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**Chapter 6**  
**A GENDER-BASED ANALYSIS OF INTERNATIONAL**  
**TRADE IN SERVICES:**  
**THE EXPERIENCE OF DEVELOPING COUNTRIES<sup>1</sup>**

**INTRODUCTION**

There has been considerable international debate on the possible impact on women in developing countries of liberalization of trade in services, usually based on assumptions rather than on data due to the lack of gender disaggregated data from most developing countries. While there are critical gender-related issues to be considered in the ongoing trade negotiations on services, many of the issues being raised are ones that need to be addressed through domestic regulation, design of donor-funded projects, or trade promotion initiatives for services, rather than under the rubric of the General Agreement on Trade in Services (GATS). Labour market segregation by gender and wage disparities in service sector industries exist across all levels of development, independently of domestic and trade growth in services. Embedding and implementing gender-sensitive policies is an issue for all governments and needs to be made a priority in terms of domestic regulatory reform prior to further liberalization of trade in services.

In order to clarify the actual impact of international trade in services on women, this paper begins with an overview in section 1 of the potential links between liberalization of trade in services and development. Fundamental to the discussion is the central role of services in all economies, with many of the services suppliers (both business owners and workers) being women. Section 2 deals with common misconceptions about the GATS itself, and highlights the need for developing-country governments to be strategic in their negotiations. Section 3 examines issues related to small service suppliers, as many service exporters are micro enterprises (especially those owned by women).

Section 4 analyses data from 12 countries at different levels of development. It concludes that there is no *a priori* reason to believe that further liberalization of trade in services will automatically be either of benefit or harm to women. Section 5 looks at the invisibility of services in general within the policy environments of most developing countries and the consequences for women. Sections 6, 7 and 8 examine the implications for women as business owners, workers and consumers respectively. Section 9 outlines biases in development programming regarding services and women entrepreneurs. Section 10 provides specific suggestions for gender-sensitive approaches to the GATS negotiations and implementation. The concluding comments in section 11 underscore the need for developing-country governments to address gender issues in their domestic regulations, market entry requirements, and requests of trading partners. Specific policy recommendations for national governments, international organizations and development agencies are provided at the end of each section.

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<sup>1</sup> This chapter has been prepared by Dorothy I. RIDDLE, CMC, Service-Growth Consultants Inc., Vancouver, Canada, as consultant for UNCTAD. It is based on research and consultancy work on services trade in 74 developing countries, including 20 of the least developed countries (LDCs); assistance to over 3,000 women exporting services; training of over 1,000 trade development officers; facilitation of the development of services trade negotiating positions for 28 developing countries; and a review of the existing literature related to gender and trade in services.

## 1. INTERNATIONAL LIBERALIZATION OF TRADE IN SERVICES, AND DEVELOPMENT

Many critics have expressed either scepticism that trade liberalization will assist in economic development, or confidence that it will be the salvation of developing countries by infusing much-needed capital that will, in turn, lead to job creation and wealth production. Most of this debate has centred around liberalization of trade in goods, which is premised on the gradual reduction and eventual elimination of tariffs that act as barriers to market access.

Liberalization of trade in services raises related but different issues. There are a number of characteristics of services in national economies that influence the relationship between service sector development and economic benefits for all citizens. A few of these are summarized below:

- a) Services comprise the major economic sector in all economies, including least developed countries (LDCs). How the service sector develops bears a direct relationship to overall economic development, with growth shifting from basic utilities to transportation and communication infrastructure to specialized business services (Riddle, 1986). Table 1 below shows the growing strength of the financial and business services sector as incomes rise. This is the fastest growing portion of services trade, especially the business and professional services segment.<sup>2</sup> Unfortunately, very few governments have leveraged services as an engine of growth.

**Table 1. Services as a share of GDP, 2001**

Economies by level of development	As a per cent of total GDP	
	All services	Finance, insurance, real estate, business services
<b>Low income</b>		
Bangladesh	59.6	1.5
Maldives	84.8	2.0
Pakistan	57.5	8.7
<b>Lower middle income</b>		
Philippines	54.1	10.8
Peru	66.8	13.5
<b>Upper middle income</b>		
Korea, Republic of	60.7	17.4
Czech Republic	65.1	18.6
Mexico	74.2	19.0
Hungary	68.4	19.4
Uruguay	71.8	23.8
<b>High income</b>		
Singapore	77.5	22.8
Canada	74.8	25.6

Sources: ECLAC, *Statistical Yearbook for Latin America and the Caribbean 2002*; ESCAP, *Statistical Yearbook for Asia and the Pacific 2002*; UNSO, *National Accounts Statistics 2001*.

- b) Services such as health, education, utilities (water, electricity, gas) and culture directly affect the quality of life of a nation's citizens. Governments have the responsibility to ensure equitable access to such essential services, and to manage the consequences of commercial competition when such services are opened to foreign service providers. Even developed economies differ on

<sup>2</sup> Between 1995 (when the GATS entered into force) and 2002, goods exports worldwide grew at an annual average rate of 3.2 per cent, while total services exports grew at an average annual rate of 4.0 per cent and "other services" exports (which include all but transportation, tourism and government services) at an average annual rate of 6.0 per cent (calculated from data in IMF (2002, 2003)).

how this social mandate is to be carried out: countries such as Canada and Members of the European Union (EU) have a different perspective on social safety nets or preservation of cultural heritage than does the United States.

- c) All economic activities, including agriculture, require service inputs. The majority of services produced are sold to other businesses, both goods and service firms. Usually less than 25 per cent of service production is sold to final consumers, though that portion of the service economy is the most visible.<sup>3</sup> Part of stimulating economic growth is ensuring the availability of competitive service inputs. Research has shown that since firms in developing countries will import services that are not available locally (typically specialty services), an overemphasis on goods production to the exclusion of domestic service sector development can lead to an increased dependence on service imports (Riddle, 2001c; Riddle and Tran, 1998).
- d) Telecommunications and Internet provision are core infrastructure services for the trade of services, regardless of the mode of supply. The structure of this industry sector is instructive as some countries' experiences show that privatization is not the only successful model (ITU, 2002). Increased competition in the market does not necessarily lead to lower prices, though it may lead to improved service quality and greater consumer choice. Monopoly providers can produce cost-competitive services and service innovation if appropriately regulated. In fact, World Bank studies indicate that an appropriate regulatory framework needs to precede any decision about possible privatization (Wallsten, 2002).
- e) All developing countries are already exporting a minimum of 40 different services to a range of export markets (Riddle, 2000a) and accounted for 28 per cent of the world's services exports in 2002.<sup>4</sup> Part of this comprises South-South trade, though a number of service suppliers are successfully exporting specialty business and professional services, as well as back-office support services, into developed market economies. Service suppliers in small States and economies,

**Table 2. Share of services in total exports and GDP of small island States, 2001**

State	Services as % of GDP*	Services as % of exports*	Travel as % of exports	"Other services"*** as % of exports
Antigua & Barbuda	92.9	90.8	63.7	11.2
Bahamas	91.5	75.5	69.9	2.4
St. Lucia	88.6	84.9	76.1	5.5
Barbados	84.8	79.2	52.5	22.4
St. Kitts & Nevis	84.8	63.8	38.2	17.1
Grenada	83.9	64.0	39.4	19.9
Cyprus	83.8	77.4	46.3	14.8
St. Vincent/Grenadines	83.8	70.8	42.1	21.3
Seychelles	78.3	56.8	26.7	2.4
Jamaica	74.2	56.7	36.7	8.6
Mauritius	71.6	40.7	20.6	11.5
Malta	70.9	35.6	18.6	5.9
Trinidad & Tobago	68.6	22.9	9.5	5.8

\*Most recent year for which data are published, usually 2001.

\*\*\*"Other services" include all services except transportation, travel and government services (e.g. telecommunications, finance, professional services, computer services).

Sources: ECLAC, *Statistical Yearbook for Latin America and the Caribbean 2002*; IMF, *Balance of Payments Statistics Yearbook 2002*; UNSO, *National Accounts Statistics 2001*.

<sup>3</sup> This estimate is based on the author's analyses of the input-output tables on intermediate and final demand for Canada, Indonesia, Malaysia, the Republic of Korea and Singapore.

<sup>4</sup> Calculated from data in IMF, 2003.

where governments dominate service provision, are especially dependent on service export markets (see table 2). In contrast, while the United States is a lead exporter of services, and hosts some of the world's largest service providing transnationals, it also has a huge domestic service economy (with the share of services being 80 per cent of GDP) and less than 10 per cent of its economy is dependent on service exports.

- f) Foreign direct investment (FDI) in services has been steadily increasing to form over half the world's investment stock, and is estimated to constitute at least 75 per cent of investment flows (UNCTAD, 2003). Some economic analysts have asserted that attracting FDI is the single greatest benefit for developing countries to be derived from the liberalization of trade in services. However, this assertion is based on at least three key premises. The first is that developing countries need the capital outlays from foreign investors in order to grow. Certainly, in goods production, where market entry requires substantial capital outlay on plant and equipment, the resources of foreign investors can be extremely useful. The same can be said for service sectors in which the development or upgrading of important infrastructure is critical. But this is not necessarily true in all services, especially in those where the service is dependent primarily on human resources so that firms can set up operations with relatively little capital investment. The second premise is that foreign investors will create jobs that will continue and increase over time. Again, this is often true for the production of those goods where the cost of exit is high. But for the services for which such cost is low, as in the case of business services, many of the jobs created are "footloose," – the foreign investor can and will move operations readily to other economies where the costs of production are more attractive. The third premise is that there are critical gaps in existing services that can only be filled by foreign investment. In actual fact, virtually all services already exist in every economy, and initiatives to attract FDI may have the unintended effect of crowding out domestic suppliers, which are often women-owned service firms (Riddle, 2001c).
- g) For goods trade, market access barriers are primarily in the form of tariffs, while for services trade, such barriers are linked to domestic legislation. Many of the potential negative consequences of increased foreign participation in domestic service economies can be mitigated by gender-sensitive and pro-poor employment, and pay equity legislation that applies equally to national and foreign service suppliers.
- h) A critical corollary of the invisibility of services in the economic development process is the invisibility of women-owned businesses in services industries and women's overall unpaid service contributions to the global economy.<sup>5</sup> Any disregard or undermining of service firms has a disproportionate effect on women as they show a distinct propensity to be service providers.

In many developing countries, ranging from small island economies to larger countries, service providers and exporters, many of whom are women, have flourished, despite hostile tax regimes (which impose higher taxes on services than on goods) and little or no assistance from national development programmes. Furthermore, governments sometimes provide special incentives to foreign service suppliers that may contribute to displacing existing domestic service supplier capacity.

In order to maximize development benefits from international liberalization of trade in services, the focus needs to be on strengthening the ability of developing-country governments to implement effective and

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<sup>5</sup> Waring (1988) was one of the first to identify and begin to quantify women's unpaid economic contributions, suggesting that global economic activity is actually at least double of what is accounted for by traditional economic statistics. UNDP's *Human Development Report 1995* estimated that global output figures would increase by 70 per cent if women's contributions were valued at market rates.

gender-sensitive regulatory frameworks. Addressing service sector issues needs to be grounded in a fundamental understanding of the role of services as production inputs, their current domestic availability and the existing range of service exports. In many cases, this will require a fundamental shift in the way in which national development planning occurs, the way that donor agencies analyse economies, the conditions placed on development loans and the types of policy recommendations put forward.

*Policy recommendations:*

- a) Ensure that economic development organizations focus on service sector analyses in economic reviews and allocate significant funding to support business-to-business service sector development.
- b) (b) Ensure that development aid for essential services (i.e., water, health and education) is not contingent upon the adoption of a particular economic model, such as privatization.
- c) (c) Ensure that low-cost access to high-speed telecommunications infrastructure and the Internet is readily available in rural communities, and that there are no restrictions on the ability to cross-subsidize rural services.
- d) (d) Ensure that initiatives directed at attracting FDI do not crowd out local service suppliers, especially women-owned businesses.
- e) (e) Ensure that gender-sensitive employment and pay equity legislation is in place, and applicable to national and foreign service suppliers.

## **2. MYTHS AND REALITIES OF LIBERALIZATION OF TRADE IN SERVICES**

Many of the concerns about gender and globalization, of which liberalization of trade in services is but a part, hinge on assumptions of a decline in State sovereignty. Position papers frequently assert that the GATS will “require” governments to privatize access to basic services, such as water or health services or education, or will mandate the removal of legislation aimed at environmental sustainability.<sup>6</sup> Nothing could be further from the truth (Chanda, 2003; Riddle, 2000a; WTO, 2001). The introduction to the GATS includes a clear statement that multilateral negotiations are “aimed at promoting the interests of all participants on a mutually advantageous basis and at securing an overall balance of rights and obligations, while giving due respect to national policy objectives.”

The concerns being raised in international fora have been directed primarily at the structure of the GATS, and also at the negotiating posture of some developed market economies. Actually, the issues are most appropriately addressed to developing-country governments as suggestions for their policy reviews and negotiating strategies. Many of these governments have not yet made requests of trading partners, though they have that right as a WTO Member and that obligation to their economy. It is critical for them to remember that they are engaged in a negotiation process. Just because trade partners may wish for certain services to be privatized or otherwise opened up to competition, developing-country governments are not required to do so.

An underlying issue for developing-country governments is that they bring to the GATS negotiations years of experience in policy development and trade negotiations in goods that is not fully relevant, given the definitional and structural differences between the General Agreement on Tariffs and Trade (GATT) and GATS. Furthermore, there is no immediate parallel to tariff liberalization in the services field. Progressive liberalization of trade in services does *not* mean the reduction or removal of domestic regulations. The concept of progressive liberalization of trade in services is explicitly related to “... the

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<sup>6</sup> There are a number of such position papers. See, for example, Abugattas and Stephenson (2002), Engender (1998a, 1998b), Gould and Joy (2000), Joekes (1995, 1999), Phoko and Madonsela (2002), Swirski and Swirski (2003), White (2001), Wichterich (2003), and Williams (2000).

reduction or elimination of the adverse effects on trade in services of measures as a means of providing effective market access” (GATS Article XIX, 1), where “measure” means “a law, regulation, rule, procedure, decision, administrative action” (GATS Article XXVIIIa). It does *not* require the privatization of any public service. Rather, its coverage specifically excludes services “supplied in the exercise of governmental authority” (GATS Article I, 3c), and GATS Article VIII provides specifically for monopoly service suppliers (such as government). Thus the language of trade negotiators regarding “opening markets” or “liberalizing,” carried over from goods trade negotiations, can be misleading. In this respect, the GATS is an exercise in increasing the predictability of regulatory environments so that it is easier for service firms – especially the small and micro service firms – to export their services successfully.

All governments have not only the right but also the responsibility to regulate services for consumer protection. That right is guaranteed in particular to developing countries as stated in the introduction to the GATS: “Recognizing the right of Members to regulate, and to introduce new regulations, on the supply of services within their territories in order to meet national policy objectives and, given asymmetries existing with respect to the degree of development of services regulations in different countries, the particular need of development countries to exercise this right.” The GATS, if used appropriately, can provide opportunities to strengthen domestic regulatory frameworks, including the supervisory frameworks for financial and telecommunication services in particular, while benefiting from increased economic activity. For developing countries, the process of liberalization of trade in services may require the creation of regulations and the establishment of independent regulatory bodies. For example, a number of developing countries do not yet have a regulatory framework for the licensing of architects or other professionals. Before increasing market access to foreign professionals, economies need to have a regulatory framework against which to compare the credentials of those professionals. Such regulatory frameworks are also a prerequisite for launching initiatives regarding mutual recognition of professional credentials among trading partners.

The potential for undue negotiation pressure on developing countries has been addressed in GATS Article XIX(2): “The process of liberalization shall take place with due respect for national policy objectives and the level of development of individual Members, both overall and in individual sectors.” In addition, on 3 September 2003, the Special Session of the Council for Trade in Services adopted modalities for the special treatment of LDCs in the negotiations on trade in services, which are intended to ensure maximum flexibility for LDCs, with special attention to be given to sectors and modes of export of interest to them.

Of course there is concern that, while the structure may be pro-development, power imbalances in implementation may skew the results. It is still too early, and regulatory regimes of developing countries are still relatively weak. However, the recent action of Antigua and Barbuda in June 2003, requesting that a dispute settlement panel be established to review United States rules for cross-border supply of gambling and betting services, is an interesting test case indicating that small economies are able to use the dispute settlement mechanism in regard to powerful trading partners.<sup>7</sup>

On the domestic policy front, developing-country governments need to address, through appropriate regulations, concerns about, *inter alia*, working conditions, health and safety, employment and pay equity, and then ensure that such regulations are enforced for all domestic and foreign service suppliers. In particular, laws and regulations that discriminate against women (e.g. regarding their ability to own assets, serve on boards of directors, or gain entry visas) need to be eliminated. Part of the technical cooperation that they can request under Article XXV is with regard to regulatory review, the revising or drafting of regulations in a manner consistent with the GATS, and effective implementation of regulations.

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<sup>7</sup> That panel was duly established in August 2003, and its findings were not yet known at the time of writing.

While debates on globalization have generated alarm about the development impact of the GATS, the reality is that, so far, little has changed as a result of the initial round of commitments. The GATS is, after all, a very young agreement. Since the end of the Uruguay Round in 1994, all governments have been engaged in learning about the wide range of regulations, both federal and sub-federal, that govern the provision of services and that could have an effect on the trading of those services. Initial commitments under the GATS were primarily of a “standstill” kind (i.e. confirming and guaranteeing prevailing access conditions), though some of the subsequent commitments in basic telecommunications and financial services, as well as the commitment schedules of new Members acceding to the WTO, have been more ambitious. During the current round of negotiations, WTO Members are called on to increase the number of service sectors inscribed in their GATS schedules, reconsider and remove existing limitations on market access and national treatment, and renegotiate current exemptions from most-favoured-nation (MFN) treatment.

One of the greatest contributions of the GATS to date has been the creation of a new architecture for trade obligations in services, including specification of the modes of supply<sup>8</sup> and a framework for progressive liberalization in subsequent trade rounds. Negotiations regarding Mode 4 have suffered from the lack of awareness of most developing-country governments about their national service exporting activity. Many negotiators assume that this mode is of interest to developing countries only because of individuals who emigrate in order to take up temporary employment abroad. They overlook the fact that all developing countries have a vast number of service exporters, many of them small women-owned firms, whose personnel need to travel abroad temporarily for business purposes such as attending conferences, meeting with potential partners or customers, negotiating contracts and delivering services. These persons are employed in their home market and are not looking for employment abroad.

One of the benefits of the GATS for developing countries stems from MFN provision (Article II), which requires WTO Members not to discriminate between other WTO Members or, in other words, to extend any trade benefit they accord to one country “immediately and unconditionally” to any other WTO Member. This Article has been misconstrued to mean that governments must open all service sectors to foreign service suppliers so that they are treated in the same way as national service suppliers. This is not the case. In actual fact, MFN is a non-discriminatory provision whereby smaller or less developed economies can benefit from the concessions being made to other, larger, trading partners that would not necessarily have been granted directly to them because their markets were not of sufficient trade interest. Care needs to be taken, though, to remember that liberalizing market access on a bilateral or regional basis automatically requires participants to extend that market access to all other WTO Members (unless the provisions of Article V governing economic integration agreements apply).

If the GATS is to be effective in increasing export opportunities for women-owned service firms in developing countries, and have a positive impact for women in general, the driving force will be gender sensitivity in the crafting of domestic regulatory regimes and initiatives to mainstream gender issues. Evidence indicates that growth in services, while generating foreign exchange and creating new jobs, does not necessarily bring with it benefits for women (Riddle and Springer, 1988). A recent study of women in financial services found that men continue to outnumber women four to one, and women continue to be concentrated in predominantly lower paid support positions (Catalyst, 2003). Inequities in the work burden and responsibility for family and community continue to exist at all levels of development (see table 3). The reversal of long-held social and cultural values that disadvantage women requires continued attention.

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<sup>8</sup> These are Mode 1: Cross-border supply, where the service crosses the border; Mode 2: Consumption abroad, where the consumer crosses the border; Mode 3: Commercial presence, where the service supplier sets up a company or a representative office abroad; and Mode 4: Presence of natural persons, where the service supplier crosses the border.

**Table 3. Gender, work burden and time allocation**

Development category	Female work time as % of male work time	Per cent of time spent on:			
		Market activities		Non-market activities	
		Females	Males	Females	Males
Developing economies	116%	40	79	60	21
Urban	107%	31	79	69	21
Rural	120%	38	76	62	24
OECD economies	105%	37	69	64	31

Source: UNDP, *Human Development Report 2003*, table 26.

### 3. TRADE IN SERVICES AND SMALL SERVICE SUPPLIERS

The vast majority of service firms in all countries are very small or micro enterprises (see sample data from Canada in table 4), and over half of them operate as a home-based business (SBDC, 2002). In contrast to goods firms that typically grow larger as they become more successful, many successful service-exporting firms stay very small. This provides them with the flexibility to adapt to the rapidly changing services trade environment. But it also presents them with resource challenges, particularly in terms of human and financial resources, and market development constraints due to low brand name recognition outside their domestic market.

**Table 4. Size categories, based on Canadian Business Registry data**

Size Category	Number of employees in the service firm	% of Canadian service firms	Cumulative per cent
Micro	Less than 5	57.0	57.0
Very small	5–9	17.8	74.8
Small	10–19	12.5	87.3
Small	20–49	8.5	95.8
Medium	50–99	2.5	98.3
Large	100+	1.7	100.0

Source: Statistics Canada, *Business Registry*, June 2000.

Small service suppliers face formidable competition in the global marketplace as a growing proportion of the largest firms in the world are service firms (see table 5). Much of the lobbying for liberalization of trade in services has come from these major service transnational corporations (TNCs) who seek more liberal and predictable access to foreign markets. Lobby groups, such as the United States Coalition of Service Industries, are comprised of leading firms in services such as banking, insurance and courier services. All countries, developed and developing alike, find it difficult to complement the lobbying initiatives by large service corporations, by organizing consultations with the vast majority of small and very small service exporters, as these firms are typically spread throughout the country and do not have the human resources to devote staff time to government consultations. This has led to an overemphasis in the negotiations on Mode 3 (Commercial presence), which is of particular interest to large service suppliers, rather than on Modes 1 and 4, which are more commonly used by small service suppliers.

In recognition of the challenges faced by small and medium-sized service enterprises, Canada has made a submission to the Council for Trade in Services regarding the importance of addressing such challenges as part of the GATS negotiations. Similar issues are being raised in the negotiations on services in the Free Trade Area of the Americas (FTAA). While gender disaggregated statistics do not exist across a range of economies on the size of women-owned firms, anecdotal evidence indicates that the number of micro and very small service firms owned by women is likely to be higher than those owned by men.

**Table 5. Top 100 firms by revenue, 2002**

Country/region	Goods	Services	Total	Service firms as % of total
	No. of firms			
European Union	11	25	36	69%
United States	11	24	35	69%
Japan	9	11	20	55%
Switzerland	1	3	4	75%
Republic of Korea	1	1	2	50%
China	2	0	2	-
Mexico	1	0	1	-
Total	36	64	100	64%

Source: Calculated from data in *Fortune*, 14 April 2003.

*Policy recommendations:*

- a) Ensure that access to market information, including contact points in export markets, is timely and streamlined, with specific emphasis on including women entrepreneurs.
- b) Seek to achieve in the current GATS negotiations agreement that access to export markets via Mode 4 will be possible through “visa-at-the-border” provision (with documentation requirements clearly stated) for temporary business entry of persons employed in the home market to attend conferences, negotiate with potential customers or partners, report to clients or deliver services.
- c) Seek to achieve in the current GATS negotiations agreement that small service suppliers will not be required to establish a local presence or obtain a local licence in order to trade services via Mode 1.
- d) Seek to achieve in the current GATS negotiations the removal of economic needs tests for small service suppliers.
- e) Negotiate terms between trading partners for mutual recognition of licences, certifications or other requirements of particular interest to small service suppliers.
- f) Engage trade and service industry associations as advocates for their small service industry members, to ensure that the issues of small service suppliers are taken into account in negotiations on trade in services.
- g) Ensure the collection of gender disaggregated data on business size.

#### **4. GENDER AND LIBERALIZATION OF TRADE IN SERVICES**

In order to trace the impact of liberalization of trade in services, data on service exports, gross domestic product (GDP), and employment were analysed for 12 economies at four levels of economic development. The sample includes all of the developing and transitional economies for which gender disaggregated employment data were available for the reference years 1995 (when the GATS went into effect) and 2000 or 2001 (the latest year for which IMF balance-of-payments data are available).

The data on services as a per cent of exports in table 6 demonstrate that, while the share of services in GDP does generally increase as per capita income increases, the share of export earnings from services is not directly related to the level of economic development. In all 12 of the economies, services accounted for more than half of their GDP, yet several economies in each development category had less than the world average of 19.8 per cent of exports from services in 2001. A number of other small island states, with similar domestic market challenges as the Maldives, also have a large domestic service sector and a high share of service exports (see table 2). In all economies, except Bangladesh and Pakistan, over 50 per

cent of employment is in service industries. The number of women employed in services is consistently higher than that the number of men, except in the low-income economies, underscoring the importance of service sector dynamics for women workers.

**Table 6. Services as a share of exports, GDP, and employment (%), 2001**

Economy	Exports	GDP	Services as a share of:	
			Employment: Total	Employment: Women
<b>Low income</b>				
Bangladesh	11.0	59.6	30.0	14.7
Pakistan	13.8	57.5	40.0	18.7
Maldives	76.3	84.8	72.9	71.1
<b>Lower middle income</b>				
Philippines	9.2	54.1	52.1	62.7
Peru	17.3	66.8	79.0	85.1
<b>Upper Middle income</b>				
Mexico	7.4	74.2	62.6	72.4
Korea, Republic of	16.4	60.7	68.9	69.9
Czech Republic	17.5	65.1	66.3	71.4
Hungary	21.5	68.4	68.8	73.7
Uruguay	34.6	71.8	79.7	86.3
<b>High income</b>				
Canada	12.0	74.8	80.3	88.4
Singapore	17.6	77.5	80.9	83.9

Sources: ECLAC, *Statistical Yearbook for Latin America and the Caribbean 2002*; ESCAP, *Statistical Yearbook for Asia and the Pacific 2002*; ILO, *Yearbook of Labour Statistics 2003*; IMF, *Balance of Payments Statistics Yearbook 2002*; UNSO, *National Accounts Statistics 2001*.

The data in table 7 shows that half the economies had higher average annual growth rates in services than for the economy as a whole, but not higher than the average for all the economies. Economies with a higher percentage of service exports (e.g. Maldives, Hungary, and Uruguay) were also likely to have high growth in domestic services industries. However, growth in service exports is not necessarily correlated with growth in services as a share of GDP, providing no support for assertions that increased trade in services will automatically stimulate service sector growth or even overall GDP growth.

**Table 7. Average annual growth of exports and GDP (%), 1995–2001**

Economy	Growth of exports of:		Growth of GDP	
	Goods	Services	Services	Total
Maldives	4.4	7.2	8.5	6.8
Hungary	13.9	6.8	13.9	14.5
Canada	5.6	5.8	3.6	3.7
Peru	4.1	4.7	2.1	2.7
Mexico	12.2	4.4	1.4	0.7
Korea, Republic of	3.3	4.4	3.7	4.9
Bangladesh	8.5	1.2	5.4	5.4
Czech Republic	7.6	0.9	0.4	1.0
Singapore	0.6	-2.1	5.5	5.1
Uruguay	-0.0	-3.0	3.4	2.3
Pakistan	1.5	-3.9	3.5	3.2
Philippines	10.2	-16.6	4.4	3.5
World total	3.0	3.3	na	na
Developing economies	5.1	3.7	na	na
Developed economies	1.8	3.1	na	na

Sources: ECLAC, *Statistical Yearbook for Latin America & the Caribbean 2002*; ESCAP, *Statistical Yearbook for Asia & the Pacific 2002*; IMF, *Balance of Payments Statistics Yearbook 2002*; UNSO, *National Accounts Statistics 2001*.

Employment data confirm that the majority of new jobs are being created in services, with growth rates for service sector employment higher than those for the economy as a whole for all economies except Pakistan (see table 8). This illustrates the general trend worldwide of job creation in services both through the growth of new service industries and the loss of jobs in goods producing sectors due to industrial restructuring. Since this trend was already in place prior to the GATS (Riddle and Springer, 1988), there is no evidence that liberalization of trade in services has had any impact on gender segregation, positive or negative.

**Table 8. Average annual growth of employment, 1995–2001**

Economy	All Industries		Service Industries	
	Total	Women	Total	Women
Maldives	5.2	9.9	9.7	18.5
Philippines	1.6	2.0	4.3	4.3
Singapore	3.1	5.3	4.3	6.9
Peru	3.8	5.1	4.2	5.2
Mexico	2.4	3.4	3.2	2.9
Korea, Republic of	0.6	1.1	2.1	2.9
Canada	2.0	2.3	2.0	2.4
Pakistan	3.2	6.2	1.9	1.8
Hungary	0.9	1.2	1.2	1.3
Czech Republic	-0.9	-1.1	0.1	0.1
Bangladesh	-1.3	-1.8	-0.7	-2.7
Uruguay	-2.4	-1.9	-1.7	-1.0

Source: ILO, *Yearbook of Labour Statistics 2003*.

The creation of jobs in services, however, does not necessarily mean that those jobs are equitable jobs for women. This may be due to increasing the skill levels of service sector jobs, with higher skilled jobs going to men. Taking information and communication technologies (ICT) data for Malaysia and India, for example, employment data indicate continued vertical segregation by gender (UNCTAD, 2002). To the extent that growth of trade in services is linked to domestic job creation, and thus to the types of jobs available for women, the fate of those women workers will be controlled more by domestic employment policy and its implementation than by trade negotiations on services.

## 5. NATIONAL POLICIES ON SERVICES IN DEVELOPING COUNTRIES

Although services account for an estimated 62 per cent of global economic activities and most of the GDP for all developing countries, very few of these countries have incorporated services into national economic development plans (Riddle, 2001b). Attention continues to be focused more on transportation infrastructure (the provision of services to move goods) than on telecommunications infrastructure (the provision of services that facilitate the trade in goods and other services). Educational programmes emphasize skills training related to goods productions rather than the communication, innovation and problem-solving skills needed in service sector jobs. Service firms are often taxed at a higher rate than goods producers, and do not receive the same incentives (e.g. duty-free importation of computer equipment) as manufacturers. Because women show a distinct propensity to own service firms, these biases in favour of goods production have a particularly negative consequence for women business owners.

Another bias from goods production has to do with size of firm. Goods producers typically grow in their domestic market and then begin to export when they are at least a medium-sized. Service firms, on the other hand, are never too small to export. Indeed, many micro service firms in developing countries get the majority of their revenues from export activities. But typically, with the exception of tourism, very small and micro service firms do not qualify for micro-enterprise initiatives in developing countries.

Again, the inability to qualify for micro-enterprise support is likely to disproportionately affect women business owners.

Services are also absent from most national export strategies. The majority of developing- country governments remain unaware that a minimum of 40 different types of services are already being exported from their countries to a wide range of markets (Riddle, 2002). Those exporters are succeeding despite the governments' trade promotion bias, generally, towards goods exports. The vast majority of those service exporters are micro or very small service firms, often owned by women, and they face significant human and financial resource constraints.

The one service export sector that does usually receive attention in developing countries is tourism. However, benefits from tourism do not necessarily accrue to the local population unless specific initiatives are undertaken to upgrade the skills of workers, especially women, and ensure local multiplier effects through community engagement and pro-poor strategies (Fälth, 1999). For example, Namibia has a specific strategy to ensure that the poor benefit from tourism development, and Botswana has incorporated community-based natural resource management initiatives into its ecotourism strategy. Both have the potential to benefit women if gender- sensitive policy support is provided.

*Policy recommendations:*

- a) Provide developing-country governments with model national development plans that include a priority focus on service industries, particularly women-owned service firms.
- b) Provide developing-country governments with model export development plans that include appropriate initiatives for increasing the visibility of women service exporters, stage service-specific trade events with at least 30-per-cent participation of women business owners, and address any export market access issues that are gender specific (such as visa restrictions).
- c) Provide developing-country governments with model frameworks for regulatory review that incorporates a gender perspective.
- d) Ensure the collection of gender disaggregated economic data so that the impact of national initiatives on women can be measured.
- e) Ensure that, when "trade" statistics are cited, the figures include both goods and services.
- f) Ensure cost-efficient, high-speed access to telecommunications infrastructure and availability of Internet to all communities in a manner that is readily accessible to women, as well.
- g) Remove any size restrictions on access to export promotion assistance, recognising that the majority of service exporters are micro or very small firms.
- h) Review domestic legislation to ensure that all incentives provided to manufacturers apply equally to service firms, that tax regimes are equitable for services, and that appropriate legislative oversight exists for the licensing of all professional service providers so that mutual recognition of those credentials can be sought in export markets.

## **6. GENDER AND SERVICES: WOMEN AS ENTREPRENEURS**

Despite the socio-cultural barriers that women face as entrepreneurs, an increasing number of women create and manage service companies. OECD (2000) estimates that between one-quarter and one-third of firms are owned by women, most of which are in service industries. In Canada, for example, 86.7 percent of women-owned businesses are in services (see Table 9). The vast majority of these firms in both developed and developing countries are microenterprises, operated by well-educated women who work from economic necessity and are no greater credit risk than their male counterparts (Weeks, 2001). Women-owned firms can be a major source of employment and job creation, with women-owned

businesses in North America creating new jobs at four times the rate of men-owned firms and employing more persons than the Fortune 500 firms (US SBA, 2001).

**Table 9. Women's ownership of businesses in Canada, 1997**

Industry sector	Percentage of women-owned business by sector	Women-owned businesses as a per cent of total businesses
Agriculture, mining	10.0	25.0
Manufacturing	3.3	25.4
Services	86.6	36.7
Construction	2.9	8.8
Utilities	0.0	0.0
Transport, communication	1.8	12.2
Wholesale, retail	16.6	31.9
Finance, insurance, real estate	4.7	32.2
Business services	13.8	33.7
Community & social services	46.8	57.8
Total businesses	100.0	34.6

Source: Statistics Canada, *Business Register*, June 2000.

Perhaps one of the reasons that women entrepreneurs are all but invisible within many developing economies is the fact that national ministries of women and families typically focus on women as economically at risk –whether as consumers of services in their role as unpaid caretakers or as underpaid workers. Little attention is paid to the challenges faced by self-employed professional women or to women running businesses. Not only does that leave such women without advocacy support, it can also result inadvertently in ignoring the critical role such women can play as role models for girls and young women.

Very little data exists on women service exporters, other than a 2000 study of Canadian women business owners (Riddle, 2000d). At the time the data was collected, e-trade in services was just beginning, and already 44 per cent of the Canadian women surveyed reported that they had begun exporting their services as soon as they set up business. Despite challenges of scarce resources and the need to balance family responsibilities with export activities, women-owned businesses appear to be as likely, or even more likely, to export their services. However, they need access to information on export markets and training on how to manage and market services.

Most developing-country small service suppliers are severely constrained in finding appropriately trained staff to design and deliver competitive services. Even in the United Kingdom (FSB, 2000; 2002) and Canada (CFIB, 2002; Mallet, 2001), small service suppliers have trouble finding appropriately skilled workers. Unfilled vacancies are especially high in construction and business services. In most instances, small service suppliers need staff with at least a secondary school education. Small service suppliers are more likely than their goods-producing counterparts to rely on the Internet (Mallet, 2001). Given the growth of e-trade, small service suppliers need staff that are comfortable working online and are willing to adapt their working hours to accommodate a 24-hour, seven-days-a-week digital environment. Women's increased access to ICT and training in their use are vitally important to service firms' success (UNCTAD, 2002).

One of the often-overlooked human resource issues is that service firms typically cannot protect their market position through patents and copyright. Instead, in order to remain competitive, service firms must continually innovate (Riddle, 2001a). The innovation process is carried out by staff – often front-line staff interacting with customers. A review of the education and training portions of national development plans often indicates a lack of awareness on the part of both national governments and the donor community of the types of skills (e.g. communications, problem-solving, customer service, learning how to learn,

computer and online skills, and services design) that are needed by service firms. This places a heavy burden on small service suppliers to train new staff in order to be competitive (CFIB, 2002; Riddle, 2000b).

One of the major challenges for women-owned service firms is the financing of growth, especially in order to exploit export markets (Commonwealth Secretariat, 2002). In developed market economies, service firms use overdrafts secured by accounts receivable as a major form of financing. In most developing countries, such terms are not available. Although central banks, when questioned, maintain that they will accept accounts receivable – rather than only physical property – as security, commercial banks have been reluctant to do so. In a context where physical assets may not be under the direct control of women, the requirement for physical collateral creates barriers for women business owners and forces them to rely on limited personal sources of finance. Liberalization of financial services has so far failed to increase credit options for small businesses, including women business owners (Gammage et al., 2002).

While liberalization of trade in services will increase export opportunities for women entrepreneurs, it will also increase the competition they face (Weeks, 1999). In order to ensure that they continue to be able to create jobs and remain profitable, they need assistance in meeting international quality standards such as ISO 9001:2000. They also need assistance in making contacts abroad, particularly through business and service industry associations and association alliances (Jalbert, 2000; Weeks, 2001). The World Association of Women Entrepreneurs (FCEM) is one such global organization, with member associations in 40 countries around the world. Other initiatives are the Commonwealth Businesswomen's Network (CBWN) and the American-African Business Women's Alliance (at: [www.aabwa.com](http://www.aabwa.com)).

Surveys of women who own service firms (Riddle, 2000d; Weeks, 2001) and projects with women entrepreneurs in Nigeria, Mauritius and Mozambique show consistently that these women tend to be well-educated and to provide skilled services such as health services, legal services, architecture and engineering services, consultancy and training services. This means that their ability to export will be constrained by any barriers to temporary business travel (Mode 4), requirements to establish a local presence rather than trade cross-border (Mode 1), or limitations on mutual recognition of professional credentials and licences. In particular, restrictions to Mode-4 trade remain pervasive in developed countries.

*Policy recommendations:*

- a) Publicize the success stories and innovations of women-owned service firms.
- b) Organize “meet and greet” events between women entrepreneurs and representatives of foreign firms or foreign governments in local markets.
- c) Link women-owned businesses to local foreign-owned businesses and offices, to facilitate Mode 2 trade in services.
- d) Facilitate online networking among women entrepreneurs in different markets.
- e) Ensure that women-owned firms are able to work as subcontractors on foreign-financed projects.
- f) Set standards for the participation of women entrepreneurs (e.g. at least 40 per cent of participants) in all trade-related activities such as outgoing missions, trade-related workshops, meetings with incoming missions.
- g) Increase women entrepreneurs' participation and visibility at local and international conferences and trade events.
- h) Work with financial institutions to ensure access to financing by women owners of service businesses.
- i) Ensure that funding is available to help underwrite the costs of travel to foreign conferences.

- j) Provide skills training and mentoring on how to manage and market a service business to women owners of service businesses utilizing the training curriculum, *Managing Professional Services for Global Competitiveness*, developed by the International Trade Centre UNCTAD/WTO.
- k) Provide support for women-owned service businesses to become registered to ISO 9001:2000, using the ISO 9001:2000 workbook (Riddle, 2004) published by the International Trade Centre UNCTAD/WTO.
- l) Support an increase in the number of women presidents of industry associations so that they are in a position to influence trade links with other markets.
- m) Get women owners of service businesses and women professionals registered in the appropriate online databases.
- n) Hot-link the websites of women owners of service business and their associations to national websites.
- o) Make removal of barriers to trade via Modes 1 and 4, and mutual recognition of professional credentials and licences, a negotiating priority.

## 7. GENDER AND SERVICES: WOMEN AS WORKERS

Service industries constitute the primary source of current and new jobs for women, which means that the employment consequences of liberalization of trade in services are of great interest and concern. Women continue to be overrepresented in lower wage, part-time, and temporary employment, and underrepresented in management and other high-skill positions. This continued bias towards males in management positions (vertical segregation) persists despite recent research demonstrating that Fortune 500 companies with a higher representation of women in senior management had a 35-per-cent higher return on earnings and a 34-per-cent higher total return to shareholders than did those with fewer women in senior management positions (Catalyst, 2004). Arguments that gender discrepancies are due to lower education or skill levels on the part of women are specious. While access to basic education for females is still an issue, in a number of economies women are, on average, better educated than men and well represented in professional and technical occupations; however, they continue to earn less than their male counterparts (see table 10).

**Table 10. Gender inequality in education and in the work force, 2001**

Selected economies	GDI*	Female adult literacy rate	Percent of female professionals & technical workers	Ratio of females to males		
				Earned income	Secondary enrolment	Tertiary enrol.
Canada	8	99.0	53	0.63	1.01	1.33
Singapore	28	88.7	43	0.50	na	na
Korea, Republic of	30	96.6	34	0.46	1.00	0.59
Czech Republic	32	99.0	53	0.55	na	1.96
Hungary	38	99.2	61	0.58	1.01	1.27
Uruguay	40	97.2	52	0.52	1.11	1.83
Mexico	55	89.5	40	0.38	1.08	0.96
Peru	82	85.7	44	0.26	0.98	0.34
Philippines	85	95.0	62	0.59	1.18	1.10
Maldives	86	96.9	40	na	1.13	na
Bangladesh	139	30.8	25	0.56	1.05	0.55
Pakistan	144	28.8	26	0.32	**	na

\*Gender-Related Development Index.

\*\*Pakistan's data gives only the ratio of females to males enrolled in primary school, which is 0.74. For all other countries, this ratio is 1.00 or higher.

Source: UNDP, *Human Development Report 2003*.

Disparities in wages and unpaid work obligations, combined with the rising number of women heads of household, are resulting in women being at higher risk of becoming poor. In addition, they are more likely than their male counterparts to be working without benefits such as health insurance or paid vacation time (Gammage et al., 2002). Some of the employment created for women is from foreign investors that set up service operations such as data processing operations and call centres in order to take advantage of lower labour costs. Unless these operations are covered by national employment legislation and specific codes of conduct (Riddle, 2000c), the possibility exists for the clustering of women in lower skilled jobs, abuse through the requirement of long work hours, work at night or on weekends, non-ergonomic work conditions, and a lack of equal pay for equivalent work.

The primary exception to this scenario in many developing countries is government employment, where anti-discrimination policies have meant that women are more likely to be well compensated with appropriate benefits including parental leave. This makes the continuation of public sector employment of great relevance to women, and is one of the counter arguments to privatization of public services in developing countries (Swirski and Swirski, 2003). If public services are contracted out, the negative employment impact is likely to be felt by women the most (Gammage et al., 2002).

There is an aspect to service sector work when it is interactive that makes the government's role in instituting employment standards legislation particularly important. Services that require "good customer service" (i.e. all front-line service sector jobs) involve "emotional labour" or the requirement that the employee display a certain appearance, demeanour and emotion (Hochschild, 1983; Taylor and Tyler, 2000). Societies' tendency to gender-type various emotions (e.g. the welcoming emotions of receptionists being considered more "female" and the "stern" emotions of debt collectors more "male") contributes to the concentration of women in certain lower paid service jobs. One of the roles of legislation on employment conditions is to ensure balance to the stress of continually acting a public part through paid vacation, paid holidays, paid overtime (with limits on the hours worked) and paid training days. Such legislation needs to apply to all workers, regardless of the number of hours worked, as long as the worker has been employed for a minimum amount of time (e.g. 30 days).

In a number of developing countries disruptions of families occur due to women needing to emigrate in order to find adequate employment (Ehrenreich and Hochschild, 2002). This can involve a significant brain drain of women professionals (especially doctors, nurses and teachers) who are recruited to work abroad. In the case of nurses, migration is a common feature of the profession, with exports or imports of these workers actually forming part of countries' planning (Eisenring, 1999). The flows can be quite complex. For example, the United Kingdom exports nurses to the United States and imports them from India and the Philippines, while Jamaica exports nurses to the United States and imports others from Myanmar and Nigeria (UNCTAD, 1998). For developing countries, this implies not only a loss of skills but also the loss of training funds used to train the skilled personnel who then leave the country. Given the global structure of the nursing and midwife industries, in particular, the likelihood of active recruitment in developing countries is high. Developing-country governments could consider imposing a recruitment tax on the recruiters, to be used to fund the national training programmes, or ethical codes of conduct for recruiting firms (UNCTAD, 2001).

Emigrating by choice in order to obtain new work experiences or training is one thing; forced emigration out of economic necessity is another, and can be detrimental to the woman worker, her family and society at large. Information and communication technologies now provide alternative solutions. For example, by establishing an emergency triage call centre, with international clients, nurses could remain in their own country with interesting work and good compensation, in a context where additional jobs (to support the call centre) are also being created. Similar opportunities exist in tele-pathology and tele-radiology (Chanda, 2002). Alternatively, women workers can be employed by a government agency responsible for the terms of their employment, including benefits, and then contracted out abroad (in the case of domestic workers) or sent abroad for paid sabbaticals (in the case of teachers or nurses).

*Policy recommendations:*

- a) Implement employment and equal-pay legislation, binding on foreign and domestic service suppliers, that includes benefits for part-time as well as full-time workers, including healthy working conditions, pay equity and childcare provision.
- b) Implement performance requirements for foreign service suppliers wishing to invest, specifying the requirement that they contract out some support services to women-owned businesses and set quotas for women to be trained for management positions.
- c) Give priority to the creation of locally owned back-office operations in cases where services can be provided at a distance (electronically or by telephone) in order to generate jobs for women who might otherwise emigrate.
- d) Where services must be provided in person abroad, establish government or private sector agencies that employ women (and provide benefits and oversight against abuse) to be hired abroad.

## **8. GENDER AND SERVICES: WOMEN AS CONSUMERS**

There are some general issues associated with liberalization of trade in services that concern consumers: increased competition from liberalization can result in lower prices, more choices, better quality service and the availability of specialty services, as long as the regulatory framework protects consumer interests. The World Bank's *World Development Report 2004* has pointed out a series of different policy options for helping to ensure universal and equitable access, along with the challenges governments face in that regard (World Bank, 2003). Women are potentially affected as consumers more than men by liberalization of trade in services because, in most economies, they are expected to assume a disproportionate share of family- and community support responsibilities. If costs decline and availability increases, women have the opportunity to purchase services that they might otherwise provide (e.g. hauling water and laundry) and to spend less time in acquiring the goods needed for family welfare (e.g. grocery shopping). As discretionary family income expands, so do opportunities for girls and women in terms of education, access to health care and employment options. Thus women have the potential to gain more leisure time and a better quality of life for themselves and their families.

On the other hand, developing-country governments could have or introduce policies that adversely affect women as consumers. For example, they could privatize the provision of essential services without addressing equitable access concerns or ensuring a single-tier delivery system. Women are more likely to suffer if essential services are reduced, resulting in more expensive water (due to privatization), less accessible health care (due to concentration in urban areas), or higher fees for primary and secondary school education. If prices for essential services rise and family resources decline in relation to the cost of services available, women typically compensate in several ways. First, they begin to produce the services themselves, wherever possible, in order to reduce the economic cost to the family (at a cost to themselves) such as provision of care for the elderly. Second, they may reduce family expenses by limiting their own consumption, whether of food or other essentials. Third, they may make up the shortfall by depriving themselves and the young females in their family of educational or health services in order to both save money and redirect their time to earning money.

Of primary concern in the debate surrounding gender and the GATS is access to essential services. So far, documented negative consequences have come not from the GATS, but rather from the terms and conditions of IMF/World Bank structural adjustment programmes. Such programmes raise the cost of key essential services through mandated cost recovery for previously free services (e.g. education and health care), a reduction in public services, and/or the removal of cross-subsidization of services such as utilities or telecommunications (Chanda, 2003).

Another type of negative impact could flow specifically from liberalization of financial markets without proper prudential regulation and supervision. Any resulting destabilization would likely lead to an economic crisis, during which women are more likely than men to lose their jobs (Gammage et al., 2002; Van Staveren, 2000). Again, women would be likely to compensate by increasing their unpaid hours of work and the range of services they themselves produce.

Developing-country governments need to be particularly vigilant about their regulatory framework and specify carefully the conditions of universal service to be met by all suppliers. Liberalization of trade in services will not create problems for women if a gender-sensitive policy framework is in place, but it can exacerbate any existing gender disparities without such a policy framework.

*Policy recommendations:*

- a) Legislate levels of universal service to be met by all service suppliers, national and foreign, with particular attention to the needs of women.
- b) Safeguard the ability of governments to cross-subsidize the provision of services in rural areas.
- c) Ensure that environmental protection and sustainability are enshrined in national legislation, that applies to all companies, national and foreign.

## **9. DEVELOPMENT PROGRAMMING AND WOMEN ENTREPRENEURS**

An argument could be made that, at present, development assistance programmes do not really provide much assistance to women active in trade in services. This is mainly because virtually all assistance programmes share four inaccurate assumptions: (a) women are primarily workers, rather than entrepreneurs; (b) the major opportunities for women entrepreneurs are in goods production, such as agriculture and handicrafts, or tourism; (c) opportunities for women are primarily within their own community rather than global; and (d) business support services – such as market research or training – do not currently exist and must be supplied through donor programmes.

Available data indicate that women head the majority of the new companies formed in developed economies, and these companies generate three out of four of the new jobs (Bank of Montreal, 1995). Observation of developing economies shows a similar entrepreneurial spirit on the part of many women, especially poorer women who often piece together a series of micro service ventures in order to support their families. However, much of this activity remains invisible as viable or potentially viable businesses.

Even recent gender assessments of development projects exhibit the same biases about what is possible for women in developing countries.<sup>9</sup> This kind of development approach will have the unintended impact of further marginalizing women, since it does not support them in taking advantage of the fastest growing economic sectors, namely business services (see “other services” in table 11). Few development programmes can be cited that focus on regional or global opportunities in services for women. For example, initiatives to set up telecentres in developing countries are focused on local markets (UNCTAD, 2002), but that model and expertise could easily be formalized and franchised into surrounding markets, creating an export opportunity.

Assumptions about the lack of services in developing countries are so ingrained that donors continue to create subsidized competition for local service providers through the NGOs that they fund. The most common areas in which this occurs are training services, business development services, market services, and marketing and promotion (Riddle, 2001c). Ironically, the unintended impact of such competition is

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<sup>9</sup> See, for example, the publicly available assessment by DevTech Systems Inc.: *A gender assessment for USAID/Morocco in preparation for its country strategic plan: 2004-2008*, which does not mention opportunities for women in service exports, though there is at least one Moroccan woman lawyer exporting legal services.

**Table 11. Exports of goods and services, 1995–2001**

Type of exporting economy	Goods	Type of export Services total	Travel	Other services
Per cent of total exports (2001)				
Developing economies	84.2	15.8	5.7	5.5
OECD economies	78.1	21.9	6.1	10.2
Total	80.2	19.8	6.0	8.6
Average annual growth rate (1995–2001)				
Developing economies	5.1	3.7	4.4	3.7
OECD economies	1.8	3.1	1.5	5.3
Total	3.0	3.3	2.5	4.9

Source: IMF, *Balance of Payments Statistics Yearbook 2002*.

to force local service providers (often women) into exporting of services, as they must turn to the foreign investor community for potential customers.

*Policy recommendations:*

- a) Review development assistance programmes for women to ensure that at least half of the funding for economic initiatives targets service sector opportunities in high growth services.
- b) Ensure that development assistance programmes focusing on women entrepreneurship dedicate at least 30 per cent of the programme resources to entrepreneurial activities in services that have an export focus.
- c) Ensure that development assistance programmes survey and utilize existing local business support service suppliers (especially women-owned service firms), with the funding or subsidization of competing business support services being a last resort.
- d) Ensure that intergovernmental agencies such as the United Nations Development Programme (UNDP) with local offices in developing countries contract out at least 30 per cent of their support services to local women-owned businesses to help strengthen domestic capacity.

## 10. GENDER ISSUES IN THE GATS NEGOTIATIONS

One of the challenges in approaching the GATS negotiations is that there are so many governmental stakeholders that need to be involved. Table 12 provides a listing of such stakeholders, noting the need to involve the Ministry of Women and Families as well. Table 13 provides a summary of the gender issues related to international trade in services, with an indication of the manner in which each would need to be addressed.

**Table 12. Examples of government agencies or governmental authorities responsible for services**

Service sector or cross-sector issue	Responsible parties	
	Government agency	Responsibilities that may have been externalized
Business services	Ministry of Industry Ministry of Agriculture Ministry of Fisheries Ministry of Forestry Ministry of Mining Ministry of Justice	Real Estate Board Professional Licensing Registrar Government Printer National Research Council
Communication services	Ministry of Communications Ministry of Industry Ministry of Culture	Internet Service Suppliers Telecommunications Regulator Postal Service

Service sector or cross-sector issue	Responsible parties	
	Government agency	Responsibilities that may have been externalized
		National Film Board National News Service
Constructions & related engineering services	Ministry of Public Works Ministry of Industry	Housing Authority Planning & Zoning Authority
Distribution services	Ministry of Industry Customs Authority	
Educational services	Ministry of Education Ministry of Industry	
Environmental services	Ministry of Environment Ministry of Industry	Waste Disposal Authority Recycling Authority
Financial services	Ministry of Finance Central Bank Insurance Registrar Securities Regulator	Securities Exchange/Stock Market
Health-related and social services	Ministry of Health Ministry of Social Welfare Ministry of Women & Families	Natural Disaster Agency Infectious Disease Authority Vocational Rehabilitation
Recreational, cultural and sporting services	Ministry of Culture Ministry of Sports Parks Authority Recreation Centres	National Museum National Library Council for the Arts
Tourism and travel-related services	Ministry of Tourism Parks Authority	
Transport services	Ministry of Transportation Vehicle Licensing	Port Authority Airport Authority
Other services	Utilities Regulator	Public utilities (water, gas, electricity)
Cross-sector: modes of supply & e-trade	Immigration Authority Investment Authority Export Development Authority Company Registry Land Title Registry Ministry of Trade	
Cross-sector: standards & professional credentials	Standards Agency Employment Standards Worker's Compensation Board Licensing & Work Permits Ministry of Trade	
Cross-sector: coordination among levels of government	Ministry of Trade	
Cross-sector: economic and labour force development	Human Resource Development Human Rights Commission Micro-Enterprises Taxation Authority Planning & Zoning Authority Ministry of Labour Ministry of Women & Families	

In order to meet national development objectives related to gender equity effectively, developing-country governments need to make full use of their right to make requests of their trading partners on behalf of

their private sector (especially SMEs), and they may consider embedding specific gender-related targets into performance requirements for foreign service suppliers (e.g. in the area of management and training). The following are specific areas for governments to consider, both in terms of implementation of the GATS and in terms of the request-and-offer process of trade negotiations in services.

*Recommendations concerning GATS implementation:*

Article I (3c): Scope and Definition

The interpretation of this clause as allowing governments to protect their rights to ensure equitable access to essential services needs to be reaffirmed so as to eliminate any lingering doubt in this area.

Article IV (2): Increasing Participation of Developing Countries

The contact points provided for in Article IV need to be able to provide information relevant to women exporters, such as information on women business networks through which they may be able to locate local partners or potential customers, government procurement opportunities that are designated for minority owned firms, or existing legislation that has a gender component.

Article VI: Domestic Regulation

Developing-country governments need to ensure that the “objective and transparent criteria” cited do not detract from gender-sensitive public policy and that the provision, “not more burdensome than necessary to ensure the quality of the service”, is not interpreted in a manner that would deprive developing countries of their right to meet national policy objectives, including in the area of gender equality, and that it strengthens their domestic service capacity.

Article VII: Recognition

Developing-country governments wishing to encourage temporary employment abroad of their professionals (such as nurses) need to ensure that the recruiting market indeed recognises those professionals’ credentials.

Article XV: Subsidies

As talks continue on an approach to subsidies in services, developing-country governments need to make sure that their rights to use subsidies to meet national policy objectives are protected in a manner that is not burdensome from a scheduling perspective.

Article XXV: Technical Cooperation

Developing-country governments could request the inclusion of gender-sensitive performance criteria for technical assistance, such as requiring that technical assistance include women-specific activities and events, and that government-sponsored trade events intended to assist developing country service exporters recruit a minimum of 30 per cent women participants.

*Recommendations concerning GATS scheduling requests:*

Mode 1: Given the large proportion of small women-owned service firms, ensure that cross-border supply of services can take place without the need for a local presence.

Mode 4: Ensure temporary business entry for women owners of service businesses and women professionals to at least the top five export markets.

*Recommendations concerning GATS scheduling offers:*

Article XVI: Market Access

Before further liberalization of market access, ensure that the following performance conditions are legislated for all domestic and foreign service suppliers over a stated employee size: on-the-job training for women, the development of women managers, provision of child care, safe transport for women working off-hours, and using women-owned service businesses as suppliers.

Mode 3: Ensure that FDI does not crowd out local service suppliers, by studying existing domestic supply and ensuring adequate employment legislation with which both domestic and foreign service suppliers must comply.

## **11. CONCLUSION**

One of the fundamental issues in the trade liberalization debate is whether or not the focus on trade liberalization is diverting attention and resources from critical development issues, especially those that affect women. In the case of services, the opposite could be said. The GATS negotiation process is finally focusing attention on an overlooked and misunderstood area of developing economies and one where women are major players. The GATS negotiation process provides a context for regulatory review and reform, and for linking economic development to service sector growth initiatives. It highlights the need for employment and pay equity legislation – applicable to national and foreign firms alike – and challenges national planning agencies to think creatively about how to stem the brain drain through nurturing nationally owned service enterprises.

In summary, the impact of liberalization of trade in services on women will be determined by how effectively developing-country governments regulate their service industries, make appropriate requests of trading partners and manage market access conditions. It is already clear that any growth in services, whether domestic or through trade, will not in itself ensure equity or an improved quality of life for girls and women. There is also nothing in the GATS that would necessarily further marginalize women. However, with regulatory reform, the GATS provides the opportunity to address gender issues in a manner that could improve women's access to economic independence and export opportunities.

**Table 13. Addressing gender issues related to the liberalization of trade in services**

Issues	Issues to be addressed through:						
	Domestic policy reform	Donor assistance	Ministry of Women & Families	National planning agency	Trade promotion office	GATS requests	GATS offers
<i>Gender issues:</i>							
Social & cultural values & expectations	✓	✓	✓				
Able to own assets in own name	✓		✓			✓	
Able to serve on boards of directors	✓		✓			✓	
Able to obtain work permits & visas			✓			✓	
Access to education	✓		✓				
Access to management positions	✓		✓				✓
Gender disaggregated statistics	✓	✓	✓	✓			
<i>Quality-of-life issues:</i>							
Universal access to potable water	✓						✓
Universal access to health care services	✓						✓
Universal access to education	✓						✓
Employment available	✓			✓			✓
Conditions of employment monitored	✓		✓				
Employment & pay equity	✓		✓				✓
Cessation of violence against women			✓				
<i>Women's businesses as small service suppliers:</i>							
No local presence for Mode 1						✓	
Access to financing	✓		✓	✓			
No competition from government	✓	✓		✓			
No competition from donor-funded services		✓					
No direct competition from investors	✓						
Create global credibility					✓		

Issues	Issues to be addressed through:						
	Domestic policy reform	Donor assistance	Ministry of Women & Families	National planning agency	Trade promotion office	GATS requests	GATS offers
Access to services-specific trade support					✓		
Services as a part of export development plans	✓	✓		✓	✓		
High speed, low-cost phone & Internet	✓			✓			✓
Able to supply foreign investors (local content)	✓	✓		✓	✓		✓
<i>Women's businesses as service suppliers:</i>							
Mutual recognition of credentials	✓	✓		✓		✓	
Temporary business entry to export markets						✓	
Same incentives as manufacturers	✓			✓			
Women's business associations and networks			✓		✓		

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