

Gender, Preferential Trade Agreements, and Services

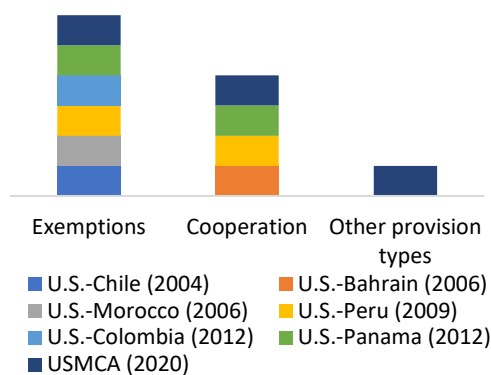
[Junie Joseph](#), Office of Industry and Competitiveness Analysis

Statistics show that women are severely underrepresented in international trade. To address this and other gender-related disparities, an increasing number of U.S. and third-party preferential trade agreements (PTAs) include explicit gender-related provisions. Beyond these gender-specific mechanisms, new research suggests that women may also benefit from broad trade and services trade liberalization measures in PTAs. This EBOT reviews gender-related provisions in U.S. PTAs, relevant research, and potential opportunities via services trade.

In recent years, trade agreements have evolved to meet a variety of socio-political issues with which trade intersects, including gender issues. Further, new research suggests that even broad trade and preferential trade agreement (PTA) provisions have positive impacts on women.

Women are underrepresented in international trade.¹ U.S. Census business survey data indicate that women-owned U.S. exporting firms increased from 12 percent during 2007–2020 to 13 percent of U.S. exporting firms, while women-owned firms make up 21 percent of U.S. firms generally in 2020.² Given that women-led firms typically have a higher share of female employees than firms that are led by men, and employees of exporting firms generally receive higher wages than employees of non-exporting firms, increasing export participation by women-led firms may contribute to higher female employment and a lower gap between female and male wages.³

Figure 1. Gender-related provisions in U.S. free trade agreements, 2004–2020



Source: Adapted from Monteiro, “[Gender-related provisions in RTAs](#),” December 2018.

Many U.S. trade agreements include explicit references to gender or gender-related provisions. As of March 2023, seven of the current 14 U.S. FTAs include gender provisions, the most common of which is an exemption from the FTA’s government procurement obligations for programs that promote the development of women-owned businesses (figure 1). Provisions that establish cooperation mechanisms on gender issues are also present in several U.S. FTAs. USMCA—the most recent U.S. FTA—expands this treatment with five additional types of gender provisions. The provisions include gender-related principles (i.e., gender equality) and a mandate to adopt appropriate gender-related domestic labor policy. New provisions also include institutional arrangements such as the establishment of labor management and competitiveness committees that address gender issues and provide recommendations on enhancing women-owned firm participation. Only a few years old, the implications of these additional provisions have yet to be studied.⁴

Globally, the number of PTAs with gender-related provisions has more than tripled since the 1990’s, bolstered by the cascading effect of PTAs with gender-related provisions on subsequent PTAs and increased multilateral discussion on women’s participation in international trade. Gender-related provisions were included in more than 35 percent of all PTAs signed during 2014–18, reflecting a fluctuating yet upward trend in the number of such provisions since 1991. Gender-related provisions are also becoming more comprehensive and specific.⁵ For

¹ For more details on women and trade, see World Bank and WTO, “[Women and Trade](#),” July 2020.

² Latest available data. U.S. Census, “[ABS-U.S. Exporting Firms by Demographics 2020 Tables](#),” February 21, 2023; U.S. Census, “[Ownership Characteristics of Classifiable U.S. Exporting Firms: 2007](#),” June 2012.

³ For more on firm ownership and gender in manufacturing trade, see Gurevich and Riker, “[Exporting and Gender Earnings Differentials in the U.S. Manufacturing Sector](#),” USITC Economic Working Papers, November 2018.

⁴ Monteiro, “[Gender-related provisions in regional trade agreements](#),” WTO, December 2018; USITC, “[Economic Impact of Trade Agreements](#),” June 2021; USTR, [USMCA](#), September 1, 2020.

⁵ Monteiro, “[The Evolution of Gender-Related Provisions in Regional Trade Agreements](#),” WTO, January 2021.

The views expressed solely represent the opinions and professional research of the author. The content of the EBOT is not meant to represent the views of the U.S. International Trade Commission, any of its individual Commissioners, or the United States government.

example, the amended Canada-Chile FTA incorporates 40 gender-related provisions across 13 provision types including on transparency, consultations, and dispute settlement, among others. The agreement also contains a new “Trade and Gender” chapter which creates a dedicated committee to address gender issues in trade, providing greater detail than earlier agreements which establish cooperation mechanisms.⁶

New evidence suggests that regardless of the presence of gender-related provisions, overall PTAs may benefit women. While historical findings are inconclusive on the impact (and magnitude) of trade on female wages and employment, more recent work suggests that trade liberalization via PTAs has or may result in increased gender equality in terms of wages, employment, schooling, and health. This body of research also suggests that women may derive a slightly larger benefit from trade than men. For example, model estimates by Gurevich et al (2021) show that women experienced slightly higher wage gains from U.S. trade agreements as compared to men.⁷

Over the last few years, analysts have also started to consider services trade liberalization as an avenue to improve women’s trade outcomes.⁸ Research by Ngai and Pietrangolo (2017) finds a positive link between service economy growth (including growth in services trade and investment) and women’s hours and relative wages.⁹ As services trade liberalization has slowed and restrictions have tightened in recent years, services trade costs remain elevated compared to goods trade.¹⁰ According to the WTO, the services trade costs are roughly twice the costs of goods trade.¹¹ These high costs may disproportionately affect women. Private services industries employed 87 percent of the U.S. female workforce compared to 67 percent of the U.S. male workforce in 2022.¹² Reductions in services trade restrictions could theoretically yield relatively larger gains for women. Trade liberalization in the accounting and legal services industries may improve outcomes for U.S. women. In 2022, the two industries have roughly 60 percent females in its workforce in the United States and have among the top three average services trade restrictiveness measures according to the OECD.¹³

Research in this area is still burgeoning and many studies have been inconclusive, suggesting that like tariff reductions, services trade liberalization may have both positive and negative effects.¹⁴ In Lassmann and Spinelli (2020), authors found that while increased services trade in the UK generally benefited all workers, imports of services particularly benefited female wages more than males, reducing the gender pay gap.¹⁵ Conversely for developing countries, Lassmann and Mulder (2021) found that though increased services trade increased the number of jobs, increased services imports decreased earnings, especially for women.¹⁶ Although services trade offers a promising direction for advancing gender issues, many researchers contend that trade policy alone is unlikely to remedy gender inequalities; national and international women-targeted policies are required.¹⁷

⁶ Monteiro, “[Gender-related provisions in regional trade agreements](#),” WTO, December 2018; Government of Canada, “[Trade and gender in free trade agreements](#),” February 17, 2023.

⁷ World Bank and WTO, “[Women and Trade](#),” July 2020; Gurevich, Riker, and Tsigas, “[Trade Policy and Gender](#),” USITC Economics Working Papers, July 2021. See also, USITC, “[Distributinal Effects of Goods and Services Trade and Trade Policy on U.S. Workers](#),” Inv. No. 332-587, October 2022.

⁸ Sauv , “[Gendered Perspectives on Services Trade and Investment](#),” Journal of World Trade, 2020.

⁹ Ngai, and Petrongolo, “[Gender Gaps and the Rise of the Service Economy](#),” American Economic Journal: Macroeconomics, 2017.

¹⁰ OECD, “[The OECD Services Trade Restrictiveness Index](#),” 2022.

¹¹ WTO, “[World Trade Report 2019: The future of services trade](#),” 2019, 2,

¹² U.S. Census, table 18, “[Employed persons by detailed industry sex, race, and Hispanic or Latino ethnicity](#),” January 25, 2023.

¹³ U.S. Census, table 18, “[Employed persons by detailed industry sex, race, and Hispanic or Latino ethnicity](#),” January 25, 2023; OECD, “[The OECD Services Trade Restrictiveness Index](#),” 2022.

¹⁴ Fontana, [Gender Equality in Trade Agreements](#), 2016; Lassmann and Mulder, “[Gender Gaps, Services Trade and Policy Tools to Contribute to Gender Equality](#),” 2021.

¹⁵ Lassmann and Spinelli, “[Services Trade and Labour Market Outcomes in the United Kingdom](#),” OECD, December 3, 2020.

¹⁶ Lassmann and Mulder, “[Gender Gaps, Services Trade and Policy Tools to Contribute to Gender Equality](#),” 2021.

¹⁷ WTO, “[World Trade Report 2019: The future of services trade](#),” 2019; World Bank and WTO, “[Women and Trade](#),” July 2020.

The views expressed solely represent the opinions and professional research of the author. The content of the EBOT is not meant to represent the views of the U.S. International Trade Commission, any of its individual Commissioners, or the United States government.