

# Impact of the Trade Environment on Women's Employment

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# Current Economic Context

- Global economic slowdown and deceleration in trade growth since 2008
  - Global GDP growth at 3.1% and trade growth at 1.7% (ILO 2017, WTO 2016)
- Global unemployment remains high at 5.8% and labor force growth continues outpace employment creation.
  - Vulnerable employment remains high at 42% of total population and expected to grow by 11 million (ILO 2017).
- Labor force participation of both men and women have declined between 1995 and 2015 (ILO 2017).
  - But there is still a 27 percentage point difference between male and female labor force participation.
  - Persistent and significant gender wage gap for women.

Sources: 1. *World Employment and Social Outlook– Trends 2017*, International Labour Organization, Geneva, 2017

2. “Trade to grow at Slowest pace since the financial crisis”, WTO 2016 Press Releases, Press/779, WTO, 27 September 2016.

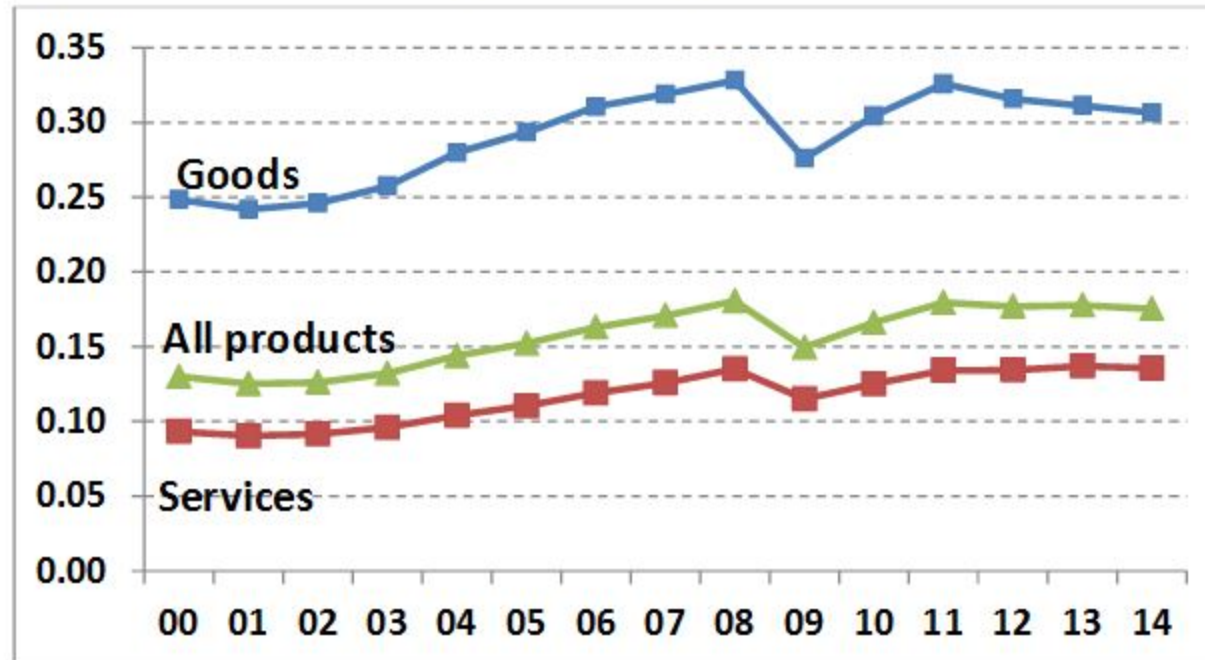
Available at: [https://www.wto.org/english/news\\_e/pres16\\_e/pr779\\_e.htm](https://www.wto.org/english/news_e/pres16_e/pr779_e.htm)

# Emerging global transformations...

- Shifts in the international fragmentation of production
- Automation technologies
- Impact of export growth on services

# International fragmentation of production

Figure 2. International fragmentation of production of final goods and services, 2000-2014



Reproduced from: Marcel P. Timmer, Bart Los, Robert Stehre and Gaaitzen J. De Vries, "An Anatomy of the Global Trade Slowdown," Groningen Growth and Development Centre, University of Groningen, December 2016.

# Fragmentation has 'stalled'

- We can decompose or break down these trends to see what is happening within chains and between different chains.
- Within chains- there is a marked slowdown in the fragmentation of production or defragmentation for instance in automobiles.
- Between chains- final demand has shifted to products that have lower import intensity
- At the country level, in China final demand has shifted away from durables and investment goods and more towards services
- And demand has shifted to products that 'finalised' at home that have lower import intensities.

Source: Timmer et. al (2016).

# Automation

- New robotic technologies are transforming production processes on the shopfloor.
- Automation technologies in apparel and electronics
  - Developing countries lose their competitive advantage from lower labor costs as robots more readily sew clothes and assemble electronics
  - Recent empirical evidence suggests risk of potential automation is:
    - 99 percent for hand sewers, 89 percent for sewing machine operators and 95% for electrical and electronic equipment assembly
- <http://www.telegraph.co.uk/technology/2016/09/22/this-sewing-robot-could-put-sweatshops-out-of-business/>

Source: D. Kucera, "New Employment Technologies and Job Creation and Destruction Dynamics, Employment Policy Department Policy Brief," ILO, Geneva, 2017.

# Automation and Reshoring

- But significant technological bottlenecks remain
  - E.g., pliability and alignment of fabrics is a concern in apparel
  - In electronics, selecting and placing the component in tightly packed consumer items.
- “Reshoring” versus offshoring
- No strong trend towards reshoring but as labour costs in developing countries rise and new automation technologies evolve, this will create new challenges.

Source: Kucera (2017).

# Manufacturing and Services

- In Africa, Asia and Latin America and the Caribbean (LAC), export of manufactures was associated with greater rises in women's employment in services rather than industry.
  - In Africa, a 1% rise in export manufacturing associated with a 0.34% in women's service employment and a 0.12% in industry
  - In Asia, 0.44% in services and 0.13 in industry
  - In Latin America and the Caribbean, 0.29% in services and 0.14 in industry.
- Causes?
  - competitive pressures have led to more outsourcing and home-based informal work.
  - Use of more capital intensive techniques has lowered the employment intensity of manufacturing. In Africa and LAC, expansion of low-productivity services has been noteworthy.



# Trade and gender

- Export-oriented growth model was credited for bringing women into the labor force
  - But the segmentation of women into labor intensive and low value added work continues
  - Employment remains sensitive to vagaries of the international market and trade rules
  - Employment remains flexible and of poor quality overall with limited room for advancement.
- But has the export oriented model has run into rough waters....?

# Implications and directions

- Rethink the role of the export led growth model as a driver of employment
  - Supply side → increasing low productivity employment and earnings
  - Demand side → firms are dependent on intensely competitive foreign markets as domestic demand is insufficient due to stagnant wages (UNCTAD 2016).
- Expand domestic and global aggregate demand and address income inequality (UNCTAD 2016).
- Focussing on domestic demand may enable a rise in women's wages.
- Employment-centric growth policies, labor market institutions, LM adjustment policies, skills and employability, social protection.