Trade and Gender Nexus in the Context of Regional Integration: A Comparative Assessment of the East African Community (EAC) and the Southern Common Market (MERCOSUR)
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INTRODUCTION

1. INTRODUCTION

There is by now widespread recognition that trade policies are not gender-neutral. Changes in a country’s trade take place in the context of social and economic institutions, which are embedded in gender power relations. This, in turn, leads to a two-way relationship between trade and gender. On the one hand, trade leads to outcomes that vary by gender.1 Within a country, men and women are affected by international trade differently based on their various economic roles as wage workers, producers, consumers, and taxpayers. Women as wage workers can benefit from new employment opportunities under expanded trade; in developing countries this is especially observed in labour-intensive sectors. This is often accompanied, however, by women’s segregation into low-skilled sectors and low-paying jobs as exporting firms rely on existing gender wage gaps and cheap female labour as a source of competitive strategy on global markets (Standing 1989; Standing 1999). This trend, known as feminization of labour,2 which was driven by both firms’ cost-cutting strategies and technological changes that make physical strength less relevant, has more recently been reversed as a result of further technological upgrading in the manufacturing sector, which has led to a reduction in the relative labour demand for women employees. A number of factors are instrumental in this so-called “defeminization of labour”, which is particularly evident in middle-income developing countries; the key drivers include gender norms designating such positions as “masculine”, the declining weight of labour costs with respect to capital costs, and women’s limited access to training and skill development programs (Tejani and Milberg, 2016).

Women as producers can benefit from new opportunities under increased trade to the extent that they have the capacity to participate in export markets; if they produce for the domestic economy, however, the influx of cheap imports is certainly economically damaging. Women as consumers of imported goods can benefit from cheap imports of food and other consumption goods; women as consumers of public services can be adversely affected by social spending cuts following the loss in tariff revenues under trade liberalization. If new taxes are introduced to compensate for the loss in tariff revenues, women as taxpayers may be subject to the gender bias inherent in tax systems unless gender-sensitive measures are put in place (UNCTAD, 2014).

On the other hand, gender inequalities affect a country’s export competitiveness and trade performance. For example, unequal distribution of resources, limited access to information and markets, gender wage gaps, inequalities in access to education and training, and unequal sharing of unpaid domestic work and care responsibilities lead to different opportunities for men and women. These various sources of gender inequality put women at a disadvantage vis-à-vis their male counterparts. These asymmetries have repercussions not only for women and their households, but also for a country’s competitiveness and trade performance. For example, due to existing gender inequalities in the access to resources and training, women entrepreneurs often lack the necessary resources and skills to climb up global value chains and tend to have less access than men to higher value added segments of production.

These multiple channels of interaction between trade and gender point to the need for a gender analysis of trade policies. Because of differences in socioeconomic characteristics, sectoral composition of the economy, geographical characteristics as well as institutional and legal settings, which impact gender equality, it is critical that a gender analysis be carried on a case-by-case basis. Regional Economic Communities (RECs) provide interesting case studies given their export orientation and given the differences in the socioeconomic characteristics of their member countries, which influence the welfare impact of regional integration.

This background paper uses a comparative perspective to evaluate the interplay between trade and gender in the context of regional integration efforts in Africa and Latin America, using the case studies of the East African Community (EAC) and the Southern Common Market (MERCOSUR), respectively. The treaty for the establishment of the EAC went into force on 7 July 2000 following its ratification by the original three member countries.3 Rwanda and Burundi became members on 1 July 2007 and South Sudan on 15 August 2016.4 The Customs Union Protocol became effective in January 2005, aiming to establish a common external tariff on imports from third countries and gradually eliminating internal tariffs. The gradual process for the establishment of a customs union was completed in January 2010.
The EAC Common Market – the second cornerstone of the regional integration process – came into effect in July 2010 with an emphasis on furthering the free movement of goods, services, labour and capital. The Protocol for the Establishment of the EAC Monetary Union was signed in November 2013. More recently, the EAC Elimination of Non-Tariff Barriers Act entered into force in October 2017; it targeted the establishment of a legal framework for the elimination of identified non-tariff barriers in member countries. The ultimate goal of the EAC is political – the establishment of the East African Federation.

The formation of MERCOSUR was also driven by both political and economic considerations. The goal was to signal the belief in the importance of both democracy and economic development to achieve higher standards of living for the region’s population. The treaty for the establishment of MERCOSUR was signed by Argentina, Brazil, Paraguay and Uruguay on 26 March 1991; it targeted the formation of a common market, a process set to be completed by 2006. The treaty was later updated on 17 December 1994 and formalized the establishment of a customs union. However, the process for the formation of a common market (and even a customs union) has been slower than planned.

By drawing upon these case studies from two continents, this study adopt s a comparative perspective to examine the trade and gender nexus. It first assesses how gender inequalities have evolved in the context of regional integration in different domains of economic life along with the status of legal and policy frameworks on gender equality; it then analyses the impact of trade integration on gender inequality in employment in both the EAC and MERCOSUR. Specifically, this paper examines whether there are important similarities or differences in the gender implications of regional integration across the two continents and identifies possible drivers of these similarities or differences. Finally, based on this comparative assessment, this paper discusses policy recommendations for how to make regional integration more gender-responsive. Following this introduction, section 2 provides a comparative assessment of the legal and policy framework on gender equality in each regional setting. Section 3 presents an in-depth analysis of the two-way relationship between gender and trade in the EAC and MERCOSUR RECs. Section 4 concludes and provides an overview of the areas that have proven to be effective for gender mainstreaming in trade and the areas that require further action based on the results presented in sections 2 and 3.
2. LEGAL AND POLICY FRAMEWORK ON GENDER EQUALITY IN THE EAC AND MERCOSUR

This section presents a comparative assessment of the legal provisions and policy framework on gender equality in both EAC and MERCOSUR; these provisions constitute the legal and institutional framework underlying gender-differences in the access to education, resources and opportunities.

International and national inputs for gender equality

The United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), adopted in 1979, is often referred to as an international bill of rights for women. All the EAC members ratified the CEDAW without reservations. In the case of MERCOSUR, Paraguay and Uruguay ratified the convention without reservation; Argentina and Brazil accepted it with reservation. The two countries did not commit to Article 29, paragraph 1, which is about arbitration.7

At the regional level, EAC and MERCOSUR differ greatly in regard to consideration of gender issues over the course of their institutional development. The EAC Treaty recognizes gender mainstreaming (Article 5.3(e)) and gender equality (Article 6(d)) as fundamental principles of the community, explicitly acknowledging the role of women in the socioeconomic and business development of the region (EAC, 2002). In 2017, the East African Legislative Assembly (EALA) approved the East African Gender Equality and Development Bill, which aims to harmonize legal and state obligations on gender issues across member countries and to further gender-responsive legislation, policies and programmes at both the national and regional levels (EASSI, 2017).

Different from the EAC, MERCOSUR did not include gender provisions in its foundational treaties (the Treaty of Asunción and the Treaty of Ouro Preto). In MERCOSUR, gender mainstreaming has been the result of mobilization on the part of civil society – especially women’s organizations – in the context of United Nations conferences that increasingly recognized the central role of women and gender equality in the process of economic development (Espino, 2008; Hoffman, 2014).8 In 1997, the CCSCS (Coordinadora de Centrales Sindicales del Cono Sur) Women’s Commission was founded to carry out multiple activities in support of women: sending up-to-date information to all unions and women’s departments and secretariats, spreading awareness of the content of relevant gender-based legislation, formulating affirmative action policies for women, adopting the necessary measures to eliminate all forms of discrimination against women, and ratifying the ILO conventions.

In 1998, the Specialized Meeting of Women (Reunión Especializada de la Mujer, REM) – including both government representatives and members of civil society – was established to examine the situation of women in light of the member states’ national legislative regimes on equality of opportunities, with the goal of helping support social, economic and cultural development (Duina, 2007). More recently, the REM acquired ministerial status; in 2011, it was replaced by the Women’s Meeting of Ministers and High Authorities (RMAAM). The RMAAM includes government representatives for gender affairs from both the member countries and associated states; its mission is to propose policy recommendations to move towards gender equality (Espino, 2016).

Since the late 1990s, and especially since the 2000s, gender issues have become more prominent in MERCOSUR’s decision-making. The first MERCOSUR norms on gender were four mandatory resolutions issued in 2000, in line with the Beijing Platform for Action. Among them, Resolution 84 defines gender mainstreaming in MERCOSUR. Since 2006, MERCOSUR has approved a growing number of recommendations and regulations in support of gender equality; gender equality policies have expanded from an exclusive focus on employment to encompass political participation, domestic work, rural education and gender-based violence (Hoffman, 2014).9 In particular, in 2014 the MERCOSUR Policy Guidelines for Gender Equality (Directrices de la Política de Igualdad de Género del MERCOSUR) mandated that regional agencies explicitly mainstream gender in the design of objectives, policies, regulations and actions (MERCOSUR, 2014).

At the national level, the constitutions of all EAC countries contain a clause on non-discrimination that mentions gender and a clause on equality. Although customary law is considered a valid source of law under the constitution in Kenya, Rwanda and Uganda,
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constitutional norms dominate if they contradict customary law (World Bank, 2018). All EAC member countries have ministries responsible for gender equality issues; they also include gender issues in their National Development Visions, which lay out long-term development strategies.

In the case of MERCOSUR, all countries recognize the right to gender equality in their constitutions as well. Argentina was the first country in the region to implement a quota system to support women’s participation in national politics. In Brazil, the Labour Code requires equal pay for equal work and prohibits discrimination. 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. Similarly, Paraguay mandates equal pay for equal work, provides assistance to women who head households, and supports women’s access to public functions.

Among MERCOSUR countries, Uruguay has made the most noteworthy developments in its legal framework to guarantee gender equality. Two items are especially worth mentioning. First, the 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. Second, the 2007–2011 First National Plan for Equal Opportunities and Rights indicated a set of ministerial commitments towards gender equality, which included the following: employment, 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).

It is imperative to note that, despite the progress towards gender mainstreaming, large gender gaps are still observed in both regions. An important factor explaining the persistence of gender disparities are customary practices, which still portray women as second-tier participants in the economy.

Gender equality scores

Table 1 presents summary scores on different dimensions of gender equality calculated by the World Bank (2018). “Access to institutions” examines whether or not women are treated on a par with men while applying for a passport and a national ID, travelling outside the country and home, choosing where to live, signing a contract, registering a business, opening a bank account, getting a job or pursuing a trade/profession, and being the legal head of household/family. All members of MERCOSUR and Kenya, Rwanda and the United Republic of Tanzania in the EAC provide these rights equally for women and men. In Burundi, women cannot be the legal heads of household/family, and in Uganda women cannot apply for a passport in the same way as men. Overall, with a few exceptions, access to institutions is the most successful area in terms of legal protections for gender equality in both regions.

<table>
<thead>
<tr>
<th>Country/South Africa</th>
<th>Accessing Institutions</th>
<th>Using Property</th>
<th>Providing Incentives to Work</th>
<th>Building Credit</th>
<th>Getting a Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>91</td>
<td>100</td>
<td>40</td>
<td>0</td>
<td>73</td>
</tr>
<tr>
<td>Kenya</td>
<td>100</td>
<td>80</td>
<td>80</td>
<td>25</td>
<td>74</td>
</tr>
<tr>
<td>Rwanda</td>
<td>100</td>
<td>100</td>
<td>60</td>
<td>25</td>
<td>63</td>
</tr>
<tr>
<td>United Republic of Tanzania</td>
<td>100</td>
<td>60</td>
<td>80</td>
<td>25</td>
<td>86</td>
</tr>
<tr>
<td>Uganda</td>
<td>91</td>
<td>40</td>
<td>60</td>
<td>0</td>
<td>73</td>
</tr>
<tr>
<td>Argentina</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>50</td>
<td>63</td>
</tr>
<tr>
<td>Brazil</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>50</td>
<td>64</td>
</tr>
<tr>
<td>Paraguay</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>75</td>
<td>87</td>
</tr>
<tr>
<td>Uruguay</td>
<td>100</td>
<td>100</td>
<td>80</td>
<td>50</td>
<td>73</td>
</tr>
</tbody>
</table>

Source: World Bank, Women, Business and the Law database, 2018
Note: Scores range between 0 and 100 with 100 being the highest one.
“Using property” is based on who administers marital property, whether or not there are equal ownership rights to immovable property, whether or not there are equal rights to inherit assets from parents (and from a spouse in the case of a surviving spouse), and whether or not nonmonetary contributions are valued. All members of MERCOSUR, and Burundi and Rwanda in the EAC have maximum scores on equal rights to using property. In Kenya, the United Republic of Tanzania and Uganda, female and male surviving spouses do not have equal rights to inherit assets. In the United Republic of Tanzania and Uganda, additionally, sons and daughters do not have equal rights to inherit assets from their parents. In Uganda, the law also does not provide for valuation of nonmonetary contributions. Overall, most EAC members need to take legal steps to ensure gender equality in inheritance rights. Despite the existence of laws on equal ownership rights to property, as documented in section 3, gender inequalities in the access to land still persist in both EAC and MERCOSUR, issues with inheritance rights (for the EAC) and the de-facto prevalence of customary law over civil law – especially in rural areas – are likely to be the drivers of this outcome in both regions.

“Providing incentives to work” is based on whether or not women are guaranteed an equivalent position after maternity leave, whether or not the government supports or provides childcare services, whether or not payments for childcare are tax deductible, specific tax deductibles/credits applicable only to men, and whether or not there is free and compulsory primary education. MERCOSUR members, with the exception of Uruguay, have full scores on providing incentives to work. In Uruguay, mothers are not guaranteed an equivalent position after maternity leave, whereas the other protections and rights are provided. In the case of the EAC, there are discrepancies across members with respect to providing incentives to work. Kenya and the United Republic of Tanzania meet all the criteria except for making payments for childcare tax deductible. This is also not provided in the other three EAC members. Additionally, in Rwanda and Uganda, the government does not support or provide childcare services. In Burundi, besides not making payments for childcare tax deductible, the law does not guarantee an equivalent position after maternity leave for women, and above all, primary education is not free and compulsory. All of these gaps in the law with respect to gender equality in work incentives are likely to harm both women’s and men’s participation in the labour market equally.

“Building credit” is the single area in which both EAC and MERCOSUR members score consistently below other dimensions. This dimension specifically investigates whether or not the law prohibits discrimination in the access to credit by creditors on the basis of sex or gender and marital status, and whether or not retailers and utility companies provide information to private credit bureaus or public credit registries. On average, MERCOSUR members score better than EAC members. In MERCOSUR, Paraguay meets all the criteria with the exception of prohibiting discrimination by creditors on the basis of marital status. In Argentina, Brazil and Uruguay, discrimination on the basis of sex or gender, as well as marital status, is not prohibited either. In the EAC, Burundi and Uganda score zero in all four criteria for building credit. Kenya, Rwanda and the United Republic of Tanzania only meet one of the four criteria, which is related to providing information to private credit bureaus or public credit registries. Discrimination based on sex/gender or marital status in the access to credit is a concern in both regions and needs to be addressed by appropriate legal actions.

Finally, “getting a job” is based on whether or not there is gender equality in various aspects of provision of maternity leave, whether or not there is parental leave, whether or not there is equal remuneration for work of equal value, non-discrimination based on gender in employment, and equal working rights (industry, occupation, tasks, etc.) and pension rights for women and men. The United Republic of Tanzania in the EAC and Paraguay in MERCOSUR have the highest score. Overall, scores are comparable across members in both regions. Paid parental leave and flexible working hours for parents are not provided in any of the members in both regions. Paid leave is provided to women for at least 14 weeks in Brazil, Paraguay and Uruguay, and for less than 14 weeks in Argentina of MERCOSUR and in all EAC members. The law does not mandate equal remuneration for work of equal value in Brazil and Uruguay in MERCOSUR and in Burundi and Rwanda in the EAC. Only in Rwanda, among both EAC and MERCOSUR members, is the dismissal of pregnant women not prohibited. Similarly, only in Argentina, among both EAC and MERCOSUR members, are women not able to work in the same industries as men or in jobs deemed hazardous, arduous or morally inappropriate in the same way as men. These findings show that a
country that might perform well in some areas may not necessarily do well in some other key areas of legal protection for gender equality. This indicates that the legal framework on gender equality needs to be assessed from a holistic perspective.

Gender mainstreaming in trade policy

Gender mainstreaming in trade policy is needed to ensure equal and successful participation of women and men in trade and to ensure that gender inequalities, at a minimum, are not perpetuated through trade.12 One way of doing so is mainstreaming gender in national trade policy documents.13 In the EAC, all members except Burundi have national trade policies. Rwanda adopted its national trade policy in 2010, Uganda in 2007, the United Republic of Tanzania in 2003, and Kenya in 2017. Kenya, Rwanda, and the United Republic of Tanzania all make reference to gender considerations in their national trade policies.14 However, they lack sufficient detail on the specific instruments to support women’s participation in trade and reduce gender inequality. In MERCOSUR, Argentina and Brazil make limited reference to gender issues in their trade policy reviews.15 Paraguay provides more details on gender considerations in its 2017 trade policy review. Finally, Uruguay does not include any reference to either gender or women in its 2018 trade policy review. Overall, in both regions, gender considerations are recognized to some degree in their national trade documents; however, it is not clear how and whether in practice they feed into actual policymaking.
3. GENDER IMPACT OF REGIONAL INTEGRATION IN THE EAC AND MERCOSUR

The outcomes of the trade and gender nexus are context-specific, influenced by existing socioeconomic structures and the legal and institutional frameworks on gender equality. It is, therefore, necessary to carry out an in-depth analysis of trade and gender in each REC to identify the differences and similarities across the two regions and assess the potential factors that might underlie these outcomes. In this section, we begin with a comparative overview of socioeconomic profiles. We next examine existing gender inequalities in capabilities (i.e., education) and access to resources and opportunities (i.e., employment patterns, access to land and credit, time use, decision-making) and discuss their implications for trade outcomes. We then look at the other side of the two-way relationship and analyse the impact of trade integration on gender inequalities. Specifically, we investigate the gender impact of tariff liberalization on employment patterns in manufacturing in the two RECs and discuss the findings in relation to their respective economic and trade structures.

3.1. Socioeconomic context

The EAC and MERCOSUR exhibit important differences in their level of economic development and factor endowments, as well as in their legal and institutional frameworks. It is useful to make a comparison of their basic socioeconomic characteristics to set the backdrop for the comparative analysis of gender and trade. MERCOSUR, on average, has more than six times the GDP per capita of the EAC, which reflects the more advanced level of development in MERCOSUR (table 2). The EAC also lags behind the average GDP per capita of sub-Saharan Africa (SSA), whereas MERCOSUR tends to be more comparable to the average of the Latin America and Caribbean (LAC) region. The EAC faces much higher demographic pressure on land than MERCOSUR, with a population density of 161 people per km², almost seven times the MERCOSUR average and almost four times that of SSA. This is a particularly pressing issue in rural areas with implications for the development of the agricultural sector.

<table>
<thead>
<tr>
<th></th>
<th>EAC</th>
<th>MERCOSUR</th>
<th>Sub-Saharan Africa (SSA)</th>
<th>Latin America &amp; Caribbean (LAC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (billion)</td>
<td>148.4</td>
<td>2815.5</td>
<td>1748.5</td>
<td>6026.8</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>2345</td>
<td>14862</td>
<td>3459</td>
<td>14412</td>
</tr>
<tr>
<td>Population (million)</td>
<td>173</td>
<td>264</td>
<td>1061</td>
<td>644</td>
</tr>
<tr>
<td>Population density</td>
<td>161.0</td>
<td>23.3</td>
<td>44.9</td>
<td>32.1</td>
</tr>
<tr>
<td>Gini index</td>
<td>42.6</td>
<td>49.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty ratio $1.90</td>
<td>46.2</td>
<td>42.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty ratio $5.50</td>
<td>17.3</td>
<td></td>
<td></td>
<td>27.1</td>
</tr>
</tbody>
</table>

Source: World Bank, World Development Indicators database (accessed on 3 August 2018).
Note: The regional averages for the EAC and MERCOSUR are calculated as weighted averages for each respective indicator using population as weights. GDP is calculated in constant 2010 US dollars; GDP per capita is measured in constant 2011 international United States 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$1.90 a day (2011 PPP) for the EAC. All GDP and population figures are reported for 2017 except for GDP per capita for SSA and Latin America, which refers to 2016.

a 2016 in Brazil and 2017 for others in MERCOSUR; 2013 in Burundi and Rwanda, 2005 in Kenya, 2011 in the United Republic of Tanzania, and 2012 for Uganda in the EAC.
b 2015 in Brazil and 2016 in other MERCOSUR countries.
Income inequality is higher in MERCOSUR than in the EAC, even though inequality is high in both regions according to international standards (i.e., the Gini index is above 40 in both the EAC and MERCOSUR). Given the large discrepancy in GDP per capita between the two regions, different thresholds of poverty ratios are used to compare poverty levels. The EAC exhibits a higher rate of poverty than the SSA average; in contrast, MERCOSUR performs better than the LAC average. It is important to note that poverty is a less pressing issue for MERCOSUR than for the EAC; in this regard, social assistance programs in the form of conditional cash transfers have been an effective instrument for poverty reduction in MERCOSUR.

The sectoral composition of the economy also exhibits important differences across the two regions. The economy of MERCOSUR is dominated by services (68 per cent) followed by industry (26 per cent); according to figures for 2014–2016, agriculture plays a very limited role (figure 1). The large service share observed in MERCOSUR (especially relative to the region’s level of development) is indicative of premature deindustrialization. This process has been largely driven by China’s high demand for primary products, which has induced Latin American countries to become more dependent on the exploitation of natural resources and to rely on cheap manufacturing imports coming from China (Kim and Lee, 2014). Despite its small share in total economic activity, agriculture plays a key role in MERCOSUR’s export basket. MERCOSUR only trails the United States/Canada and China as the third largest producer of major crops on global markets (i.e., soybeans, corn, rice, wheat and sugar) (Martins and Oliveira, 2012).

In the EAC, services dominate economic activity as well (48 per cent) – though to a lesser extent than in MERCOSUR – followed by agriculture (29 per cent) and industry (24 per cent). As in MERCOSUR, the agricultural sector plays a key role in the export structure of the EAC. This issue will be further discussed in section 3.3.1.

The industrial sector provides a comparable economic contribution in both regions; its composition, however, differs significantly. Manufacturing on average makes up around half of industry (52 per cent) in MERCOSUR; in the EAC it corresponds to one third of the industrial sector (34 per cent). In the EAC, in fact, the role of mining has increased since the late 1990s. This has occurred in MERCOSUR too, but to a lesser extent than in the EAC. Consistently, primary products (i.e., agriculture and mining) rank at the top of merchandise exports in both regions. In 2015–17, on average, gold (non-monetary), tea, coffee and vegetables were the top export products for the EAC; the corresponding

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**Figure 1. Sectoral composition of economic activity (per cent GDP)**

<table>
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<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>10</td>
<td>20</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>5</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Industry</td>
<td>30</td>
<td>20</td>
<td>45</td>
<td>45</td>
<td>35</td>
<td>45</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Services</td>
<td>60</td>
<td>60</td>
<td>30</td>
<td>30</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: UNCTADStat database (accessed on 24 August 2018).

Note: This figure shows the total value added by kind of economic activity as a share of GDP.
items for MERCOSUR were crude petroleum oils, oil seeds, feeding stuff for animals, iron ores and concentrates, and sugar. Higher value added manufacturing products rank as the top merchandise imports in both regions.

Overall, both the EAC and MERCOSUR share the challenge of developing their manufacturing base, and further steps need to be taken for industrial development. Within the services sector, wholesale and retail trade, and tourism, and to a lesser extent, transport, storage and communication have expanded in MERCOSUR over the course of regional integration. These sub-sectors have expanded significantly in the EAC. These services are in fact listed among the drivers of economic growth for land-locked countries such as Rwanda (UNECA, 2015) and Uganda (World Bank, 2015).

In both regions, merchandise exports (as a share of GDP) did not substantially increase over the course of regional integration. In contrast, merchandise imports increased substantially in all countries involved with the exception of Brazil. In line with the expansion of the services sector in economy activity, services trade holds a significant share of total trade in the EAC region, while it remains much smaller than merchandise trade in MERCOSUR (UNCTAD, 2018a; UNCTAD, 2018b). This indicates that services trade has a more significant capacity to boost female employment in the EAC than in MERCOSUR, where non-tradable services dominate the economic activity of the sector.

3.2. Education and access to resources and opportunities

Gender inequalities in the domains of capabilities (e.g., knowledge, health, etc.), access to resources and opportunities (e.g., land, credit, infrastructure, income, employment, decision-making power, etc.) and security (i.e., vulnerability to violence and conflict) may render women both “sources of competitive advantage” and “under-achievers of competitive advantage” under trade reforms (UNCTAD, 2014). For example, gender inequalities in the labour market such as occupational gender segregation and the gender wage gap may serve as a cost-cutting strategy for exporting firms, turning women as wage workers into “sources of competitive advantage”. Similarly, gender inequalities in access to resources and education/training may render women as producers and small entrepreneurs “under-achievers of competitive advantage”. It is critical to ensure gender equality for the equal and successful participation of women in the economy under trade reforms. Although all three domains are relevant, we focus on capabilities (measured by education) and access to resources and opportunities (measured by employment, access to land and credit, time use and decision-making power) since the focus of our analysis is on women’s roles as workers and producers. We discuss how changes in gender inequalities in these domains compare across the two regions and discuss their potential implications for trade outcomes. Although such an assessment does not provide a causal link, it nevertheless helps observe how gender inequalities have evolved during the implementation of regional integration policies and how the two regions compare along these dimensions.

Education

Both MERCOSUR and the EAC have achieved high net enrolment rates in primary education. The EAC outperformed SSA in primary education enrolment and even exhibited a higher enrolment rate for girls than for boys (figure 2). MERCOSUR’s performance is similar to the LAC average in primary enrolment (almost the same for girls and boys); secondary and tertiary enrolment rates are higher for girls than boys, and both are above the LAC average. The gender education gap in the labour force can thus be expected to shrink in MERCOSUR in the near future. This is also promising for the capacity of women to increase their employment in non-agricultural activities. As the EAC includes least developed countries (LDCs) (with the exception of Kenya), this region has a longer road ahead in easing the transfer of primary school graduates to secondary and tertiary education. EAC performs similarly to SSA in secondary enrolment, but it lags behind in tertiary education.

Employment patterns

Agriculture is the main sector of employment in the EAC, as in most countries in sub-Saharan Africa. There, 68.5 per cent of women and 56.3 per cent for men are employed in agriculture, according to regional averages for 2015-2017 (figure 3). Even though the share of industrial employment is still small, in the EAC men hold a much higher share of jobs in industry (12.3 per cent) than women (3.9 per cent). Over the course of regional integration, women’s employment has shifted towards services, and now their employment share in services is close to that of men's. Nonetheless, agriculture preserves its dominance in employment due to low labour productivity.
Figure 2. School enrolment rate by gender (per cent)

![School enrolment rate by gender (per cent)](image)


Figure 3. Sectoral composition of employment by gender (per cent)

![Sectoral composition of employment by gender (per cent)](image)

Source: ILOStat database (accessed on 7 August 2018).
Note: Employment figures are based on ILO estimates. EAC and MERCOSUR regional averages are calculated as weighted averages for female/male sectoral employment shares using male and female employment as weights.
Women’s productivity in agriculture lags behind men’s. Crop choice emerges as the main determinant of the agricultural gender productivity gap in Kenya (34 per cent in 2008), which indicates the importance of policies such as credit and insurance interventions to reduce risks that prevent women from growing market-oriented cash crops (Githinji et al., 2014). In general, women face various obstacles such as limited access to inputs, technology and extension services along with time poverty as farmers in both subsistence and cash crops. Women’s greater share of childcare responsibilities is the main driver of the gap in Uganda (17.5 per cent in 2009-11), which calls for further policies to lift the burden of unpaid care work in a country with one of the highest fertility rates (Ali et al., 2016).

In export cash crop markets, such as tea and coffee, the shift to premium-quality and high-value market segments put commercially oriented farmers, who have easier access to inputs and marketing networks, at an advantage vis-à-vis smallholder farmers, many of whom are women. Policies to support smallholder farmers in accessing the markets for higher-value added product segments are needed (UNCTAD, 2014). Certification schemes are an example of useful policies. There is, indeed, empirical evidence on the positive gender implications of certification for Uganda (Chiputwa and Qaim, 2016), Rwanda (Elder et al. 2012) and the United Republic of Tanzania (Loconto, 2015).

Similarly, in staple food crops markets men continue to dominate production and marketing; there is need for policies to support women’s access to land, credit, inputs, training, extension services and marketing networks. For example, in the United Republic of Tanzania, married women tend to grow cassava, an important staple crop, to a lesser extent as it is the male household head who makes the decisions about land allocation and often allocates fewer resources to cassava production. In contrast, women with dependents tend to grow cassava to a greater extent to meet the food security need of the household (Masamha, Thebe and Uzokwe, 2018). Improving women’s land tenure rights is critical to help improving women’s say in production and resource allocation decisions.

In contrast to the EAC, MERCOSUR’s employment has been dominated by services, as is typical in Latin America. This pattern has further intensified in the course of regional integration. The shift has been stronger for women than men; according to figures for 2015–17, 85.1 per cent of women and 58.3 per cent of men were employed in services in MERCOSUR. This phenomenon reflects the influence of women’s relatively high education in MERCOSUR, as presented in figure 2, which has induced women to migrate to urban areas to take on services jobs. As in the EAC, there is a large gender gap in industrial employment in MERCOSUR; in 2015–17, on average, 29.5 per cent of men were employed in industry, while the same figure for women was only 10.5 per cent.

Overall, employment figures show that agriculture and – to a lesser extent – services dominate female employment in the EAC, whereas women concentrate in the services sector in MERCOSUR. The gender gap in the sectoral distribution of employment is higher in MERCOSUR than in the EAC. In both regions there has been a marked shift of female employment away from agriculture towards services over the course of regional integration, whereas industrial employment has only changed by a small margin. Hence, in both regions the process of regional integration has not led to a strong rise of employment in tradable industrial sectors for both men and women. However, tourism as part of the tradable services sector is a significant source of employment for women in both regions.

The services sector is the main source of employment for women in MERCOSUR and the second largest source of employment for women in the EAC, as shown in figure 3. It is, therefore, useful to examine how women are distributed among different sub-sectors of services in comparison to men, and how these patterns changed in the course of regional integration. Trade (i.e., wholesale and retail trade, and repair) and services related to domestic work (i.e., activities of private households, extraterritorial organizations and services not elsewhere classified) are the two major sources of employment for women in services in MERCOSUR (table 3); these jobs are characterized by a high degree of informality. Women are also disproportionately concentrated in education, health and social work. These figures show that services employment exhibits a significant degree of gender segregation in line with the traditional gender division of labour in MERCOSUR. As indicated in table 3, in the course of regional integration there has been some shift to tourism and finance; however, the traditional gendered patterns of services employment still persist. Men in services are concentrated in the trade sector; this is followed by the transport, storage and communications as well as finance sectors.
Trade and Gender Nexus in the Context of Regional Integration: A Comparative Assessment of the East African Community (EAC) and the Southern Common Market (MERCOSUR)

Table 3. Composition of services employment by subsectors and gender (per cent shares)

<table>
<thead>
<tr>
<th>Services Subsector</th>
<th>MERCOSUR</th>
<th>EAC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male 2000s</td>
<td>Female 2000s</td>
</tr>
<tr>
<td>Wholesale and retail trade, and repair</td>
<td>19.0</td>
<td>18.9</td>
</tr>
<tr>
<td>Hotel and restaurants</td>
<td>3.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>7.9</td>
<td>8.6</td>
</tr>
<tr>
<td>Financial intermediation, real estate and business activities</td>
<td>7.7</td>
<td>8.9</td>
</tr>
<tr>
<td>Public administration and defence; compulsory social security</td>
<td>5.9</td>
<td>5.8</td>
</tr>
<tr>
<td>Education</td>
<td>2.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Health and social work</td>
<td>1.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Other community, social and personal service activities</td>
<td>3.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Activities of private households, extraterritorial organizations, and services not elsewhere classified</td>
<td>1.3</td>
<td>1.0</td>
</tr>
</tbody>
</table>


Note: Burundi and Kenya in the EAC and Paraguay in MERCOSUR could not be included in the calculation of regional averages due to data constraints. Regional averages are calculated as weighted averages for men and women using male and female employment as weights. Data refer to 2000 and 2010 for Argentina and Uruguay, to 2002 and 2014 for Brazil, to 2002 and 2012 for Rwanda, 2006 and 2014 for the United Republic of Tanzania, and 2003 and 2012 for Uganda.

Wholesale and retail trade is the main source of services employment for both men and women in the EAC. Cross-border trade, mostly done by women and informally, forms a significant means of sustaining livelihoods in East Africa. Tourism forms the second most important services sector for women in line with the significant role that tourism plays in services trade in the EAC. However, women tend to be segregated into lower-skilled and higher-risk jobs, as documented for Kenya (Christian et al., 2013). In contrast, men hold a larger share of higher-skilled services jobs such as those in transport, storage, communication, finance and public services. These patterns have become more evident in the course of regional integration. Gender segregation of services employment appears to be less severe in the EAC than in MERCOSUR. However, in both regions, women tend to hold low-skilled services jobs with fewer options in high-skilled jobs in tradable sectors. These findings point at the role of gender norms and stereotypes that sustain gender segregation of employment.

Within the industrial sector, manufacturing typically offers relatively higher wages and more stable job prospects compared to agriculture and low-skilled services sectors. Manufacturing constitutes a larger share of employment for men than for women in both regions in line with the traditional gender division of labour (figure 4). In the EAC, however, the contribution of manufacturing to total employment has increased for both men and women over the course of regional integration (even though it remains quite limited). In contrast, in MERCOSUR, there is evidence of deindustrialization; the share of employment in manufacturing in fact declined for both men and women.

It is useful to examine how women’s share in total manufacturing employment has evolved over time to see if there has been a “feminization of labour” or “defeminization process” following...
Figure 4. Gender-based indicators of manufacturing employment

Source: ILOStat database (accessed on 3 September 2018).
Note: EAC and MERCOSUR regional averages are calculated as weighted averages for female/male sectoral employment shares using male and female employment as weights. Burundi and Kenya could not be included in the calculation of the EAC average due to data constraints. The 2000s refer to 2002 for all countries except for the United Republic of Tanzania (2001) and Uganda (2005); the 2010s refer to 2017 for Argentina, Paraguay and Uruguay, to 2015 for Brazil, to 2012 for Rwanda, to 2013 for Uganda, and to 2014 for the United Republic of Tanzania.

Figure 5. Composition of male and female employment by work status (per cent shares)

Source: ILOStat database (accessed on 14 August 2018).
Note: EAC and MERCOSUR regional averages are calculated as weighted averages for female/male sectoral employment shares using male and female employment as weights. The 2000s refer to 2002 for all countries except for Burundi (1998) and the United Republic of Tanzania (2001); the 2010s refer to 2017 for Argentina, Paraguay and Uruguay, to 2015 for Brazil, to 2012 for Rwanda, to 2013 for Uganda, and to 2014 for the United Republic of Tanzania. Data for Kenya are ILO estimates. The category of “other” is not presented in the figure because it corresponds to a very small share of total employment.
increased trade liberalization, as discussed in the introduction. Figures 4 shows a clear pattern of feminization of labour in the EAC while women’s share in manufacturing employment remained almost the same in MERCOSUR in the course of regional integration. We empirically examine the role of tariff liberalization played in this outcome in section 3.3.2.

Finally, we examine how the composition of employment by work status has changed for men and women over time to gain insights on the quality of jobs generated under regional integration policies. Due to disparities in the level of economic development, the EAC and MERCOSUR exhibit sharp differences in terms of employment by work status. In the EAC, the two forms of vulnerable employment (i.e., contributing family workers and own account workers) dominate the employment structure, especially for women; in MERCOSUR, employees (i.e., wage/salary workers) constitute the largest share of total employment (figure 5). There is also a greater degree of gender segregation with respect to work status in the EAC than in MERCOSUR. In both regions, there has been a decline in the share of vulnerable employment and an increase in the share of employees in the course of regional integration.

Access to resources and opportunities

In relation to access to resources and opportunities, access to finance is a key dimension. Given that on average women hold fewer resources and assets compared to men, access to finance is particularly important for women farmers and business owners in starting or expanding their farm or enterprise. Figure 6 presents the incidence of account ownership by gender at a financial institution or with a mobile money service provider. As a reflection of the gender-biased customs and traditions that limit women’s access to finance, in both the EAC and MERCOSUR women on average own a smaller share of accounts than men. Both MERCOSUR and the EAC have a higher incidence of account ownership than the averages for LAC and SSA, respectively. The gender gap in account ownership is higher in the EAC than in MERCOSUR; however, between 2011 and 2017 the EAC experienced a much larger increase in account ownership than MERCOSUR. The increase was more than twofold for both women (2.4) and men (2.1) in the EAC according to World Bank’s Global Findex database. The spread of mobile money accounts was the main driver of this increase, which in fact constitute a significant portion of account ownership in the EAC.

![Figure 6. Incidence of account ownership by gender (per cent)](image)


Note: EAC and MERCOSUR regional averages are calculated as weighted averages using male and female population as weights. Figures are for 2014 for Burundi and for 2017 for the rest of the countries.
Borrowing from family or friends is the most common form of credit in the EAC while it is secondary to borrowing from a financial institution or using credit cards in MERCOSUR (figure 7). The share of the population borrowing from a financial institution is slightly higher in the EAC than in MERCOSUR even though they are both low at around 10 per cent. Hence, credit card usage is very common in MERCOSUR. Despite the differences across both regions, one common feature is that women consistently have lower shares of borrowing than men. Moreover, borrowing for investment purposes also exhibits a gender bias in line with the traditional gender regime that assigns women a secondary role in paid economic activity and a primary role in unpaid work. A lower share of women (7.1 per cent in the EAC and 3.4 per cent in MERCOSUR) borrows to start, operate or expand a farm or business than men (8.6 per cent in the EAC and 6.1 per cent in MERCOSUR) in both regions. Overall, MERCOSUR lags behind the EAC in terms of both the level of and the gender gap in borrowing for investment purposes while access to formal sources of credit seems to be more prevalent in MERCOSUR than in the EAC.

Land is a key asset for agricultural production and is critical in the EAC, as employment is dominated by agriculture—especially for women—and as agricultural commodities are among the top export products. Land can be a resource for subsistence and cash crop farming and can act as a collateral for borrowing. As also documented in section 2, both EAC and MERCOSUR members introduced laws on equal property ownership and some also on equal inheritance rights. Despite these legal protections, existing customs and traditions continue to inhibit women’s full enjoyment of these rights and continue to limit their ownership of and access to land, especially in rural areas. Figure 8 presents the figures on the incidence of agricultural holders and landowners for the EAC and MERCOSUR members for which data were available. There is a large gender gap in the incidence of agricultural holders by gender across both regions. For example, in Brazil, 87 per cent of total holdings were held by men in 2006. Gender gaps in land ownership are relatively smaller than in holding. Although it is not possible to calculate regional averages due to data constraints, men on average hold an overwhelming control over agricultural land compared to women in both cases. This has adverse implications for women farmers to take advantage of new export opportunities that arise under regional integration policies.

Figure 7. Sources of and motivation for borrowing by gender (per cent)

Note: EAC and MERCOSUR regional averages are calculated as weighted averages using male and female population as weights, respectively. Figures are for 2014 for Burundi and for 2017 for the rest of the countries.
Trade and Gender Nexus in the Context of Regional Integration: A Comparative Assessment of the East African Community (EAC) and the Southern Common Market (MERCOSUR)

Figure 8. Incidence of agricultural holders and landowners by gender

![Graph showing the incidence of agricultural holders and landowners by gender for various countries in EAC and MERCOSUR.]

Source: FAO, Gender and Land Rights database (accessed on 10 August 2018).


Figure 9. Proportion of time spent on unpaid domestic and care work by gender (per cent of 24-hour day)

![Graph showing the proportion of time spent on unpaid domestic and care work by gender for MERCOSUR and EAC.]

Source: CEPALSTAT database for Argentina, Brazil, Paraguay and Uruguay, World Bank, Gender Statistics database for the United Republic of Tanzania (accessed on 7 August 2018) and UN Women (2016) for Rwanda and Uganda.

Note: EAC and MERCOSUR regional averages are calculated as weighted averages using population as a weight. Time use figures refer to 2013 for Argentina and Uruguay, 2012 for Brazil, 2016 for Paraguay, 2011 for Rwanda, 2014 for the United Republic of Tanzania and 2010 for Uganda. Comparable figures are not available for Burundi and Kenya.
Unpaid care and domestic work play a critical role in social provisioning. Under the traditional gender division of labour, women shoulder the bulk of unpaid work, which undermines their position and bargaining power in the labour market, limits their access to training programs, and jeopardizes their access to resources and markets. It is therefore important to examine time use patterns in any analysis of gender and trade. Specifically, women spend more than three times the amount of time men spend on unpaid domestic and care work in MERCOSUR and more than twice that of men in the EAC (figure 9). Unequal sharing of unpaid domestic and care work remains a significant barrier to women’s participation in the economy in both regions and needs to be taken into consideration for making trade policy gender-sensitive. Provision of childcare services by the public sector or in partnership with the private sector, including temporary childcare facilities at border crossings, could be effective measures to consider.

A complete examination of women’s roles in the economy also requires evaluating women’s access to decision-making in politics, firms and within households. The EAC exhibits a remarkable performance in political participation, partly thanks to political quotas introduced for national parliaments and local governments, compared to both MERCOSUR and SSA. Women hold 33.4 per cent of seats in national parliaments and 27 per cent in ministerial positions in the EAC (figure 10). Conversely, MERCOSUR lags behind the LAC in all three indicators. In MERCOSUR, however, women hold a slightly higher share of managerial positions at the firm level compared to the EAC. Overall, with the exception of Argentina, MERCOSUR has limited political participation of women while holding managerial positions continues to be a major challenge for women in both regions.

**Figure 10. Indicators of decision-making**

<table>
<thead>
<tr>
<th>Region</th>
<th>Seats held by women (%)</th>
<th>Women in ministerial positions (%)</th>
<th>Firms with female top manager (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAC</td>
<td>27.0</td>
<td>14.7</td>
<td>15.8</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>7.4</td>
<td>15.8</td>
<td>17.4</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>15.8</td>
<td>19.4</td>
<td>24.2</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>21.3</td>
<td>23.7</td>
<td>29.3</td>
</tr>
</tbody>
</table>

Source: World Bank, World Development Indicators database (accessed on 10 August 2018).

Note: EAC and MERCOSUR regional averages are calculated as weighted averages using population as a weight. Firms with female top manager figures are for 2009 for Brazil and 2017 for the rest of MERCOSUR members; for 2014 for Burundi, 2011 for Rwanda, and 2013 for the rest of the EAC members. Proportion of seats held by women in national parliaments figures are for 2017 and proportion of women in ministerial level positions are for 2016 for all of the countries.
3.3. Gender employment effects of trade integration

Trade affects gender inequalities and women’s wellbeing through multiple channels, as discussed in the introduction. Since comparable data is available only for employment, we focus our analysis on the gender employment effects of trade integration in each REC. According to standard trade theory, trade liberalization leads to an expansion of exports and production in low-skilled labour-intensive sectors in developing countries based on their comparative advantage. This, in turn, leads to an increase in the relative demand and returns to female labour (i.e., both employment and wage gains) since women are considered to form the bulk of the low-skilled labour force in those countries. Intense competition on global markets may also induce firms to rely on cost-cutting strategies and hire a cheap female workforce as a source of competitive advantage, thanks to the gender wage gap. In this section, we first examine the changes in trade structure in the course of regional integration and make a comparative assessment of the gender employment effects of regional integration in both RECs.

3.3.1. Trade structure in the EAC and MERCOSUR

Both regions show important similarities with respect to the composition of exports and imports by product groups. According to figures for 2015–17, in both regions exports are dominated by primary products (43.3 per cent in the EAC and 44.4 per cent in MERCOSUR) and resource-based manufactures (20.3 per cent in the EAC and 25.5 per cent in MERCOSUR) (figure 11). While a shift towards manufacturing and unclassified products (mainly non-monetary gold) occurred in the course of EAC regional integration, the opposite occurred in MERCOSUR where manufactures lost their share in merchandise exports. This was mainly driven by the expansion of agricultural and agro-industrial exports such as corn, soybean and wheat due to high demand by China and other Asian countries, which is highlighted as a problematic issue of concern by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) (2017). In contrast, imports of medium- and high-tech manufactures correspond to 45.6 per cent of total merchandise imports.

Figure 11. Composition of exports and imports by product groups in the EAC and MERCOSUR (per cent)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Exports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Primary products</td>
<td>60</td>
<td>70</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Low-technology manufactures</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>High technology manufactures</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Unclassified products</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Imports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resource-based manufactures</td>
<td>30</td>
<td>30</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Medium technology manufactures</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>High technology manufactures</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: UNCTADStat database (accessed on 7 September 2018).

Note: According to the Lal (2000) 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.
in the EAC and to 59.4 per cent in MERCOSUR. These categories include automotive, process, engineering and electronics products, and hence, hint at reliance on imports as capital goods as well. Imports of resource-based manufactures also hold a significant share in the EAC mainly resulting from intra-EAC trade (UNCTAD, 2018a). Finally, both regions did not show any significant transformation in the composition of imports in the course of regional integration; hence, reliance on high value added imports continues to be a challenge for the industrial development prospects in both regions.

Intra-REC trade remained weak in both regions, and more so in MERCOSUR. Merchandise exports within the REC as a share of total merchandise exports increased to some extent in the EAC (from 16.8 per cent to 21.1 per cent) and declined sharply in MERCOSUR (from 21.3 per cent to 13 per cent) between 1997–99 and 2015–17. Intra-regional merchandise imports as a share of total merchandise imports are higher in MERCOSUR than in the EAC; however, their share in both regions fell over the course of regional integration. This shows that both regional integration experiences fell behind their expected outcomes with respect to their regional trade potential.

Merchandise exports to developing economies in Asia (dominated by China and India) increased significantly in both regions, replacing the dominance of traditional export markets in the European Union for both the EAC and MERCOSUR, and in the NAFTA members for MERCOSUR (UNCTAD 2018a; UNCTAD2018b). Similarly, Developing Asia substantially increased its share in total merchandise imports, while imports from other regions, including intra-REC imports, lost their shares in total merchandise imports in both regions (UNCTAD 2018a; UNCTAD 2018b). When we look at the composition of intra-REC merchandise exports, we observe some technological upgrading with a shift from resource-based towards low- and medium-technology manufactures in both regions (UNCTAD 2018a; UNCTAD 2018b).

3.3.2. Empirical Analysis

Trade openness reflects the influence of both trade policy and non-policy-related factors such as increased globalization, whereas tariff changes reflect the influence of trade policy as its main instrument. To assess the impact of trade integration on gendered employment patterns, UNCTAD (2018a) and UNCTAD (2018b) examined how sectoral tariff changes influenced women’s employment in manufacturing firms in EAC and MERCOSUR members, respectively, using the framework in Juhn et al. (2014) and UNCTAD (2017). We rely on the findings from these two studies to carry out a comparative assessment.

Sectoral tariff change is distinguished as export tariffs to assess the impact of tariff changes faced in export markets and as import tariffs to examine the effect of increased import competition in the domestic market. The empirical analysis also distinguishes between different trading partners to test whether the impact varies across markets due to differences in traded products or specialization patterns. EAC, Asia Pacific, European Union, SSA and the world are the regional categories used for the EAC analysis; and Latin America, North America, European Union and the world are the ones for MERCOSUR. The estimations are carried out for employment in production and non-production tasks, separately, to check for any influence of trade-induced technological upgrading, which reduces the need for physically demanding skills and hence increases the relative productivity of women in blue-collar or production jobs (Juhn et al., 2014). Finally, several firm characteristics are introduced as control variables.

According to the empirical findings summarized in Table 4, a reduction in tariffs on exports of the EAC and MERCOSUR had a positive effect on women’s employment share in manufacturing firms across the EAC (except for Burundi) (UNCTAD, 2018a) and MERCOSUR (except for Brazil) (UNCTAD, 2018b). This effect was observed only for women production workers, while no significant effect was observed for women non-production workers. Hence, it appears that tariff liberalization in export markets led to a feminization of the labour force in blue-collar jobs in both regions. This finding might be indicative of trade-induced technological upgrading, which increases women’s relative employment only in blue-collar jobs by reducing the required physical strength. It might also be the case that women in production tasks serve as a source of competitive advantage for exporting firms that take advantage of the existing gender wage gaps.

Import tariff liberalization did not have a significant effect on gender employment patterns in EAC members (UNCTAD, 2018a). In contrast, trade liberalization, measured by a reduction of tariffs imposed on imports,
was found to have a negative effect on women’s employment share in production tasks in Brazil and Uruguay (while the effect was positive in Paraguay) and on women’s employment share in non-production tasks in Argentina and Paraguay in MERCOSUR according to the empirical analysis (UNCTAD 2018b). Women are more negatively affected by import competition than men in MERCOSUR; no significant gender employment effects from import competition are found in the EAC. However, one should note that MERCOSUR members, with the exception of Paraguay, actually experienced an increase in average applied tariff rates in manufacturing products in the post-2000 era (UNCTAD 2018a). This implies that the increase in applied tariffs on imports, in fact, is expected to have a positive effect on women’s employment share in manufacturing for the abovementioned countries. This effect adds on top of the positive employment effect found for tariff liberalization in export markets. At the same time, section 3.2 documented a small increase in the share of female employment in the manufacturing industry in MERCOSUR while the increase was much stronger for the EAC. Overall, the empirical findings on the impact of tariff liberalization on women’s employment share in manufacturing firms are consistent with the positive trend in female employment share in manufacturing in the EAC. In contrast, the fact that there was a small increase

<table>
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<th>Table 4. Summary of empirical findings</th>
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<td>The Impact of a reduction in…</td>
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<td><strong>EAC</strong></td>
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<td><strong>MERCOSUR</strong></td>
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<tr>
<td><strong>EAC</strong></td>
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<tr>
<td><strong>MERCOSUR</strong></td>
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<tr>
<td><strong>Total workers</strong></td>
</tr>
<tr>
<td>+ (all except Burundi)</td>
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<tr>
<td>+ (all except Brazil)</td>
</tr>
<tr>
<td>Insufficient</td>
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<tr>
<td>Insufficient</td>
</tr>
<tr>
<td><strong>Production workers</strong></td>
</tr>
<tr>
<td>+ (all except Burundi)</td>
</tr>
<tr>
<td>+ (all except Brazil)</td>
</tr>
<tr>
<td>Insufficient</td>
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<tr>
<td>- (Brazil, Uruguay);</td>
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<tr>
<td>+ (Paraguay)</td>
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<tr>
<td><strong>Non-production workers</strong></td>
</tr>
<tr>
<td>Insignificant</td>
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<tr>
<td>Insignificant</td>
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<tr>
<td>Insignificant</td>
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<tr>
<td>- (Argentina, Paraguay)</td>
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</table>

Source: UNCTAD Secretariat compilation based on UNCTAD (2018a) and UNCTAD (2018b)

Finally, when distinguished by trading partners, the effects show differences across regions. In the EAC, tariff liberalization in export markets in the Asia-Pacific region and the European Union has a similar but smaller positive effect on the female employment share in production tasks only. It seems to be the case that the shift of export structure from the European Union to Developing Asia lead to similar outcomes for gender employment patterns in the EAC. This is not surprising given the similar composition of EAC exports to these regions (UNCTAD, 2018a). In MERCOSUR, tariff liberalization in export markets in North America had a negative effect on women’s employment share in production tasks while the opposite is true for export markets in Latin America. This might be because firms exporting to North America might be more efficient or bigger and might be exporting products with higher value added than those exporting to Latin America; hence, they might be attracting relatively more male workers, potentially leading to feminization of labour.
4. CONCLUSION AND POLICY IMPLICATIONS

Trade and gender interact through multiple channels. Trade liberalization leads to a change in the production structure, which has direct implications for women’s participation in the economy as workers, producers and entrepreneurs. Price changes in imported goods resulting from trade liberalization affect women’s well-being as consumers. Tax policy changes to compensate for tariff revenue losses have direct policy implications. All of these channels of influence may either reduce or worsen gender inequalities in the economy. On the other hand, gender inequalities bear direct implications for countries’ trade performance and export competitiveness. As these interactions are context-specific, gender impact assessments of trade reforms should be carried out in each specific case.

This background paper investigates the interplay between trade and gender in the context of regional integration efforts through a comparative analysis of the EAC in Africa and MERCOSUR in Latin America. The EAC has considered gender issues as part of its regional integration process since the beginning both through the provisions in the founding treaty and through the 2017 East African Gender Equality and Development Bill. In contrast, MERCOSUR did not introduce gender provisions in its foundational treaties; gender mainstreaming in regional integration policies was mainly driven by the mobilization of civil society groups (especially women’s organizations). These forces led to the establishment of the Women’s Commission in 1997 and the Specialized Meeting of Women in 1998; the latter was replaced by the Women’s Meeting of Ministers and High Authorities in 2011. More recently, the 2014 MERCOSUR Policy Guidelines for Gender Equality mandated that regional agencies mainstream gender in the design of objectives, policies, regulations and actions. At the national level, Uruguay introduced the most significant institutional changes towards gender mainstreaming; based on the Law on the Promotion of Equality of Rights and Opportunities, Uruguay has mandated the inclusion of a gender perspective in the design and implementation of all public policies in the country. To help close the gender gap, it is key to tackle the multiple dimensions of gender inequalities both at the regional and national levels. Given the cross-cutting nature of the gender and trade nexus, policy actions taken in areas different from trade can help contribute to making regional integration and trade policy more gender-responsive as well.

Legal protections of women’s and men’s equal access to institutions is the most successful area at the country level in both regions. MERCOSUR members are ahead of EAC members with respect to gender equality in using property, especially in regard to inheritance rights. As documented in section 3, however, in both regions men on average hold disproportionate control over agricultural land compared to women. This shows that customary law, traditional land tenure settings, etc. have remained influential despite the legal developments in favour of women. MERCOSUR members perform better than EAC members in providing work incentives such as childcare support, labour protections and tax incentives; EAC members need to take further steps in this regard.

Both EAC and MERCOSUR members tend to perform poorly in ensuring men’s and women’s equal ability to build credit. This is in fact one of the key supply-side constraints faced by women as producers and entrepreneurs in trade. Particularly, non-prohibition of discrimination based on sex/ gender or marital status in access to credit is a common legal gap that needs to be addressed in both regions. Without enabling laws in place, the achievement of gender equality in different domains of economic life, which is essential for the successful participation of both women and men in trade, will not be possible; it is therefore critical to address the legal gaps on gender equality.

In both regions, the process of regional integration has been accompanied by a shift of sectoral employment structures towards the services sector. Services absorb the largest share of total employment in MERCOSUR, especially for women (85 per cent). In the EAC, agriculture continues to be the main sector of employment, corresponding to 69 per cent of total female employment. In both regions, industrial employment has increased only by a small margin. In services, women are segregated in lower-skilled services sectors – a pattern that is particularly evident in MERCOSUR. In manufacturing, the EAC experienced feminization of labour; in MERCOSUR, women’s contribution to employment in the sector did not change much over the course of regional integration. Overall, regional integration has not brought a substantial rise of female employment in tradable sectors, especially in MERCOSUR.
MERCOSUR and the EAC show important similarities in their trade structure despite the differences in their level of economic development. In both regions, primary products and resource-based manufactures form the bulk of merchandise exports; merchandise imports consist of medium- and high-tech manufactures. Over time, however, the EAC experienced an expansion of manufacturing in its merchandise exports; the opposite occurred in MERCOSUR. Intra-regional trade remains weak in both regions, especially in MERCOSUR. Merchandise exports to developing economies in Asia (dominated by China and India) increased significantly in both regions, replacing the dominance of traditional export markets, specifically the European Union for the EAC and North America for MERCOSUR. Developing Asia also substantially increased its share of merchandise imports in both regions.

Gender employment implications of regional integration also show important similarities across the two regions. In both regions, a reduction of tariffs on EAC and MERCOSUR exports had a positive effect on women’s employment share in manufacturing firms in both the EAC (except Burundi) and MERCOSUR (except Brazil); this feminization of labour driven by tariff liberalization in export markets occurred only for production workers without any significant change for non-production ones. The employment boost for women in manufacturing from trade liberalization is positive; nonetheless, it is important to enforce labour protection laws to prevent women from becoming a source of competitive advantage and being segregated into lower-end jobs as a cost-cutting strategy. It is also equally important to support women through active labour market policies to ease their access to higher-skilled, white collar positions.

In conclusion, despite differences in the stages of development, extent of gender inequalities, and legal frameworks on gender equality, the trade and gender implications of regional integration are very similar across the two regions. Hence, measures towards easing the access of women to employment in high-skilled, tradable sectors may prove useful in both cases.
REFERENCES


NOTES

1 While carrying out a gender analysis of trade policies, the standard approach examines the impact on women’s current economic status given the traditional gender division of labour. It is equally important, however, to assess whether or not trade policies contribute to more egalitarian gender relations by modifying the gender division of labour in the labour market and/or household (i.e. strategic gender needs) (Fontana, 2004).

2 Feminization of labour not only refers to women’s increased share of employment, but also to the extension of insecure working conditions from female to male jobs.

3 The EAC was first formed in 1967 by Kenya, the United Republic of Tanzania (then Tanganyika and Zanzibar) and Uganda, but ended in 1977 due to ideological differences.

4 South Sudan has only recently joined the EAC, and not enough time has passed to assess the impact of regional integration on women; therefore, the country is not covered in this study and the EAC term used in this paper refers to Burundi, Kenya, Rwanda, the United Republic of Tanzania and Uganda.

5 Paraguay was temporarily suspended in 2012 following the impeachment of its president, who was considered illegitimate by Brazil and Argentina. Paraguay was allowed to rejoin after new presidential elections in April 2013.

6 The Bolivarian Republic of Venezuela became a member in 2012 but was suspended on 1 December 2016 due to the failure to comply with the group’s standards on trade and human rights. The Plurinational State of Bolivia started the process of becoming a member of MERCOSUR in 2012. The Plurinational State of Bolivia, Colombia, Ecuador and Peru (i.e., the Andean community) and Chile are currently associate members of MERCOSUR. Associate members 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. Guyana and Suriname became associate members in July 2013. Mexico holds the status of an observer state.

7 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/ecouncil.htm#article25.

8 The preparation for the 1995 United Nations conference in Beijing was especially important in fostering the mobilization of women’s groups in the MERCOSUR countries (Hoffman, 2014).

9 The other three resolutions are the following: 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.

10 Burundi has the Ministry of National Solidarity, Human Rights and Gender, Kenya has the Ministry of Gender, Sports, Culture and Social Services, Rwanda has the Ministry of Gender and Family Promotion, the United Republic of Tanzania has the Ministry of Community Development, Gender and Children, and Uganda has the Ministry of Gender, Labour and Social Development.

11 Unwritten custom applies to inheritance rights from both parents and a deceased spouse in Burundi, and therefore, these aspects are not scored.

12 Gender mainstreaming in trade policy means giving due consideration to the implications of trade for gender inequality at every stage of the trade policy process (i.e., evidence-generation stage to inform decisions on trade policy, the policy-design stage based on evidence and the supporting-interventions stage to enable the successful implementation of policies on the ground).

13 National trade policy refers to governments’ specific declarations and guidelines on trade to define how trade and trade negotiations with bilateral, regional, and multilateral trading partners will be carried out.

14 Uganda does not make an explicit reference to gender in its national trade policy; however, it cites women as one of the disadvantaged groups (alongside youth and people with disabilities) to target by policy action to enable their greater participation in trade.

15 Trade Policy Review Mechanism (TPRM) is the review process of all WTO members, with the frequency of each country’s review depending on its share of world trade. Within the review process, each government prepares its trade policy review document.
The Gini index is a measure of inequality derived from the Lorenz curve. The closer the index number is to 100, the higher the degree of inequality.

Conditional cash transfers are welfare programs that provide income assistance based on meeting a set of conditions that are linked to human development (i.e., children’s education, medical care, etc.) See Paes-Sousa, Regalia and Stampini (2013) for an analysis on conditional cash transfers in Latin America and the Caribbean.

There is empirical evidence for Brazil that MERCOSUR had a small, pro-poor effect for both men and women mainly due to the decrease in consumption goods prices following regional integration. Poverty alleviation was more substantial for urban male and rural female populations. MERCOSUR did not have any significant effect on income inequality in Brazil (Borraz, Ferres and Rossi, 2013).

Among MERCOSUR members, Argentina, Brazil and Paraguay, as net exporters of commodities, experienced a net gain from the commodity boom driven by Chinese growth in the first half of the 2000s while Uruguay was negatively affected due to the increased cost of imports (Jenkins, 2011).

MERCOSUR was founded in 1991 and the EAC in 2000. Even though the establishment of MERCOSUR occurred at an earlier time than the EAC, we make a comparison between the same periods (i.e. 1997-99 vs. 2015-17 or the latest 3 years available) to rule out the influence of time-specific developments that may occur in different eras. It should also be noted that Kenya, the United Republic of Tanzania, and Uganda in the EAC and Argentina and Brazil in MERCOSUR have much higher shares of both GDP and population, and therefore, dominate regional averages. It is also likely that, on average, offsetting changes in member states may lead to small changes for the whole region. Nonetheless, we focus on the regions only to make the comparison more concise.

These rankings come from UNCTAD calculations for 2015-17 based on the UNCTADStat database (accessed 7 September 2018).

Petroleum oil (greater than 70 per cent oil), telecommunication equipment, medicament, and motor vehicles are among the top import products for the EAC in 2015-17 while they are petroleum oil (greater than 70 per cent oil), telecommunication equipment, motor vehicles, parts and accessories of vehicles and fertilizers for MERCOSUR according to UNCTAD calculations for 2015-17 based on the UNCTADStat database (accessed 7 September 2018).

They slightly increased in the EAC mainly driven by the United Republic of Tanzania, and to a lesser extent, by Rwanda and Uganda (UNCTAD, 2018a). In MERCOSUR, merchandise exports even showed a decline over the course of regional integration policies. This was driven by Argentina and Brazil, the two largest economies of the REC, which were adversely affected by the global economic crisis (UNCTAD, 2018b).

Services exports (imports) correspond to 1.82 (3.25) per cent of GDP on average in MERCOSUR during 2007–2013. The same figures are 8 per cent for exports and 6.7 per cent for imports for 2010–12.

Net enrollment rate shows the ratio of children who are at the official school age and enrolled in school to the population of the corresponding official school age.

In Brazil, tariff reductions in the 1990s have been found to have negatively impacted employment and labour force participation rates, particularly for the low-skilled population; this is mainly attributed to a decline of tradable sector employment and did not improve women’s relative position (Gaddis and Pieters, 2017).

The initial period chosen is the early 2000s in the employment statistics presented in table 3, figure 4 and figure 5 as statistics for the late 1990s were not available for countries in the EAC.

Informal cross-border trade (ICBT) refers to trade in legitimately produced goods and services that escapes the government regulatory framework, thereby avoiding certain tax and regulatory burdens. ICBT forms an important source of trade in the African context but not in Latin America. Therefore, we don’t introduce a discussion of it in this paper. See UNCTAD (2018a) for a short overview of the situation on ICBT and gender in the EAC.

We cannot examine employment composition by work status in each respective sector of the economy due to the unavailability of comparable data, therefore we present figures on work status for the total economy.

Incidence of agricultural landowner (holder) show the share of female/male agricultural landowners (holders) in total landowners (holders). Agricultural holder is defined by FAO as the main decision maker civil or juridical person on issues regarding resource use and exercises while land owner refers to the legal owner of the agricultural land.

The calculations are done by UNCTAD based on UNCTADStat database (accessed on 7 September 2018).

They fell from 11.4 per cent to 6.6 per cent in the EAC and 19.7 per cent to 15.3 per cent in Mercosur according to UNCTAD calculations based on UNCTADStat database (accessed on 7 September 2018).
The tariff variable is defined as the difference between the average of applied tariff rates before the implementation of the Customs Union and the average after it. An increase in the tariff variable indicates a larger tariff reduction and hence more trade liberalization in a given sector.

The export tariff change measures the average export duties faced in the destination countries and the import tariff change measures the average tariff change imposed on imports. Hence, the export tariff is a policy measure that is not set by REC member countries but by their trading partners, while the import tariff is determined by the REC member states themselves.

Please refer to UNCTAD (2018) and UNCTAD (2018a) for the full details about methodology and data.

Rwanda is not included because of data constraints.