



MERCOSUR

TEACHING MATERIAL ON
TRADE AND GENDER

VOLUME 1: UNFOLDING THE LINKS

MODULE 4C

TRADE AND GENDER LINKAGES: AN ANALYSIS OF MERCOSUR



Teaching Material on
TRADE AND GENDER

Volume 1

Unfolding the links

Module 4c

*Trade and Gender Linkages:
An Analysis of MERCOSUR*



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4c

MODULE 4c

Trade and Gender Linkages: An Analysis of MERCOSUR

1. Introduction

This document is the sixth module in Volume 1 of the teaching manual on trade and gender prepared by the United Nations Conference on Trade and Development (UNCTAD).¹ The teaching manual has been developed with the intention of enhancing the capacity of policymakers, civil society organizations, and academics to evaluate the gender effects of trade and trade policy and formulate gender-equitable policies.

Modules 1 to 3 in Volume 1 provide a conceptual analysis and an empirical review of the relationship between gender and trade. Module 1 explains the meaning of the economy as a gendered structure, and introduces key indicators to measure the multiple dimensions of gender inequality. It also provides basic definitions and tools to measure trade and understand the gender-trade nexus. Module 2 presents the transmission channels through which trade impacts women in their roles as workers, consumers, producers, traders, and taxpayers. Module 3 discusses the reverse relationship by examining how gender inequalities affect export competitiveness and trade performance.

These three modules have been followed by the development of additional teaching material to illustrate how the framework presented in Modules 1 to 3 can be applied to examine the specific circumstances and institutions of individual world regions. Module 4 examines the Common Market for Eastern and Southern Africa (COMESA); Module 4a focuses on the East African Community (EAC); and Module 4b centres on the Southern Africa Development Community (SADC).

The present study, Module 4c, applies the analytical grid developed in Modules 1 to 3 to the countries of the Southern Common Market (*Mercado Común del Sur* - MERCOSUR), South America's largest trading bloc and the world's fourth largest trading bloc (trailing the European Union, the North American Free Trade Agreement, and the Association of Southeast Asian Nations). MERCOSUR is currently comprised of four countries: Argentina, Brazil,

Paraguay, and Uruguay. Module 4c starts with a brief review of the institutional developments of MERCOSUR and the recent socio-economic performance of the MERCOSUR countries. It then moves to an examination of the gender profiles of the MERCOSUR countries, which consists of an evaluation of men's and women's participation in the economy, access to resources, and achievements in terms of well-being. This analysis is complemented with a review of the institutional and policy efforts that have been undertaken in the region to mainstream gender. The module continues with a descriptive analysis of trade and trade policy in MERCOSUR (with a focus on progress in engendering trade policy) and an empirical estimation of the impact of trade flows and trade liberalization on female employment in the MERCOSUR countries using both macro and micro data.² The last section concludes and discusses the policy implications of the analysis.

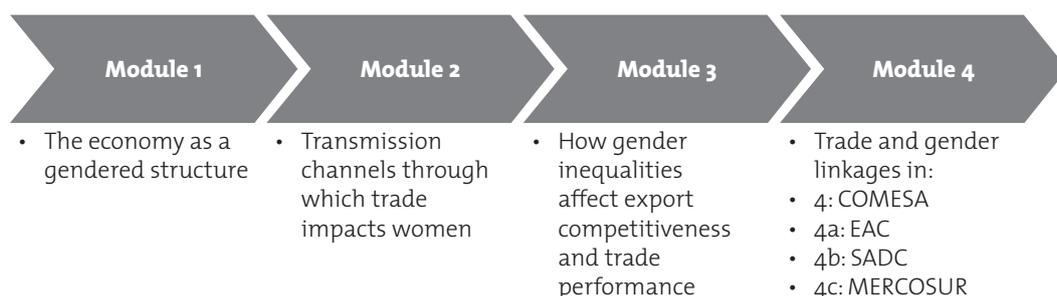
At the end of this module, students should be able to:

- Interpret and apply various indicators of gender inequalities to MERCOSUR
- Identify the interactions between trade and gendered economic outcomes
- Understand the methodology to evaluate the impact of trade integration on female employment
- Interpret the empirical findings on gender and trade to design gender-equitable policies.

1.1. The institutional development of MERCOSUR

MERCOSUR was founded on March 26, 1991 with the signing of the Treaty of Asunción, which aimed to establish a common market between Argentina, Brazil, Paraguay, and Uruguay.³ The formation of a common market was to set to begin on January 1, 1995 and to be completed by 2006 (Coffey, 1998).

The trade bloc was expanded under the Treaty of Ouro Preto on December 17, 1994, which updated the Treaty of Asunción and formalized the establishment of a customs union.^{4,5}



The creation of MERCOSUR was based on both economic and political considerations. Regional integration, in fact, aimed to signal the belief in the importance of both democracy and economic development to promote better living conditions for the population. This commitment entailed common initiatives not only for free trade, but also to support infrastructure, telecommunications, technological development, security, environmental quality, and human rights.

Venezuela was admitted as a member in 2012, but was suspended on December 1, 2016 due to failure to comply with the group's standards on trade and human rights.⁶ Bolivia has been in the process of becoming a member of MERCOSUR since 2012.⁷ Bolivia, Colombia, Ecuador, and Peru (i.e., the Andean community) and Chile are currently associate members of MERCOSUR. This means that they receive tariff reductions and are eligible to participate in free trade agreements with the other countries of the bloc, but they have no voting rights and remain outside the bloc's customs union.⁸ In July 2013, Guyana and Suriname acquired associate status as well by concluding framework agreements with MERCOSUR. Mexico holds the status of an observer state, indicating its willingness to follow the developments of MERCOSUR and potentially join in the future.

MERCOSUR became an effective international organization in December 1994 with the entry into force of the Protocol of Ouro Preto, which established the institutional structure of the organization and endowed it with legal status. The Common Market Council (CMC), the Common Market Group (CMG), and the Trade Commission constitute the main decision-making entities of the organization.

The CMC is the highest decision-making body and is in charge of formulating and implementing the decisions of MERCOSUR. The CMC is composed of the Ministers of Foreign Affairs and the Ministers of the Economy (or their equivalents) of the member countries. The presidency of the CMC rotates among its members (in alphabetical order) every six months. The CMG has executive power and issues and enforces the decisions of the CMC. The CMG is composed of four permanent members and four alternate members per country, appointed by their respective governments. Governments are required to appoint representatives of the Ministry of Foreign Affairs, Ministry of the Economy (or equivalent authorities), and the Central Bank. The Trade Commission, in contrast to the other governing institutions, has more technical competencies. It is responsible for advising and implementing the common trade policy. It is composed of four permanent

members and four alternate members from the member countries, coordinated by the Ministries of Foreign Affairs (UNCTAD, 2003). MERCOSUR also includes a Parliament (known as PARLASUR), which aims to represent the interest of the citizens of the member countries and holds an advisory role for the decision-making entities.

MERCOSUR requires members to maintain free trade of goods and services between member countries. Any change to trade policies requires the consensus of the other members, but countries can ask that certain products be exempted in order to protect local industries. MERCOSUR countries are also subject to a common external tariff (CET), which indicates the tariff level members apply to non-member or associate countries.⁹ In addition to economic requirements, MERCOSUR requires that its members maintain democratic institutions. Since 2002, MERCOSUR also guarantees a "free residence area" that allows the citizens of its members (joined by Bolivia and Chile) to become residents and workers in the participating countries without a visa. MERCOSUR members are also required to comply with a series of agreements that aim to coordinate macroeconomic and sectoral policies among member countries to facilitate commerce and ensure equal competition.¹⁰

After substantial progress in trade liberalization in the 1990s—leading trade within the bloc to grow from about US\$4 billion in 1990 to over US\$20 billion in 1998—the expansion of MERCOSUR experienced setbacks due to economic shocks, intra-bloc trade disputes (especially between Argentina and Brazil), and political changes. The Brazilian currency devaluation in 1999 and the Argentine economic crisis in 2001–2002 put a halt to the process of economic integration. The impact of these economic crises was aggravated by mutual disagreements between Brazil and Argentina on trade policy. Trade policy contention between the two countries has been a recurrent issue since the formation of MERCOSUR, and was again an acute issue during and following the 2008–2009 global financial crisis.¹¹ In addition, between 2000 and 2015 the elected governments of the member countries regularly disagreed on the speed and benefits of trade liberalization. As MERCOSUR's decision-making is institutionally based on consensus among its member countries, any member holds veto power. Internal political disagreements inevitably slowed the expansion of MERCOSUR.¹² It is important to add that, as of 2018, major political instability in both Brazil and Paraguay constitute important threats not only for the economic development and democracy of these countries, but also for the future prospects of MERCOSUR.

Since 2015, MERCOSUR has shown a trend in favour of revitalizing (or initiating) negotiations towards trade liberalization with external trading blocs and countries, including Japan, Canada, the Pacific Alliance (i.e., Chile, Colombia, Mexico, and Peru),¹³ the European Free Trade Association (Iceland, Liechtenstein, Norway, and Switzerland), and the European Union. The most advanced negotiations are with the European Union, which currently holds bilateral partnership and cooperation agreements with the four members of MERCOSUR¹⁴. The negotiations have been under way (with multiple interruptions) since the 1990s and – as of January 2018 – are expected to lead to a trade deal in 2018.¹⁵

Because the member countries of MERCOSUR exhibit important differences in their level of development, in 2005 the member countries approved the establishment of the MERCOSUR Structural Convergence Fund to address these disparities. The fund finances a wide range of projects that support regional development, including (as examples) roads, energy infrastructure, sanitation facilities, incentives for small enterprises, housing, and education. The formation of the Structural Convergence Fund indicated that MERCOSUR has a broader vision of integration, which led to the development of new institutions, such as the MERCOSUR Social Institute and MERCOSUR Public Policies on Human Rights (among others) (European Commission, 2007).

Since the early 2000s, MERCOSUR has turned towards gender mainstreaming, which acquired institutional representation in 2011 with the creation of the MERCOSUR Meeting of Female Ministers and Highest-Level Authorities on Women (RMAAM). The RMAAM is composed of government representatives with expertise on gender issues appointed by the member countries. Its mandate is advisory, including the authority to issue recommendations on policy interventions in areas related to gender (Fernós, 2010; Carballo de la Riva and Echart Muñoz, 2015).¹⁶ A gender analysis of the institutional framework and economic outcomes of MERCOSUR and its member countries is the focus of Section 2.

1.2. Socio-economic overview of the member countries of MERCOSUR

Figure 1 presents a map of the MERCOSUR member countries, including the following key socio-economic indicators: GDP, GDP per capita, population, population density, the Gini index (the most commonly used measure of inequality), and the poverty headcount ratio.¹⁷ As shown in the figure, there are remarkable differences

across the various dimensions between the member countries. Brazil is by far the largest economy of MERCOSUR, and it is also the most populous country and the one with the highest population density. The second largest economy in MERCOSUR is Argentina, whose economic size and population level are both about one-fifth of that of Brazil. Despite being the smallest country in the region, Uruguay is the richest country based on GDP per capita. Uruguay is the third largest economy, although its economy is much smaller than that of both Brazil and Argentina (Uruguay's GDP is about 2 per cent of Brazil's and 10 per cent of Argentina's). Finally, Paraguay is the smallest country in the region in terms of both GDP and population and is also the country with the lowest GDP per capita.

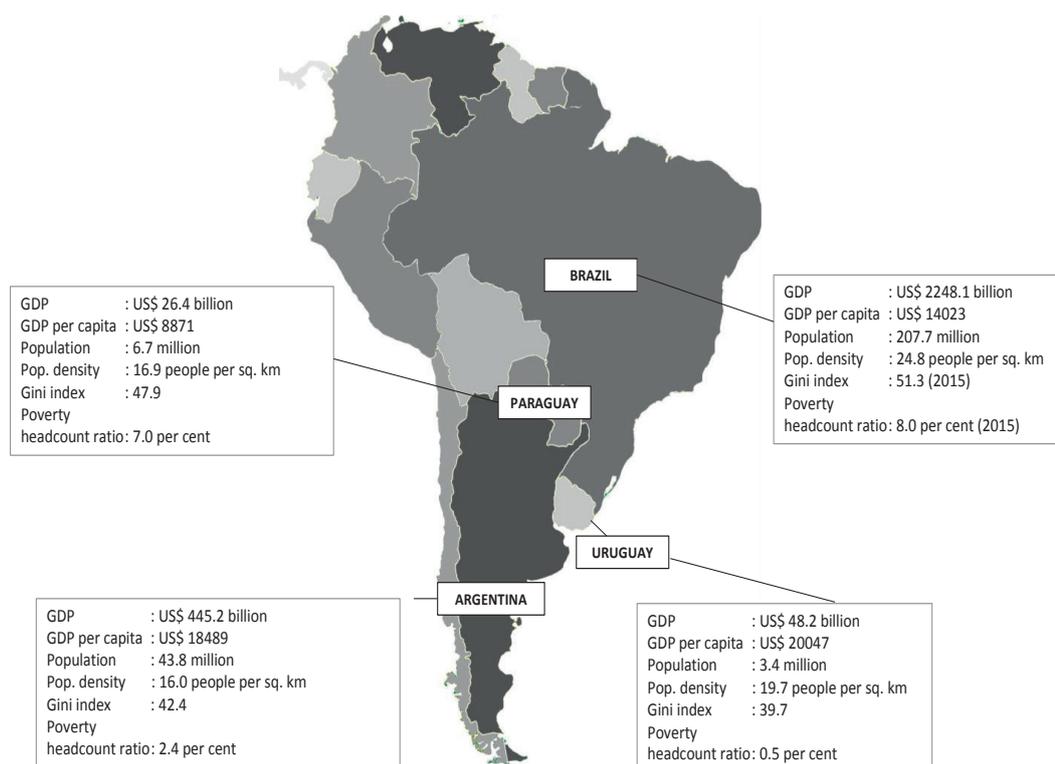
All MERCOSUR countries are confronted with large gaps between the rich and the poor. A Gini coefficient equal or above 40 is widely regarded as an indication of severe inequality in a country.¹⁸ All MERCOSUR countries have a Gini coefficient around or above 40, with that of Brazil above 50. Despite slight improvements since 2008, Latin America is in fact the most unequal region in the world in terms of both income and wealth distribution. This constitutes a threat to economic growth, social stability, and sustainable development (Bárcena and Byanyima, 2016).¹⁹

Poverty dropped (with some variations) in Latin America and the Caribbean from 28.2 per cent in 1990 per cent to 11.3 per cent in 2013.²⁰ The poverty headcount ratio (measured at US\$3.20 a day in 2011 purchasing power parity, or PPP) is relatively low in Argentina and Uruguay (2.4 and 0.5 per cent, respectively), but higher in Brazil and Paraguay (7 and 8 per cent, respectively). Based on regional and international comparisons, however, the region's poverty headcount ratio remains at moderate levels.²¹ Improvements in poverty levels are the results not only of economic growth, but also social assistance programmes in the form of conditional cash transfers.²² Moving forward, eradicating poverty at its roots, as well as monetary redistribution policies, require public policies that address the different forms of gender inequalities, especially the great disparities between men and women in time spent on unpaid activities (see Section 2) (ECLAC, 2017a).

Table 1 provides key aggregate economic variables for MERCOSUR that show developments in the region between 1996 and 2016 with regard to population level, economic growth, trade (measured by the sum of imports and exports as a share of GDP) and GDP per capita (i.e., average income).²³

Figure 1

Selected economic and social indicators, 2016



Source: World Bank, World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 17 May 2018).

Note: GDP is calculated in constant 2010 U.S. dollars; GDP per capita is measured in constant 2011 international U.S. dollars, based on purchasing power parity (PPP); population density is measured as persons per square kilometre of land area; and the poverty ratio refers to the poverty headcount ratio at US\$3.20 a day (2011 PPP).

Table 1

MERCOSUR: Basic economic indicators

	1996	2001	2006	2011	2016
Total population (millions)	208.5	224.0	237.8	250.0	261.7
Annual GDP growth (percent) ^a	2.9	0.2	4.7	4.4	-3.2
Trade (percent of GDP) ^a	18.1	26.7	30.3	27.3	25.8
GDP per capita, purchasing power parity (constant 2011 international dollars) ^a	11,746.6	11,850.4	13,348.5	15,841.7	14,941.1

Source: Calculations by the UNCTAD secretariat based on the data from the World Bank's World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 15 November 2017).

^a The values are weighted by the economic size of MERCOSUR's member countries, as measured by each country's GDP share in MERCOSUR's GDP.

Economic growth in MERCOSUR, as in all of Latin America and the Caribbean, began to slow steadily in 2010. In 2015 and 2016, Latin America and the Caribbean experienced two consecutive years of economic contraction.²⁴ There are two primary factors explaining this recent trend. The first is a downturn in commodity prices, which had boomed between the early 2000s and 2011 and then started to decline.²⁵ As discussed in Section 3, the basket of exports in the region is dominated

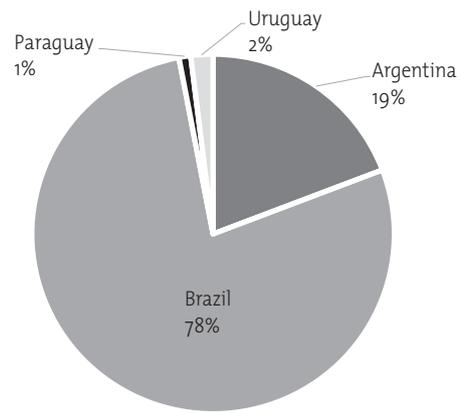
by primary commodities, so export revenue is highly dependent on global commodity prices (e.g., metals, energy, and agricultural goods). Lower export revenue, in turn, translated into lower domestic consumption and private investment. The second reason is the decline in external demand, particularly from emerging economies and especially from the People's Republic of China, due to a deceleration in GDP growth in these countries (IMF, 2015, 2017; OECD, 2017).

Compared to all other world regions, productivity growth in Latin America has been very weak since the early 2000s, with output per worker increasing at only 0.6 of a per cent per year (Cadena et al., 2017). The OECD (2016) has pointed to the importance of raising productivity in Latin America to promote inclusive development in the region.

As shown in figure 2, the economic performance of MERCOSUR depends critically on the performance of Brazil and Argentina, whose economies contribute to 78 and 19 per cent of MERCOSUR's GDP, respectively. In contrast, Uruguay and Paraguay only contribute to 2 and 1 per cent of aggregate GDP, respectively. As determined empirically by Basnet and Pradhan (2017), the macroeconomic interdependence among MERCOSUR countries is strong, as demonstrated by co-movements of both real and financial macroeconomic variables (i.e., real output, investment, intra- regional trade, exchange rates, and interest rates). Such interdependence is promising for prospects of deeper regional integration (Basnet and Pradhan, 2017).

As illustrated in figure 3, between 2014 and 2017 Brazil experienced a decline in its GDP per capita growth rate of - 2.8 per cent. Argentina, Paraguay, and Uruguay maintained positive but limited GDP per capita growth rates of +0.24, +1.3, and +1.2 per cent, respectively).

Figure 2
GDP shares of MERCOSUR countries, 2016 (percent)

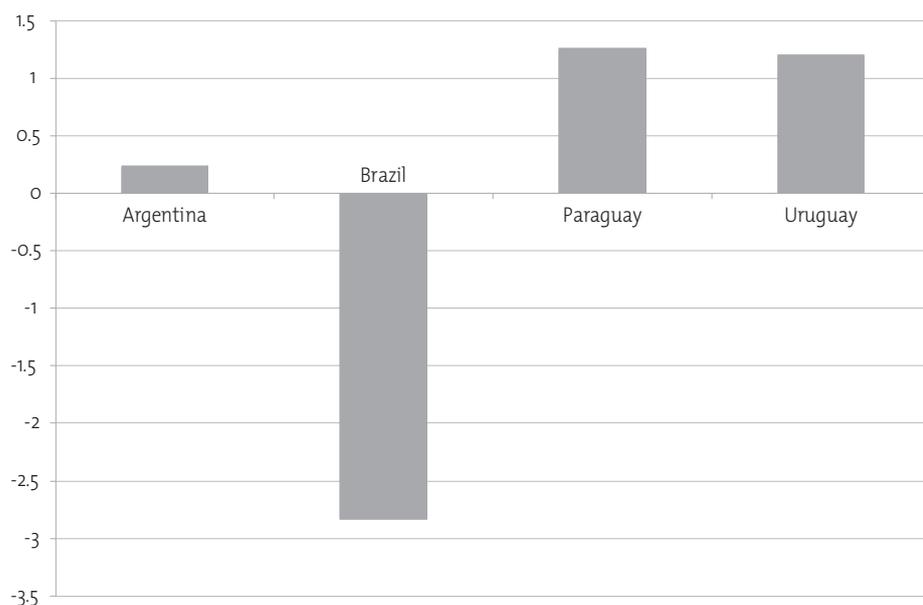


Source: World Bank, World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 15 November 2017).

Based on World Bank data, as of 2018, Brazil is the world's seventh largest economy and is the largest trading partner for all other three MERCOSUR countries, whose exports (dominated by oil seeds, ores, meat, machinery, and fuels) are highly dependent on the People's Republic of China and the United States.²⁶

Argentina, the second largest economy in South America, is abundant in natural resources, and primarily exports agricultural products (e.g., soybeans and corn) to Brazil, the United States and the People's Republic of China (in order of

Figure 3
Average growth rate in GDP per capita, 2014–2017 (per cent; constant 2010 U.S. dollars)



Source: World Bank, World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 3 July 2018).

export value). In recent years, Argentina has experienced significant economic fluctuations (Basnet and Pradhan, 2017).²⁷

Figure 4 illustrates the sectoral composition of the MERCOSUR economies. The agricultural share is the smallest in all four countries, although Paraguay stands out for an agricultural share that corresponds to one-fifth of the economy. In Argentina, Brazil, and Uruguay, agriculture contributes to 7.6, 5.5, and 6.8 per cent of the economy, respectively. Agriculture, however, is a key sector in the region, as MERCOSUR is one of the most important regions in the world in terms of exporting agricultural products.²⁸ Considering the major crops on global markets – soybeans, corn, rice, wheat, and sugar – MERCOSUR is the world's third largest producer after the United States/Canada and the People's Republic of China (Martins and Oliveira, 2012).

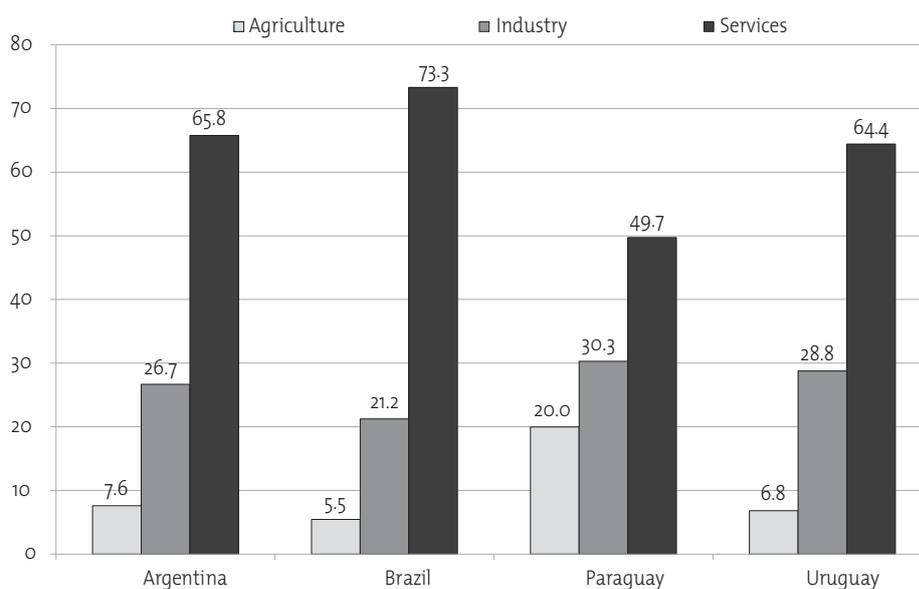
Services constitute the largest share of the economy in all countries, led by Brazil (73.3 per cent) and followed in order of magnitude by Argentina (65.8 per cent), Uruguay (64.4 per cent), and Paraguay (49.7 per cent). The case of Brazil is quite unusual, as a service share above 70 per cent is typically shown by countries at a higher level of income and a more advanced stage of development. This phenomenon is explained by Brazil's early process of de-industrialization.

Based on the World Bank's World Development Indicators, the share of manufacturing in Argentina declined from 24.4 per cent in 1991 to 16.4 per cent in 2016. Over the same period, the manufacturing share in Brazil declined from 25.3 to 11.7 per cent. The same process of early de-industrialization over the course of economic development has characterized Uruguay and Paraguay. In Uruguay, the share of manufacturing halved between 1991 and 2016 (from 28.3 to 14.4 per cent). In Paraguay, which is the country with the lowest level of development in the region, the manufacturing share contracted from 15 to 11.9 per cent over the same period of time.

Over the past two decades, exports from both Argentina and Brazil have become increasingly dependent on providing minerals and agricultural products to the People's Republic of China, in turn eroding investment in manufacturing (O'Connor, 2012). Rapid industrial development of the People's Republic of China, in fact, has generated large demand for primary products, which has induced Latin American countries to exploit natural resources, which in turn has been driving a process of de-industrialization in the region since the early 1990s. That process has been empowered by the availability of cheap manufacturing imports from the People's Republic of China, which negatively impacted local manufacturing development (Kim and Lee, 2014). As determined empirically by Greenstein and Anderson (2017), premature

Figure 4

Sectoral composition of economic activity, 2016 (per cent shares of GDP)



Source: World Bank, World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 15 November 2017).

Table 2

Human development, 2015					
Country	Human Development Index (HDI)	Human Development Index (rank)	Level of human development	Inequality-adjusted HDI (IHDI) ranking ^a	Loss in human development due to inequality ^b
Argentina	0.827	45	Very high	51	15.6%
Brazil	0.754	79	High	98	25.6%
Paraguay	0.693	110	Medium	115	24.3%
Uruguay	0.795	54	High	61	15.7%

Source: UNDP (2016).

^a In contrast to the HDI, the IHDI discounts the average achievement in income, health, and education according to their respective level of inequality. For an explanation of how the IHDI is calculated, see <http://hdr.undp.org/en/content/inequality-adjusted-human-development-index-ihdi>.

^b The loss in human development due to inequality is measured based on the difference between the HDI and the IHDI.

de-industrialization – as in the case of Latin America – tends to support the defeminisation of industrial employment.

Table 2 presents an overview of the level of human development in the region, as presented in the United Nations Development Programme's *Human Development Report 2016* (UNDP, 2016a). The Human Development Index (HDI) is a summary measure that evaluates the state of three key dimensions of a country's human development: education, health, and standard of living.²⁹ According to the value of the index, the 188 countries for which the HDI is calculated are ranked and assigned a level of human development (ranging from very high to low).

According to the UNDP (2016a), the MERCOSUR countries range between medium and very high levels of human development. Argentina trails only Chile for the highest level of human development in the region, while Brazil and Uruguay are also in the group of high human development. Paraguay has the lowest level of human development in the region, falling in the medium human development group.

All MERCOSUR countries, however, see their ranking worsen when inequality is taken into account. Disparities in income, education, and health care – also as a result of gender inequality – contribute to slowing progress in human development in the region. When adjusted for inequality, the region's Human Development Index (HDI) drops by about one-fifth. When inequality is considered, Argentina's HDI ranking drops by six positions, Brazil's by 19, Paraguay's by five, and Uruguay by seven. To address this loss in human development due to inequality, the UNDP calls for inclusive policies supporting the United Nations Sustainable Development Goals, in turn addressing those social norms, economic barriers, and legal constraints that generate inequalities (UNDP, 2016a).

2. Gender profiles of MERCOSUR member countries

The term "economy" is commonly used to refer to the sphere of productive and distributive activities that provide for the livelihood of a society. As explained in Module 1, however, all economic institutions and transactions reflect dominant social values that also shape the notion of "gender."³⁰ Typically, women are found in a position of disadvantage with respect to men in terms of economic and political power, as well as decision-making within the household. For example, women tend to face gender discrimination in the labour market in the form of job segregation and lower wages, carry out more unpaid activities (i.e., care labour and housework, which constitute the core of the reproductive sphere of the economy), and have less bargaining power because of their lower earnings. As indicated in Module 1, a relevant economic analysis must examine the economy from a gender perspective, which means that both productive and reproductive activities must be taken into account, and gender biases must be unveiled and addressed.

In the context of trade liberalization, as explained in Module 3, women can be both "sources of competitive advantage" and "under-achievers of competitive advantage." For instance, the gender wage gap can be exploited by exporting firms to boost their competitiveness on international markets. Alternatively, women may remain under-achievers of competitive advantage as self-employed and small entrepreneurs due to gender biases embedded in access to skills, resources, and assets. Targeted policies to ensure gender equality and women's empowerment in a society are critical to ensure the successful participation of women in the economy, in turn promoting both social and economic development.³¹

This section examines the gender profiles of MERCOSUR member countries by discussing both gender-related outcomes (i.e., an assessment of the various dimensions of gender inequalities based on gender-disaggregated indicators) and gender-related inputs (i.e., an evaluation of gender mainstreaming efforts in MERCOSUR). Based on data availability, the emphasis of the discussion is on the role of women as workers and producers.³²

2.1. Gender-related outputs

2.1.1. Overview of gender inequalities in MERCOSUR

As stated in UNDP (2016a), the disparities faced by women constitute the most serious barrier to progress in human development. As discussed in Module 1, on the basis of the operational framework introduced by the UN Millennium Project Task Force on Education and Gender Equality (UN Millennium Project, 2005), it is possible to distinguish three domains of gender equality: (1) capabilities, which refers to basic achievements of human development (e.g., health and education); (2) access to resources and opportunities, which refers to the ability of individuals to earn an adequate livelihood through access to assets, infrastructure, employment, and decision-making; and (3) security, which refers to the degree of vulnerability to violence and conflict. As the analysis of this module is centred on the economic participation of women as employers and producers, the assessment of gender inequalities focuses on domains (1) and (2).

Table 3 provides indicators of gender inequalities, which are published annually in the UNDP's *Human Development Report*.³³

The Gender Inequality Index (GII) is a composite indicator that provides a summary representation of gender disparities in three areas: (1) reproductive health, measured by maternal mortality and adolescent birth rates; (2) empowerment, measured by the share of parliamentary seats held by women and attainment in secondary

and higher education; and (3) economic activity, measured by the labour market participation rates for women and men.³⁴ The closer the GII is to zero, the higher the degree of gender equality. Based on the GII, the member countries of MERCOSUR perform better than the developing countries in South Asia, sub-Saharan Africa, and Arab states. However the average value of the GII in the region (0.381) remains well above the average GII among OECD countries (0.194).

Over the course of the regional integration process, the GII has improved in all MERCOSUR countries; Uruguay has shown the largest improvement (from 0.44 in 1995 to 0.28 in 2015), followed by Paraguay, Brazil, and Argentina, respectively.³⁵

The GII ranking is in conflict with the HDI ranking for two of the four MERCOSUR countries: Argentina ranks 77th based on the GII (in contrast to 45th on the HDI), and Brazil ranks 92th on the GII (compared to 79th on the HDI). Uruguay's ranking is quite consistent (55th on the GII compared to 54th on the HDI), whereas Paraguay is the only country in the region performing slightly better on the GII (104th) than on the HDI (110th). In the case of Paraguay, however, both the HDI and GII are quite low when compared globally.

Table 3 reports gender-disaggregated indicators for education, income, and the labour force participation rate. Men and women on average complete comparable years of schooling. In Uruguay and Brazil, women's mean years of schooling is even slightly higher than men's. Gender disparities in the economy, however, remain pervasive. In MERCOSUR, the role of women in society is still primarily associated with unpaid care work, which leaves women with less time to pursue a career or to even enter the labour market.³⁶ Consistently, there is an important gap between the labour force participation rate of men and women in the region. The primary identification of women with the sphere of the household helps explain men's

Table 3

Indicators of gender inequalities, 2015								
Country	Gender Inequality Index	Gender Inequality Index (ranking)	Mean years of schooling		Estimated gross national income per capita (in 2011 PPP dollars)		Labour force participation rate (per cent, ages 15-64)	
			Female	Male	Female	Male	Female	Male
Argentina	0.362	77	9.7	10.0	12,880	29,363	48.4	74.5
Brazil	0.414	92	8.1	7.5	10,670	17,738	56.3	78.5
Paraguay	0.464	104	8.1	8.2	6,139	10,165	58.1	84.6
Uruguay	0.284	55	8.8	8.3	14,608	24,014	55.4	76.3

Source: UNDP (2016).

Note: PPP: purchasing power parity.

higher average income with respect to women's. In turn, men systematically receive more income than women. In Brazil, Paraguay, and Uruguay women earn about 40 per cent of men's income; in Argentina, the level of income for women is less than half the corresponding income for men.

In order to understand how gender disparities in MERCOSUR compare with the rest of the world, it is important to consider another indicator of gender disparities in addition to the GII (which is the most widely known indicator). This indicator, which has been calculated by the World Economic Forum (WEF) since 2006,³⁷ is the Global Gender Gap Index (GGGI). The GGGI ranks now 144 countries based on their progress towards gender equality, as measured by the following four categories, each of them calculated using multiple indicators: (1) economic participation and opportunity; (2) educational attainment; (3) health and survival; and (4) political empowerment.³⁸

Between 2006 and 2017, the global gender gap worsened in both Brazil and Paraguay (table 4). In contrast, during the same period, Argentina and Uruguay made progress towards gender equality, and Brazil closed the gender gap in educational attainment and health and survival. Paraguay emerges as the worst performing country in the entire Latin America and Caribbean region (together with Guatemala). In contrast, based on the GGGI, Argentina is one of the most gender-equal countries in the region. Uruguay has shown the greatest improvement in the region (equally with Peru): in 2017, Uruguay recorded a 3 per cent increase towards closing the overall gender gap (especially due to progress in political empowerment).

To provide an indication of disparities in individual capability levels, figures 5–7 illustrate the extent of gender inequalities in the participation of women in political decision-making, distribution of agricultural holdings, and access to multiple sources of financing, respectively. Figure 5 shows the proportion of women holding ministerial positions and the proportion of seats held by women in national parliaments in MERCOSUR countries. Argentina and Uruguay stand out for their relatively large shares of parliamentary and ministerial participation, respectively.³⁹ Within MERCOSUR, however, as on average in the world, political decision-making is still male-dominated (especially in Brazil and Paraguay).

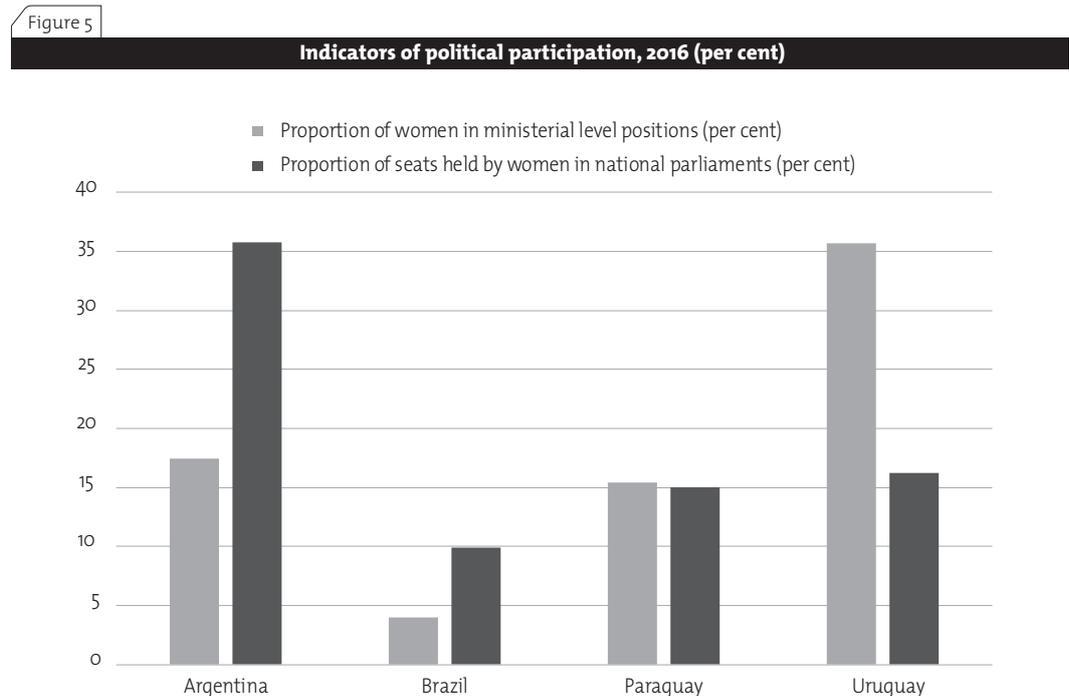
Table 4

Global Gender Gap Index (GGGI) rankings		
Country	GGGI ranking	
	2006 ^a	2017 ^b
Argentina	41	34
Brazil	67	90
Paraguay	66	96
Uruguay	64	56

Source: Compiled by the UNCTAD Secretariat based on data from the World Economic Forum's GGGI (2006 and 2017).

^a Rankings are out of the 115 countries examined by WEF (2006).

^b Rankings are out of the 144 countries examined by WEF (2017).



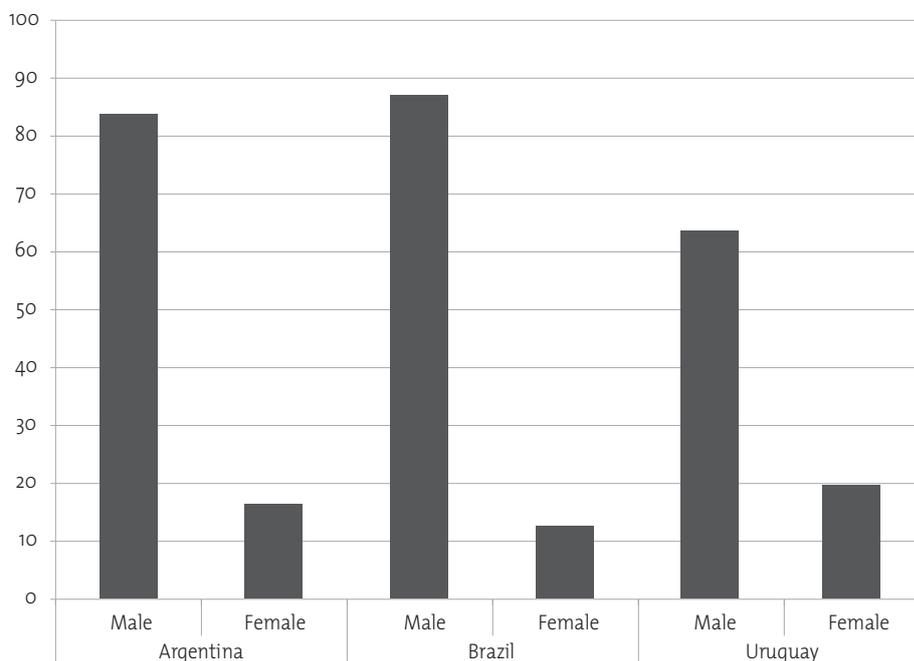
Source: World Bank Gender Statistics database, available at <https://datacatalog.worldbank.org/dataset/gender-statistics> (accessed on 17 November 2017).

According to the Inter-Parliamentary Union,⁴⁰ which ranks 193 countries based on the percentage of women in the lower or single House, Uruguay, Paraguay and Brazil are quite low in the ranking (96th, 134th, and 155th, respectively). Argentina, however, is among the top 20 countries, ranking 16th.⁴¹

Asset ownership is an important resource to support a person's well-being in case of divorce, separation, death of a spouse, or unemployment. In turn, it is an important source of women's

economic empowerment. Figure 6 illustrates the sex-disaggregated shares of agricultural holders, defined by FAO as "the civil or juridical person who makes the major decisions regarding resource use and exercises."⁴² It shows that the distribution is strongly biased in favour of men, especially in the case of Brazil. Male agricultural holdings constitute 84 per cent of total agricultural holdings in Argentina (169,555 men versus 32,768 women), 87 per cent in Brazil (4,519,381 men versus 656,255 women), and 64 per cent in Uruguay (28,433 men versus 8,839 women).

Figure 6

Agricultural holders, by sex (per cent)

Source: Food and Agriculture Organization, Gender and Land Rights database, available at <http://www.fao.org/gender-landrights-database/en/> (accessed on 30 November, 2017).

Note: Data are not available for Paraguay. The data for Argentina refer to 2002; the data for Brazil refer to 2006; and the data for Uruguay refer to 2011.

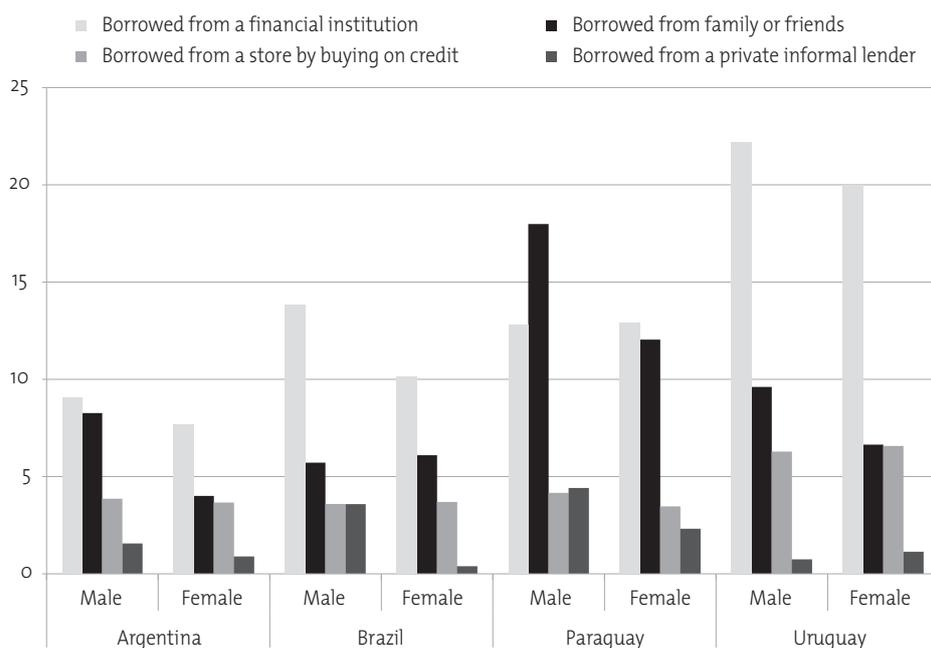
Access to credit is of fundamental importance for farm and business owners to initiate or expand their activities, and more generally to support economic advancement. In the case of MERCOSUR, women typically constitute a smaller share of borrowers than men, regardless of the source of credit (figure 7). There are a few exceptions, but by small margins. In Brazil, women borrow from family or friends more than men (6.1 versus 5.7 per cent) and women borrow from a store or buy on credit to the same extent as

men (3.7 versus 3.6 per cent). In Paraguay, women and men show very similar borrowing rates from financial institutions (12.9 versus 12.8 per cent), and in Uruguay, women rely on informal lending more than men (1.1 versus 0.7 per cent).

In the MERCOSUR region, men's greater access to credit than women's is consistent with the traditional view that women have a secondary role in the economy, as their primary role tends to be associated with unpaid care responsibilities.

Figure 7

Access to credit, by sex (per cent)



Source: World Bank, Gender Statistics database, available at <https://datacatalog.worldbank.org/dataset/gender-statistics> (accessed on 17 November 2017).

Note: No recent data are available for Paraguay on the percentage of men and women who borrow to start, operate, or expand a farm or business. For Argentina, Paraguay, and Uruguay, data refer to 2014; the only exception is the percentage of men and women who borrow to start, operate, or expand a farm or business, which refers to 2011. For Brazil, all data refer to 2011.

2.1.2. Gender analysis of work and employment in MERCOSUR

As explained in Module 1, income and employment are among the key indicators of gender inequalities in relation to access to economic resources and opportunities. Trade liberalization has direct implications on women's employment and income opportunities. As explained in Module 2, trade in fact leads to a distributional change through sectoral shifts in the composition of the economy. The empirical analysis in Section 3 will evaluate how regional integration has affected women's employment and gender disparities in MERCOSUR.

It is important to note, however, that participation in labour markets is not always the result of an individual choice and is not an automatic source of empowerment. Without institutional changes, discrimination may persist because it is profitable to enterprises and women may remain primarily responsible for housework and care labour. In this case, women's bargaining power in the labour market remains weak, in turn leading to job opportunities characterized by low wages and poor working conditions (Elson, 1999). Because of different forms of gender discrimination, including the difficulty of reconciling unpaid work in the home with labour market participation,⁴³ women between 20 and 59 years old in Latin America are overrepresented

in the poorest income quintile by up to 40 per cent compared to men (ECLAC, 2017a).

Figure 8 illustrates how the distribution of men and women employed in the primary, secondary, and tertiary sectors has changed over the course of regional integration. The tertiary sector is the largest source of employment in all four countries, especially for women. Female employment in services has increased in all countries, reaching 92 per cent of total female employment in Argentina in 2017. The most remarkable expansion occurred in Brazil, where women's employment in services increased from 71.6 per cent in 1998 to 84.3 per cent in 2017. Male employment in services also expanded considerably in Brazil and Paraguay (to 57.7 and 48 per cent in 2017, respectively). In Argentina there has not been significant change, with services absorbing 65.6 per cent of the male workforce in 2017. A small contraction has been observed only in Uruguay (from 62.1 per cent in 1998 to 59.8 per cent in 2017).

As of 2017, both industry and agriculture were much larger sources of employment for men than for women. Over the course of regional integration, the share of women employed in industry has shrunk in Argentina, Uruguay, and Paraguay; only in Brazil has there been a slight increase from 9.4 per cent in 1998 to 10.8 per cent in 2017. The corresponding male share increased in Brazil (from 26.7 to 28.1 per cent) and in Paraguay (from 22.6 to

26.5 per cent). In Argentina and Uruguay, there has been instead a reduction in men's employment in industry (from 34.4 to 33.6 per cent and from 32.2 to 28.5 per cent, respectively).

With regard to agriculture, women's employment has increased only in Uruguay and Argentina, but it remains a very small share (0.1 and 3.8 per cent in 2017, respectively). In Paraguay, there has essentially been no change, with agriculture accounting for 14.4 of women's employment in 2017. On the other hand, Brazil saw a substantial contraction from 19 per cent in 1998 to 4.9 per cent in 2017.

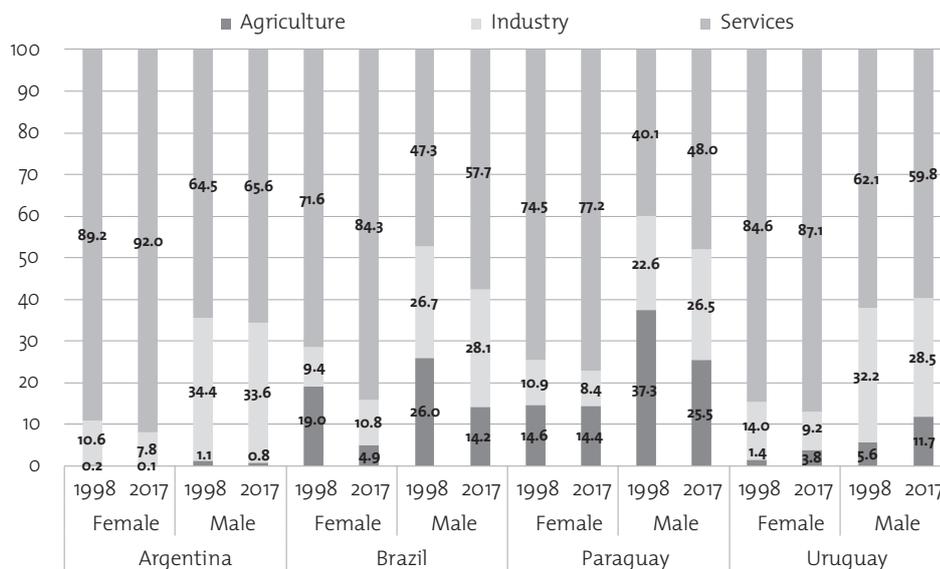
In MERCOSUR, as in general in Latin America, female employment in agriculture is much smaller than in other developing countries. This is due to relatively high levels of female education and a pattern of women's migration

to urban areas to take on service jobs. It needs to be considered, however, that the official statistics on women's employment in agriculture may underestimate the actual amount of women's work, as women often engage in low-wage, part-time, and seasonal employment and are less likely than men to define their activities as work. In addition, women tend to work longer hours than men; in turn, even if fewer women are involved, their work time may even be greater than men's (ILO, 2016).

Men's employment in agriculture has declined in all countries except Uruguay, where it doubled (to 11.7 per cent in 2017). Agriculture absorbs a small share of men's employment in Argentina (0.8 of a per cent in 2017), whereas the respective shares are more considerable in Brazil (14.6 per cent) and Paraguay (25.5 per cent).

Figure 8

Sectoral composition of employment, by sex (per cent)



Source: World Bank, World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 15 November 2017).

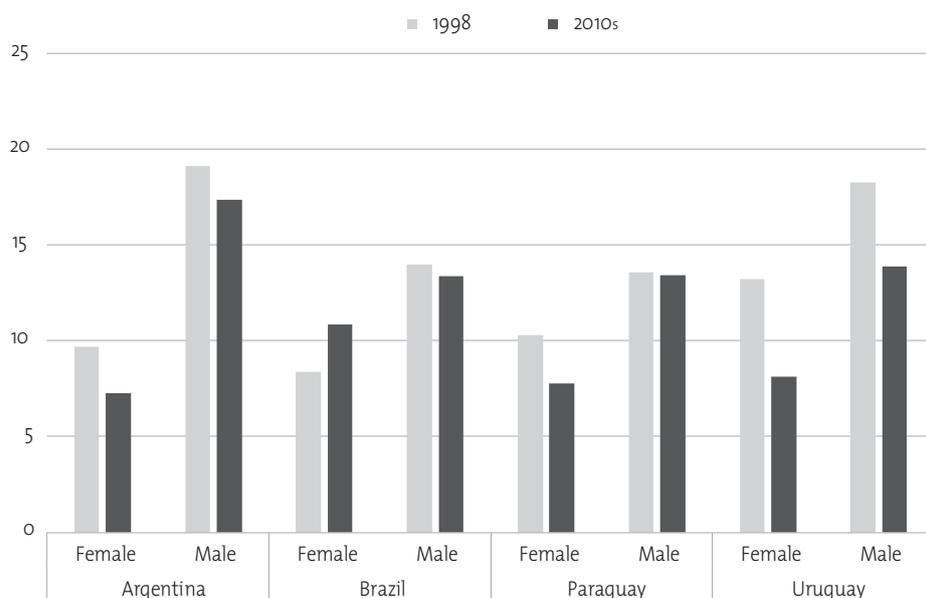
Figure 9 focuses specifically on how employment in manufacturing—one of the sub-sectors included under industry—has changed between the late 1990s and the most recent years. Manufacturing development has traditionally been considered a key steppingstone in the process of economic development, as it constitutes a major source of technological innovation. In addition, employment in manufacturing tends to offer higher wages and potentially more stable job opportunities than the agriculture and low-skilled services sectors. There has been a substantial contraction in the share of both men and women employed in manufacturing in Argentina and (especially) Uruguay. In Brazil, the share of female employment in manufacturing has increased, while the male share has declined

slightly. In Paraguay, the female share has declined, whereas the male share has remained virtually unchanged (i.e., the contraction is marginal).

Figure 9 provides another piece of evidence of the process of premature de-industrialization that began in Latin America in the 1970s. There is evidence that de-industrialization in Latin America has been accelerated by trade integration. Tariff reduction and the dismantling of other barriers to international trade exposed the domestic industrial sector to international competitiveness. As the industrial sector was not ready to compete internationally, trade integration led to the destruction of formal employment and an expansion of the informal

Figure 9

Male and female employment shares in manufacturing (per cent)



Source: ILOStat database, available at www.ilo.org/ilostat (accessed on 16 November 2017).

Note: The 2010s refer to 2014 for Argentina and Brazil, and to 2016 for Paraguay and Uruguay.

sector (which has spurred inequality) (Bogliaccini, 2013). It is important to observe, however, that in comparison to other regional blocs MERCOSUR remains more protective of its domestic industries. MERCOSUR maintains high tariffs on many sectors, including automobiles, textiles, footwear, and smartphones. Nonetheless, the price of Asian (especially Chinese) goods remains cheap enough to undercut domestic industries.

As the tertiary sector constitutes the largest share of GDP and the largest source of employment in the MERCOSUR region, it is important to know

what types of service jobs are more relevant for men's and women's employment in the sector. The composition of employment in the tertiary sector has not changed significantly since 2000. As shown in table 5, following the traditional division of labour, activities of private households, extraterritorial organizations, and services n.e.c. – all jobs that essentially coincide with domestic work – are the largest source of employment for women. Education, health care, and social work have remained a much larger source of employment for women than for men in the services sector. Wholesale and retail trade,

Table 5

Composition of male and female employment in services by sub-sectors (per cent)

	Argentina				Brazil				Uruguay			
	Male		Female		Male		Female		Male		Female	
	2000	2010	2000	2010	2002	2014	2002	2014	2000	2010	2000	2010
Wholesale and retail trade, and repair	21.8	20.5	18.3	17.7	18.4	18.6	15.4	17.5	23.8	18.5	20.1	18.5
Hotels and restaurants	2.9	3.5	3.4	4.1	3.2	3.5	4.4	6.2	0.0	2.3	0.0	3.7
Transport, storage and communications	11.9	10.1	2.6	2.3	7.1	8.3	1.2	1.7	8.5	7.6	2.2	2.6
Financial intermediation, real estate, and business activities	10.3	10.6	8.9	10.6	7.2	8.6	5.8	8.7	7.8	8.6	8.6	8.2
Public administration and defence, compulsory social security	7.9	8.1	7.3	7.6	5.4	5.3	4.2	5.0	9.1	6.6	5.7	5.2
Education	2.8	3.2	14.7	14.3	2.0	2.5	10.4	10.5	2.1	2.2	11.2	9.8
Health and social work	3.1	3.0	9.7	9.2	1.4	1.8	6.5	7.7	3.1	2.9	11.5	11.9
Other community, social, and personal service activities	6.0	5.3	5.8	6.1	2.9	2.7	5.5	6.2	4.7	4.3	5.5	5.2
Activities of private households, extraterritorial organizations, and services n.e.c.	1.3	0.9	18.9	18.1	1.3	1.0	17.5	14	1.6	1.2	20	18

Source: ILOStat database, available at www.ilo.org/ilostat (accessed on 16 November 2017).

Note: The data available for Paraguay are limited to 2007 and 2008 and follow a different classification. For this reason, Paraguay has not been included in this table.

and repair are the most relevant sub-sectors for male employment, followed by transport, storage and communications, and the public sector.

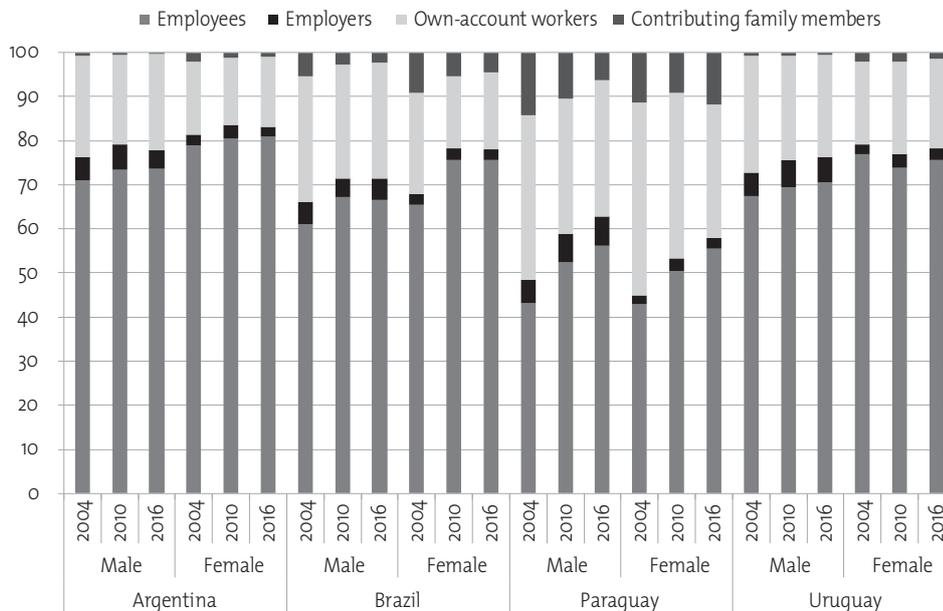
Figure 10 completes the discussion on gender differences in employment by looking at the work status of men and women in MERCOSUR.⁴⁴ It shows clearly that women are underrepresented among employers; on average, the share of women employers is about half that of men.⁴⁵ Correspondingly, as of 2016, with the exception of Paraguay, the female share of employees was well above the corresponding male share.

Between 2004 and 2016, the proportion of employees increased for both women and men in all four countries due to a reduction in vulnerable employment. According to the International Labour Organization (ILO), vulnerable

employment includes “own-account workers” (i.e., self-employed workers without employees) and “contributing family members” (i.e., unpaid family workers). Vulnerability means that these jobs tend to be precarious and offer limited access to social protection schemes. Vulnerable employment decreased for both men and women between 2004 and 2016 (the only exception is a small increase of 0.7 of a percentage point among women in Paraguay). According to the ILO, however, the number of people in vulnerable employment is expected to increase in the coming years as a result of the slowdown that started in 2015 (ILO, 2017). Looking at gender differences under vulnerable employment, men in all four countries constitute a larger share of own-account workers, whereas women are overrepresented among contributing family members.⁴⁶

Figure 10

Composition of male and female employment by work status (per cent)



Source: ILOstat database, available at www.ilo.org/ilostat (last accessed on 16 November 2017).

Table 6 presents the urban gender wage ratio, which is a relative measure of gender inequality in earnings.⁴⁷ As discussed in the core teaching manual (Volume 1, box 1), the gender wage gap is measured by the difference between male and female average wages, expressed as a percentage of male average wages. In the case of MERCOSUR, the official data provide the urban gender wage ratio, measured by the ratio of average male earnings to average female earnings in urban areas. Between 1990 and 2014, a substantial reduction in gender wage inequalities was observed in all countries. In Brazil and Paraguay, the gender wage ratio improved at all levels of schooling. In Argentina, there was a reduction

in gender pay differentials between men and women for all education levels, with the exception of six to nine years of education. In Uruguay, the gender wage ratio improved only for higher education (as indicated by over 10 years of education).

Two key observations emerge from table 6. First, in some cases education seems to help close gender pay differentials for urban employees. Second, despite the general improvements in gender pay differentials, substantial gender inequalities persist. These gender inequalities in the labour market are largely the result of gender discrimination and occupational segregation, which require specific

policy interventions that target both specific labour market issues and traditional gender stereotypes.

A key driver of gender inequalities in the labour market in MERCOSUR countries – as in most countries worldwide – is in fact the traditional

gender division of labour between paid and unpaid work, especially with regard to the care economy (box 1). This constitutes a major constraint for women to access job opportunities in the labour market and confines a large number of women to informal employment (box 2).

Table 6

Urban gender wage ratio by years of schooling (per cent)			
		1990	2014
Argentina	Total	82.6	92.4
	0 to 5 years	77.7	88.7
	6 to 9 years	77.8	73.4
	10 to 12 years	68.6	82.1
	13 years and over	72.1	83.4
Brazil	Total	67.0	81.9
	0 to 5 years	53.7	76.0
	6 to 9 years	55.6	72.2
	10 to 12 years	56.9	69.8
	13 years and over	57.5	69.6
Paraguay	Total	63.4	78.9
	0 to 5 years	48.4	60.0
	6 to 9 years	52.1	69.1
	10 to 12 years	72.5	77.3
	13 years and over	60.1	72.2
Uruguay	Total	73.2	83.6
	0 to 5 years	64.0	63.2
	6 to 9 years	67.8	65.8
	10 to 12 years	67.9	71.7
	13 years and over	70.7	80.2

Source: CEPALSTAT database, available at estadisticas.cepal.org/ (accessed on 5 December 2017).

Note: The gender wage ratio measures the average salary of urban women who are wage earners who are between the ages of 20 and 49 and working 35 or more hours per week against the salary of men with the same characteristics. The variable is calculated by dividing the average salary of urban women who are wage earners (in the numerator) and the average salary of urban men who are wage earners (in the denominator). The result is multiplied by 100.

Box 1

Time use in MERCOSUR: A gender-based assessment

Time-use surveys serve to collect information on the amount of time spent on unpaid work (i.e., housework and care work) versus paid work carried out by the individuals in a society, taking into account their socio-economic characteristics (e.g., gender, level of income, location, etc.). Time-use surveys aim to help assign value to unpaid work that is critical for household and community welfare but is socially undervalued because it is not monetarily compensated. In turn, time-use surveys aim to provide additional information to policymakers that is not available through conventional surveys based on formal activities only, in order to induce public budgets to be spent in a gender-equitable way. Time-use surveys are still not widely available, but are growing in number.

In the case of MERCOSUR, time-use surveys are available for all four member countries. Table 1.1 reports the percentage of time spent by men and women on unpaid domestic and care work. Consistent with the typical pattern observed in most countries, women handle the lion's share of unpaid responsibilities, which leaves them with less time to engage in the paid sphere of the economy.

Table 1.1.

Men's and women's time spent on domestic work and care as a proportion of total available time (per cent)			
	Year	Proportion of time spent on domestic and care work	
		Men	Women
Argentina	2013	9.3	23.4
Brazil	2012	3.0	13.2
Paraguay	2016	4.4	15.0
Uruguay	2013	8.4	19.9

Source: CEPALSTAT database, available at estadisticas.cepal.org/ (accessed on 25 June 2018)

Note: Time spent on unpaid domestic and care work refers to the average time women and men spend on household provision of services for own consumption. Domestic and care work includes childcare, care of the sick, elderly, or disabled household members, food preparation, dishwashing, cleaning and upkeep of a dwelling, laundry, ironing, gardening, caring for pets, shopping, installation, and servicing and repair of personal and household goods, among other tasks.

2.2. Gender-related inputs

A country's gender-based inputs specify the legal and institutional framework for gender equality and women's empowerment. These inputs form the underlying legal and institutional gender setting for the observed gender-related outputs concerning education and access to resources and opportunities. They also influence other aspects of gender outputs, such as women's health in the capabilities domain and gender-based violence and sexual harassment in the security domain. However, in this module, the focus is on women's participation in economic life, as the focus of this module is on the gender and trade nexus. This section presents the relevant policies and institutions or, in other words, gender inputs of the MERCOSUR members.

The international, regional, and national legal and institutional framework on gender equality has direct implications for transforming the gender-based structure of the economy and reducing gender inequalities. For this reason, to conduct a gender analysis of trade policy, it is necessary to assess the gender policy framework in a country or a region.

The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), adopted in 1979 by the UN General Assembly, is often referred to as an international bill of rights for women. All the MERCOSUR members ratified the CEDAW.⁴⁸ Argentina and Brazil ratified the convention with a reservation though; they declared that they did not consider themselves bound by article 29, paragraph 1, which involves arbitration.⁴⁹ For their part, both Paraguay and Uruguay ratified the convention without any reservations. The MERCOSUR countries also signed and ratified the Optional Protocol to CEDAW, which includes the communications procedure and the inquiry procedure.^{50,52}

At the intra-regional level, both the 1991 Asunción Treaty and the 1994 Ouro Preto Protocol, which is considered to be MERCOSUR's constitution, prioritized the economic provisions associated with the integration process. They did not include a social agenda, and gender mainstreaming was excluded as well.

In 1991, the Common Market Group set up a new working subgroup (in addition to the others already set up to evaluate the state of the member countries in the areas of energy, trade, technology, agriculture, transportation, and policy coordination). The title of the working subgroup was Labour Relations, Employment and Social Security, and one of its key objectives was to ensure that all member countries ratified

the ILO's 34 conventions, which were considered essential to minimize asymmetries in national legislation and to provide minimum standards for national laws. The Southern Cone Union Head Offices Coordinating Agency (*Coordinadora de Centrales Sindicales del Cono Sur*, CCSCS), established in 1986 to bring together the main union head offices from Argentina, Brazil, Bolivia, Chile, Paraguay, and Uruguay, began at this point to participate in the integration process (Bianculli and Hoffman, 2016).

In 1997, the CCSCS-MERCOSUR Women's Commission was founded with the objectives of encouraging the active participation of female workers in MERCOSUR, ensuring unions and women's departments and secretariats receive up-to-date information, disseminating the content of relevant legislation nationally and regionally, formulating affirmative action policies for women in the region along the lines of commitment with the 1995 Beijing Action Platform (an agenda for women's empowerment), adopting the necessary measures to eliminate all forms of discrimination against women, and ratifying the ILO agreements.

As noted by Espino (2008), the lack of institutional consideration has spurred civil society engagement, specifically by unions and nongovernmental organizations (NGOs) influenced by women's social movements and feminist groups. One of the major accomplishments (from a gender perspective) resulting from the participation of unionized women in the MERCOSUR integration process was the Social and Labour Declaration signed in 1998. The declaration provided the framework to guarantee equal rights and working conditions for all workers freely circulating in the member states. It established a minimum set of workers' rights in the economic integration context, and was a significant step in securing equal rights and access to employment regardless of race, nationality, colour, gender, sexual orientation, age, religion, economic- and union-related opinion, economic situation, or any other social circumstance. Therefore, according to the Social and Employment Declaration, member states are responsible for guaranteeing non-discrimination in legislation and in practice (Espino, 2008).

Another major achievement deriving from the pressure of the women's movement in the region was the creation of the Specialized Meeting of Women (*Reunion Especializada de la Mujer*, REM) in 1998. The REM's mission was to analyse the situation of women in light of national legislative regimes in the member states on equality of opportunities, with the objective

of contributing to the social, economic, and cultural development of local communities in member states (Duina, 2007). The REM included government representatives responsible for public policies for women, but it also included the participation of civil society.

In 2005, during the Thirteenth Meeting, the Brazilian delegation indicated the need to broaden the REM's scope of action. Two thematic areas – “Gender and Economics” and “Women's Participation in Public Decision-Making” – were proposed to expand REM activities. The latter thematic area was especially important to support women's participation in the political arena by recommending male/female parity in the composition of the MERCOSUR Parliaments (Espino, 2008). In 2011, the REM was replaced by the Women's Meeting of Ministers and High Authorities (RMAAM). The RMAAM is constituted of government representatives for gender affairs from both the member countries and associated states. Its roles include proposing policy recommendations to move towards gender equality (Espino, 2016).

Despite the initial neglect of gender in the regional integration process, gender issues have become more prominent on the MERCOSUR agenda since the late 1990s and especially since the 2000s. The first MERCOSUR norms related to gender were four mandatory resolutions issued by the CMC in 2000, in line with the Beijing Platform for Action. Resolution 37 requests that the REM compile a list of projects and programs in the MERCOSUR region with an impact on women; Resolution 79 requires member states to approve laws on domestic violence; Resolution 83 demands methodological harmonization across member states to ensure consistency in the use of indicators on the situation of women; and Resolution 84 requires member states to adopt a gender perspective in all its activities with the objective of ensuring gender equality and gender equitable policies. Resolution 84 therefore, defines gender mainstreaming in MERCOSUR. Since 2006, the CMC has approved a growing number of recommendations and regulations in support of gender equality.

Gender equality policies have evolved from a limited focus on employment to embrace a broader perspective that includes political participation, domestic work, rural education, and gender-based violence (Hoffman, 2014).⁵² In 2012, a CMC recommendation also extended gender mainstreaming to include all MERCOSUR agreements with third parties. This can be considered indicative of the intention by MERCOSUR to become a proactive institution

worldwide in the promotion of gender equality (Hoffman, 2014).

In 2014, the CMC approved the MERCOSUR Policy Guidelines for Gender Equality (*Directrices de la Política de Igualdad de Género del MERCOSUR*), which mandates regional agencies to ensure that regional integration equally benefits men and women by explicitly considering gender in the design of objectives, policies, regulations, and actions (MERCOSUR, 2014; Frohmann, 2017).

The institutionalization of gender equality in MERCOSUR is the result of two main drivers: first, the active mobilization and lobbying of regional networks of women both inside and outside the institutions; and second, UN conferences that contributed significantly to the recognition that gender equality is central to the development agenda (Espino, 2008; Hoffman, 2014).⁵³

At the national level, Argentina's constitutional reform of 1994 portended a vital breakthrough in the recognition of women's rights. The constitution guarantees equal pay for equal jobs (section 14), protection against arbitrary dismissal (section 14), employment on the grounds of competence only (section 16), and the same opportunities and treatment for, among others, women and people with disabilities (section 75(23)). Moreover, Argentina became the first country in the region to implement a quota system to ensure the participation of women in national politics, with a minimum requirement of 30 per cent female participation on the lists of candidates for legislative elections. Additionally, Argentina, in compliance with its commitments under human rights treaties, passed a law on protection against family violence, put in place the “Victims against Violence Program,” and set up the Office of Domestic Violence in the Supreme Court. However, despite these commitments – as indicated in Section 2.1 – important gaps between the economic life of men and women persist in Argentina.

In Brazil, the constitution states that men and women have equal rights and obligations and have the same rights to social security. The Brazilian Labour Code requires equal pay for equal work and provides that all employees be protected regardless of age, sex, or other considerations. Moreover, the 2002 Civil Code brought improvements in women's rights by providing for gender equality in the acquisition, management, and administration of property acquired after marriage.

The 1992 constitution of Paraguay prohibits discrimination and enshrines the principle of equal civil, political, social, and cultural rights for

women and men. It includes provisions on equal pay for equal work, assistance to women who head households, and the promotion of women's access to public functions.

Among MERCOSUR countries, Uruguay has made the most solid changes in its legal framework to guarantee gender equality. The 2004 Uruguay constitution institutionalized the principle of equal rights to power, authority, and privileges for women and men. In 2007, Law 18.104 on the Promotion of Equality of Rights and Opportunities mandated the inclusion of a gender perspective in the design and implementation of all public policies in the country. Following Law 18.104, the 2007–2011 First National Plan for Equal Opportunities and Rights was introduced. The plan is meant to tackle gender inequalities in employment and in opportunities and treatment in the workplace; sexual harassment; vertical and horizontal labour market segregation; transition from informality to formality; and opportunities for enhancing productive capacity in urban and rural areas and at the household level (UNCTAD, 2015).

Uruguay has also taken the lead internationally in ensuring and protecting the rights of domestic workers, who are mostly women and form a distinct and highly vulnerable category of workers. Law No. 18.065 (2006) guarantees domestic workers the same core legal protection as other workers (including a minimum wage and limits on working hours). Rural workers (many of whom are women) are also protected under the Uruguayan Rural Workers Act (2008), which limits their working time (8 hour a day, 48 hours a week, and overtime at double pay). In Uruguay, legal provisions for gender equality also cover gender-based violence. Since 1995 domestic violence has been incorporated in the Penal Code and is considered a crime. In 2002, Uruguay passed Law 17,514 on the Prevention and Eradication of Domestic Violence, which has the merit of broadly defining violence as “physical, psychological or emotional, sexual and inheritance-related” (UNODC/UN Women 2011). In addition, human trafficking has been classified as an offense in Uruguay since the adoption of the Migration Act (known as the Sexual Rights Initiative) by Parliament in 2008. To support Uruguayan and foreign women victims of trafficking, Uruguay included provisions to guarantee legal and psychological support, temporary accommodation, repatriation, and health care (UNCTAD, 2015).

In 2015, Uruguay introduced a Law for the creation of the National Integrated Care System (*Ley de creación del Sistema Nacional Integrado*

de Cuidados), on the basis of which all children, persons with disabilities, and the elderly have the right to receive care. In addition, the government commits to quality of care services through training and regulations (UN Women, 2017).⁵⁴ This is a key step to ensure that women are freed from unpaid responsibilities and can assume paid work.

All MERCOSUR countries with the exception of Paraguay have established National Women Machineries, which are government institutions aimed at promoting the recognition of women's rights and mainstreaming gender equality in all areas of public policies. In Brazil, it consists of a ministry (*Special Secretariat for Policies on Women*); in Argentina, it is an institution that reports directly to the Office of the President (*National Women's Council, NWC*); and in Uruguay, it is a specialized agency under the Ministry of Education and Culture (*National Institute for Women and the Family*). These three countries have also introduced gender-responsive-budget initiatives as instruments to support the implementation of international and national commitments on gender equality. These initiatives have been accompanied by participatory budgeting to take into account citizens' needs (including needs specific to women) in budget design, especially at the local and municipal level (McBride and Mazur, 2011; Barba and Coello, 2017; Oropeza, 2013).⁵⁵

According to the World Bank (2018), in all MERCOSUR countries women and men have the same legal rights to own land; however, in Argentina and Paraguay discriminatory practices *de facto* restrict these rights for women (OECD Development Centre, 2014). Equal inheritance rights are granted to both sons and daughters in all MERCOSUR countries, but in practice discrimination still occurs in Brazil, Uruguay, and Paraguay (OECD Development Centre, 2014). Similarly, discrimination based on gender in access to credit is not prohibited in Argentina, Brazil, and Uruguay. In addition, all MERCOSUR countries allow discrimination based on marital status in access to credit (World Bank, 2018).

Paid maternity leave is an important protection for the continuity of women's career development and in their equal participation in the rising sectors under trade liberalization reforms. National laws mandate paid maternity leaves in all four countries: 90 days in Argentina, 120 days in Brazil, and 98 days in Paraguay and Uruguay, according to the World Bank (2018) and the World Bank's Enterprise Surveys and World Development Indicators databases (World Bank, 2017a, 2017b). In Brazil, an additional 60 days

of paid maternity leave can be granted using funds from the federal government. In Paraguay, maternity leave can be extended up to 24 weeks with valid medical certification. In Uruguay the law also allows both parents to work on a part-time basis until the baby is six months old. In addition, to help women coordinate family responsibilities with employment, Brazil has enacted legislation requiring enterprises to support or provide child-care services for the children of their female workers (International Finance Corporation, 2017).

In MERCOSUR, gender inequality in employment has been addressed mainly through training programs, vocational training, skill certification, and programs providing state support to enterprises to promote employment. Efforts to address informal employment or gender discrimination in the labour market are still very limited.⁵⁶ Gender clauses have been included in collective bargaining agreements in Argentina, Uruguay, and Brazil, and voluntary gender equality seal certification programs are also in place in those countries (UNDP, 2016b).⁵⁷ As advocated by UNCTAD (2015), the impact of gender equality seal certification programs could generate positive spillover effects along the supply chain as well. These programs can help raise awareness about the importance of overcoming gender discrimination and gender labour segregation. In addition, subcontractor

parties and external service providers can be required to comply with equal gender rights and opportunities in order to be eligible for a contract.

Initiatives to foster women's participation in international trade are mostly undertaken at the country level. MERCOSUR's gender equality policies address women's empowerment through international trade only indirectly. Argentina and Uruguay have taken steps to increase women's participation in the export sector (Frohmann, 2017). In 2017, Argentina launched a new program known as Women Exporters (*Mujeres Exportadoras*) that aims to support women producers in micro, small, and medium-sized enterprises who want to start or expand an international business. Among other actions, the program provides training opportunities and business intelligence activities (*Agencia Argentina de Inversiones y Comercio Internacional*, 2017). Uruguay's trade promotion agency, Uruguay XXI, has supported enterprises in their process of internationalization, and many of these firms are owned by women (Frohmann, 2017).

Overall, even though there has been progress towards addressing gender issues, gender mainstreaming and effective policy commitment towards gender equality remain limited. In addition, assessment procedures to evaluate the effectiveness of the gender policies in place are still lacking (Espino, 2016).

Box 2

Informal employment

Informal employment in Latin America as defined by ECLAC (2008) encompasses both low-quality and low-productivity jobs (i.e., employers and employees in microenterprises, domestic workers, or unskilled independent workers) that lack access to social protection. As of 2009, about 30 to 50 per cent of the employed population in MERCOSUR was not registered with the social security system.

Informality involves precarious jobs in both formal and informal enterprises. Women have high rates of participation in microenterprises (defined as businesses with up to five employees) because they do not match requirements in terms of education levels, legal criteria, and availability of capital. In addition, work in microenterprises tends to be more flexible (e.g., work can often be done at home), so it is easier to make it compatible with home responsibilities.

Informal employment tends to prevail among low-income women with small children. Over the last 20 years, informality among women in low socio-economic categories has not declined (contrary to what has occurred at medium and high socio-economic levels). The service sector – the sector that has grown the most in recent decades – shows the largest proportion of informal jobs, as compared to the agricultural and industrial sectors. For example, the domestic service sector (i.e., the service sub-sector absorbing the largest proportion of the female workforce) is still characterized by a high degree of informality, as reflected in low-quality jobs and a lack of regulation. Exclusion from the social security system constitutes a major source of vulnerability, but informal employment remains the only access point to the labour market for the poorest women.

Source: Espino (2016).

3. Trade policy and trade flows: A gender analysis

Gender mainstreaming in trade policy is key to ensure that trade benefits both men and women. As discussed in Module 1, mainstreaming gender in trade policy implies that the impact of trade on women is assessed at every stage of the trade policy process, including design, decision-making, and implementation. Section 3.1 presents an overview of the evolution of trade policy and engendering trade policy in the MERCOSUR countries. Section 3.2 continues with a descriptive analysis of the evolution of trade in MERCOSUR, and Section 3.3 provides an empirical analysis of the employment effects of trade, examined from a gender perspective.

3.1. Evolution of trade policy and engendering trade policy

3.1.1. Regional trade policy: Evolution of gender considerations⁵⁸

One way to make trade policy gender-sensitive is to include gender considerations in the text of trade measures, including trade agreements. In the past, reference to gender equality was usually included in the preambles of the agreements or mentioned among the cross-cutting matters.⁵⁹ However, gender issues are increasingly incorporated into trade agreements through specific trade and gender chapters, therefore increasing the visibility and relevance of the issue. The Chile-Uruguay Free Trade Agreement (FTA), signed in October 2016, and the Canada-Chile FTA, signed in June 2017 to amend the pre-existing 1997 agreement, are examples of the “last generation” agreements that incorporate gender issues more directly (UNCTAD, 2017). Chapter 14 of the Chile-Uruguay FTA and Appendix II - Chapter N bis-Trade and Gender of the Canada-Chile FTA acknowledge the importance of gender mainstreaming and gender equality policies for sustainable economic development. Accordingly, the parties to these agreements reaffirmed their gender commitments taken within multilateral covenants. The parties in both FTAs committed to carry out cooperation activities to improve women’s capacity in order for them to benefit entirely from the opportunities arising under trade integration. They also agreed to establish a Trade and Gender Committee to monitor implementation of the trade and gender chapter (UNCTAD, 2017; Global Affairs Canada, 2017). More recently, in November 2017, Chile and Argentina signed an FTA that includes a specific chapter on gender issues as well. It is noteworthy that it is this new generation FTAs – which includes countries from the Global South – that is taking

the lead in including a specific gender chapter in trade agreements.⁶⁰

As previously mentioned, neither the Treaty of Asunción nor the Treaty of Ouro Preto include any reference to gender issues. MERCOSUR has signed FTAs with multiple partners: Bolivia (1996), Chile (1996), Colombia (2017), Egypt (2010), Israel (2007), and Peru (2005). Additionally, MERCOSUR entered into Framework Agreements with Mexico (2002) and Morocco (2004).⁶¹ Finally, MERCOSUR signed Preferential Trade Agreements (PTAs) with India (2004), Mexico (auto sector agreement, 2002), the Southern Africa Custom Union (SACU) (2008), and Colombia, Ecuador, and Venezuela (2004).^{62,63} Gender issues, however, did not seem to be under specific consideration in those trade agreements.

As indicated in Section 1, MERCOSUR and the European Union have been negotiating an FTA since April 2000.⁶⁴ Since 1995, MERCOSUR-European Union overall relations have been carried out within the European Union-MERCOSUR Framework Cooperation Agreement, signed in December 1995 and in force since July 1999. The European Union-MERCOSUR FTA has the potential to be an agreement that mainstreams gender considerations. Gender equality is one of the founding values of the European Union since its establishment. In 2017, the European Union Trade Commissioner announced that a trade deal with Chile – which is in the process of being negotiated – will include a chapter on gender equality. This aims to generate a pioneer model that can be replicated in other trade negotiations.⁶⁵

Since 2009, the European Union’s Directorate-General for Trade has used Sustainability Impact Assessments (SIAs) to assess the “potential economic, social, human rights, and environmental impact of ongoing trade negotiations” in order to evaluate the European Union-MERCOSUR trade agreement.⁶⁶ The European Union sees these assessments as an opportunity for stakeholders in both the European Union and in the partner countries to share views on the possible impact of the agreement under negotiations. However, the gender component of the assessment is minimal, and there is limited evidence that gender considerations are actually used in trade negotiations (Viilup, 2015). In order for gender issues to be adequately addressed, it is important to go beyond an exclusive focus on employment. In addition, women’s group and other stakeholders need to be included in trade consultations. Government officials and trade negotiators should be required to receive adequate training on gender and trade, and gender experts need to be included in the research team carrying out the assessment (Fontana, 2016).

The SIA for the European Union-MERCOSUR agreement was carried out in 2009.⁶⁷ Consistent with the typical approach of such assessments, there is not a separate chapter on gender; gender issues are instead addressed in several chapters of the assessment. The section on “Rural Livelihoods, Decent Work Conditions and Gender Issues in MERCOSUR” notes that new land conflicts could arise as a result of increased competition for new arable land. Accordingly, it is anticipated that small-scale female farmers will be possible losers from that process. Moreover, according to the SIA, women are one of the most vulnerable groups among the rural population in all MERCOSUR countries due to unequal employment opportunities and limited access to and control over land and other productive assets. The SIA also examined the possible impact of the agreement on women in the manufacturing sector and concluded that the “overall gender impact is expected to be relatively neutral,” although there might be some adverse effects on particular industries with high female concentration in employment.⁶⁸

In October 2017, MERCOSUR and Canada announced their intention to negotiate a joint statement on a possible comprehensive FTA.⁶⁹ This possible new agreement offers another opportunity to negotiate a trade agreement that takes on board gender equality considerations. Following the announcement, the Canadian Bar Association issued a note stating its support for the Canada-MERCOSUR FTA. The note also included a request to address a number of issues, including human rights and gender equality. According to the note, Canada should ensure that the FTA promotes equality, non-discrimination, and human rights both in Canada and in the MERCOSUR region as well as trade and gender issues including pay equity, equal access to education and training, and proportional gender representation across professions.

In sum, while the previous trade agreements signed by MERCOSUR did not make reference to gender equality considerations and did not attempt to mainstream them into the legal texts, the new FTAs with the European Union and Canada seem to be more promising from this point of view. This outcome may not be simply due to both Canada and the European Union having committed to make their trade policies gender-responsive. It may also be explained by MERCOSUR countries having similar intentions. Supporting evidence in this direction is the 2016 FTA between Uruguay and Chile, which is in fact a pioneering FTA because it is the first one to include a stand-alone chapter on trade and gender.

3.1.2. National trade policy

National trade policy refers to governments’ specific declarations and guidelines on trade, which define how trade and trade negotiations with bilateral, regional, and multilateral trading partners will be carried out. This section uses the government reports associated with the World Trade Organization (WTO) Trade Policy Review Mechanism (TPRM) to evaluate the national trade policies of MERCOSUR member countries from a gender perspective.⁷⁰

In the last review for Argentina, conducted in 2013, gender was only mentioned within the discussion on the Strategic Agri-Food and Agro-Industrial Plan for the 2010–2020 period, and with reference to a rural development project having the objective to promote gender equality, lessen the vulnerability of the poor rural population, and encourage the sustainable use of natural resources.

Similarly, Brazil’s national trade policy documents have to date included limited reference to gender issues (gender has only been mentioned twice). The first was in the 2013 Trade Policy Review (TPR), where the discussion of agricultural credit programmes made available by the federal government referenced the Programme to Strengthen Household Agriculture. This programme is designed to provide credit to small-scale producers, but especially to women involved in agri-industry. Second, in the 2017 TPR there was reference to efforts by the federal government to include a wider range of low-income adults, including women, in programmes on financial education.

The 2017 TPR for Paraguay devotes a sub-section to gender. Under the heading of “Women and Trade,” Paraguay presents its efforts to increase the economic empowerment of women by implementing gender-aware public policies across a number of areas to promote fairness and the economic inclusion of women into production chains. In this respect, the actions led by the Ministry for Women, in conjunction with leading officials from the central government and the private sector, include facilitating access to credit for business undertakings, driving strategies to give rural women a place in value chains and domestic markets, and providing guidance to women to compete in regional and international markets. Paraguay has requested support from the International Trade Centre to carry out a national programme to strengthen women’s participation in international trade. Paraguay’s Entrepreneurship Development Project in Micro, Small and Medium Sized Enterprises stipulates that at least 25 per cent of

the beneficiaries of the project must be women. The Project to Strengthen and Develop Micro-businesspeople, an innovative project to produce goods and services, also has a strong gender focus.

Finally, the 2018 TPR for Uruguay does not include any reference to either gender or women. The previous TPR, dating 2012, referred to the need to invest in activities that generate quality jobs especially for groups experiencing the most severe employment problems, including young people and women.

3.2. Changes in trade structure

This section examines the changes in trade structure concerning product groups and trading partners over the course of trade liberalization and regional integration. This analysis provides a context to better appreciate the gender implications of MERCOSUR's development, which are discussed in Section 3.3. After its creation in 1991, MERCOSUR gradually eliminated tariff and non-tariff restrictions in intra-MERCOSUR trade. By 1996, intra-regional trade was substantially liberalized.⁷¹ Despite trade liberalization within the bloc, however, intra-MERCOSUR exports did not pick up. Intra-MERCOSUR exports declined from 19 per cent of total trade in 1995 to 11 per cent in 2002 and then increased again to 14 per cent by 2007. This is explained by the economic crises in Brazil and Argentina. As of 2016, intra-regional trade was 13 per cent.⁷²

With respect to international trade, reductions in CETs were much more gradual. By 2006, average CETs ranged between 12 and 20 per cent (depending on the goods considered) (Borraz, Rossi, and Ferres, 2011). As of 2018, CETs varied between 0 and 35 per cent.

Table 7 presents merchandise and services exports and imports as percentages of GDP for MERCOSUR member countries in the post-2000 era. The analysis compares 2000–2006 with 2007–2013, as the legislation of MERCOSUR indicated that a common market would be realized by 2006. The table shows that merchandise exports as a share of GDP increased notably between the two periods in Paraguay and, to a lesser extent, in Uruguay, while slowly declining in Argentina and Brazil. The decline in merchandise exports in the largest economies of the region was largely driven by the global financial crisis of 2008–2009.

With the exception of Brazil, in all MERCOSUR members, and more notably in Paraguay and Uruguay, merchandise imports as a share of GDP increased substantially between 2000–2006 and 2007–2013, exceeding the average for South America. On the other hand, services exports as a share of GDP showed a small expansion in Argentina and Uruguay, while slightly declining in Brazil and decreasing considerably in Paraguay. Similarly, except for a decline in Paraguay, services imports as a share of GDP did not change significantly in other member countries as well as in MERCOSUR as a whole.

Table 7

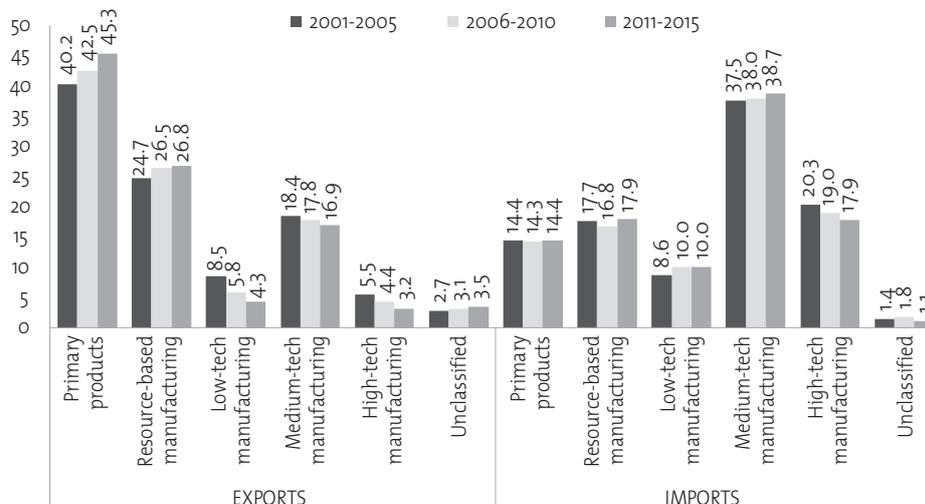
	Trade flows (per cent of GDP)							
	Merchandise exports		Merchandise imports		Services exports		Services imports	
	2000–2006	2007–2013	2000–2006	2007–2013	2000–2006	2007–2013	2000–2006	2007–2013
Argentina	17.55	16.25	10.23	12.73	2.78	3.02	3.69	3.45
Brazil	11.97	10.14	8.89	8.89	1.76	1.61	2.73	2.97
Paraguay	34.25	46.96	39.95	45.06	8.22	4.14	4.84	3.53
Uruguay	17.28	20.26	18.31	23.19	6.54	6.99	4.81	4.59
MERCOSUR	15.52	13.38	10.31	10.80	1.99	1.82	3.12	3.25

Source: UNCTADStat database, available at <http://unctadstat.unctad.org/EN/> (accessed in November 2017).

Figure 11 presents the changes in the composition of MERCOSUR merchandise exports and imports by product group based on the Lall classification for the post-2000 era.⁷³ Primary products, resource-based manufacturing, and medium-tech manufacturing constitute the largest portion of MERCOSUR merchandise exports, while the shares of low-tech and high-tech manufacturing are relatively small. Furthermore, the percentage of primary product exports in total merchandise exports significantly rose

in the period from 2001–2015. Similarly, the export shares of resource-based manufacturing products increased as well during this period, even if to a lesser extent. On the other hand, the export shares of low-, medium-, and high-tech manufacturing in total merchandise exports declined. Among those, the percentage of low-technology manufacturing, whose share in total merchandise exports was 8.5 per cent on average, showed an almost 50 per cent decrease in 2011–2015 compared to 2001–2005.

Figure 11

**Sectoral composition of MERCOSUR trade with the rest of the world in the post-2000 era
(per cent shares in total merchandise exports and imports)**


Source: UNCTADStat database, available at <http://unctadstat.unctad.org/EN/> (accessed in December 2017).

Overall, between 2001 and 2015 MERCOSUR exports shifted from low-, medium-, and high-technology manufacturing to primary products and resource-based manufacturing. On the other hand, over the same period of time, medium-tech manufacturing, high-tech manufacturing, and resource-based manufacturing constituted the most significant portions of total merchandise imports in MERCOSUR. Brazil and Argentina are the world's second- and third-largest producers of soybeans, respectively, and they also are key exporters of corn and meat. The growth in agricultural and agro-industrial exports from the region is especially driven by high demand from the People's Republic of China and other Asian countries. This development model has led to important environmental consequences (especially due to deforestation to expand arable land) and is associated with economic vulnerability. MERCOSUR's exports, in fact, are concentrated in commodities; as indicated by ECLAC (2017b), it is urgent that MERCOSUR – and more generally Latin America and the Caribbean – boost the value-added content of their exports.

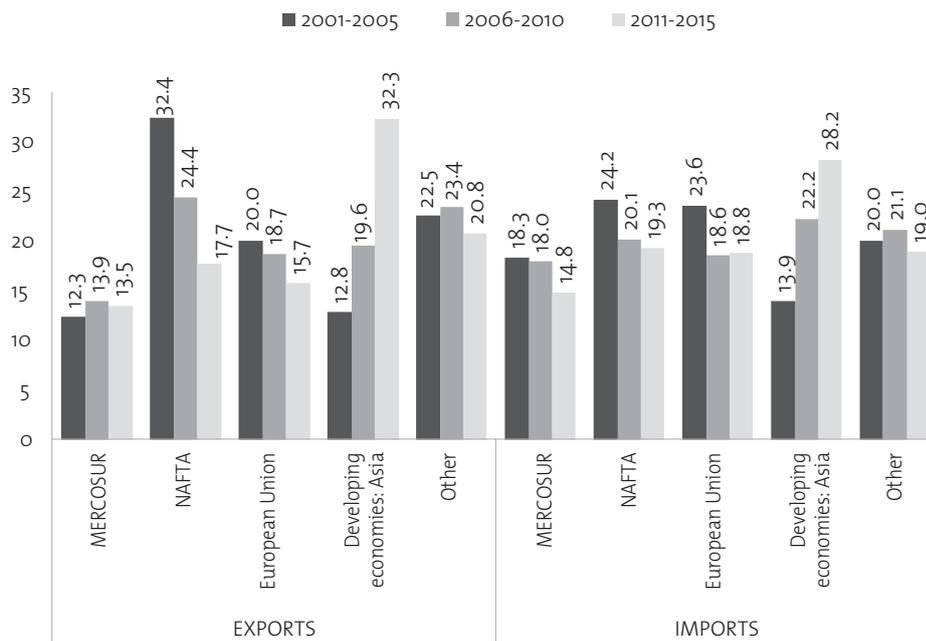
In terms of the composition of manufacturing product imports, high-tech manufacturing imports slightly declined between 2001 and 2015, while the import share of medium-tech manufacturing – which constitutes the largest share of the region's imports – showed a slight increase. The imports of other manufacturing products remained somewhat steady.

Figure 12 illustrates the geographic composition of MERCOSUR trade with its main trading partners between 2001 and 2015. It shows that intra-MERCOSUR merchandise exports increased from 2001–2005 to 2006–2010, then decreased slightly between 2011 and 2015. MERCOSUR merchandise exports to developing economies in Asia (the People's Republic of China and India being the largest ones) increased significantly, replacing the dominance of traditional export markets of members of the North American Free Trade Agreement (NAFTA) between 2001 and 2015. Moreover, the behaviour of the shares of exports to other world markets ("Other" in the figure) shows that the exports of MERCOSUR to the rest of the world have varied over time.

Similarly, merchandise imports from developing Asia more than doubled between 2001 and 2015, while the import shares from other regions shrank, including intra-MERCOSUR imports as well as those from NAFTA and the European Union. The rise of Asian developing countries, particularly the People's Republic of China and India, is in line with general trends around the world. However, the limited role of intra-MERCOSUR trade calls for attention. The MERCOSUR trade integration process seems to have changed the composition of merchandise exports in intra-MERCOSUR trade over time. Resource-based manufactures were replaced by low- and medium-technology products, which is indicative of technological upgrading in intra-MERCOSUR trade. According to UNCTAD's calculations based on the UNCTADStat

Figure 12

Geographic composition of MERCOSUR exports and imports with main trading partners



Source: UNCTADStat database, available at <http://unctadstat.unctad.org/EN/> (accessed in December 2017).

Note: NAFTA: North American Free Trade Agreement.

database, the shares of primary products and resource-based manufacturing in intra-MERCOSUR merchandise exports on average decreased from 46 per cent in the early 2000s to 36 per cent over 2010–2015. On the other hand, over the same period of time the shares of low- and medium-technology manufactures increased from 45 to 57 per cent.

Primary products and resource-based manufactures continue to dominate MERCOSUR exports to global markets. In 2015, 58, 75, and 80 per cent of MERCOSUR exports to NAFTA, the European Union, and developing Asia, respectively, were composed of primary products and resource-based manufactures according to UNCTAD's calculations based on the UNCTADStat database. Conversely, 67, 61, and 63 per cent of MERCOSUR imports from NAFTA, the European Union, and developing Asia, respectively, were medium- and high-technology manufactures. This trade pattern is indicative of limited industrial competitiveness achieved by MERCOSUR countries.

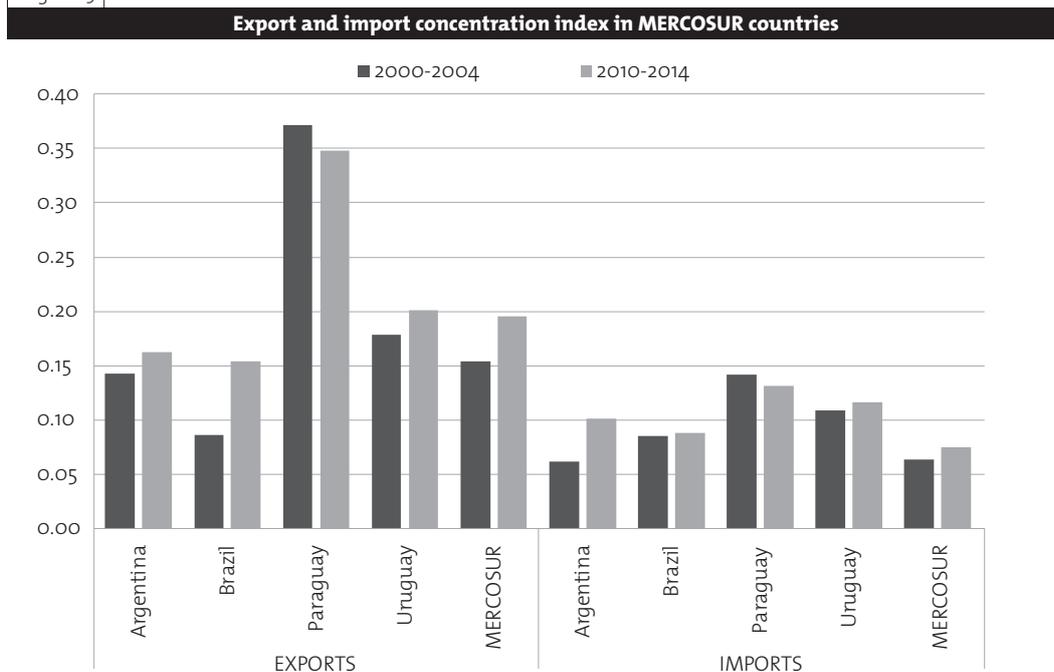
To evaluate the degree of transformation in a country's trade structure, it is useful to use the concentration index.⁷⁴ Figure 13 presents the concentration index for MERCOSUR exports and imports between 2000–2004 and 2010–2014, which helps evaluate whether in recent years there have been changes in the concentration of exports and imports since the beginning of the 2000s. Paraguay has the highest degree of

concentration of merchandise exports, followed by Uruguay. According to available data as of 2015, exports from Paraguay are dominated by commodities such as soybeans, food products, and electricity, while meat products, rice, and other food products constitute most of Uruguay's exports.⁷⁵ Argentina and Brazil have lower export concentration indexes, but since the beginning of the 21st century there has been an increase in export specialization (especially in Brazil). According to the Observatory of Economic Complexity, soybeans and soybean-related products, corn, and delivery trucks make up most of Argentina's exports, while soybeans, iron ore, raw sugar, crude and refined petroleum, vehicle parts, and telephones constitute the top primary exports of Brazil.⁷⁶

Paraguay and Uruguay have shown the highest degree of concentration in their merchandise imports in the post-2000 period as well. In MERCOSUR, however, imports are on average less concentrated than exports. With the exception of Paraguay, the import concentration index has increased, though minimally, from 2000–2004 to 2010–2014 for all MERCOSUR countries. This indicates that merchandise imports have tended to specialize during this time.

Tariff policy is a key trade policy, and in this regard it is useful to track the changes in the applied tariff rate (trade-weighted) for MERCOSUR countries over time.⁷⁷ As shown

Figure 13

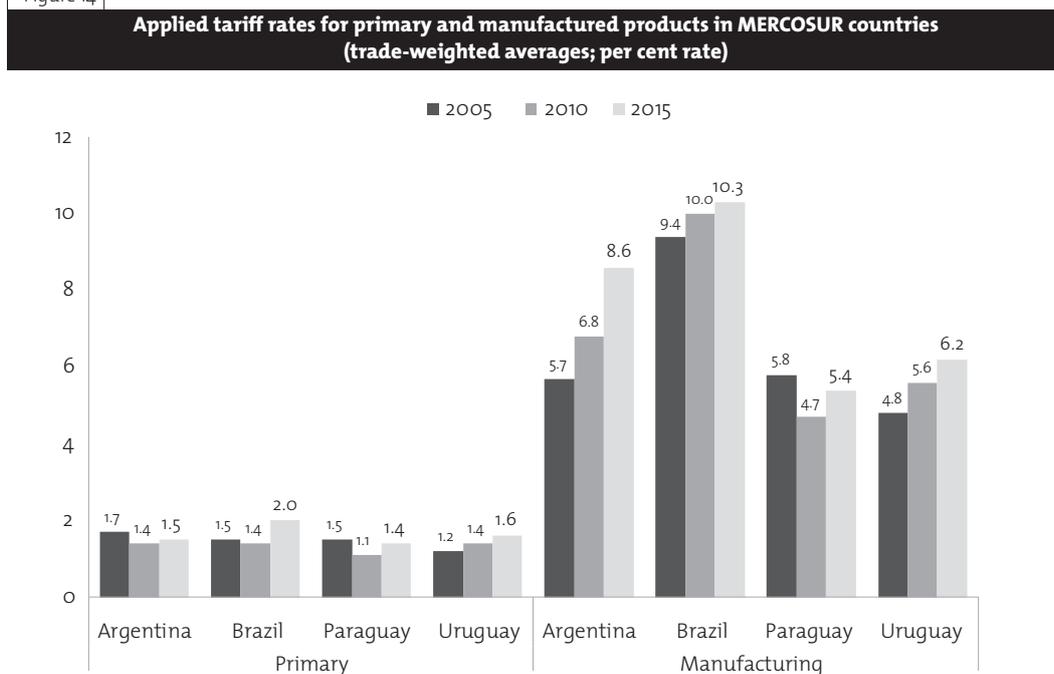


Source: UNCTADStat database, available at <http://unctadstat.unctad.org/EN/> (accessed in December 2017).

in figure 14, the average applied tariff rate for primary products in the MERCOSUR members remained relatively steady between 2005 and 2015. On the other hand, over the same period of time, except for Paraguay, average tariff rates for manufacturing products increased in MERCOSUR countries. The increase is close

to 30 per cent in Uruguay and exceeds 50 per cent in Argentina. This seems to indicate increased import protection from the rest of the world during the global economic crisis. The direction of change in applied tariff rates will guide the interpretation of the results of the microeconomic analysis in this module.

Figure 14



Source: World Bank, World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed in December 2017).

3.3. Employment effects of trade integration

As described in Volume 1 (UNCTAD, 2014a), there are multiple transmission channels that explain the nexus between trade openness and gender inequalities. Liberalization can be a powerful instrument to generate new economic opportunities for women, but in certain cases it may also exacerbate existing gender biases and discrimination.

Module 2 presents the predictions of trade theory on labour market outcomes. From a theoretical viewpoint, trade reforms may affect employment through a change in the production structure of the economy, as some sectors tend to expand due to the development of new export opportunities and others may shrink due to stiffened import competition. Depending on the gender distribution of the workforce across the different sectors of the economy, trade liberalization can significantly affect gender inequalities in the workplace. If the shrinking sectors are female-intensive, then the trade reforms are likely to have negative effects on gender inequalities. Conversely, if women are preponderantly found in the expanding sectors following the reforms, trade liberalization may reduce gender inequalities.

An additional way that trade openness may affect gender inequalities in the workplace is through competitive pressure induced by trade reforms that may render discrimination too costly for employers and therefore reduce discrimination against women. Another transmission channel between trade and gender occurs through technological upgrading stimulated by hardened competition with foreign firms. The pro-competitive effects of trade liberalization can incentivize firms to upgrade their technology, thereby reducing the need for physically demanding skills and in turn improving employment opportunities for women relative to men.

In light of these multiple transmission channels, the relationship between trade reforms and gender employment inequalities is context-specific and cannot be generalized. In order to determine whether trade liberalization is beneficial or detrimental to gender equality, it is necessary to proceed with empirical analyses. Based on a sample of 134 countries, Bussman (2009) uncovered that on average trade openness has been correlated with an increase in the number of women employed in the services sector in developed countries, while in developing countries it has been correlated with an increase in the number of women working in industrial and agricultural jobs. At the microeconomic level,

a study undertaken by Juhn, Ujhelyi, and Villegas-Sanchez (2014) found that NAFTA had a positive impact on female blue-collar workers in Mexico as a result of technology upgrading.

Building on these recent developments in the empirical economic literature, this section provides an empirical assessment of the relationship between trade and gender in MERCOSUR countries using both a macroeconomic and a microeconomic analysis. The macroeconomic analysis investigates how trade openness has affected the sectoral distribution of female employment at the country level over the past 25 years in the MERCOSUR countries. The microeconomic analysis consists of an empirical investigation at the firm level of the impact of tariff changes on the female-to-male employment ratio in MERCOSUR firms in the manufacturing sector.

3.3.1. Macroeconomic analysis

A macroeconomic analysis investigates how women in the workplace have been affected by trade liberalization in the MERCOSUR countries. For that purpose, this analysis replicates the study undertaken by Bussmann (2009), with updated data specific to MERCOSUR countries.⁷⁸ In his study, Bussmann tested and empirically confirmed two hypotheses that are of interest for the present analysis. The first hypothesis refers to the presence of absolute welfare gains for women; the second hypothesis focuses on changes in the gender gap following trade liberalization. With regard to the first hypothesis, following the Heckscher-Ohlin model,⁷⁹ trade is expected to be relatively more beneficial to the factors of production that are abundant in a country. In the case of developing countries, trade should thus favour female employment, under the assumptions that developing countries are relatively more endowed with low-skilled labour and that women constitute an important share of the low-skilled workforce. Based on the second hypothesis, in developing countries the shares of women working in the industrial and agricultural sectors should increase with trade integration and in a disproportionate way compared to men. This hypothesis relies on the fact that developing countries have a comparative advantage in labour-intensive goods and that women, as unskilled workers, should see a disproportionate increase in their employment opportunities in the industrial sector as a result of the attempt by firms to keep costs low. The expectation that trade integration should be correlated with an increase in the share of female workers in the agricultural sector is based on the observation that developing countries tend to have a comparative advantage

in the export of agricultural products. In turn, it is expected that trade liberalization boosts exports and induces a shift from informal fieldwork at the subsistence level to jobs in the formal labour market.

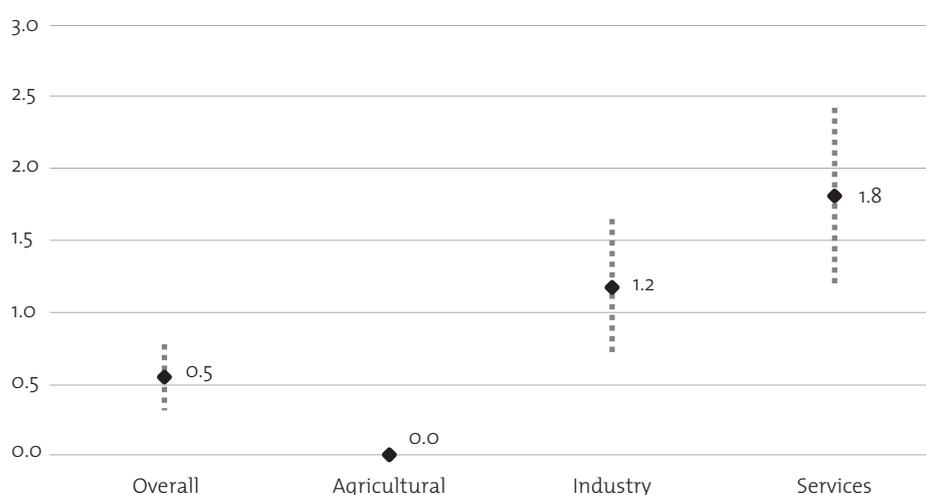
This empirical analysis estimates the impact of trade openness (as a measure of trade integration) on the female employment share, defined as the share of employed women out of the total number of employed workers, overall and then across sectors. Building on a comprehensive panel dataset spanning from 2000 to 2016, this

analysis also incorporates a number of control variables to take into account other potential factors that might have impacted the female labour force without being attributable to the trade integration process. The methodology is presented in more detail in Annex 1.

The results of the estimation are summarized in figure 15. The average impact of trade openness on all sectors is relatively low: a 10 per cent increase in the trade openness index is correlated with a 0.5 of a percentage point increase in the female share of total employment on average in all sectors.

Figure 15

Impact of an increase in trade openness on the female share of employment across sectors in MERCOSUR countries (percentage points)



Source: UNCTAD calculations based on ILOstat database (available at www.ilo.org/ilostat, accessed on 2 February 2018), and on the World Bank's World Development Indicators (<https://data.worldbank.org/data-catalog/world-development-indicators>).

Note: The diamonds represent the increase in percentage points in the female share of employment in each sector correlated with a 10 per cent increase in the trade openness index (measured by the ratio of trade flows to GDP). The dashed lines represent the confidence interval at the 10 per cent level.

Looking at the individual sectors, the impact of trade openness is positive for industry and services, but no impact is found on the agricultural sector. In industry, a 10 per cent increase in trade openness is associated with a 1.2 percentage point increase in the share of women in total employment. In the services sector, a 10 per cent increase in trade openness is correlated with a 1.8 percentage point increase in the share of women employed.

If trade openness is decomposed into export-to-GDP and import-to-GDP ratios, as shown in table A1.1 in Annex 1, the results show that the effect of trade openness in the two sectors (industry and services) is driven by both exports and imports. These results imply that both exports and imports have contributed to increasing the share of jobs for women in both industry and services in MERCOSUR. With regard to imports, although it could be expected that increased imports may turn out to be a threat to local employment,

cheaper imports of inputs (raw materials and/or intermediate goods) resulting from greater trade openness could increase local production and thereby support jobs that are female-intensive. This can explain why the increasing share of imports in GDP is positively correlated with the share of female employment.

3.3.2. Microeconomic analysis

Following Juhn, Ujhelyi, and Villegas-Sanchez (2014) and Module 4 of the teaching material devoted to trade and gender linkages in COMESA (UNCTAD, 2017), this section presents a microeconomic analysis to evaluate the impact of tariff liberalization on gender employment inequalities in MERCOSUR countries. As discussed in Module 2, the employment effects of trade liberalization depend on the distribution of men and women across different sectors of the economy. Based on panel data provided by the World Bank Enterprise Surveys (World Bank,

2017b), this analysis tracks the changes over time in the female-to-male employment ratio within manufacturing firms attributable to tariff changes in the manufacturing sector.⁸⁰

This empirical analysis introduces a distinction between export and import tariffs to refine the analysis of the impact of trade liberalization on gender inequalities in the workplace. Changes in tariffs, in fact, can have different implications depending on whether import or export flows are affected. For instance, a decrease in export tariffs prompts more productive firms to enter the export market and induces firms to upgrade their technology to become more competitive.⁸¹ As a result, technological progress may lower the need for physically demanding skills and modify the distribution of employment across gender at the expense of male blue-collar workers, but to the benefit of female blue-collar workers. On the other hand, a decrease in import tariffs induces more competition for domestic firms, which may either lead to the adoption of innovative technological processes or the withdrawal of the least productive firms from the market, with adverse effects on the most vulnerable workers.

Two further distinctions are made in the course of this empirical analysis. First, female-to-male employment ratios are computed distinctively for production and non-production tasks to provide some insights into the possible influence of technological upgrading.⁸² Second, the impact of tariff changes is first evaluated considering the world as a partner, and in a second step the different trade partners are considered separately. More

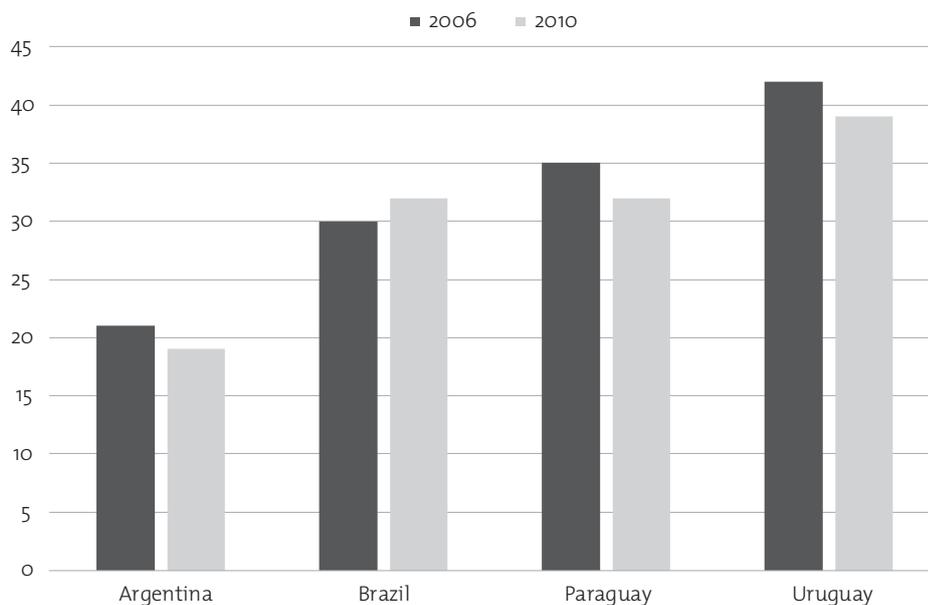
specifically, sectoral tariff variables are calculated for the main regional groups (Latin American countries, North America, European Union, and the world) to test whether the impact of tariff liberalization differs across markets due to differences in traded products or specialization patterns.

Because multiple factors could influence the evolution of female-to-male employment ratios over time, this empirical analysis takes into account a set of firm-level characteristics (such as the status of foreign ownership, the level of sales, the presence of women among the owners of the firm, or the use of foreign technology), in addition to country- and industry-specific effects, to take into account characteristics at the firm level that might affect gender labour outcomes. The estimation procedure is presented in detail in Annex 1. Descriptive statistics are presented in A1.2.

Figures 16 and 17 illustrate the evolution of the share of female workers in each MERCOSUR country. The figures show that between 2006 and 2010 in all countries – with the exception of Brazil – there was a decrease in the share of women employed in exporting manufacturing firms over time in production and non-production tasks. The figures also show that in all MERCOSUR countries, the share of female workers in non-production tasks changed by a greater amount than in production tasks. Over the period considered, non-production tasks were also more relevant for women's employment. In 2010, on average women accounted for 31 per cent of production workers and 41 per cent of non-production workers in MERCOSUR countries.

Figure 16

Share of female workers in exporting firms in production tasks (per cent)

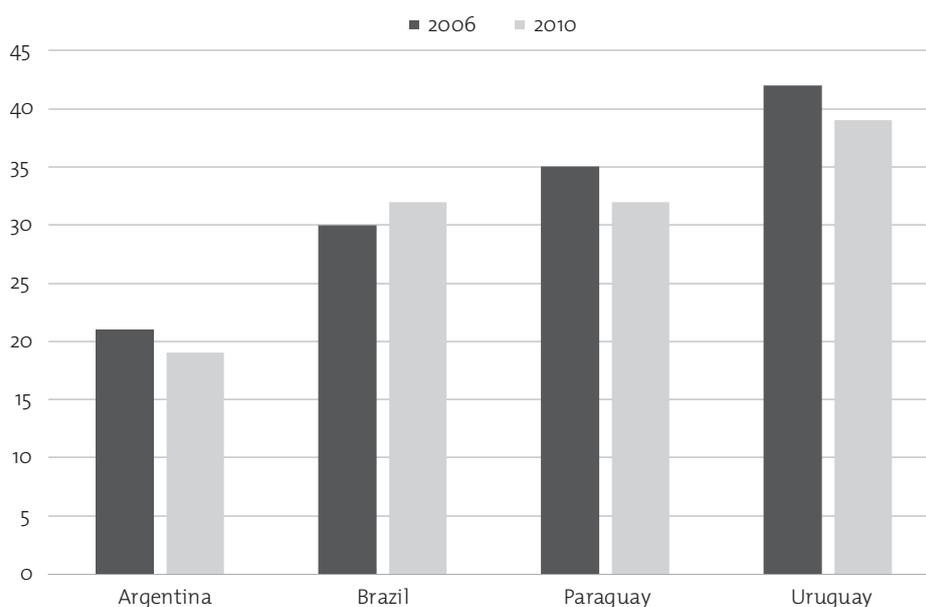


Source: UNCTAD calculations based on the World Bank's Enterprise Surveys, available at <http://www.enterprisesurveys.org/>.

Note: For Brazil, the initial year is 2003 and the final year is 2009.

Figure 17

Share of female workers in exporting firms in non-production tasks (per cent)



Source: UNCTAD calculations based on the World Bank's Enterprise Surveys, available at <http://www.enterprisesurveys.org/>.

Note: For Brazil, the initial year is 2003 and the final year is 2009.

The estimation results (reported in table A1.3 in Annex 1) reveal that on average trade liberalization through a reduction in import tariffs had a negative effect on the female-to-male employment ratio in production tasks in MERCOSUR. On average, a 1 percentage point decrease in the tariff imposed on foreign products is correlated with a decrease of around 17 per cent in the female-to-male employment ratio in production tasks, all else being equal. Based on the results, this seems to be essentially driven by the effect of import tariff reductions applied to goods originating from other Latin American countries.

On the other hand, when the group of MERCOSUR countries is considered as a whole, there seems to be no significant effect of a reduction in import tariffs on the female-to-male employment ratios in non-production tasks, and of a reduction in export tariffs on the female-to-male employment ratios in both production and non-production tasks. Yet, this absence of effect may also imply that some countries in the group are affected in one direction and others are affected in the opposite direction, so that when averaged, the marginal effects cancel out.

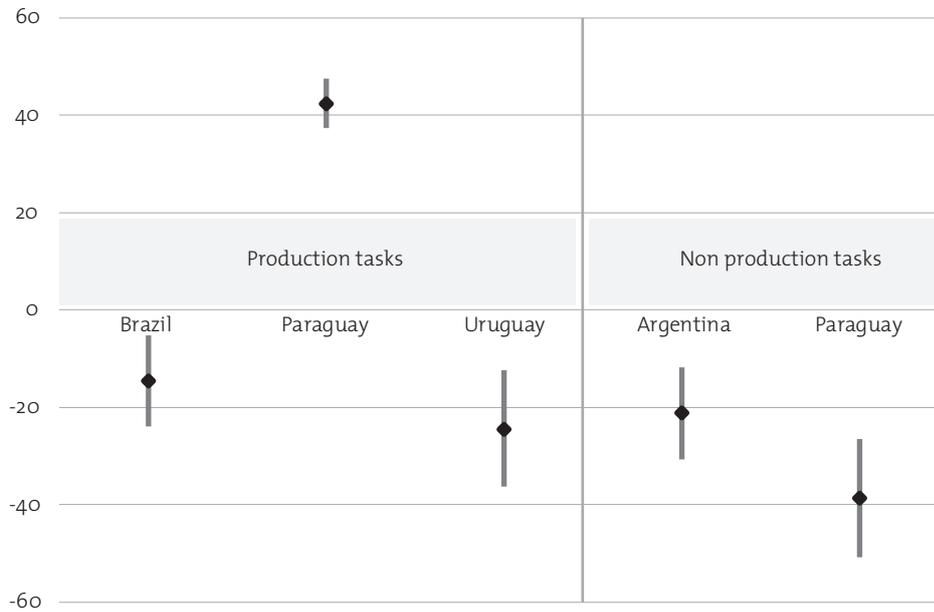
In order to check for this possibility, an interactive variable decomposing the previous coefficient for each country is introduced into the estimation to assess the effect of tariff changes across countries. The corresponding results (presented in Annex 1, table A1.4) are summarized in figures 18 and 19. Figure 18 illustrates the estimated impact of changes in import tariffs, while figure 19 presents

the estimated impact of changes in export tariffs. The figures confirm the heterogeneity of the effects of a tariff variation across countries and types of tasks.

As shown in figure 18, although the female-to-male employment ratio in production tasks is negatively correlated with import tariff liberalization in Brazil and Uruguay, the relationship is reversed in Paraguay, and no significant effect is found in Argentina. In terms of magnitude, following a 1 percentage point decrease in the average import tariff, the female-to-male employment ratio in production tasks is reduced by 15 per cent in Brazil and 25 per cent in Uruguay. In contrast, following a 1 percentage point decrease in the average import tariff, the female-to-male employment ratio in production tasks is associated with over 40 per cent increase in Paraguay.

Regarding the female-to-male employment ratio in non-production tasks, a negative correlation appears with import tariff liberalization for Argentina and Paraguay (no significant relationship is found in the other MERCOSUR countries). The results suggest that a 1 percentage point decrease in the average tariff imposed on goods imported from the rest of the world is correlated with a decrease of 21 per cent in the female-to-male ratio in non-production tasks in Argentina; the corresponding figure for Paraguay is close to 40 per cent. These results suggest that the stiffened competition induced by import liberalization on average has disproportionately hurt women in non-production tasks.

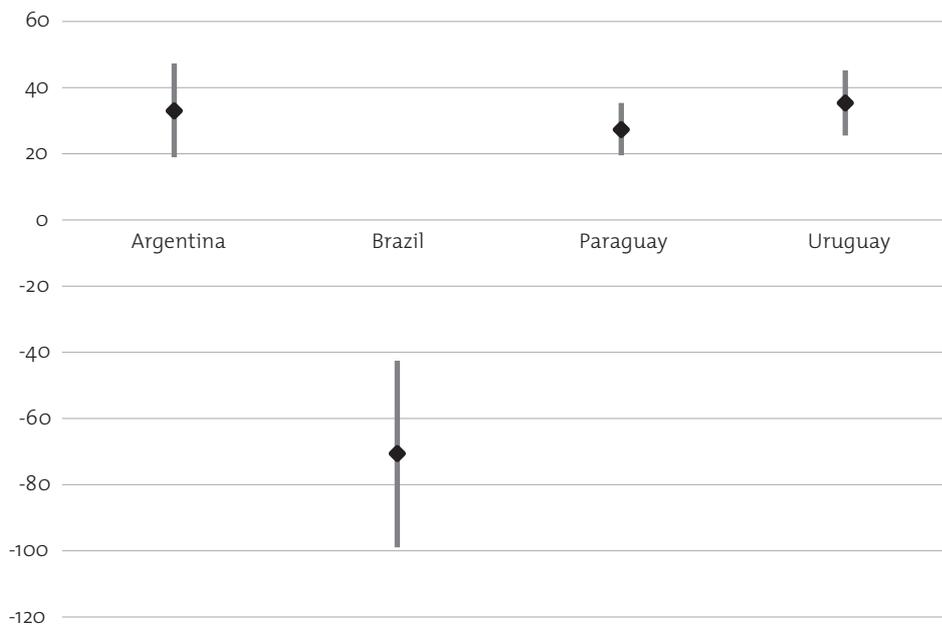
Figure 18

Estimated impact of a 1 percentage point decrease in import tariffs on female-to-male employment ratios (per cent)


Source: UNCTAD calculations based on the World Bank's Enterprise Surveys (<http://www.enterprisesurveys.org/>) and World Integrated Trade Solution (<http://wits.worldbank.org>) databases.

Note: The diamond represents the average impact of a 1 percentage point decrease in the average import tariff imposed on goods originating from the rest of the world on the female-to-male employment ratio. The dashed line represents the confidence interval for the coefficient (at the 10 per cent level). Only the statistically significant coefficients are reported.

Figure 19

Estimated impact of a 1 percentage point decrease in export tariffs on female-to-male employment ratios in production tasks (per cent)


Source: UNCTAD calculations based on the World Bank's Enterprise Surveys (<http://www.enterprisesurveys.org/>) and World Integrated Trade Solution (<http://wits.worldbank.org>) databases.

Note: The diamond represents the average impact of a 1 percentage point decrease in the average export tariff imposed on goods originating from the rest of the world on the female-to-male employment ratio. The dashed line represents the confidence interval for the coefficient (at the 10 per cent significance level). Only the statistically significant coefficients are reported; as the coefficients for non-production tasks were not significant, they are not reported here.

The results summarized in figure 19 indicate that a decrease in the export duties faced in the destination market by exporting firms is correlated with a significant improvement in the female-to-male employment ratio in production tasks for all countries but Brazil. A decrease of 1 percentage point in the average export tariff faced in the destination market is correlated with a 33, 27, and 35 per cent increase in the female-to-male employment ratio in Argentina, Paraguay, and Uruguay, respectively. No significant effect of export tariff changes has been found on the female-to-male employment ratio in non-production tasks. These results are in line with Juhn, Ujhelyi, and Villegas-Sanchez (2014), who found that the relative employment of women improves in production-related tasks, but not in white-collar tasks. According to the authors, this could be explained by technology upgrading by firms, thereby resulting in lower demand for physically demanding skills that are typically taken on by male workers. Alternatively, or additionally, this result could be interpreted in light of the gender inequalities as a source of competitive advantage. Due to the typical gender wage gap, women in production tasks are favoured as a source of competitive advantage for exporting firms (see Module 3). Findings similar to those of the microeconomic analysis for MERCOSUR are also found in the case of the Eastern African Community, as shown in Module 4a (UNCTAD, 2018)

The estimation results indicate that trade liberalization with neighbouring countries had a significant effect on the female-to-male employment ratio, but the effects on imports and exports are the opposite. A decrease of 1 percentage point in the average export (import) tariffs faced in (by) Latin American countries is correlated with a 25 per cent increase (26 per cent decrease) in the female-to-male employment ratio. The results also show that a decrease in the tariffs faced by MERCOSUR firms in North American countries is negatively correlated with the female-to-male employment ratio. Many factors can explain this effect. If firms exporting to North American countries are the most efficient or the biggest, they might provide attractive working conditions and therefore attract relatively more male workers, potentially leading to defeminisation of the workforce. Further research should be undertaken to go beyond this speculative hypothesis and understand the mechanisms involved.

Overall, these results suggest that changes in the trading environment with neighbouring countries significantly affect gender inequalities in the workplace in MERCOSUR countries.

4. Conclusions and policy suggestions

This module applied the concepts presented in the core teaching manual (UNCTAD, 2014a) to examine the interplay between trade and gender in the Southern Common Market (MERCOSUR). MERCOSUR is composed of economies that differ substantially in size, wealth, and human development. Brazil represents the largest economy, followed by Argentina. Paraguay and Uruguay are the smallest economies. Services constitutes the leading economic sector in all MERCOSUR countries, which in fact have all been experiencing a process of early de-industrialization. The basket of exports from MERCOSUR is centred on primary products and resource-based manufacturing, increasingly sold to developing Asia (especially the People's Republic of China and India). In the years following the 2008–2009 global financial crisis, MERCOSUR experienced an economic decline due to a downturn in commodity prices and a slowdown of external demand, led by slower economic growth in the People's Republic of China. More recently, MERCOSUR has shown signs of economic recovery, but economic growth remains slow.

Gender inequalities persist in the MERCOSUR region. In all MERCOSUR countries, there is a considerable gap in the labour force participation rate of men and women, and the urban gender wage gap remains significant. These disparities are embedded in traditional gender biases and stereotypes. Women continue to be responsible for the lion's share of unpaid labour work, and are overrepresented in informal and low-skilled employment.

MERCOSUR ignored gender issues until the end of the 1990s. In its early phases, the integration process strictly prioritized economic considerations. As a result of pressure from civil society – driven especially by women's social movements and feminist groups – gender started to be officially mainstreamed in MERCOSUR in the early 2000s. Gender equality policies have also progressively expanded from an exclusive focus on employment to encompass broader dimensions of economic and political participation.

This module has used both macroeconomic and microeconomic analyses to evaluate the impact of trade integration on women's employment and gender inequalities in employment. At a macroeconomic level, trade openness is found to have a positive but small impact on women's employment shares in industry and services (no impact is found in agriculture).

Based on a microeconomic analysis, the effects of import tariff liberalization on female-to-male employment ratios have been on average negative, but they have varied across countries and types of tasks. In Brazil and Uruguay, the gender employment ratio has been negatively affected in production tasks; in Argentina, the effect has been negative in non-production tasks; and in Paraguay, there has been a positive impact on production tasks, but a negative impact on non-production tasks. With regard to export tariff liberalization, the results indicate that a decrease in export duties has had a positive impact on the female-to-male employment ratio in production tasks in all MERCOSUR countries except Brazil. Reductions in export tariffs have not affected the female-to-male employment ratio in non-production tasks.

In conclusion, as a net effect, the process of regional integration has only contributed to spurring women's employment and reducing gender inequalities in employment to a limited degree. In particular, the empirical results clearly indicate that trade openness has not helped generate white-collar jobs for women. In contrast, trade openness in MERCOSUR seems to have contributed to reinforce the role of women as a source of competitive advantage.

There is by now broad consensus that closing the gender gap is key not only for social welfare, but also for a country's growth in monetary living standards (OECD, 2017). As a medium- and long-term goal, ensuring that regional integration processes in MERCOSUR and elsewhere do not reinforce gender inequalities requires that regions move away from dependence on primary products and commodities. This type of specialization, in contrast to industrial production, makes countries more vulnerable to external shocks and less capable of boosting productivity and generating quality employment. It is also important to ensure investment in productivity growth by supporting innovation and training programs. In this regard, it is especially important to design inclusive innovation policies that enable women, small entrepreneurs, poorer households, and indigenous populations to have access to new technologies (OECD, 2016).

To ensure that regional integration fosters inclusive development and human development goals, it is crucial that trade policies be systematically evaluated from a gender perspective and that all different types of policies be designed coherently to promote sustainable human development (Espino and Underhill-Sem, 2012). Specifically with regard

to trade, in addition to special programmes for women as exporters, it is critical that gender be mainstreamed in all trade promotion organizations to ensure gender equality in economic opportunities (Frohmann, 2017, 2018). Towards this goal, trade agreements should include – in addition to a specific chapter on gender – a gender perspective in the treatment of all individual economic issues discussed by FTAs.

To support a gender-based analysis, it is important to strengthen the collection of gender statistics, including not only sex-disaggregated indicators but also data on issues that specifically affect women (and men) and the relations between men and women (ECLAC, 2017c). This is critical to inform the design of public policies, monitor their effectiveness, and potentially introduce the necessary corrections.

Trade policies can play an important role in either consolidating traditional export patterns or contributing to structural change in the context of measures supporting technological innovation, skill upgrading, and knowledge diffusion. In the case of MERCOSUR, Espino and Underhill-Sem (2012) indicate that as regional integration advances, it is important to strengthen universal social protection systems and tackle disparities in access to vocational training and employment. With regard to work, vocational training, skill certification, and employment support for women are useful tools. Countries in the MERCOSUR region have been active in introducing these types of programmes, especially in the context of poverty reduction strategies. These efforts are valuable and should be strengthened, especially with respect to their gender focus (Espino, 2016).⁸³

In MERCOSUR, there is still wide a discrepancy between the labour force participation rates of men and women. Women are also still overrepresented in part-time and informal employment, and tend to be concentrated in low-quality jobs. Closing the gender gap in employment has huge potential to spur economic growth in the region (Aguirre and Rupp, 2012). It is estimated that, for MERCOSUR countries, the income losses due to gender gaps in the labour market are between 10 and 20 per cent of GDP (OECD, 2017).⁸⁴

Labour market outcomes are ultimately the result of traditional social norms that tend to associate women with a secondary role in the labour market, as their primary responsibility is identified with the sphere of the household. To eliminate the persistent forms of discrimination against women, non-discriminatory and

gender-sensitive public policies need to consider not only the paid sphere of the economy, but also unpaid care work (or reproductive labour). Recognizing unpaid care work is critical to make women's work visible and to value an essential source of individual and collective welfare. In this regard, it is important to ensure that reproductive activities are incorporated in national statistics by investing in regular time-use surveys. In addition, greater public support for parental leave and early childhood education and care are critical to move closer to gender equality and women's empowerment (OECD, 2017). Gender-based capacity-building, community education, training and gender sensitivity programmes can also be useful instruments to foster cultural change both for public officials and the community (ECLAC, 2010).

As the informal sector plays a large role in women's employment, public policies in MERCOSUR also need to directly address informal workers. Given the high degree of vulnerability of informal employment, it is desirable that social protection – in the form of social insurance and employment protection – is extended to the informal sector. In addition, simplification of bureaucratic procedures and provision of benefits could act as incentives to register informal enterprises and regulate informal jobs (Chen, 2012).

Finally, it is important to stress that legal measures and public policies for gender equality at the national level need to be coordinated with the various MERCOSUR institutions and designed with input and feedback from civil society, especially women's groups (Espino, 2016; Fernós, 2010).

Exercises and questions for discussion

1. What is the ultimate goal behind the formation of MERCOSUR? What are the requirements for countries to be members of this group?
2. How do men and women in MERCOSUR countries compare with respect to education, income, and labour force participation?
3. Based on the Global Gender Gap Index, how do MERCOSUR countries perform internationally? Has the ranking of MERCOSUR countries improved over time?
4. What indicators could be used to illustrate gender disparities in public decision-making, access to assets, and financial resources in MERCOSUR countries?
5. How did the sectoral composition of employment change for male and female workers over the course of regional integration? What does this trend say about the process of industrial development of MERCOSUR countries?
6. How has the gender wage gap evolved in the region since the 1990s? What is the relationship between education and gender wage differentials in MERCOSUR countries?
7. When did MERCOSUR adopt a gender mainstreaming approach? What were the drivers? Overall, how can progress towards the institutionalization of gender equality in MERCOSUR be assessed?
8. In what ways can gender be mainstreamed in trade policy? To what extent is gender mainstreamed in MERCOSUR's trade policy?
9. What is the meaning of national trade policy? Based on the WTO Trade Policy Review Mechanism, how are gender issues addressed in the national trade policies of Argentina, Brazil, Uruguay, and Paraguay?
10. How has the composition and geographic structure of MERCOSUR's trade flows evolved in the 2000s?
11. What is the impact of trade openness on the female employment share in individual sectors (agriculture, industry, services)? Are these results driven by exports, imports, or both exports and imports? What are the economic reasons that can explain these results?
12. Distinguishing between production tasks and non-production tasks, how has female employment evolved in exporting firms between 2006 and 2010?
13. Based on the microeconomic analysis, what is the impact of tariff reductions on the female-to-male employment ratio for MERCOSUR countries considered as a whole? In your answer, please distinguish between import tariffs and export tariffs, and between production tasks and non-production tasks.
14. Based on the microeconomic analysis, what is the impact of tariff reductions on the female-to-male employment ratio in the individual MERCOSUR countries? In your answer, please distinguish between import tariffs and export tariffs, and between production tasks and non-production tasks.
15. What are some examples of regional initiatives that MERCOSUR could consider to support gender equality and women's empowerment?

ANNEX 1. Empirical analysis: Methodology

A1.1. Macroeconomic analysis

The following equation is estimated for each economic sector – namely agriculture, industry, and services – over the period 1992–2016:

$$FES_{it} = \alpha + \beta \ln TO_{it} + \hat{\delta}_{is} X_{it} + \mu_i + \hat{\delta}_t + \varepsilon_{it}$$

where FES_{it} is the female employment share of country i in year t , which is defined as the ratio of female workers over the total number of workers. The main explanatory variable is the log of the trade openness index: TO_{it} for country i in year t . The trade openness index is defined as the ratio of total trade flows over GDP. In the main equation, all trade flows are considered together (both exports and imports); in a following step, exports and imports are considered separately, so that the index is decomposed into the ratios

$$\frac{Exports_{it}}{GDP_{it}} \text{ and } \frac{Imports_{it}}{GDP_{it}}$$

X_{it} is a vector of country-year specific characteristics, which may impact the female employment share: level of GDP per capita, size of the population, fertility rate, and size of the male

workforce. Fixed effects at the country μ_i and the year $\hat{\delta}_t$ level are also included, so as to account for country- and year-specific variations that cannot be attributed to changes in trade openness.

Following Bussmann (2009), this estimation implements an instrumentation strategy to address a possible reverse causality problem. Indeed, the integration of women in the labour market might be correlated with the country's level of competitiveness and, therefore, its trade integration. The investigated relationship (from trade openness to female integration in the labour market) could thus work in both directions. This possible reverse causation needs to be addressed to properly identify the effect of trade on female employment. To do so, the two-stage-least-squares estimation methodology is used; in this procedure, the trade openness variable is instrumented with the value of trade openness in the previous year.⁸⁵

The employment data used in this analysis are from the International Labour Organization (ILO); all other data are from the World Bank's World Development Indicators database. The database used for the estimation covers a panel of the four MERCOSUR countries between 1992 and 2016 (therefore, since the establishment of MERCOSUR), where individual observations are country-year wise.

Table A1.1.

Macroeconomic results: Estimation of the impact of trade openness on female-to-male employment ratios across sectors

Female employment share	Overall	Agriculture	Industry	Services
In trade openness	5.467*** (1.362)	5.195 (14.00)	11.79*** (2.824)	18.04*** (3.802)
In GDP per capita	5.880* (3.001)	1.145 (30.90)	0.164 (7.140)	-14.11 (11.03)
In fertility	-3.231 (5.142)	-130.1** (50.00)	-53.65*** (8.413)	-60.64*** (15.38)
In population	8.261 (7.693)	-61.98 (59.17)	8.430 (17.33)	3.884 (27.36)
Male total	-2.828*** (0.898)			
Male agriculture		3.991** (1.787)		
Male industry			-4.714** (2.087)	
Male services				-7.579* (4.057)
Constant	-148.2 (148.5)	1,186 (1,232)	-77.99 (344.1)	170.0 (533.5)
Observations	86	86	86	86
R-squared	0.810	0.647	0.786	0.824

Source: UNCTAD estimations using data retrieved from the ILOstat and the World Bank, World Development Indicators databases. Note: Robust standard errors in parentheses. The estimation strategy is the two-stage least square and the instrument for trade openness is trade openness-1. *** Significant at the 1 per cent level. ** Significant at the 5 per cent level. * Significant at the 10 per cent level. ** Significant at the 5 per cent level. * Significant at the 10 per cent level.

A1.2. Microeconomic analysis

The microeconomic analysis undertaken in this section, which strictly follows the methodology

applied by Juhn, Ujhelyi, and Villegas-Sanchez (2014), consists of the estimation of the following equation:

$$\Delta FMR_{ijs} = \alpha + \beta_1 \Delta \text{Export Tariffs}_{jsk} + \beta_2 \Delta \text{Imports Tariffs}_{jsk} + \delta_{is} X_{ist_0} + \delta_s + \gamma_j + \varepsilon_{ijs}$$

where i denotes the firm, j the country of the firm, s the sector, and k the partner country. ΔFMR_{ijs} refers to the change in the female-to-male employment ratio reported by the firm, and is computed separately for production and non-production tasks. $\Delta \text{Export Tariffs}_{jsk}$ is the sectoral change in the tariff faced by the firm located in country j and exporting to k . $\Delta \text{Imports Tariffs}_{jsk}$ is the sectoral change in the tariff imposed by country k . X_{ist} is a vector of firm characteristics in the initial period in order to control for firm size, the use of foreign technology, foreign ownership, and the presence of women among the owners. δ_s represents two-digit

sector fixed effects and γ_j represents country fixed-effects. In an alternative specification, we also allow the β coefficients to vary across MERCOSUR countries by introducing country-wise interactive dummies.

The estimation is based on the use of firm-level panel data provided by the World Bank's Enterprise Surveys (World Bank, 2017b) and the sectoral tariff database from the World Bank's World Integrated Trade Solution database (World Bank, 2017c). The estimation procedure is based on ordinary least squares, and the sample is restricted to exporting firms only.

Table A1.2.

Descriptive statistics: Variables of the microeconomic analysis

Variable (Units)	Observations	Mean	Standard deviation	Minimum	Maximum
Female-to-male ratio (%)	779	32	29	0	100
Female-to-male ratio, production (%)	777	28	33	0	100
Female-to-male ratio, non-production (%)	760	40	27	0	100
Foreign ownership (dummy)	816	0.15	0.35	0	1
Foreign technology (dummy)	748	0.16	0.37	0	1
Sales (local currency)	778	1.56E+09*	1.33E+10	1.20E+05	2.18E+11
Female among owners (dummy)	764	0.31	0.46	0	1
Employment size	816	257.64	1,020.07	2	18,000
Δ World import tariff (pp)	406	0.59	4.09	-10.89	7.39
Δ European Union import tariff (pp)	406	1.17	2.52	-9.15	7.64
Δ Latin America import tariff (pp)	406	-5.20	7.80	-26.65	0.69
Δ North America import tariff (pp)	406	1.59	2.93	-9.19	8.21
Δ World export tariff (pp)	406	-2.90	3.57	-13.06	4.59
Δ Latin America export tariff (pp)	406	-5.26	6.59	-19.47	1.68
Δ North America export tariff (pp)	406	-1.36	1.99	-9.07	4.99

Source: UNCTAD calculations based on the World Bank Enterprise Surveys and the World Integrated Trade Solution database.

Note: Δ is the symbol for rate of change; pp refers to percentage points. * 1.56E+09 should be read as 1.56x(10)9; the same logic applies to the other values of sales in the table.

Table A1.3.

Microeconomic results: Estimation of the impact of tariff variations on female-to-male employment ratios						
Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)
Female-to-male employment ratio	Overall	Production	Non-production	Overall	Production	Non-production
Δ World import tariff	-0.0515 (0.0283)	-0.174** (0.0400)	-0.0542 (0.0594)			
Δ World export tariff	-0.0285 (0.0208)	-0.0892 (0.0861)	-0.0406 (0.0510)			
Δ European Union import tariff				-0.141 (0.184)	0.269 (0.139)	-0.246 (0.203)
Δ Latin American import tariff				0.0402 (0.0857)	-0.257** (0.0627)	0.0861 (0.106)
Δ North American import tariff				0.114 (0.165)	-0.217 (0.115)	0.162 (0.171)
Δ Latin American export tariff				0.0241 (0.0512)	0.252* (0.0857)	-0.117 (0.0752)
Δ North American export tariff				-0.123 (0.0680)	-0.692** (0.202)	0.180 (0.115)
Foreign ownership	0.161 (0.143)	-0.349 (0.164)	0.317 (0.247)	0.144 (0.133)	-0.388** (0.109)	0.277 (0.262)
Sales	-0.0786 (0.0452)	0.0268 (0.0572)	0.0342 (0.0539)	-0.0775 (0.0484)	0.0487 (0.0540)	0.0252 (0.0562)
Foreign technology	0.0336 (0.137)	-0.0525 (0.293)	-0.317 (0.299)	0.0421 (0.147)	-0.0953 (0.278)	-0.311 (0.270)
Female among owners	-0.219 (0.205)	-0.417 (0.373)	0.747*** (0.111)	-0.231 (0.200)	-0.465 (0.338)	0.747*** (0.113)
Employment size	-0.00785 (0.0297)	-0.0597 (0.0438)	0.259*** (0.0435)	-0.00780 (0.0310)	-0.0699 (0.0337)	0.255** (0.0500)
Constant	1.454 (0.802)	0.618 (1.109)	-0.897 (1.076)	1.363 (0.774)	0.616 (0.777)	-1.134 (0.945)
Observations	305	289	270	305	289	270
R-squared	0.036	0.039	0.032	0.040	0.059	0.034
Sector fixed effects	X	X	X	X	X	X
Country fixed effects	X	X	X	X	X	X

Source: UNCTAD estimations based on the World Bank Enterprise Surveys.

Note: Robust standard errors in parentheses (clustered at the country level). The sample includes exporting firms from Argentina, Brazil, Paraguay, and Uruguay. Δ Export tariff refers to the variation in sectoral tariffs applied by the destination countries of the exports between the two periods of the survey. Δ Import tariff refers to the variation in sectoral import tariffs applied by the surveyed country between the two periods of the survey. Overall, the impact on the female-to-male employment ratio indicates the growth in the female-to-male employment ratio between the two periods of the survey. *** Significant at the 1 per cent level. ** Significant at the 5 per cent level. * Significant at the 10 per cent level.

Table A1.4.

Microeconomic results: Estimation of the impact of tariff variations on female-to-male employment ratios with interactive country dummies

Dependent variable: Female-to-male ratio	Overall	Production	Non-production
Δ world import tariff*Argentina	-0.00527 (0.0328)	0.0969 (0.127)	-0.212** (0.0576)
Δ world import tariff*Brazil	0.00741 (0.0350)	-0.146* (0.0568)	0.105 (0.0582)
Δ world import tariff*Paraguay	0.116 (0.0826)	0.424*** (0.0303)	-0.386** (0.0735)
Δ world import tariff*Uruguay	-0.0493 (0.396)	-0.246** (0.0715)	-0.561 (0.480)
Δ world export tariff*Argentina	0.0410 (0.0885)	0.329** (0.0868)	-0.280 (0.139)
Δ world export tariff*Brazil	-0.0974 (0.0846)	-0.707** (0.172)	0.400 (0.184)
Δ world export tariff*Paraguay	1.228** (0.279)	0.273** (0.0481)	0.763 (0.395)
Δ world export tariff*Uruguay	0.120 (0.501)	0.353*** (0.0602)	0.429 (0.597)
Observations	305	289	270
R-squared	0.050	0.057	0.046
Sector fixed effects	X	X	X
Country fixed effects	X	X	X

Source: UNCTAD estimations based on the World Bank Enterprise Surveys.

Note: Robust standard errors in parentheses (clustered at the country level). The sample includes exporting firms from Argentina, Brazil, Paraguay, and Uruguay. Δ Export tariff refers to the variation in sectoral tariffs applied by the destination countries of the exports between the two periods of the survey. Δ Import tariff refers to the variation in sectoral import tariffs applied by the surveyed country between the two periods of the survey. Overall, the impact on the female-to-male employment ratio indicates the growth in the female-to-male employment ratio between the two periods of the survey. *** Significant at the 1 per cent level. ** Significant at the 5 per cent level. * Significant at the 10 per cent level.

ANNEX 2. Case studies

A.2.1. Isis Gaddis and Janneke Pieters (2017): “The Gendered Labor Market Impacts of Trade Liberalization – Evidence from Brazil”

Objective and background

This paper investigates the gender-specific effects of Brazil's trade liberalization on the country's labour market. Until the late 1980s, Brazil was one of the most protectionist countries in the world. Starting in the early 1990s, reforms were initiated to drastically reduce both tariff and non-tariff barriers. The analysis evaluates the medium- and long-term impact on the labour force participation rate and employment for both men and women and disaggregates outcomes by education levels.

Data and methodology

The analysis uses two types of data: first, the Demographic Census for 1991 and 2000 provided by the Brazilian Census Bureau to collect data on employment status (both paid/unpaid and formal/informal), industry, and wages for individuals aged 25 to 55; and second, nominal tariffs and effective rates of protection for the period 1987–1998 by industry as indicators of trade policy.

The empirical methodology uses a difference-in-difference estimation and exploits the change in trade protection across microregions to identify the gender impact of trade liberalization on the labour market. Microregions are groups of neighbouring municipalities with similar economic and geographic characteristics. A key variable in the empirical analysis is trade protection, which measures trade protection at the microregional level and reflects the region-specific composition of industrial employment and industry-specific tariff rates before trade liberalization. Trade protection measures the level of trade protection for 494 microregions of Brazil in 1990 and 1998 (the first and last of tariff data used in the analysis, respectively).

Trade protection is calculated in two stages. In a first stage, the census data are used to identify 21 industrial sectors to be matched to the tariff data. The census data are also used to calculate sector-level employment shares by microregion in the “base year” of the liberalization period. These employment shares capture the variation across microregions in the exposure to trade reforms. In a second stage, the first stage is matched

with sectoral tariff data and trade protection is calculated for each microregion.

To evaluate the impact of trade protection on the gender labour market outcomes, the dependent variable in the estimation equation – which uses panel data for 1991–2000 at the microregion level – consists of within-microregion variation in labour market outcomes. The key dependent variable is trade protection, and initial sectoral employment shares are used as controlling variables (which allow for controlling for unobserved microregion characteristics that could impact labour market developments). Trade liberalization effects are also estimated separately for low- and high-skilled men and women.

Findings

The results indicate that trade liberalization in Brazil is associated with a decline in labour force participation rates and employment rates for both men and women, especially among the low-skilled segments of the population. As the aggregate impact on men is found to be significantly larger than on women, trade liberalization is also associated with a decline in the gender gap in both employment and labour force participation rates. This reduction, however, is not associated with any improvements in the labour market outcomes for women.

A.2.2. Maria Inés Terra, Marisa Buchelo, and Carmen Estrades (2008): “Trade Openness and Gender in Uruguay: A CGE Analysis.”

Objective and background

This paper examines the gender impact of trade openness in Uruguay on employment, wages, and time allocation between the labour market and domestic work. In the 1990s, trade liberalization and regional integration under MERCOSUR led to a significant reduction of protectionism in Uruguay. Women's participation in the labour market has increased since then, but gender discrimination persists in the private labour market and women still carry out the lion's share of unpaid work.

Data and methodology

The empirical analysis uses a typical Computable General Equilibrium (CGE) model, modified to apply a gender perspective. The model uses a Social Accounting Matrix (SAM) that has been calibrated using data from the year 2000. The data are taken from the Continuous Household Survey and the Time-Use Survey (*Encuesta del Tiempo y Trabajo No Remunerado* - EUS) carried

out by the Department of Sociology of the Facultad de Ciencias Sociales - Udelar. The model includes three trading partners (Argentina, Brazil, and the rest of the world), three factors of production (skilled labour, unskilled labour, and capital), two institutions (households – more specifically, 10 households at different income levels – and the government), and 23 sectors (including the informal sector, which is assumed to only produce for the domestic market, and the public sector).

The analysis uses three versions of the model. In the first version, demands for male and female labour are assumed to be exogenous and considered separately; in the second model, male and female labour supplies are endogenous and leisure time is incorporated as well; and in the final model, domestic work is explicitly incorporated.

To evaluate the impact of trade liberalization, the analysis simulates three different scenarios. The first assumes complete trade liberalization with the rest of the world, while the second and third scenarios assume an increase in trade protection. The second and third scenarios simulate the tariff scheme of 1994 (when Uruguay started to move towards greater trade openness) and the existence of reference prices in textiles (which act as tariffs on a type of production that uses female labour intensively), respectively. The second and the third scenarios are then analysed together to evaluate the impact of reference prices on the labour market of the 1990s.

Findings

This section only reports the key results of the empirical analysis. Greater trade openness is found to improve both employment and wages for women. The impact on gender gaps, however, depends on the specific trade flows. Net exports to Argentina tend to be intensive in skilled female labour, while net exports to Brazil and the rest of the world are predominantly intensive in unskilled male labour. In turn, if net exports to Argentina increase, demand for female labour increases and the gender gap declines; if net exports to Brazil and the rest of the world increase, demand for male labour increases and the gender gap increases.

The introduction of reference prices in unskilled female-intensive sectors (to protect unskilled women) is found to improve the relative situation of unskilled women, but it worsens the situation of all other workers in the labour market.⁸⁶ The authors conclude that direct subsidies would be a more effective instrument to support unskilled women.

With regard to time distribution between paid and unpaid work, if faced with a restriction on the maximum number of hours available (which reflects the rigidity of unpaid responsibilities for women), women are constrained from changing their labour market participation. The authors state that state-funded childcare and eldercare services would give women much more flexibility in allocating time based on utility maximization.

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ENDNOTES

- ¹ The teaching manual is comprised of Volume 1 (*Unfolding the Links*) (UNCTAD, 2014a) and Volume 2 (*Empirical Analysis of the Trade and Gender Links*) (UNCTAD, 2014b).
- ² The empirical analyses of this module generate results for the MERCOSUR region as a whole. Two case studies, which focus on individual countries (i.e., Brazil and Uruguay), are presented in Annex 2.
- ³ Paraguay was temporarily suspended in 2012 following the impeachment of its president, which was considered illegitimate by Brazil and Argentina. Paraguay was allowed to rejoin after new presidential elections in April 2013.
- ⁴ In practice, the formation of a common market (and even a full customs union) has been slower than what was planned. The ultimate goal of this integration initiative was to follow the example of the European Union, and eventually create a common market embracing the entire Southern Cone.
- ⁵ A customs union involves the removal of tariff barriers between members and the adoption of a common external tariff against non-members. A common market implies free exchange of all economic resources between members, including goods, services, capital, and people. In a common market, both tariffs and non-tariff barriers are eliminated. MERCOSUR had a short-lived discussion on the introduction of a common currency as well.
- ⁶ Venezuela's suspended status implies that the country could rejoin MERCOSUR if it were to adopt the required norms.
- ⁷ In December 2012, MERCOSUR countries signed the Protocol of Accession of the Plurinational State of Bolivia to MERCOSUR.
- ⁸ All associate members of MERCOSUR are part of the Latin American Integration Association (ALADI), an intergovernmental organization that replaced the Latin American Free Trade Association (ALAC). ALADI was established in 1980 by the Montevideo Treaty. Its objective is to foster economic integration among its member countries with the ultimate goal of establishing a Latin American common market. Currently, ALADI has 13 member states: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Panama, Peru, Uruguay, and Venezuela.
- ⁹ In practice, CETs are subject to a wide range of exceptions.
- ¹⁰ These agreements deal with currency transactions, capital investment, taxes, transportation, customs, services, and any other issue that is regarded by the members as relevant to ensure free trade.
- ¹¹ Argentina and Brazil are characterized by a significant degree of economic integration, so a change in the trade regime of either of the two countries has a major effect on both countries (in addition to its impact on the other trading partners). During and after the 2008–2009 global financial crisis, for example, Argentina advocated the use of domestic protectionist measures to defend domestic industries. Brazil, Argentina's main trade partner, in turn responded with protectionism and unilateral trade policy decisions directed toward third countries (such as the imposition of anti-dumping duties on steel imports from the People's Republic of China in September 2011).
- ¹² For a detailed account of the history and challenges faced by MERCOSUR, see Cason (2011) and Mothiane (2016).
- ¹³ Argentina became an official observer to the Pacific Alliance in June 2016, indicating its intention to keep pursuing trade liberalization, and possibly looking beyond MERCOSUR to expand trade.
- ¹⁴ All MERCOSUR countries, with the exception of Paraguay, have not been under the Generalised System of Preferences scheme since 1 January 2014 due to their classification as high-middle-income countries.
- ¹⁵ Negotiations with the European Union were suspended in 2004 and restarted in 2010.
- ¹⁶ Recommendations can be followed by decisions, which need the approval of the MERCOSUR Council to become effective.
- ¹⁷ The poverty headcount ratio is measured at US\$3.20 a day (2011 PPP).
- ¹⁸ The Gini coefficient is the most commonly used indicator of income inequality. It measures the extent to which the income distribution among individuals or households in an economy deviates from a perfectly equitable distribution. A Gini index of 0 represents perfect equality (i.e., everyone has the same level of income), while an index of 100 implies perfect inequality (i.e., one person has all the income).
- ¹⁹ For a historical account of inequality in Latin America, see Williamson (2015).
- ²⁰ According to the World Bank's World Development Indicators, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 17 May 2018).
- ²¹ The world's average poverty ratio at US\$3.20 a day (2011 PPP) was 28.6 percent in 2013, which is the latest year available; the average poverty headcount ratio in Latin America was 11.3 percent, also in 2013, according to the World Bank's World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 17 May 2018).
- ²² Conditional cash transfers are welfare programs that associate monetary payments with a set of conditions that need to be met in the form of children's education, medical care, etc. For an analysis of the experience of Latin America and the Caribbean, see Paes-Sousa, Regalia and Stampini (2013).
- ²³ Close to zero economic growth in MERCOSUR in 2001 is explained by the 2001/2002 Argentine economic crisis, which contributed to a new round of trade disputes between Argentina and Brazil in the context of a steady devaluation of Brazil's currency (Carranza, 2010).
- ²⁴ According to data as of July 2018, the region experienced positive but slow economic growth in 2017 (1.3 percent) and is projected to improve its growth performance in 2018 (2 to 2.5 per cent) (OECD, CAF, and ECLAC, 2018).
- ²⁵ These years are commonly referred to as the "commodity super-cycle." The years 2008 and 2009 constitute an exception to this boom due to the impact of the global economic crisis.
- ²⁶ Brazil is the seventh largest economy in the international ranking based on GDP (PPP, in constant 2011 international dollars), according to the World Bank's World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 25 June 2018).
- ²⁷ Argentina recorded annual growth of 10 percent in 2010 and 6 percent in 2011, followed by modest economic growth in 2013 and 2015 (about 2.5 percent) and economic contraction in 2012, 2014, and 2016, according to the World Bank's World Development Indicators database, available at <https://data.worldbank.org/data-catalog/world-development-indicators> (accessed on 22 May 2018).
- ²⁸ Trade will be examined in detail in Section 3.
- ²⁹ For technical details, see <http://hdr.undp.org/en/content/human-development-index-hdi>.
- ³⁰ In contrast to sex, the notion of gender refers to the roles, characteristics, and behaviors associated with men and women in a society.
- ³¹ As explained in Module 1, gender equality and women's empowerment are closely related but quite distinct concepts. Gender equality is evaluated based on a comparison between the status of men and women in a society (i.e., it is a relative measure).

In contrast, women's empowerment is assessed based on whether women have the ability to participate in decision-making, have access to opportunities, and are able exercise control over their lives (i.e., it is an absolute measure).

- ³² As explained in Module 1, a more complete analysis would require examining the role of women as taxpayers and consumers as well.
- ³³ The data in table 3 refer to the 2016 *Human Development Report*.
- ³⁴ The GII is only calculated for 154 countries (in contrast to the 188 countries for the HDI) due to data limitations.
- ³⁵ See data from the *Human Development Report* at <http://hdr.undp.org/en/data> (accessed on 3 July 2018). It is important to note, however, that aggregate indicators to measure gender inequality hide differences across socio-economic groups of women, including widening gaps.
- ³⁶ See box 1 for an account of time use by men and women in the region in paid and unpaid activities.
- ³⁷ 7 As can be expected, international rankings vary depending on the indicators that are used for the evaluation. This indicates that it is of critical importance to be aware of how indicators are constructed.
- ³⁸ For a detailed explanation of the structure of the GGGI, see WEF (2017, 3–7).
- ³⁹ In 2017, the government of Uruguay approved a law that indefinitely extends female quotas on electoral lists. The law requires that there be at least one man and one woman on the list for every three candidates. This law applies to both national and local elections, as well as to primary elections within each political party (<http://santiagotimes.cl/2017/10/19/uruguay-passes-gender-equality-law-for-congress/>).
- ⁴⁰ See <http://archive.ipu.org/wmn-e/classif.htm> (accessed on 1 October 2017).
- ⁴¹ In 1991, Argentina adopted the first gender quota law in Latin America aimed at increasing women's representation in national parliaments. The law sets a quota of female candidates that each party needs to fulfill (at least 30 per cent of party list positions during parliamentary elections). Electoral quotas for women were first introduced in 1995 in Brazil (30 per cent) and in 2009 in Uruguay (33 per cent). Paraguay requires that one in five candidates in primary elections is a woman.
- ⁴² See FAO's Gender and land rights database <http://www.fao.org/gender-landrights-database/data-map/statistics/en/>
- ⁴³ In Latin America, the number of female-headed single-parent households is larger than that for men (Liu, Esteve and Treviño, 2017).
- ⁴⁴ Even though an evaluation by sector would be more informative, because of a lack of sectoral data, figure 10 illustrates the gender composition of employment by work status for the aggregate economy.
- ⁴⁵ In Latin American countries, women-run and women-owned firms are disproportionately found in the retail sector rather than in other services or manufacturing (World Bank, 2014).
- ⁴⁶ In Paraguay, the male share of own-account workers is only slightly above the female share (30.9 versus 30.1 per cent).
- ⁴⁷ The smaller the gender wage gap, the closer women's pay is to that of men. The gender wage gap can be considered as a raw measure of gender discrimination, but only because it does not account for differences in productivity as a result, for example, of differences in education and work experiences (see Volume 2, box 11). As explained in Module 3, the relatively lower income that women receive for similar work due to gender discrimination makes women a profitable work force for enterprises facing intense competition on international markets.
- ⁴⁸ Argentina ratified the CEDAW on 15 July 1985, Brazil on 1 February 1984, Paraguay on 6 April 1987, and Uruguay on 9 October 1981.
- ⁴⁹ Article 29, paragraph 1 states the following: "Any dispute between two or more States Parties concerning the interpretation or application of the present Convention which is not settled by negotiation shall, at the request of one of them, be submitted to arbitration. If within six months from the date of the request for arbitration the parties are unable to agree on the organization of the arbitration, any one of those parties may refer the dispute to the International Court of Justice by request in conformity with the Statute of the Court." See <http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm#article25>.
- ⁵⁰ The General Assembly adopted a 21-article Optional Protocol to CEDAW on 6 October 1999. Argentina ratified the Optional Protocol on 20 March 2007, Brazil on 28 June 2002, Paraguay on 14 May 2001, and Uruguay on 26 July 2001.
- ⁵¹ The communications procedure gives individuals and groups of women the right to complain to the Committee on the Elimination of Discrimination against Women about violations of the convention. For its part, the inquiry procedure enables the committee to conduct inquiries into serious and systematic abuses of women's human rights in countries that become parties to the Optional Protocol. See <http://www.un.org/womenwatch/daw/cedaw/protocol/whatis.htm>.
- ⁵² The resolution did not contemplate any specific monitoring mechanism.
- ⁵³ The preparation for the 1995 UN conference in Beijing was especially important in fostering the mobilization of women's groups in the MERCOSUR countries (Hoffman, 2014).
- ⁵⁴ See the Care Act (Law 19.353) at <http://www.sistemadecuidados.gub.uy/innovaportal/file/58642/1/ley-19.353---sistema-de-cuidados.pdf>
- ⁵⁵ In Paraguay, gender budgeting started formally in 2001, but progress and implementation have been very limited (Pérez Frago and Rodríguez Enriquez, 2016).
- ⁵⁶ See Espino (2016) for an account of specific programs and see box 2 for a discussion of informal employment in Latin America.
- ⁵⁷ Gender equality seal certification programs are rapidly expanding around the world as an instrument to contribute towards the 2030 Sustainable Development Goals (SDGs). They consist of a voluntary certification process that verifies the support of public institutions and private sector enterprises for gender equality in the workplace.
- ⁵⁸ With regard to regional trade policy, it is important to note that – based on CMC Decision 32/00 – the member countries of MERCOSUR can only negotiate commercial agreements with third parties jointly (see <http://www.sice.oas.org/trade/mrcsrs/decisiones/dec3200s.asp>).
- ⁵⁹ The Cotonou Agreement between the European Union and the African, Caribbean, and Pacific (ACP) countries, and the Economic Partnership Agreement (EPA) between the European Union and the Caribbean Forum of ACP States (CARIFORUM), are two such examples (UNCTAD, 2017). Even in the case of European Union, which approaches gender equality as a core area of priority in its treaties, most EPAs have no reference to gender aspects of trade, and a systematic gender analysis is lacking in the Sustainable Impact Assessments (Fontana, 2016).
- ⁶⁰ Trade agreements between the MERCOSUR countries and Chile fall under the Economic Complementary Agreement 35 signed in 1995, on the basis of which Chile became an associate member.
- ⁶¹ Framework agreements consist of general terms governing contracts between the parties that regulate the specific contracts that will follow.

- ⁶² A PTA is a limited free trade agreement where partner countries reciprocally reduce import duties on a few selected products. The PTA between India and MERCOSUR is currently limited to 450 products, but the intention is to expand it to 3,000 products.
- ⁶³ As of June 2018, Chile and Brazil have been taking steps towards the establishment of a bilateral FTA. The deal aims to go beyond the elimination of tariffs to include the elimination of regulatory barriers between the two countries (see <http://santiagotimes.cl/2018/06/09/chile-brazil-wrap-up-first-round-of-second-generation-fta-talks/>). In addition, South Korea and MERCOSUR have committed to undertake negotiations in 2018 for a bilateral agreement on trade and investment (see <http://santiagotimes.cl/2018/05/26/south-korea-mercosur-agree-to-begin-formal-negotiations-for-a-free-trade-deal/>).
- ⁶⁴ MERCOSUR and the European Union have been in negotiations towards a biregional free trade area since April 2000. The agreement currently under negotiation consists of three parts: political dialogue, trade and economic issues, and cooperation. The scope and objectives of the agreement were agreed upon at the first negotiating round in April 2000, then at the Madrid Summit in May 2002. Since May 2004 negotiations have been carried out through technical meetings. After many negotiating rounds, in November 2017 the foreign ministers of MERCOSUR presented to the European Union a comprehensive proposal to reach the MERCOSUR-European Union agreement. For the steps and evolution of European Union-MERCOSUR trade agreement see http://www.sice.oas.org/TPD/MER_EU/MER_EU_e.asp.
- ⁶⁵ See <http://www.borderlex.eu/women-empowerment-climbs-eu-trade-policy-priority-list/>.
- ⁶⁶ See Kress (2017), available at <https://eu.boell.org/en/2017/02/22/gender-sensitive-trade-feminist-perspective-eu-mercosur-free-trade-negotiations>.
- ⁶⁷ See the SIA for the European Union-MERCOSUR agreement, available at: http://trade.ec.europa.eu/doclib/docs/2009/april/tradoc_142921.pdf.
- ⁶⁸ It is important to add that two aspects have been noted as missing in the SIA for the European Union-MERCOSUR trade agreement (Kress, 2017). The first is the effects of changes in prices of goods that affect women's consumption patterns as well as the earnings of small producers, who are often women. The second is the effects of tariff reductions on government revenues, which likely may lead to cuts in social programs.
- ⁶⁹ The announcement was made on 9 October 2017 during the World Trade Organization's Mini Ministerial Conference in Marrakesh.
- ⁷⁰ The TPRM periodically reviews the trade policies and practices of each WTO member. The WTO reviews by country are available at https://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm#bycountry.
- ⁷¹ There are exceptions, such as the sugar and automobile industries (Borraz, Rossi, and Ferres, 2011).
- ⁷² According to the UNCTADSTAT database, available at <http://unctadstat.unctad.org/EN/> (accessed on 21 May 2018).
- ⁷³ According to the Lall classification, primary products refer to agriculture and mining products; resource-based manufactures refer to agro-based and other resource-based products; low-technology manufactures refer to textile, garment, footwear, etc.; medium-technology manufactures refer to automotive, process, and engineering products; high-technology manufactures refer to electronic and electrical etc. products; and unclassified products refer to commodities and transactions not elsewhere specified (Lall, 2000).
- ⁷⁴ The concentration index, also known as the Herfindahl-Hirschmann index, provides a measure of the degree of product concentration. As the index value gets closer to 1, it indicates a higher degree of concentration of exports or imports on a few products. In contrast, an index value closer to 0 means that exports or imports tend to be distributed among different products.
- ⁷⁵ See country profiles on the Observatory of Economic Complexity website, which is available at <https://atlas.media.mit.edu/en/>.
- ⁷⁶ See <https://atlas.media.mit.edu/en/profile/country/arg/> and <https://atlas.media.mit.edu/en/profile/country/bra/>.
- ⁷⁷ The trade-weighted rate is the average of applied rates weighted by the product import shares corresponding to each partner country. Hence, it shows the rate of trade protection actually realized, not the statutory rates.
- ⁷⁸ The methodology used by Bussman (2009) has also been used in Module 4 (UNCTAD, 2017b) and Module 4a (UNCTAD, 2018).
- ⁷⁹ For more details on the model, see Module 1 – Volume 2 of the teaching material (UNCTAD, 2014b).
- ⁸⁰ The microeconomic analysis examines the impact of trade integration on full-time employees in manufacturing firms. This mostly refers to formal employment. The dichotomy between production versus non-production tasks – which is also driven by data constraints – allows for an analysis of fundamental dynamics occurring at the level of manufacturing firms. One should note, however, that new forms of employment, particularly in services (such as temporary employees, on-call employees, etc.), have become widespread, especially with the increased use of the digital economy and other new forms of technological innovation.
- ⁸¹ To avoid any confusion, the reader should be aware that export tariffs refer here to tariffs that are imposed by the importer in the destination country, and not to tariffs imposed by the exporting countries to their exporting firms (Juhn, Ujhelyi, and Villegas-Sanchez, 2014).
- ⁸² The production/non-production classification of tasks is based on the framework used in the World Bank (2017b) Enterprise Surveys and almost coincides with the usual blue-/white-collar classification. The non-production group includes workers who are not engaged in production operations. Managers and other supervisory personnel with responsibilities for the performance of shop floor supervisors and below are included. Employees in sales, janitorial and guard services, advertising, credit, collection, installation and servicing of own products, clerical and routine office functions, executive, purchasing, financing, legal, personnel are also included, as well as employees on the payroll of the manufacturing establishment engaged in the construction of major additions or alterations utilized as a separate workforce. Finally, professional and technical employees are included in this category.
- ⁸³ One of the most widely known (and largest) social welfare programmes in the Global South is Brazil's Bolsa Família. Introduced in 2003, it consists of a conditional cash transfer programme for poor households (of which there are over 13 million). Conditions include children's education and prenatal maternal care. Transfers are typically made to mothers, as it is found they are more likely to use the money for the family's welfare. A programme assessment indicates that Bolsa Família has been successful in helping to reduce poverty, inequality, and social exclusion, in addition to supporting women's empowerment (Barrientos, Debowicz, and Woolard, 2014).
- ⁸⁴ The estimated income losses vary by country. The largest income losses are found in Paraguay, followed by Argentina, Brazil, and Uruguay, respectively.
- ⁸⁵ For a detailed presentation of the instrumental variable approach, see Module 2 of the teaching manual (UNCTAD, 2014b) and Wooldridge (2009).
- ⁸⁶ Reference prices consist of price floors imposed by regulation on imports.

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