



**Asia-Pacific  
Economic Cooperation**

**Advancing** Free Trade  
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# **Gender and Services Trade in the APEC Region: Policy Brief**

**APEC Group on Services**

**September 2023**





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Economic Cooperation**

**GENDER AND SERVICES TRADE IN  
THE APEC REGION:  
POLICY BRIEF**

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This paper was drafted by Mia Mikic, based on inputs from Katrin Kuhlman, Sherry Stephenson, Barbara Kotschwar and Carolina de la Paz.

The Australian APEC Study Centre team - Bonnie Rivendell, Aaron Soans and Esti Elfirda - provided additional support.

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POLICY BRIEF**



THE AUSTRALIAN  
**APEC STUDY CENTRE**  
Asia Pacific  
Economic Cooperation

In partnership with  
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## Introduction

This policy brief was inspired by the presentations and discussions that were part of the session entitled “Inclusive Growth: Gender and trade in services” which took place during the Asia-Pacific Economic Cooperation (APEC) Services Competitiveness Roadmap Annual Dialogue 2023 on 18 May 2023 in Detroit, USA.<sup>1</sup>

This was the fourth dialogue on the topic of Gender and Services Trade convened by the APEC Group on Services (GOS) at the margins of SOM events.<sup>2</sup> These dialogues responded to the APEC Services Competitiveness Roadmap (ASCR), the 2021 mid-term review of the ASCR, and the 2019 La Serena Roadmap for Women and Inclusive Growth striving to put services trade at the forefront of building greater inclusive economic development and participation of women in the Asia-Pacific region.

The May 2023 session brought together a panel of experts who each covered important aspects of the gender and services trade linkages. Katrin Kuhlman (Georgetown University, USA) delivered a keynote on gender and trade agreements. Mia Mikic (Waikato University, New Zealand) provided an overview of the relationship between servicification and gender. Sherry Stephenson (US PECC) considered the digitalization of services trade and opportunities for women. Barbara Kotschwar (Visa) provided an example of how digitalization can support women-owned small businesses. Carolina de La Paz (Lenovo, Mexico) provided an industry example of women’s leadership program in the logistics sector. The panel was moderated by Andrea Boron (Office of the U.S. Trade Representative).

The session included breakout groups where GOS participants held in-depth discussions in small groups on five questions. Annex 1 summarises the outcomes of these discussions.

The purpose of this policy brief is to expand on the topics discussed as well as to reinforce the importance of this work stream for GOS by providing recommendations for consideration by APEC officials.

The brief recognizes that the APEC region has witnessed significant growth in services trade in recent years. Nonetheless, the benefits of this trade have not been distributed evenly

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<sup>1</sup> This paper was drafted by Mia Mikic, based on inputs from Katrin Kuhlman, Sherry Stephenson, Barbara Kotschwar and Carolina de la Paz. The Australian APEC Study Centre team - Bonnie Rivendell, Aaron Soans and Esti Elfirda provided additional support. This project was funded by the Australian Department of Foreign Affairs and Trade (DFAT). The views expressed in this article are those of the presenters and do not necessarily reflect the views or positions of DFAT or GOS.

<sup>2</sup> The two dialogues were organized during SOM2 and SOM3 in Thailand in 2022, and the third and the fourth one during SOM1 and SOM2 in the United States in 2023.

among genders, with women and other disadvantaged groups often facing unique challenges and experiencing gender gaps in accessing and benefiting from service sector opportunities. The COVID-19 pandemic sharpened some of these challenges and disparities.

This brief explores the importance of servicification and its rise in APEC. It draws attention to several positive aspects of servicification for women's economic empowerment and fostering gender equality. One of the channels through which trade in services and servicification can contribute to gender equality is through trade agreements. This brief emphasizes that despite the need to make trade policies and regional trade agreements more intentional concerning women's economic empowerment, they alone are insufficient to address persisting gender inequalities. It goes on to consider the transformative potential of the digitalization of services trade for generating opportunities for women through reducing gender equality gaps. It pulls in concrete examples of support to women-led small businesses through better access to digital technology.

The brief includes several recommendations for action by APEC economies that would contribute to unlocking the full potential of services trade and contribute to inclusive and sustainable economic growth. It concludes by identifying several additional research topics emphasizing the need to improve the collection of gender statistics relevant to trade in services (including disaggregated data on employment, skills, wages and firm revenue by sector and possibly by mode of service supply).



## **Recommendations**

### **Towards an APEC agenda for action on mainstreaming gender into services trade**

#### **A. Actions and steps related to negotiations of trade agreements.**

- i. Craft provisions in free trade agreements that promote non-discrimination regarding women's participation in services trade and encourage regional efforts to address this objective. An example of such a provision is the non-discrimination obligation contained in the Joint Initiative on Services Domestic Regulation outcome at the World Trade Organization (WTO), and which will be incorporated by prior agreement into FTAs, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).
- ii. Use existing stand-alone agreements with gender and trade provisions, such as the Global Trade and Gender Arrangement (GTAGA) or some digital economy agreements) as a model to develop further stand-alone agreements on gender and trade with specific provisions that would promote women's economic empowerment in services trade.
- iii. Over time, consider greater use of specific, binding, and clear language in relation to gender commitments.
- iv. Place gender commitments in sections or chapters that signal their importance and set the tone for the entire agreement.
- v. Assess the impact of gender provisions to inform any changes to the rules or strategies to bridge disparities.
- vi. Include gender equality considerations within the lens of sustainable development;
- vii. Periodically update trade agreement provisions as circumstances change.
- viii. Address legal and regulatory gateways (or barriers) facing women, especially within the context of non-tariff measures and trade facilitation.
- ix. Ensure that gender provisions address the specific needs of the political, social, and economic context of the parties, with adherence to international human rights commitments.
- x. Integrate capacity strengthening into trade agreement design, implementation, monitoring, evaluation and financing.

## Recommendations

### **B. Recommendations related to non-trade agreement (domestic level) policies.**

- i. Adopt education and training policies to further enable women to develop their human capital: These include incentives to increase the availability of education for girls (including grants to families who send girls to school and allow them to complete high school), promote lifelong learning, scholarships directed to women; flexible school schedules; promotion of science, technology, engineering, and mathematics (STEM) curricula and the teaching of computing skills to girls. Promote the exposure and visibility of women role models that have built a successful career; empower women entrepreneurs by showing them successful business stories that can be a learning lesson. Create a supporting network to share best practices.
- ii. Improve access to digital technology and digital infrastructure: This includes policies to make digital opportunities more accessible for women, including expanding digital infrastructure networks in both urban and rural areas; providing computer and digital devices to women; establishing training courses on ICT skills to allow women to develop digital skills and create digital content in services areas. Encourage partnerships with the private sector to enhance women's skills in both urban and rural areas, not only by having access to equipment but also through cutting-edge technology and support.
- iii. Provide better access to trade finance for women: Policies in this area include addressing the system of legal rights for access to borrowing money, opening a bank account, and registering businesses. Recognize alternative forms of collateral for taking out a loan. Take specific steps to make loan programs more accessible with preferential terms for loan maturity, interest rate and other support. Create agencies to promote making trade financing available to women.
- iv. Establish a 'gender focal point' within government institutions: These 'focal points' would be tasked with responding to questions for information from women about export and online opportunities in services, for themselves or for their firms. Such assistance could be in response to questions on access to trade finance, or availability of digital training programs for women working in the services field, or to provide assistance with any general enquiry from women around issues that affect their ability or their firm's ability to engage in services trade.

## Recommendations

- v. Enhance access to trade-related information. Develop a website targeted specifically to small and medium-sized enterprises with information on provisions in key trade agreements of particular relevance. Organize trade fairs and trade promotion programs targeting women exporters, along with facilitation of connections between women entrepreneurs and international buyers.

### **C. Recommendations related to supporting women-led small businesses and digitalisation.**

- i. Create a more open environment for digital trade. Policies that restrict digital trade also restrict the potential of small women-led firms who are gaining ground by going global. This includes avoiding restrictions on cross-border data flows and considering the establishment of a mechanism to foster greater economic cooperation.
- ii. Focus on programs and policies that enhance digital skills for women. Develop programs in partnership with the private sector that support women with the necessary skills, know-how, and financing in the digital economy. For example, Visa has partnered with USAID and the e-Trade Alliance to produce a roadmap for empowering women-led firms in e-commerce and the digital economy that sets out ideas and best practices for empowering women entrepreneurs in a digital economy.
- iii. Encourage a holistic mix of policies to advance gender equality and provide women with safe spaces to start and build their business ventures. This includes ensuring safe and equitable access to infrastructure and technologies; fostering digital skills development for girls; and ensuring that the start-up ecosystem is based on trust, security, and (or) safety by design.

## **Recommendations**

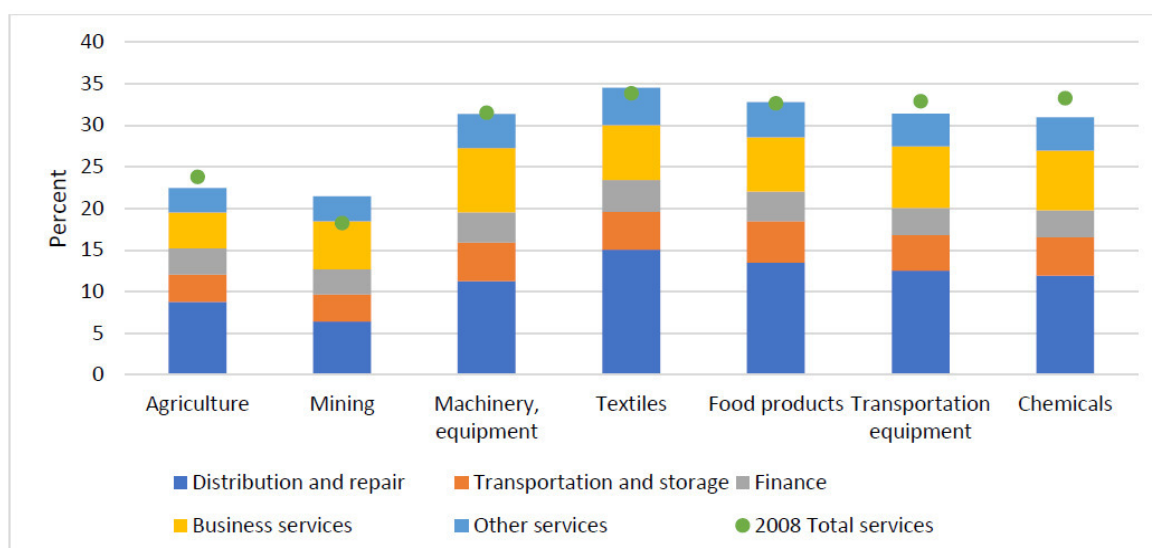
### **D. Recommendations related to further research.**

- i. Supplement current studies on opportunities for women in services globally by analysis at the sectoral and regional levels. An in-depth study across APEC economies could uncover the determinants of the gendered division of labour across various sectors and inform recommendations to address them.
- ii. Undertake a deeper analysis on the opportunities for women in services trade through Mode 1 (cross-border supply of services) and Mode 4 (movement of natural persons) of the General Agreement on Trade Services (GATS).
- iii. Facilitate the collection and use of gender-disaggregated services trade data to support the monitoring of trends in the region and deeper examination of the barriers faced by women engaged in services trade.

## Servicification

Services are playing an increasingly important role in all APEC economies. Over the last few decades, the sector's contribution to output, employment, job creation and value-added trade has grown dramatically. An improved approach to measurement of productivity shows that services have a key role as well in productivity growth.<sup>3</sup> Not only do services capture a large and increasing share of GDP, employment, investment, and trade in APEC economics, but also allow these economies to remain agile and dynamic. Figure 1 below demonstrates the important contribution that services make to the value-added content of merchandise exports.

**Figure 1. Services share of Value-Added in Merchandise Exports, 2018 (APEC average)**



Source: OECD Trade in Value-added TiVA 2021. <https://www.oecd.org/sti/ind/measuring-trade-in-value-added.htm> Note: This data set includes 20 APEC economies (Papua New Guinea is not included).

This phenomenon of an ever-increasing role of services is broadly known as the servicification of the economy. It implies that firms are increasingly relying on services as both inputs into manufacturing as well as into services themselves. It is becoming more and more difficult to separate services from goods as many manufacturers bundle services with

<sup>3</sup> The most comprehensive report on both theoretical and empirical issues related to productivity changes in service sector is in *At Your Service? The Promise of Services-Led Development*, by Gaurav Nayyar, Mary Hallward-Driemeier, and Elwyn Davies, World Bank Group, 2021, available at <https://documents1.worldbank.org/curated/en/155731631771398616/pdf/At-Your-Service-The-Promise-of-Services-Led-Development.pdf>

their physical products or their accompanying parts to provide higher value to their customers. Perhaps the best example of such bundling is found in the smart phone.<sup>4</sup> Services are a key ingredient for firms seeking to capture more value in global value chains as part of their competitiveness strategy especially in the context of the ongoing value chains reconfigurations.

Servicification is also about an indirect way of supplying a service across borders, indirectly and embodied in goods or other services (so-called the Mode 5 of service supply). Services that are most often mentioned under these categories are logistics services<sup>5</sup> and other business services. According to the OECD value-added trade database, the world now trades more services than goods, when combining both direct and indirect services trade. Moreover, a larger share of services which are deemed to be “final consumption products” are nowadays directly tradable (e.g., education, health, and similar).

It is important not to confuse this dynamism and volume of trade of services (especially knowledge-based services) with the technology helping services to be traded more directly. Technology – in particular digitalization (see further below) plays a crucial role in converting many services from non-tradable into tradable. However, there is also a growing proportion of gross exports that is made up of services (some estimate this to be anywhere between 30% and 70% of global exports in value-added terms).

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<sup>4</sup> “For example, a cell phone is classified as a good, but it is tied to the use of telecommunications services, which allow the user to install apps with purchased content that can give rise to additional transactions such as audiovisual services (streaming movies or music), publishing (e-books), or computer services (video games).” p. 211, Nayyar et al., op.cit. (2021). Moreover, the large majority of the value of the smart phone is composed of services. There are many more examples, especially with a widening use of AI in consumer goods.

<sup>5</sup> According to the APEC endorsed definition of logistics services these include various modalities of transport services, distribution and warehousing, couriers and core customs processes. See <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/apec-ministers-responsible-for-trade-statement-of-chair/annex-a-apec-definition-of-logistics-related-services>

## Servicification and gender

Services trade and servicification are important for gender equality and women's economic empowerment. The empirical and anecdotal evidence show that:

1. Women tend to work relatively more in services. Services provide the most jobs for women, especially in higher income economies.
2. Proportionally, the balance of women to men is higher in services than in other sectors. In APEC economies, a higher proportion of women than men are employed in the services sector.
3. Women are overrepresented in low-paid service jobs and underrepresented in high-paid service jobs.

Nevertheless, given that the services sector is undergoing significant transformation and that digitalization of services trade has the potential to provide new and expanded opportunities while also noting the challenges, one should be optimistic about the potential of services to deliver net positive results for gender equality and women's economic empowerment.

How could servicification help address not only existing but also worsening gender inequalities<sup>6</sup> in APEC economies? We now have solid evidence about differential impacts of trade on women and persons subjected to structural, systemic, and socio-cultural discrimination. We also have evidence that gender inequalities limit economies from using trade at their full potential.

To support gender-smart servicification and make services trade deliver faster, it is important to address the obstacles that still limit access to services markets across borders. In general, business-related services are more liberalized than services with "public sector" features. Often the obstacles faced are not necessarily linked to trade (e.g., they come in forms of access to education and training; occupational segregation; pay equity; gender diversity in leadership, etc.). However, it would be wrong to think that there is no role for traditional trade policies in advancing gender equality.

This brief focuses on two channels through which services liberalization could be achieved with an intentional opening for promotion of gender equality, namely:

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<sup>6</sup> According to the *Global Gender Gap Report* by the World Economic Forum [13 July 2022], there is still space to be closed in terms of equality of men and women when it comes to their legal rights in APEC economies. Globally the distance to be closed is 32% and the report calculated that with "business as usual" approach, we would need 132 years to close it. Some APEC economies have made much larger advances, but others are still hovering at or below the global average.

- 1) through bilateral, regional, and multilateral trade agreements, and
- 2) through regulatory improvements to promote gender-inclusive and equitable digitalization and digital services trade.

The brief also provides an overview of the concrete efforts for small businesses (small and medium-sized enterprises, SMEs) to improve women's participation by embracing digitalization.



## Gender and Trade Agreements

Although it is becoming increasingly common to integrate gender equality provisions in bilateral, regional, and multilateral trade agreements, gender disparities and uneven distribution of the benefits of trade continue to present challenges, calling for greater focus on the design and implementation of trade rules. The argument for including provisions on gender equality in trade agreements is clear – women’s economic empowerment improves economic efficiency and positively impacts poverty reduction.<sup>7</sup> Trade rules, however, are not gender neutral. More recent concerns like the COVID-19 pandemic, the subsequent economic crisis, and climate change have exacerbated the gender inequality that existing trade rules seek to redress.<sup>8</sup>

Within the multilateral trading system, efforts are underway to mitigate gender disparities. As of July 2023, 127 members and observers of the World Trade Organization (WTO) had endorsed the Joint Declaration on Trade and Women’s Economic Empowerment, now known as the Buenos Aires Declaration.<sup>9</sup> The WTO has also established an Informal Working Group on Trade and Gender, a designated focal point for trade and gender, and a Gender Research Hub, all of which build awareness and conduct training on the links between trade and gender.<sup>10</sup> The Reference Paper of the WTO Joint Initiative on Services Domestic Regulation issued in 2021 includes an explicit gender provision, requiring signatories to ensure non-discrimination in the granting of licenses and/or certifications for the domestic supply of services.<sup>11</sup>

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<sup>7</sup> Rohini Acharya, Olga Falgueras Alamo, Salma Mohamed Thabit Al-Battashi, Anoush der Boghossian, Gaghm Ghei, Tania Parcerro Herrera, Lee Ann Jackson, Ulla Kask, Claudia Locatelli, Gabrielle Marceau, Ioana-Virginia Motoc, Anna Caroline Müller, Nora Neufeld, Simon Padilla, Josefita Pardo de León, Stella Perantakou, Nadezhda Sporysheva, & Christiane Wolff, *Trade and Women – Opportunities for Women in the Framework of the World Trade Organization* (2019) J. INT’L ECON. L. 323-354, 325 (hereinafter Acharya et al. 2019) doi:10.1093/jiel/jgz023

<sup>8</sup> Katrin Kuhlmann, *Mapping Inclusive Law and Regulation: A Comparative Agenda for Trade and Development* (2021) AF. J. INT’L. ECON. L. 2<sup>nd</sup> Ed. 48-87, 49 [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3912907](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3912907) (hereinafter Kuhlmann 2021).

<sup>9</sup> World Trade Organization, *Buenos Aires Declaration on Trade and Women's Economic Empowerment* (accessed 29 June 2023)

[https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/buenos\\_aires\\_declaration\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/buenos_aires_declaration_e.htm) .

<sup>10</sup> Ibid.

<sup>11</sup> The language of para 22 (d) under Section II and para 19(d) under Section III of the Reference Paper on Services Domestic Regulation states: “If a Member adopts or maintains measures relating to the authorization for the supply of a service, the Member shall ensure that:

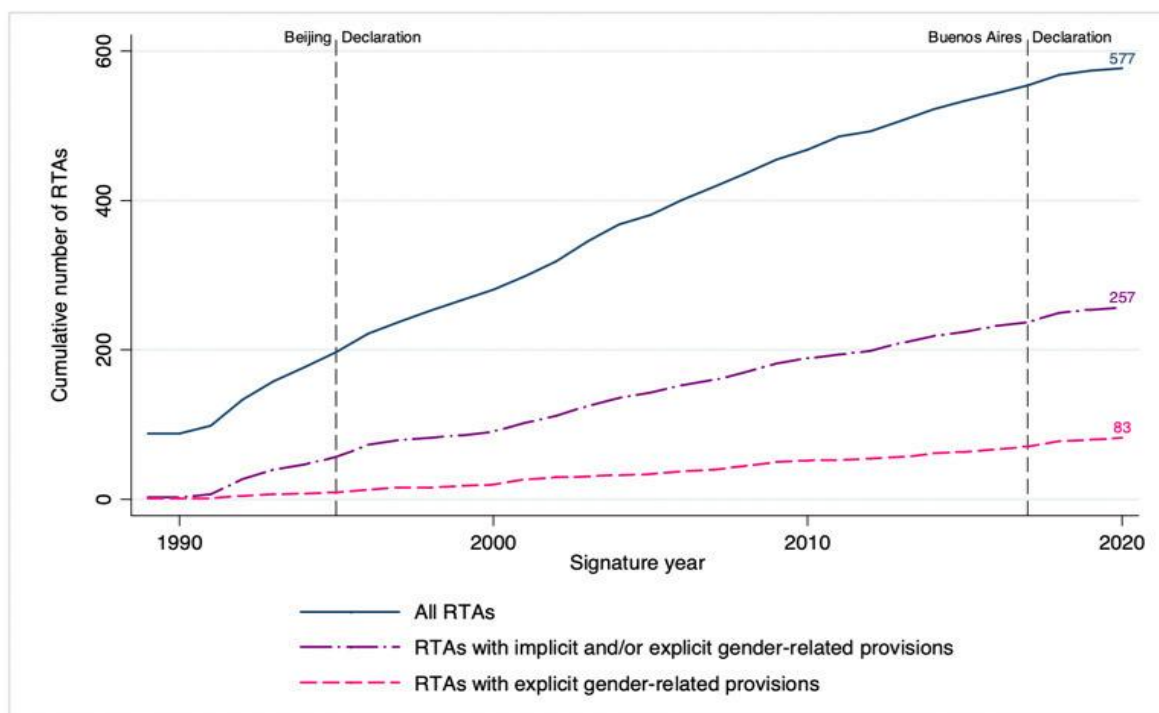
... (d) such measures do not discriminate between men and women.”, World Trade Organization, *Joint Declaration on the Conclusion of Negotiations on Services Domestic Regulation*, Paras. 22(d) under Section II and 19(d) under Section III of the Reference Paper. (accessed 29 June 2023)

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/L/1129.pdf&Open=True>.

## Current Status of Gender Provisions in RTAs

Regional Trade Agreements (RTAs) also increasingly incorporate gender provisions. The WTO estimates that one-third of RTAs incorporate gender provisions (Figure 2).<sup>12</sup>

**Figure 2. Gender Provisions in RTAs**



Source: José-Antonio Monteiro, *The Evolution of Gender-Related Provisions in Regional Trade Agreement*, WTO, 2021.

Gender commitments in RTAs can take various forms:

- “(i) affirmation of the importance of eliminating discrimination against women;
- (ii) recognition and adherence to other international agreements on gender;
- (iii) cooperation on gender issues;
- (iv) institutional provisions including the establishment of committees for cooperation and exchange of information; and

<sup>12</sup> José Antonio Monteiro, “WTO, The Evolution of Gender-Related Provisions in Regional Trade Agreements” (2021) [https://www.wto.org/english/res\\_e/reser\\_e/ersd202108\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd202108_e.pdf).

(v) soft committee-based dispute resolution mechanisms to amicably resolve differences.”<sup>13</sup>

Among these, cooperation provisions are the most common, as are provisions reaffirming other commitments, such the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Under Article 3 of CEDAW, parties commit to passing legislation to ensure women’s economic rights;<sup>14</sup> CEDAW also calls on states to prioritize providing education and vocational training to women.<sup>15</sup> Affirmations in RTAs can also advance United Nations’ Sustainable Development Goal 5, which requires states to “undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws.”<sup>16</sup> Notably, however, affirmative provisions that create new rights are less common in RTAs.

In addition to the RTAs, there are other approaches to foster greater gender equality and women’s economic empowerment through trade and investment. Most notably, the Global Trade and Gender Arrangement (GTAGA) between Canada, Chile, Columbia, Mexico, New Zealand and Peru (with Australia confirmed to join, and others currently applying) is the first global agreement which builds on existing gender-related provisions written in the RTAs of those members. This arrangement explicitly recognizes the importance of not weakening or reducing the protection provided in gender equality laws and regulations to promote trade and investment.<sup>17</sup> Furthermore, in reference to trade in services, GTAGA follows the path of the WTO Reference Paper on Services Domestic Regulation text and includes even more explicit provisions to outlaw discrimination of women as providers of services. The GTAGA text states:

“4(a) If a Participant adopts or maintains measures relating to licensing requirements and procedures, qualification requirements and procedures, or technical standards

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<sup>13</sup> Katrin Kuhlmann “Gender Approaches in Regional Trade Agreements and a Possible Gender Protocol Under the African Continental Free Trade Area: A Comparative Assessment,” forthcoming in *Trade Policy and Gender Equality*, Cambridge University Press (2023).

<sup>14</sup> Convention on the Elimination of All Forms of Discrimination against Women (Dec.18, 1979), Article 3.

<sup>15</sup> Ibid, Article 10.

<sup>16</sup> United Nations Department of Economic and Social Affairs, *Sustainable Development Goal 5 - Achieve Gender Equality and Empower All Women and Girls* (accessed 29 June 2023) <https://sdgs.un.org/goals/goal5>.

<sup>17</sup> See more in WTO (2022) Informal Working Group on Trade and Gender - Trade and gender-related provisions in regional trade agreements (WTO secretariat, INF/TGE/COM/4) p.2., [https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/TGE/COM\\_4.pdf&Open=True](https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/TGE/COM_4.pdf&Open=True)

relating to authorisation for the supply of a service, it will ensure that such measures do not discriminate based on gender.

4(b) The Participants will not consider legitimate differentiation, as well as the adoption of temporary special measures aimed at accelerating de facto gender equality, as discrimination for the purposes of this paragraph. Legitimate differentiation is defined as differential treatment that is reasonable and objective and aims to achieve a legitimate public policy purpose.”

### **Considerations for trade negotiators**

- i. Craft provisions in free trade agreements that promote non-discrimination regarding women’s participation in services trade and encourage regional efforts to address this objective. An example of such a provision is the non-discrimination obligation contained in the WTO Reference Paper on Services Domestic Regulation, and which will be incorporated by prior agreement into FTAs, including the CPTPP and RCEP;
- ii. Use existing stand-alone agreements with gender and trade provisions, such as the Global Trade and Gender Arrangement (GTAGA) or some digital economy agreements as a model to develop further stand-alone agreements on gender and trade with specific provisions that would promote women’s economic empowerment in services trade;
- iii. Over time, consider using specific, binding, and clear language in relation to gender commitments;<sup>18</sup>
- iv. Place gender commitments in sections or chapters that signal their importance and set the tone for the entire agreement;<sup>19</sup>
- v. Assess the impact of gender provisions to inform any changes to the rules or strategies to bridge disparities;<sup>20</sup>
- vi. Include gender equality considerations within the lens of sustainable development;<sup>21</sup>

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<sup>18</sup> Katrin Kuhlmann and Amrita Bahri, *Gender Mainstreaming in Trade Agreements: ‘A Potemkin Façade’?* (2023) Forthcoming WTO Book Making Trade Work for Women: Key Learnings from the World Trade Congress on Gender 9.

<sup>19</sup> Kuhlmann 2023, *supra* note 2, at 55.

<sup>20</sup> Kuhlmann 2023, *supra* note 2, at 14.

<sup>21</sup> *Ibid.*

- vii. Periodically update trade agreement provisions as circumstances change;<sup>22</sup>
- viii. Address legal and regulatory gateways (or barriers) facing women, especially within the context of non-tariff measures and trade facilitation;<sup>23</sup>
- ix. Ensure that gender provisions address the specific needs of the political, social, and economic context of the parties, with adherence to international human rights commitments;<sup>22</sup>
- x. Integrate capacity strengthening into trade agreement design, implementation, monitoring, evaluation, and financing.

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<sup>22</sup> Ibid. at 10.

<sup>23</sup> Ibid.

## Digitalization of Services Trade and Opportunities for Women Inclusive Growth

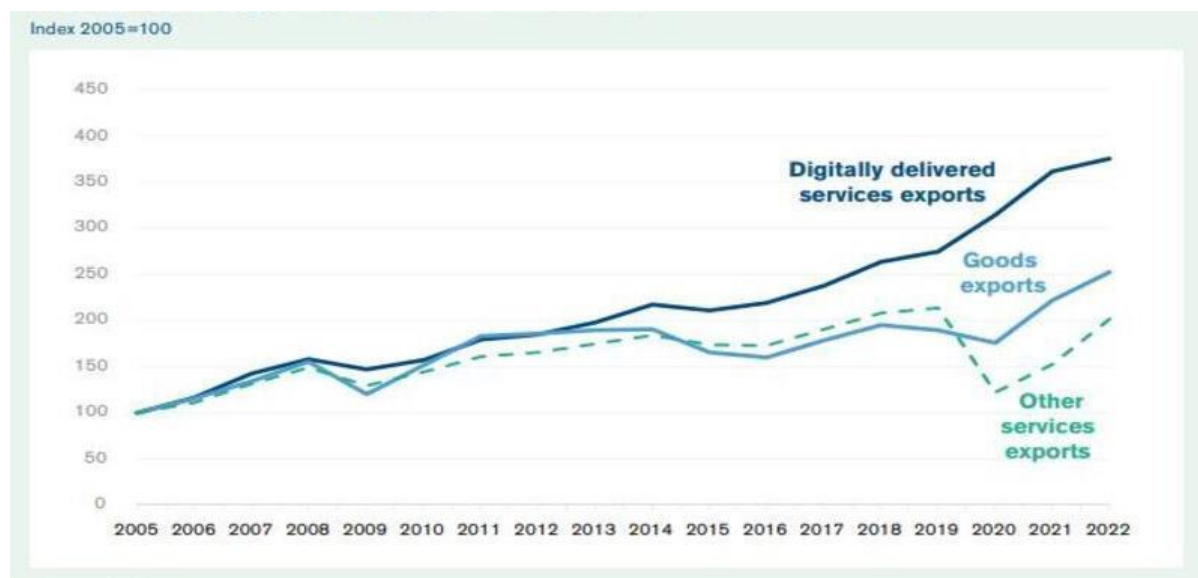
An area that has been somewhat overlooked in discussions of trade and gender, but that offers tremendous opportunities for women’s professional growth and greater inclusivity, is that of digital services trade. Two facts underscore the importance of this area:

- 1) Women’s jobs continue to shift worldwide from manufacturing and agriculture to services; at present over 60% of women worldwide work in the services sector.
- 2) Services trade is also changing and shifting from traditional to digitalized forms of delivery; over 60% of services trade in now conducted in digital form.

Putting these two facts together indicates that there is an enormous potential for women to participate further in digitalized services trade.

Digitalized services trade has exploded in recent years, with a four-fold increase in cross-border digital trade flows since 2005 (see Figure 3 below). Digital services trade is now valued at some USD3.8 trillion, which is more than half of all services trade worldwide.

**Figure 3. Growth in global exports of digitally delivered services 2005-2022**



Source: WTO, Global Trade Outlook and Statistics, April 2023, page 15.

[https://www.wto.org/english/res\\_e/booksp\\_e/trade\\_outlook23\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/trade_outlook23_e.pdf)

Nearly all services can now be delivered in digital form. Digitally delivered services include the following, some of which have traditionally been more conducive to women's participation than others:

- ICT services
- Sales and marketing services
- Insurance and financial services
- Professional services
- Back-office services
- Research and development (R&D)
- Education and training services
- Many health care services
- Gaming and apps, and many others

The WTO issued a recent report on *Adapting to the Digital Trade Era: Challenges and Opportunities* which examines how the rapid adoption of digital technologies could help economies broadly and women to increase their participation in world trade.<sup>24</sup> Furthermore, the WTO chief economist Ralph Ossa stated in an interview that “*The future of trade is in services, particularly digitally delivered services.*”

Fewer women overall have been involved in digital services trade than men. A recent WTO / World Bank study underscores that while there is much potential for women to benefit from services trade, they are so far underrepresented in most exportable or traded services sectors compared to men.<sup>25</sup> In fact, female employment is at its lowest in the information communication technology (ICT) sector encompassing telecommunications, computer and information services, which together with business and professional services, are those services sector driving the process of digitalization. Only 5% of women in developed economies are employed in financial and insurance activities, another dynamic digitized sector.

The lack of women's participation in digitalized services trade has economic consequences. It negatively affects the ability of women to participate in the gains from trade. This means

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<sup>24</sup> WTO, *Adapting to the Digital Trade Era: Challenges and Opportunities*, edited by Maarten Smeets, 2023, [https://www.wto.org/english/res\\_e/booksp\\_e/adtera\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/adtera_e.pdf). Chapter 13 focuses on “Making the most of the digital trade era – inclusiveness, gender and development”, pages 280-299.

<sup>25</sup> World Bank Group and World Trade Organization, *Women and Trade: The Role of Trade in Promoting Gender Equality*, 2020, <https://www.worldbank.org/en/topic/trade/publication/women-and-trade-the-role-of-trade-in-promoting-womens-equality>

that not only do women not work significantly in the most dynamic sectors of the economy – the ICT, computer, financial and business services activities – but their non-participation in these jobs means that they are not benefitting from higher salaries, more advanced technology and are unable to increase their skills through ‘on the job’ learning and performance. This relegates women to work in lower-skilled and lower-paid services activities which retards, rather than promotes, their economic empowerment. Greater participation in digitalized services export activities would also allow women to work remotely, thus giving them a better developed work-personal life balance, with the ability to combine caregiving with professional work.

The outstanding question therefore is: How can women play a significant part in the growing and dynamic future of digitalized services trade?

The following areas of action below are pertinent to this key question:<sup>26</sup>

### ***Considerations for non-trade (domestic level) policies***

- i. Adopt education and training policies to further enable women to develop their human capital: These include incentives to increase the availability of education for girls (including grants to families who send girls to school and allow them to complete high school), promote lifelong learning, scholarships directed to women; flexible school schedules; promotion of science, technology, engineering, and mathematics (STEM) curricula and teaching girls computing skills.
- ii. Promote the exposure and visibility of women role models that have built a successful career; empower women entrepreneurs by showing them successful business stories that can be a learning lesson. Create a supporting network to share best practices.
- iii. Improve access to digital technology and digital infrastructure: This includes policies to make digital opportunities more accessible for women, including expanding digital infrastructure networks in both urban and rural areas; providing computer and digital devices to women; establishing training courses on ICT skills so as to allow women to develop digital skills and create digital content in services areas. Encourage partnerships with the private sector to enhance women’s skills in

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<sup>26</sup> Many of these recommendations are drawn from the World Bank/WTO study cited above, pages 165-169.



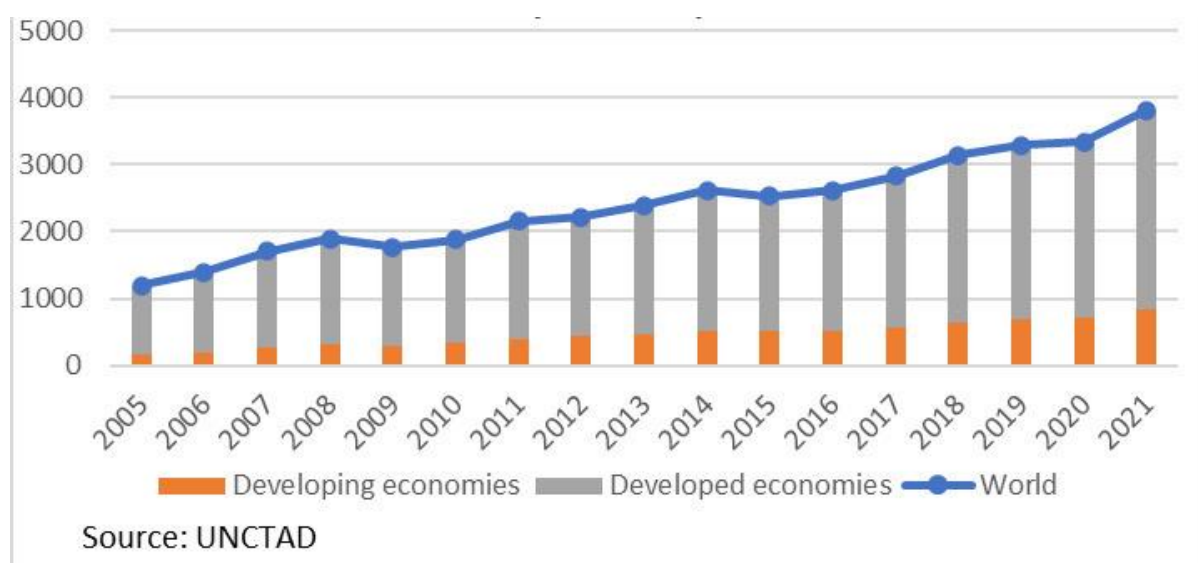
both urban and rural areas; not only by having access to equipment but also through cutting-edge technology and support.

- iv. Provide better access to trade finance for women: Policies in this area include addressing the system of legal rights for access to borrowing money, opening a bank account, and registering businesses. Allow recognition of alternative forms of collateral for taking out a loan. Take specific steps to make loan programs more accessible with preferential terms for loan maturity, interest rate and other support. Creation of agencies to promote making trade financing available to women.
- v. Establish a 'gender focal point' within government institutions: These 'focal points' would be tasked with responding to questions for information from women about export and online opportunities in services, for themselves or for their firms. Such assistance could be in response to questions on access to trade finance, or availability of digital training programs for women working in the services field, or to help with any general enquiry from women around issues that affect their ability or their firm's ability to engage in services trade.
- vi. Enhance access to trade-related information. Develop a website targeted specifically to small and medium-sized enterprises with information on provisions in key trade agreements of relevance. Encourage the organisation of trade fairs and trade promotion programs targeting women exporters, along with facilitation of connections between women entrepreneurs and international buyers.

## Empowering women through trade: small businesses and digitalization

Trade in digitally enabled services has grown significantly over the past decade, and this growth accelerated during the pandemic. As seen in Figure 4, in developed as well as developing economies, exports of digitally enabled services have doubled since 2010 and are continuing this upward trajectory.

**Figure 4. Exports of global digitally enabled services (USD billions)**



Digital platforms and tools, including digital payments, are enabling merchants to expand their customer base beyond their domestic borders.

This dynamic provides customers with a greater variety of products and services (including payment options) and represents a significant opportunity for small businesses.

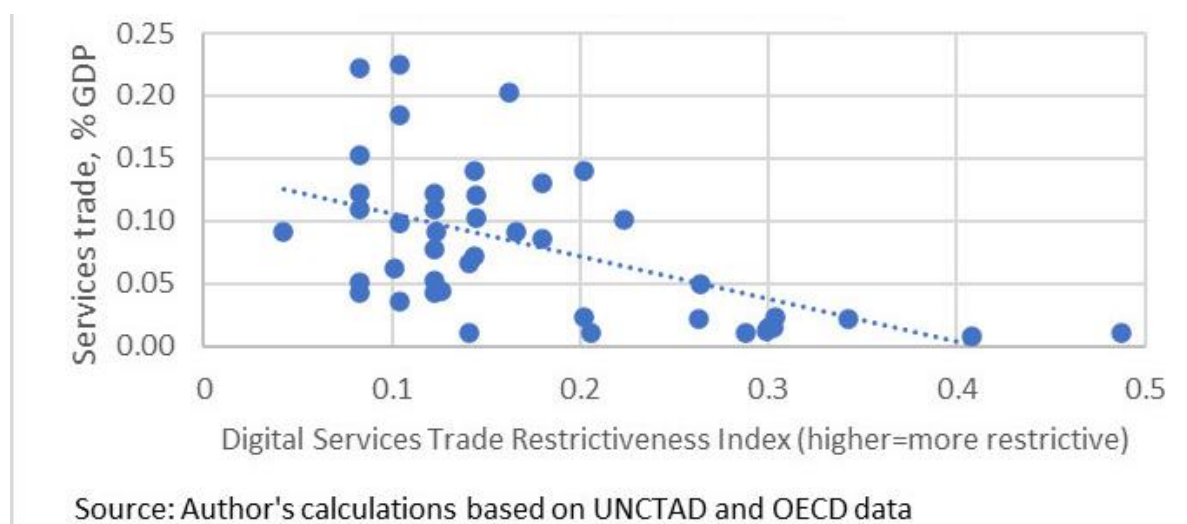
Yet, barriers to cross-border data flows that could disrupt this trajectory are increasing. The Global Trade Alert's Digital Policy Alert identified over 250 policy or regulatory changes issued by APEC and G-20 governments affecting the digital economy in just ten weeks in the third trimester of 2022.<sup>27</sup>

As Figure 5 shows, economies with fewer digital trade restrictions experience greater services exports, a proxy for digital trade. The OECD's Digital Services Trade Restrictiveness Index (DSTRI) quantifies barriers that affect trade in digitally enabled

<sup>27</sup> Digital Policy Alert. 2022. *Catching up on digital policy developments in APEC and G-20 members*. 14 November, <https://digitalpolicyalert.org/blog/catching-up-on-apec-and-g20>

services. The index includes restrictions in infrastructure and connectivity, electronic transactions, digital payments, intellectual property rights and other related barriers.

**Figure 5. The Impact of Digital Trade Restrictions on Services Exports (as percent of GDP)**



While this figure does not consider all factors that may affect digital trade, more restrictive policies limit an economy's services exports. This can hamper the potential of businesses, particularly small businesses, to connect to global markets in a digital age.<sup>28</sup>

OECD research shows that regulatory barriers that affect trade in services often burden small- and medium-sized firms (SMEs).<sup>29</sup> A recent World Economic Forum (WEF) report (2023) identifies overlapping regulations and lack of transparency in regulations on cross-border data flows as major challenges for SMEs.<sup>30</sup>

As well as constraining businesses, such measures limit an economy's growth potential. The World Bank's World Development Report (WDR) underscores the large negative consequences that restrictions on data flows have on the productivity of local companies and

<sup>28</sup> Kotschwar, B. 2021. *Empowering women through trade*. Visa Economic Empowerment Institute, March. <https://usa.visa.com/dam/VCOM/global/sites/visa-economic-empowerment-institute/documents/veei-empowering-women-through-trade.pdf>

<sup>29</sup> Rouzet, D., S. Benz and F. Spinelli (2017), "Trading firms and trading costs in services: Firm-level analysis", OECD Trade Policy Papers, No. 210, OECD Publishing, Paris, <https://doi.org/10.1787/b1c1a0e9-en>.

<sup>30</sup> World Economic Forum (2023). From Fragmentation to Coordination: The Case for an Institutional Mechanism for Cross-Border Data Flows. WEF. <https://www.weforum.org/whitepapers/from-fragmentation-to-coordination-the-case-for-an-institutional-mechanism-for-cross-border-data-flows/>

especially on trade in services. The WDR 2020 estimates that reducing data restrictions on trade in services would earn economies an average of about 5% increase in productivity.<sup>31</sup>

These restrictions affect developing economies particularly strongly. As the World Bank points out, such regulations especially affect the most dynamic exports of developing economies, including digitally delivered data processing and data-related business services such as financial accounting and tax returns to health transcriptions and diagnostics, which have contributed to the more than USD50 billion in developing economy exports to the European Union in 2015 (World Bank 2020).

Recent Visa Economic Empowerment Institute (VEEI) research notes the larger number of women-led startups that emerged during the pandemic. More than 40% of firms established in the last two years are run by a woman. This compares to less than 25% for firms that are ten+ years old. This represents some green shoots of hope in the discussion about the gendered digital divide.<sup>32</sup> These young firms tend to elevate women more; nearly 40% of those with female CEOs also have majority female management teams.<sup>33</sup>

Services trade and services that allow small firms to export are increasingly important to the success of these firms. Women-led small businesses in our sample that grew by 5% or more during the last two years have three things in common:

- They are 25% more likely to use digital platforms than firms who did not grow.
- They are 20% more likely to use digital payments.
- And they are 60% more likely to export.

Therefore, these new firms using digital platforms created by women are facing increasing numbers of restrictions that affect digital trade and impede their ability to integrate into global markets.

*What can services policy makers do to advance women's economic empowerment?*

To support women-led small businesses to thrive in a digital era, we recommend that services policymakers focus on access, skills, and trust, as detailed below.

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<sup>31</sup> The World Bank. 2020. World Development Report 2020. *Trading for Development in the Age of Global Value Chain*. <https://www.worldbank.org/en/publication/wdr2020>

<sup>32</sup> According to GSMA research, women remain less than 7% less likely to own a mobile phone and 16% less likely to use the mobile internet than men; UNESCO shows that women and girls are 25% less likely than men to know how to leverage digital technology and the World Bank's Findex shows that men make and receive digital payments at rates 7 and 6% higher than women.

<sup>33</sup> Kotschwar, B. 2022. *Digital, diverse, and going global: A new dawn for women-led firms*. Visa Economic Empowerment Institute. <https://usa.visa.com/content/dam/VCOM/regional/na/us/sites/documents/veei-women-small-business-in-the-digital-age.pdf>

## *Considerations for services policy makers to support women-led businesses and digitalization*

- i. Create a more open environment for digital trade. Policies that restrict digital trade also restrict the potential of small women-led firms who are gaining ground by going global. This includes avoiding restrictions on cross-border data flows and considering the establishment of a mechanism to foster greater economic cooperation.
- ii. Focus on programs and policies that enhance digital skills for women. Develop programs in partnership with the private sector that support women with the necessary skills, know-how, and financing in the digital economy. For example, Visa has partnered with USAID and the e-Trade Alliance to produce a Roadmap for empowering women-led firms in e-commerce and the digital economy that sets out ideas and best practices for empowering women entrepreneurs in a digital economy.<sup>34</sup>
- iii. Encourage a holistic mix of policies to advance gender equality and provide safe spaces to start and build their business ventures. This includes ensuring safe and equitable access to infrastructure and technologies; fostering digital skills development for girls; and ensuring that the start-up ecosystem is based on trust, security, and (or) safety by design.

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<sup>34</sup> Alliance for e-Trade Development. 2021. Roadmap for empowering women-led firms in e-commerce and the digital economy. USAID. [https://www.allianceforetradedevelopment.org/files/ugd/478c1a\\_5df4888ac626485fb1b16f3cee8972c0.pdf](https://www.allianceforetradedevelopment.org/files/ugd/478c1a_5df4888ac626485fb1b16f3cee8972c0.pdf)

## **What additional research is required to support women's participation in services trade?**

Much work has been produced at the multilateral level on identifying areas of potential growth for women's participation in services trade. However, the recommendations are generally global in nature. The studies on opportunities for women in services need to be supplemented by analysis with both sectoral and regional focus. APEC could carry out an in-depth study across APEC economies to better understand how women's participation in individual services sectors could be improved. An analysis of the current situation with respect to gendered divisions of jobs in various service sectors, and the determinants of these divisions of labor, would provide a firmer foundation for addressing gender inequalities and create a stronger, more competitive services sector. This would entail obtaining a better understanding of where women are in the services sector, particularly as employees and entrepreneurs, what types of jobs they are occupying, and their skills levels, for both formal and informal workers. The analysis should examine what is holding women back from better and higher skilled jobs in the services sectors and diversifying into different services subsectors. It should cast a particular look at education and cultural stereotypes to determine the structural causes and systemic biases that impede women's progress.

Although policymakers in some APEC economies have explored opportunities for increasing women's engagement in services and services trade, a deeper analysis is required, particularly with respect to Mode 1 (cross-border supply of services) and Mode 4 (movement of natural persons) of the General Agreement on Trade Services (GATS). Whereas trade in services in Mode 2 (services consumed abroad) has received much attention with regard to women's participation in tourism (and increasingly attention with regard to educational and health services provided remotely), the opportunities for women under Mode 4 (movement of natural persons) has received less attention. The opportunities have not been well articulated and are not immediately evident, as it is men who typically occupy the professional service categories that are in demand and covered by provisions in trade agreements. The lack of research to guide APEC policymakers on where the opportunities lie has not helped. For example, Mode 1 (cross-border supply) has been the focus of studies which identify the employment opportunities created for women through the supply of services via digital networks. However, beyond the creation of back-office jobs and processing centres, opportunities have not been highlighted based on the availability of new technologies, including AI.

The lack of disaggregated services trade data, including by sex, gender, and age, inhibits deeper analysis of the barriers faced by women in services trade and the monitoring of trends across the APEC region. The International Labour Organization (ILO) publishes data on the proportion of women employed in services. However, this includes all services in the economy not just tradeable services. The La Serena Roadmap for Women and Inclusive Growth includes as a Key Action Area the collection, analysis and use of sex-disaggregated data and the need for public-private cooperation to enable it. Further work is required to achieve these goals in the domain of services trade.

### *Considerations for further research*

- i. Current studies on opportunities for women in services globally needs to be supplemented by analysis at the sectoral and regional levels. An in-depth study across APEC economies could uncover the determinants of the gendered division of labour across various sectors and inform recommendations to address them.
- ii. A deeper analysis is required to examine opportunities for women in services trade Mode 1 (cross-border supply of services) and Mode 4 (movement of natural persons) of the General Agreement on Trade Services (GATS).
- iii. The collection and use of gender-disaggregated services trade data should be prioritized in order to support the monitoring of trends through the region and deeper analysis of the barriers faced by women engaged in services trade.

## Annex

APEC Services Competitiveness Roadmap Annual Dialogue 2023 - Session 3: Inclusive Growth- Gender and Trade in Services, Held at SOM2, Detroit, May 2023.

### Summary of Breakout Group Discussions

1. When it comes to trade policy, there is a significant gender imbalance in the drafting of policies and regulations. These documents are often created by men and may not be gender neutral. To promote equality, it is crucial to consider inclusion as a policy objective, particularly in the digital services sector. Additionally, regulatory, and social barriers need to be addressed to enable spouses of business travellers to work in different economies.
2. It is important to consider gender equality in regional trade agreements (RTAs). Governments face capacity constraints when developing inclusive provisions in trade agreements and implementing them. To tackle this challenge, APEC could consider capacity building programs for government officials as well as civil society. The latter could be supported to bring inclusion issues to the table during trade negotiations. Greater collaboration and consultation are necessary throughout the trade policy development process, involving government, the private sector, and civil society. Furthermore, a combination of approaches may be necessary when considering inclusion provisions in RTAs. In some cases, starting with best endeavour language could be a good first step, while in other areas such as non-discrimination, clear and firm provisions are required. It is also important to periodically revisit these provisions to assess the need for revision or updates.
3. Women's participation in the digital services sector is hampered by several key challenges: skills gaps, the digital divide, limited access to credit, and lack of relevant networks. To address these issues, several potential solutions can be considered. First, raising awareness of the problem is crucial. Developing frameworks to measure and collect relevant data, including potential mandatory reporting requirements, can provide valuable insights. Human resources practices should also be adapted to promote diversity in hiring decisions, setting targets, building a pipeline, and regularly disclosing progress. Furthermore, aligning skills development programs with the digital services sector can help women acquire the necessary competencies.
4. The logistics sector is often perceived as male-dominated, which can discourage women from joining. Additionally, the sector lags in terms of digitalization, resulting in fewer flexible work arrangements. While digitalization could offer women greater



access to opportunities, there is a risk that the existing STEM skills gap might further marginalize them. Overcoming these challenges requires the presence of women role models in the logistics sector to counter conscious and unconscious biases. Sociocultural norms surrounding care and informal work must also be addressed to enhance women's labour force participation. Moreover, women should be encouraged to participate across the logistics value chain, including information, finance, and project management roles. Building better networks and supporting women as entrepreneurs throughout the logistics sector are additional avenues for promoting gender equality.

5. Access to finance and digital payments is a crucial aspect of increasing women's participation in the economy generally and services exports in particular. Trade and investment promotion agencies should consider providing financial support to micro, small, and medium-sized enterprises (MSMEs) led by women to address existing shortcomings. Despite provisions against discrimination in some trade agreements, women still encounter informal and formal barriers when accessing finance. Further efforts can explore the inclusion of provisions in trade agreements that facilitate women's access to finance. Additionally, creating opportunities for women entrepreneurs to provide feedback to internal agencies can help identify and resolve barriers more efficiently. By reducing the time gap between problem identification and resolution, the overall support for women in international trade can be enhanced. Further work is required to develop effective tools to identify specific barriers faced by women. The OECD STRI (Services Trade Restrictiveness Index) for example is useful for identifying barriers to services trade broadly but cannot be disaggregated by gender.