policies, the enactment and enforcement of anti-discrimination labour laws, in line with ILO conventions is important to improving gender equality in the workplace. To strengthen women's position, such policies need to include enabling both women and men need to join trade unions and bargain collectively; extending labour laws to benefit temporary and home-working contracts; and strengthening laws and policies on sexual harassment, health and safety at work, maternity and childcare. Social protection systems also play a major role in contributing to gender equality through unemployment benefits and social protection for the poor, the majority of whom are women. Recognizing women's unpaid work contribution and compensating them through social protection, for example offering childcare support, will decrease their work burden and enable them to spend time more productively. Attention is particularly needed in the informal sector, where a major proportion of women are active. Efforts to reduce administrative and regulatory barriers, promote tax reform that can lift burdens on smaller enterprises, and generalize access to social security, pensions and health-benefits can greatly affect the conditions of women's employment and enhance their security.

**Secondly**, addressing the issue of women's unequal access to economic resources will contribute to increasing their productivity and ability to take advantage of export opportunities. Enhancing the control of female farmers over productive resources such as land, credit, agricultural inputs and market information is particularly important to increasing productivity in African countries. In the non-agricultural sector, policies to enhance women's access to training, technology and

finance and supporting women entrepreneurs and exporters to meet international export standards are also paramount to improving export competitiveness and maximizing benefits to women.

**Thirdly**, gender-sensitive trade policies are needed to ensure that trade agreements maximize the benefits and minimize the costs to gender equality. Undertaking gender impact analysis of trade reforms is crucial to inform the formulation of effective trade policies. In this regard, better sex-disaggregated data and statistics to inform policy are paramount. Another way to ensure gender-sensitive trade agreements is to increase women's participation in their formulation. Addressing the gender imbalance in the leadership of organizations engaged in trade and trade related issues is a key measure in this regard. Learning from participatory approaches to policy making in order to put poor and marginalized women's concerns onto trade policy makers' agendas is also important.

**Finally**, policymakers need to consider a broad range of social policies unrelated to trade if both women and men are to reap the full benefits of trade liberalization. Particularly policies addressing inequalities in skills acquisition are likely to have a major impact. As long as women remain less qualified than men they are likely to remain in lower paying, less secure jobs, even if better jobs become available through trade liberalization.

Trade liberalization in Africa creates both opportunities to contribute to improving women's welfare and gender equality as well as challenges that may reinforce inequalities in women's economic opportunities, social capabilities and political agency. In order to maximize the benefits and minimize the costs, further empirical research and analysis of this relationship in African countries will be a big step forward.