

Trade and Women: Is Human Capital Genderless?



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Why is the issue of 'trade and women' important? We could approach this question from the perspective of whether human capital is genderless. Does the input of human capital named 'male' and 'female' generate the same results in trade? Does the output change depend on whether the human capital as an input of the production function is male or female? Education on the female labor force is known to have a kind of externality that increases the productivity of other labor force populations through the effect of home schooling on children. In addition to the indirect effect through motherhood, enhancing education for women and promoting gender equality is expected to contribute to output growth in terms of inclusive growth measures, mitigating poverty and inequality and increasing living conditions.

The international community's approach to this issue is in line with these considerations. The international community seeks ways to promote inclusive growth and sustainable growth around the world in the area of

trade and women. The 12th WTO Ministerial Conference (MC12) held in June 2022 produced a joint statement recognizing women's economic empowerment and the contribution of MSMEs to inclusive and sustainable economic growth, taking note of the WTO, UNCTAD and ITC's work on the issues. The OECD has previously dealt with the gender equality agenda at the Development Assistance Committee (DAC), and more recently the Trade Committee has also actively discussed the agenda on international trade and women. OECD provides data showing gender gaps and helps policy makers to support opportunities from trade for women.¹ OECD Gender Initiative in 2022 examines existing barriers to gender equality in education, employment, and entrepreneurship². In the United States, which has not been a leader on gender equality, the USTR has also adopted a strategic plan³ that through trade and investments, it expands the benefits of trade to all workers and members of marginalized communities and advances racial and gender equality. USITC conducted distributional effects 332 investigations on how US trade and trade policies have affected domestic workers by gender, race, ethnicity, age, and skill level. Behind this there lie a series of debates on inequalities likely caused by the spread of globalization and/or the existence of trade barriers, and as an alternative to these, there is a discussion on inclusive growth and sustainable growth. The international community is exploring trade and women as a way to overcome this situation, actively discussing the issue of women (and relatively small businesses led by women) who have been alienated from the benefits of trade.

Why have we neglected trade and women so far? In the case of Korea, the labor market was formed male-centered in the process of promoting export-oriented industrialization centered on large companies. In response to the rapid increase in demand for technical manpower in hand with transition to heavy and chemical industrialization during the industrialization period in the 1970s, Korea implemented a national manpower training policy. In particular, it focused on industrial education for men and incorporated them into the labor market as technical personnel. This led to men being mainly employed in capital-intensive industries, and women seeking jobs in labor-intensive industries that use low wages as a source of competitiveness. In this situation, with different gender distributions by industry, the results of trade policies (trade liberalization and subsidy policies) that promote exporting industries are expected to

¹ <https://www.oecd.org/trade/topics/trade-and-gender/>

² <https://www.oecd.org/gender/>

³ Action plan for the executive order on advancing racial equity and support for underserved communities through the Federal Government (EO13985)

have led to an increase in gender wage gap.

How should we cope in the future? Basically, trade policies are needed to ease barriers to trade and ensure that women who have been excluded from the benefits of trade have the opportunity to participate in trade. Moreover, the participation of female labor will become an indispensable factor along with the development of the high value-added service industry and cultural content industry. Looking at the impact of the educational gap between men and women in each country on trade or export, it can be observed that the high value-added service industry is mainly exported from developed countries with a small gender education gap. Last but not least, in order to utilize female labor, it is necessary to induce active participation in the labor market by pursuing work-life balance. **KIEP**