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Inclusive Trade: Four Crucial Aspects

Amrita Saha, Mary Abounabhan, Mattia Di Ubaldo, Marzia Fontana and L. Alan Winters
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Summary
This Working Paper contributes to the conceptualisation of ‘inclusive trade’. The review adopts a deliberative approach while considering the direct and indirect distributive dimensions of trade. It draws attention to issues across four central aspects of inclusion: transparency and participation, poverty, gender, and human rights, and raises insights that can inform a way forward.

Keywords
Inclusive trade; development; political economy; winners and losers; poverty; gender inequality; human rights; sustainability.

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Executive Summary

This Working Paper contributes to the conceptualisation of inclusive trade, drawing attention to the issues that inclusive trade needs to consider.

International trade generates winners and losers – this review adopts a deliberative approach while considering these distributive dimensions of trade. The paper draws attention to four central aspects of inclusion: transparency and participation, poverty, gender, and human rights.

In the face of challenges in capturing outcomes across the aforementioned areas, we look to the practice of international trade and point to emerging routes and practical schemes in policy and practice for better inclusion.

The paper also draws attention to the fact that individuals within the groups of winners and losers may in fact value various aspects of benefits and losses differently. The terms of inclusion in production and trade activities will therefore be of essence.

While the role of appropriate strategies and complimentary policies to accompany trade cannot be overemphasised, we also ask if such complementary measures are sufficient. International trade does not provide all the answers and complementary support can in fact provide short-term support but advocating for significant structural change would be critical towards developing future capabilities for trade.

Finally, we highlight the need to consider the trade-offs between inclusion and sustainability to help maintain a sustainable and productive future.
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1. Introduction

The Covid-19 pandemic has created unprecedented disruption to world trade, exacerbating adversities and inequalities at national and global scales. The extent of these difficulties underlines the need to create effective policy responses in restructuring the global economy to be more inclusive, especially of the marginalised and vulnerable in society. Undoubtedly, international trade and trade policy play a key role in contributing to improved livelihoods, but a critical question is how trade can be more inclusive and create sustained positive outcomes for equitable development.

Research on international trade and development has advocated for the positive impact of trade on poverty reduction and inequality through productivity increase, growth in gross domestic product (GDP), and employment generation. While there are proven aggregate benefits from international trade on average, considering the full extent of micro-level effects has remained challenging, especially for the most marginalised and vulnerable, including women and young people who are workers, self-employed people from various minorities, people with disabilities, certain communities and indigenous populations, other minority groups, and those living in extreme poverty. As such, and particularly in the context of low- and middle-income countries, these groups are not a small proportion of the population. And while it is widely accepted that international trade generates winners and losers (Gasiorek et al. 2019), individuals within these groups may in fact value various aspects of such benefits and losses differently. These challenges have created an increasing recognition for the need to better understand and apply an inclusion lens for trade and foster more inclusive outcomes from trade policies in practice, such as in national trade policies, trade policy frameworks, and trade agreements as well as through ex ante assessments to inform domestic trade policies (WEF 2021).

Some recent literature has made reference to what has been termed as ‘inclusive trade’ and to trade and inclusive growth, attempting to factor in at least some facets of inclusion in relation to trade and inclusive growth (Cerra et al. 2021; Fabry 2019; IMF 2018; UNCTAD 2017a; OECD and WTO 2017; WTO 2017; WTO and ILO 2017). Yet embedding equity in international trade and within trade policy needs further conceptualisation of what can be taken forward as inclusive trade. This focus brings us to two specific questions in this paper: How can we define ‘inclusive trade’? What are the different aspects that could be considered to better conceptualise ‘inclusive trade’? This paper seeks to build upon the emerging literature on inclusive trade and development, to move beyond its emphasis on trade and inclusive growth and conceptualise a wider framing of inclusive trade, especially considering how this can better align
with issues of equity. Importantly, it also seeks to identify practices that can operationalise such inclusion.

As we live in an increasingly interconnected world, cooperation and collaboration across governments and institutions at local, national, and global levels is essential for the success of development initiatives. This is where a conceptualisation of inclusive trade can help support a framework for inclusive trade in practice and that can be considered as core principles consistently around the world. Our consideration of international trade and trade policy in this paper is broad, including but not limited to trade flows, tariffs, quotas, and restrictions, but also including sectoral or industry dialogues/roundtables and arrangements that inform national trade policies as well as free trade agreements, issues of trade facilitation and logistics at the borders and standards and certifications.

We seek to explore aspects that help better link with inclusion in international trade to be aligned towards wider benefits; identifying the key trade policy issues that directly affect the most marginalised or vulnerable when engaging in trade or trade-related activities or that indirectly affect these groups in meeting their basic needs such as access to food or medicines; trade policies or initiatives that can address these issues; and finally, ways to support and empower groups to have a better voice that will allow for truly inclusive trade policies and equitable growth and development.

While it turns out that we cannot provide a definitive definition of inclusive trade, we can contribute towards understanding the different aspects of inclusion for international trade and trade policy. We adopt a deliberative approach (Hermann 2007; Velut et al. 2021), while considering the distributive dimensions (Winters 2000; Fontana 2016; Fajgelbaum and Khandelwal 2016; Helpman et al. 2017; Engel et al. 2021). In doing so, we consider how trade policy is understood, discussed, and decided, focusing on economic as well as socio-political factors that impinge on trade and trade policy outcomes; and where simple practices or modifications to existing practice can operationalise better inclusion in trade.

The remainder of the paper is organised as follows. Section 2 provides an overview on trade and development and questions what the learning has been thus far on how trade contributes to more inclusive and sustained positive outcomes for equitable development. Section 3 outlines and reviews four aspects of inclusion in relation to international trade and trade policy, providing critical insights and drawing key lessons and messages. Section 4 provides concluding remarks and proposes a way forward.
2. Trade and development

International trade has a primary position in the development narratives of different countries. Despite the overall benefits from trade, however, there are both winners and losers from trade policy changes or trade shocks (Gasiorek et al. 2019), and trade can contribute to increasing poverty or have negative effects for sustainability issues around the world. The extent of these challenges can be especially severe for the marginalised and vulnerable in society. This raises questions about the relationship between trade and development, and what the learning has been thus far on how trade contributes to more inclusive and sustained positive outcomes for equitable development.

Many scholars advocate for increased trade as a pathway for positive aggregate economic growth on average, while acknowledging the heterogeneity of the effects of trade as part of the winners and losers narrative (IMF 2017; Kreuger 2019; Lyon et al. 2019; Rodrik 2019; Artuc 2019). Relying on a multitude of theoretical and empirical evidence over the past 30 years, scholars often point to the benefits of increased trade in the form of increased competition, more productive variety, lower prices, reduction in poverty, and increases in real GDP (Bergh and Nilsson 2014; IMF 2017; Kreuger 2019). However, within the national averages, there are individuals and communities facing high adjustment costs to trade shocks or for whom the benefits are constrained due to poverty, gendered constraints, lack of capabilities, or simply a result of more structural issues.

Earlier, economists such as Rodrik (2019) were also quick to emphasise the conditionalities that were part of the successes with trade liberalisation such as that experienced by the East Asian Tigers, and the relative failures such as in the case of several Latin American countries. In this case, it is important to acknowledge the different strategies and complementary policies adopted by countries such as China, Vietnam, Taiwan, and South Korea, such as delays with import liberalisation, state policy support, and investment coordination which allowed international trade to contribute to positive development outcomes.

Recently, authors such as Artuc (2021), Pavnick (2017) and Autor et al. (2014) echo the idea of conditionality by examining the impact of labour mobility, employee skills, and employment conditions on the distributional effects of trade on workers. These findings characterise trade as a facilitator of development but also highlight that trade is dependent on a multitude of other factors and policies to reap its benefits. Yet it is also true that national governments often operate in limited policy space on account of power dynamics with multinationals or as a result of some trade agreements. However, the role of appropriate complimentary policies cannot be overemphasised.
Despite the positives from international trade, the economic gains are often accompanied by negative spillovers such as increased inequalities in both advanced and developing countries (UNCTAD 2019). Although it has been often argued that the losers from trade may be few (Lyon et al. 2019), it has been shown that the adverse effects are often prolonged, concentrated, and can severely affect areas such as education/skills and basic provisions for future generations (IMF 2017; Pavnick 2019). In fact, the spillovers may be complex and multifaceted, for instance job losses, adverse environmental consequences, etc., affecting specific parts of populations, and in turn may be exacerbated by failure in adequately supporting those affected.

A first critical step to informing greater inclusion in trade policy and ensuring that there is adequate complementary policy support is engendering transparency in policy processes and facilitating participation from a wider group of stakeholders in trade policymaking (including not just producers and consumers but also civil society in systematic ways).

The poor and marginalised may be less able to cope with trade shocks than people who are better off. To adjust to trade shocks, workers must be able to overcome shifts in labour demand (Topalova 2007) and firms must overcome new higher competition (Helpman et al. 2017). Those who are economically less advantaged tend to struggle due to having fewer resources, geographic restrictions, and limitations in factors of production within expanding sectors (Autor et al. 2014). This is not to say that opportunities are not generated from trade, but that these opportunities may not be accessible to all, and especially people who are marginalised, without additional assistance (Winters et al. 2004).

Similarly, existing gender inequalities in economic opportunities and social norms often results in uneven gains from trade for different groups of men and women. Thus, trade potential may be limited in benefitting women (Avsar and Piovani 2019). Although studies show increased female employment generated by export growth, these gains tend to be limited to low-skilled jobs with little to no employment mobility (ILO 2018). Additionally, much of the existing research neglects other aspects of the gender–trade relationship beyond employment and wage effects (Fontana 2016).

Critically, human rights are also affected by trade. The aforementioned heterogeneous effects of trade on marginalised groups as well as less favourable working conditions that may emerge to address competition pressures can have negative implications on human rights (Zerk and Beacock 2021). Although there have been efforts through trade agreements to protect human and labour rights, insufficient measures are taken when violations occur (Hachez 2015; Borchert et al. 2020). There tends to be unequal punishment for human rights violations as the smaller and weaker countries and institutions are punished when larger countries are not (Portela 2018).
Therefore, neglecting appropriate support for those losing out or the negative spillovers from trade for different groups in society can hamper development outcomes for current and future generations to come. So, what has been done to ensure that trade contributes to more inclusive and sustained positive outcomes for equitable development? The realisation that there are heterogeneous effects has redirected international communities to tackle negative spillovers by identifying specific issues and complementary policies for more inclusive development. A leading example is demonstrated by explicitly and implicitly recognising increased trade support and trade reform as essential elements for achieving several of the Sustainable Development Goals (UNCTAD 2018). Goal 17 subsection 10 clearly calls for ‘a universal, rules-based, open, non-discriminatory and equitable multilateral trading system’ (UNCTAD 2018: 4) which urges the international communities to embrace an inclusive trade mindset.

Additionally, with the Covid-19 pandemic’s shock to the global economy, trade continues to be an important piece of the puzzle for inclusive recovery and growth (UNCTAD 2020; Davies et al. 2021). More specific efforts are reflected in policy reports, for example those including consideration of trade and gender issues (World Bank 2020; Avsar and Piovani 2019; UNCTAD 2017b, 2018b, 2018c, 2018d), sustainability (Yamaguchi 2021, UNCTAD 2021a, 2021b; Bellmann and Ven 2020; WEF 2020), trade and human rights (Zerk and Beacock 2021; Elapata 2020; Zerk 2019; Krajewski 2017), and trade and poverty (Signoret et al. 2020; Le et al. 2019) among others.

Furthermore, when we look to trade agreements, the recent Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), highlights:

> The importance of promoting corporate social responsibility, cultural identity and diversity, environmental protection and conservation, gender equality, indigenous rights, labour rights, inclusive trade, sustainable development and traditional knowledge.

(CPTPP 2015: 1)

The statement reflects the aim of addressing a multitude of negative spillovers from trade, also including the concept of promoting inclusive trade. While the concept is difficult to capture, it could be inferred that it supports the goal of ex ante assessments of potential effects from trade policy changes including those for minorities and the environment. Yet the extent to which the aforementioned aims translate to concrete action remains to be seen.¹

The International Labour Organization (ILO) and United Nations Conference on Trade and Development (UNCTAD) and, to an extent, even the World Trade

¹ See Hannah et al. (2021), which investigates how specific initiatives could serve as openings for real changes to how the world trades.
Organization (WTO), World Bank, and International Monetary Fund (IMF), have all dedicated specific efforts to promoting inclusive trade, for example through the WTO public forums since 2016 and various reports and policy papers (Engel et al. 2021; Cerra et al. 2021; Fabry 2019; Shaffer 2019; IMF 2018; WTO and ILO 2017; IMF et al. 2017; WTO 2016). However, a collective understanding of inclusive trade appears to be missing. Undoubtedly, there are challenges in doing so, and instead, the meaning is often implied by context and therefore can vary in understanding.

So, how can we work towards a better understanding of ‘inclusive trade’? Trade policy should not involve a catch-up game of late adjustments to trade shocks. Especially after the Covid-19 pandemic, with the urgent need for equitable access to goods and services globally, a more inclusive understanding for trade and trade policy, and where possible doing so ex ante, will be essential for moving towards a fair and equitable future. Also, a definition of inclusive trade should not involve a one-size-fits-all approach, primarily due to differences in conditions in relation to trade effects. However, a collective understanding of what aspects and issues should be considered would be a valuable starting point. We attempt to respond to this gap by contributing to the conceptualisation of inclusive trade towards a framework on inclusive trade policies in practice.
3. Inclusive trade – trade policy for development

We review the current academic and policy evidence and the thinking on specific aspects that are critical to understanding inclusion in trade and trade policy. First, transparency and participation in trade policymaking have been underlined for decades, with mixed evidence of how successful this has been. Second, trade and poverty continue to draw much attention from development scholars who strive to better estimate the impact of trade policy changes on poverty. Third, issues on trade and gender equality have recently gained visibility as economists and development practitioners have been more cognisant of the specific constraints faced by women producers and consumers in supply chains, but a lot remains to be actioned. Fourth, the academic literature is now starting to tackle various issues of trade and human rights empirically and theoretically.

3.1. Transparent and participatory policymaking

Making trade policy is not only challenging but is also increasingly contested. Early on, the Doha Development Agenda underlined the importance of ‘transparency’ and ‘participatory’ approaches for the WTO. Since the 2000s, these two elements have extended to all aspects of international trade. In response, there have been attempts to enhance business engagements and civil society participation in trade policy.

From the start of the Trump presidency, followed by Brexit, and then the Covid-19 pandemic when trade and travel restrictions led to severe disruptions in critical supply chains, further attention has been drawn to the political economy of trade policymaking (UNCTAD 2020). The politics of policymaking draws immediate attention to the process by which policy is made, how much of this is known, how much unknown, and who is involved.

Consider how trade policy is made domestically. Governments are the principal agents deciding trade policies, but non-state actors are also increasingly engaged in these processes. Key among these actors are businesses, and interactions between governments and businesses have been critical in trade policymaking processes – both in developed and developing countries (Capling and Low 2010; Saha 2019, 2020; Gawande et al. 2009). Civil society has also strived to play a role, especially on environmental issues, labour rights, and in voicing concerns over negative effects of globalisation.

There is much academic debate about whether, in fact, any progressive change has been achieved in bringing transparency and participatory elements to trade
policymaking processes (Dür and De Bièvre 2007; Steffek and Ehling 2008; Drieghe et al. 2021). Undoubtedly, the speed and modalities characterising such aspects have varied greatly across countries and these are increasingly complicated with the proliferation of a widening range of issues in trade agreements. We review the current thinking on transparency and participatory elements, with the aim of drawing lessons on this aspect of inclusion for trade policy.

### 3.1.1 Transparency in trade policy

Many governments all over the world have undertaken steps to adapt trade policy institutions and trade negotiations for more transparency and accountability. A key reason behind this has been increasing pressure from voters and civil society groups.

Velut (2021) deconstructs the concept of transparency in relation to inclusive processes in trade policymaking and shows how efforts to bring more accountability to the trade policy process have largely failed for United States (US) trade policymaking. And yet the transparency narrative has been instrumentalised to pursue national economic objectives.

Looking to civil society, Drieghe et al. (2021) recently devise an ‘inclusiveness ladder’ to assess civil society contribution in the mechanisms established by European Union (EU) trade agreements. The overall conclusion is that these civil society mechanisms have failed to deliver a significant level of inclusion, and contribution appears limited largely to information-sharing activities rather than producing any tangible policy impact – making it difficult to assess the extent to which these groups are able to engage.

In this context, Halle and Wolfe (2007) explore case studies of three developed and three developing countries: Canada, the Netherlands, Norway, Brazil, India, and South Africa. For developing countries there seems to be hindrance to transparency largely due to shortcomings in the effectiveness of negotiation efforts. While more generally, the authors advocate that there must be a clear alignment of public goals and trade policy in addition to transparency. However, the latter may be especially complex in countries that lack a centralised trade policy.

Overall, transparency efforts face various challenges and that depends on the national context. But targeting policy impacts beyond rhetoric may be achieved once national goals are better aligned with transparency mechanisms.
3.1.2 Participatory processes for trade policy

Consultations with citizens and economic actors have been marked as a fundamental part of making good trade policy (Halle and Wolfe 2007). However, again, there is only mixed evidence on the returns from including specific groups.

Government responsiveness to domestic industry concerns is of critical importance, such that an important element of success in securing favourable trade policies has been attributed to government willingness to supply it (Baldwin 1989; Hillman et al. 2001). However, not all groups have the same influence, and some sectors make a better case for trade policy – sending a signal that they have information (labour issues, strategic reasons) that the government may wish to know before it sets trade policies (Austen-Smith 1993). This scenario arises on account of the uncertainty about how policies map to outcomes, and that creates a role for industry interest groups as sources of policy-relevant information. Systematic consultation with businesses has now become typical in trade – though modalities and success varies greatly.

While civil society has also been increasingly involved in trade policy, Drieghe et al. (2021) argue that the inclusion of civil society faces limitations in terms of achieving outcomes. First, dialogue mechanisms have been critiqued, as while these may exist, they do not necessarily allow civil society actors to directly participate in actual decision-making (Steffek and Ehling 2008; Harrison et al. 2019). Second, civil society agenda is often not aligned with that of policy makers who may be much more focused on trade liberalisation demands (Hannah 2016; Ford 2018; Lawrence 2018; Holden 2019).

Capling and Low (2010) provided combined evidence on participation of non-state actors across eight countries: Chile, Colombia, Mexico, Indonesia, Thailand, Jordan, Kenya, and South Africa. In Latin American (Chile, Colombia, and Mexico), the business sector was found to be the most influential, however with differences in involvement for different negotiations; while civil society had less influence. Thailand had a long history of engagement in policymaking with a preference for regional and South–South cooperation. In Indonesia, there was a preference for ‘regional’ agreements such as ASEAN (Association of Southeast Asian Nations). Trade policy was highly centralised in Jordan, and engagement was limited to preferential agreements. In Kenya, economic actors had not been very active in trade policy. For South Africa, exerting influence at the WTO was seen as important and possible, but speed of negotiations was of concern.

And while these stylised facts have evolved in recent years, overall, the dominant narrative has been that, when the objectives of participatory processes are not systematically defined (Hocking 2005; Gheyle and De Ville 2017) there can only be limited impact from including stakeholders in trade policy negotiations.
3.1.3 Key messages

Two key messages emerge from this brief review towards informing the future course of action for transparency and participation in trade policy.

First, the inclusive gains from trade will continue to depend, at least in part, on the standards of transparency and participation in national trade policy processes – making it important to have more systematic and objective-driven goals.

Second, aligning the modalities characterising the two aspects across countries will bring some certainty and familiarity with the practices that can help with information-sharing and wider participation of stakeholders in trade policymaking.

3.2. The relationship between increases in trade and poverty

‘Trade and poverty’ has absorbed huge amounts of research over the last two decades but it has failed to provide a definitive general answer to the question ‘does increased trade reduce poverty?’. That is because there is no definitive answer. It all depends. Rather, the job of researchers is to understand the determinants of the effect of trade on poverty and to provide tools that help to anticipate or explain the outcome in any specific context. In this sense, the effort since 2000 has been very fruitful, not from any huge conceptual leap forward or new theory but through the painstaking process of accumulating data and conducting empirical estimation.

The basic approach is not much different from that outlined in Winters et al. (2004) and its precursors such as Winters (2000) and McCulloch et al. (2001). It starts by observing that allowing an economy to trade more almost always increases average incomes. This is not to say that only free trade will do, but to observe that no country has successfully developed without engaging more fully with the rest of the world. Moreover, even if that engagement is stimulated by domestic developments (as Rodrik 1995 claims for Taiwan and South Korea), it still depends on being able to sell surpluses and buy deficit goods/services abroad.²

3.2.1 Exports and imports

Unfortunately, however, and to the inconvenience of economists, we are not all average. Within a national average there may be individuals, communities, or regions that suffer from increased trade and some of these may be (or may become) poor. To start to unpack the question of ‘losers’ we need to recognise

² One can imagine cases of immiserising domestic growth, but an economy needs to have or face serious distortions before that would ever come to pass.
two critical dimensions over which people differ – what they consume and what they produce, or more broadly how they earn their income. Heavy consumers of an importable good may gain from increased imports (trade) and heavy consumers of an exportable good may lose if trade increases exports and thus drives up the price. In developed countries, there is strong evidence that opening up trade with China has benefitted poorer consumers because their consumption baskets are biased towards the goods China has supplied in abundance (see, for example, Fajgelbaum and Khandelwal 2016).

In fact, however, people tend to differ more according to the sources of their income than in what they spend it on. Hence, if we are looking for deviations from an average, they are likely to be larger in the production domain than in the consumption one and so the stronger poverty effects are more likely to be located in the former than the latter. This takes us to a fundamental and obvious insight that economists largely ignored until two decades ago: if imports are liberalised and you work in an import-competing sector, you will tend to suffer, whereas if liberalising imports also stimulates exports (as we expect from general equilibrium effects such as the long-run requirement that trade is balanced) and you work in an export sector, you tend to gain. It is thus very important to be clear, when you talk about ‘trade’, which aspect you are measuring.

Two excellent pieces of analysis are often misrepresented because commentators (unlike the authors) are not careful about what is measured. First, Topalova (2010), examined the effects of the Indian trade liberalisation in 1991 in a difference-in-differences (d-i-d) analysis of Indian states according to how exposed their production structures were to tariff reductions (i.e. to import changes). She found that more exposure was associated with slower reductions in poverty. The shock she examined was defined in terms of competition from imports and the d-i-d structure eliminated any general effects on Indian exports or productivity, so this result is entirely unsurprising. When Topalova (2007) considered exposure to exports in a similar structure, albeit with somewhat less technically secure estimates, she found that greater exposure to trade in terms of exportables was associated with better poverty performance, which is also not surprising. Neither paper shows that ‘trade liberalisation’ or increased trade per se is good or bad for poverty.

Similar comments pertain to the excellent work programme on the China shock in the US, starting with Autor et al. (2014), which was focused on the deleterious effects of stiff import competition on certain jobs in the US. Feenstra et al. (2018), however, showed that when you added in the export and productivity effects stimulated by trade with China, the net effect on US jobs was positive. Costa et al. (2016) show the same sort of result for Brazil.
One final comment on import liberalisation: in both of the cases cited above, the imports competed with local producers, but when imports are viewed as providing inputs to local production, they help producers. Several studies have shown how strong this effect is on local productivity – e.g. Amiti and Konings (2007) – and more recently Kis-Katos and Sparrow (2015) have traced its consequences for poverty.

3.2.2. Labour mobility

Topalova and Autor et al. both identify the fundamental problem in their import-exposed sectors and regions: it is the lack of mobility out of the stricken sectors and regions and this, in fact, is the key issue for sharing of the gains from trade more equitably. Imagine a sector that was rigidly restricted to employing exactly the same amount of labour through time. When demand for its output went up, its price would rise and employing labour would become more profitable. Firms in the sector would compete for workers and drive up wages. If demand went down the same process would operate in reverse and lower wages. Increasing trade raises demand in exportable sectors and reduces it in importable ones and workers in the latter see their rewards falling, perhaps into poverty.

Now imagine that workers can move freely between sectors. There will be a migration from jobs in importables to those in exportables which will mitigate the wage changes in each sector. If mobility is perfect this will result in there being the same wage in each sector. Hence, if the production of exportables is more labour-intensive than the production of importables – as we would expect in most developing countries – a balanced increase in trade will raise the overall demand for labour and hence the overall wage in the economy.\(^3\) Of course, in the ‘real’ world, the intersectoral migration of labour will be imperfect, because, for example, of skills, preferences, etc, and so while average wages might rise, workers in importables may not keep up and those in exportables may earn a premium, at least for several years. Moreover, to take full advantage of changing opportunities to export, one needs not only labour to move in, but also capital and infrastructure to allow the exportables sectors to expand to their maximum extent.

The other big restriction of labour mobility is geography: exportables and importables may be located in different regions (or at least be present in different proportions in different regions) and moving through space is costly and risky. Hence, increasing trade may alter regional differences in income. This is essentially the story for both Topalova and Autor et al. Topalova showed that the effects of the Indian liberalisation were most pronounced among the least geographically mobile individuals at the bottom of the income distribution, and in

\(^3\) This is the basis of the famous Stolper-Samuelson theorem of 1941, which underpinned thinking about trade and poverty in developing countries until around 2000.
Indian states where inflexible labour laws impeded the reallocation of factors across sectors. Autor et al. (2014) found similarly that the burden was greater in the US on low-skilled workers, who found it harder to adjust and to move between sectors/regions.

This last result contains an important message for policymakers. It is not difficult to think of reasons why the poor and otherwise disadvantaged are less able to adjust (cope with) to any shock than the better off. For example, they have fewer skills, fewer contacts, and fewer assets and borrowing opportunities, which results in their having less ability to search for solutions, invest in new activities, finance moving costs, or take risks. Thus, in any situation of change particular attention needs to be paid to the ability of the poor to cope or even to take advantage of positive opportunities that are generated – see Winters et al. (2004) for more discussion. These effects might also be exacerbated by heterogeneity across firms (Helpman et al. 2017). Better firms survive import competition better (Iacovone et al. 2013) and are more heavily export-oriented; but they are also able to recruit better workers who then earn higher wages. A trade shock thus impinges harder on weak firms and, through them, weaker (poorer) workers.

3.2.3. Three policy lessons

There are three groups of policy implications from this brief discussion. Each helps to maximise the gains from trade, to share them more evenly and to help to avoid clusters of bad consequences even as averages are improving. First, policy must encourage the reallocation of factors of production – not just labour – between sectors because changes in trade affect sectors very differently. Chang et al. (2007) show that the growth effects of trade liberalisations are related to proxies for educational investment, financial depth, inflation stabilisation, public infrastructure, governance, labour market flexibility, ease of firm entry, and ease of firm exit. The same type of list applies to sharing the benefits of trade (e.g. Le Goff and Singh 2014).

Second, facilitate the movement of people geographically. This will usually amount to encouraging urbanisation by permitting movement, reducing restrictions on city growth, and making them function better. It can also include policies such as providing transportation links – e.g. rural roads – to allow workers to commute more easily from disadvantaged rural areas, and ensuring that facilities such as housing, health and education are readily open to in-migrating workers. These last are not easy policies – they are subtle and there is great resistance to internal migration in many countries – but, in fact, no economy we can think of has developed without significant labour movement.

Third, ease the strains of adjustment on the poor and disadvantaged. This is fair, efficient, and facilitates the politics of making the most of international trade.
3.3. Trade and gender inequality

Does greater exposure to international trade reduce or exacerbate gender inequalities in a country? Research that explores this question suggests, unsurprisingly, that it depends on a variety of factors. Whether trade expansion contributes to narrowing gender gaps in a country depends on the socioeconomic structure of the economy concerned, the composition of its exports and imports, the extent of gendered sectoral and occupational segregation in its labour market, and other institutional characteristics (such as the extent of gender bias in systems of care provision). Evidently, the answer to the question also depends on which dimensions of the gender gap are considered (e.g. employment, wages, or capabilities).

3.3.1. Empirical evidence on employment effects

The literature on gender and international trade goes back to the 1980s, when the growth of export-oriented garment production in several countries of the global South significantly increased the demand for female factory workers. This prompted a lively debate over whether the feminisation of the industrial workforce associated with trade expansion contributed to women’s empowerment, and with contrasting views. A few scholars emphasised the exploitative conditions under which (mostly young single) women were incorporated into production for global markets. Other scholars argued that working outside the home and earning an independent income was emancipatory for women, even if working conditions were unfair. A more nuanced interpretation put forward by Elson and Pearson (1981), and still valid today, is that the integration of women into export-oriented production takes place in complex ways and has contradictory effects, by opening new avenues but also creating new forms of gender subordination (e.g. greater autonomy from male household members but subjugation to factory managers and supervisors).

Since this early debate, a growing body of evidence has shown that employment opportunities resulting from export growth indeed tend to be associated with greater female labour force participation. However, this outcome is limited to countries specialising in labour-intensive manufacturing. The same trend is not observable in countries relatively abundant in agricultural or mineral resources, which specialise in primary exports (Fontana 2009). Moreover, in most countries, women working in manufacturing are heavily concentrated in garments and food processing, usually in low-skilled positions and with limited opportunities for training and promotion (ILO 2018). Furthermore, a recent empirical analysis of 69 countries finds that, between 1980 and 2011, trade openness did little to erode gender-based labour market segregation (Borrowman and Klasen 2020). Specifically, trade openness, measured as exports as a share of GDP, actually
increased occupational segregation and had negligible impact on sectoral segregation.

Women who are not wage earners but who are business owners or own-account producers (e.g. women-led small and medium-sized enterprises (SMEs)), find it difficult to become independently involved in global value chains (Saha et al. 2021). This is because these women often lack access to the productive resources and networks needed to achieve competitive advantage. Women’s enterprise promotion programmes in recent years have recognised and tried to address some of these gender-intensified constraints in relation to trade, through Aid for Trade (AfT) initiatives for example. However, the evidence so far suggests that women-led SMEs still struggle to run profitable businesses and tend to remain confined to local markets (Goldstein et al. 2019).

3.3.2. Greater attention to other gender effects needed

Most empirical work on the gendered effects of trade remains limited to analyses of changes in women’s formal jobs and wages (either absolutely or relative to men’s). This is despite numerous calls for a more nuanced economic understanding of the interactions between gender and trade, and despite the development in the last two decades of rich and sound analytical frameworks that would enable more comprehensive assessments (Van Staveren et al. 2007; Fontana 2016). Women and men alike are affected by trade-related processes not only in the sphere of production (as wage workers, producers, or traders), but also as care providers, consumers of goods and services, and rights holders entitled to public services. The gender impact of trade policy on spheres other than market production, however, continues to be under-researched. For example, studies on the effects of trade on household wellbeing and intra-household resource allocation – in terms of gender distributions of food and care provision – are rare. The claim made by some trade liberalisation advocates that cheaper imported goods enable poor households, and in particular female-headed households, to improve consumption (such as in Artuc et al. 2019), does not appear corroborated by the use of sound gender analytical methodologies. On the other hand, in recent years, civil society organisations have expressed concerns about the possible negative consequences of some trade rules over food safety and access to affordable medicines (Heinrich Böll Stiftung 2021). Such negative consequences would have a disproportionate impact on women, because of their main responsibility for family care provision, especially in low-income households. Unfortunately, these effects are not systematically examined in conventional trade literature.

One general conclusion from this brief overview is that the inclusion of women in international trade does not necessarily mean that trade is ‘inclusive’. Inclusion can be harmful as well as beneficial (Elson and Fontana 2019). It is therefore
essential to pay attention to the terms of women’s (and men’s) inclusion in production activities, and to consider how trade might affect gender dynamics in all spheres of economic and social life.

3.3.3. Inclusive trade from a gender equality perspective
Following from this discussion, three possible areas of action to promote better inclusion and greater gender equality in trade-related processes are highlighted below: (1) improve terms of inclusion of those women and men already incorporated in international trade as workers and entrepreneurs producing goods and services for global markets; (2) ensure that both economic research and policymaking give more weight to gender effects of international trade, beyond simply employment effects; and (3) encourage more substantive representation of disadvantaged groups and women’s organisations in trade policymaking. These three areas are interrelated.

Better terms of inclusion for women entrepreneurs and wage workers
One popular type of gender and trade initiative is support for women entrepreneurship, which has received further impetus following the WTO 2017 Buenos Aires Declaration on Trade and Women’s Economic Empowerment (WTO 2017). AfT assistance programmes, for example, are now expected to include gender equality objectives (WTO and OECD 2019). Some interventions are available to help women’s enterprises, mainly by providing loans and/or financial literacy education, training in marketing skills and other resources to engage in trade. Several micro-projects in support of women who undertake cross-border trade are also being promoted. These initiatives are welcome to the extent that they recognise the gender-intensified challenges that women-led SMEs face in competing in global markets. But one should be cautious about strategies that emphasise entrepreneurship promotion as a panacea for women’s empowerment.

These initiatives focus narrowly on a specific category of women workers, leaving out all the other women who are also affected by trade. Their main limitation is that they exclusively aim to integrate women entrepreneurs into existing trade structures, without challenging the underlying model of economic development. Promoting women’s emancipation through entrepreneurship also requires policy attention to women’s working conditions and family obligations. It requires acknowledging that women often ‘choose’ entrepreneurship only because of a lack of other employment opportunities, poverty and social norms that limit their mobility and assign them primary responsibility for care work (Vita, Mari and Poggesi 2014). To address these issues, holistic policy strategies that recognize the overall gender unequal patterns of an economy, and promote more equitable and sustainable ways of organising market production and care provision in a country, are needed. A similar point can be made about the
simplistic idea of achieving women’s economic empowerment through e-commerce and digital trade, which is yet another popular focus of current initiatives.

Most women continue to be incorporated into export-oriented production largely as wage workers, and not as business owners. To improve women’s terms of inclusion in international trade, it is therefore essential to also reinvigorate a conversation on how trade policies can be designed to improve labour standards and protect workers’ rights. These standards must extend beyond the formal labour force to include improved conditions in informal and unpaid forms of work. Studies increasingly document the diverse forms of paid and unpaid work and employment relationships found in global production networks, and the gendered nature of this fragmentation of work (Barrientos 2019). More emphasis needs to be given to policies and initiatives that can improve women wage workers’ conditions and strengthen their rights, with attention paid not only to the (few) women who are employed in the upper tiers of the value chain but also to the (many) women who work in lower tiers as casual waged labour, with poorer remuneration, benefits and fewer rights.

**Better documentation of gender effects of international trade beyond employment effects**

Gender implications of trade and investment agreements are wide and involve multiple dimensions, all of which must be considered when setting national policy priorities to achieve goals of economic and social inclusion. More studies are needed to investigate, and regularly document, the gender differentiated consumption and public provision effects resulting from trade policy change. These effects, as already noted, are overlooked in existing economic research. The reason why these dimensions tend to be neglected has to do with not only a paucity of relevant sex-disaggregated data, but also with the prevalence in mainstream trade analysis of often simplistic interpretations of what constitutes ‘gender inequality’, ‘employment’ or ‘trade relations’.

First, it is important that prevailing narratives on the interaction between gender and trade recognise that most women engaged in production for global markets, either as producers or wage workers, are simultaneously affected by international trade also as consumers and users of public services. Therefore, they may experience gains in some areas of their lives but losses in others. Moreover, it needs to be acknowledged that most of the women and men who are not directly producing for international trade, are still very much affected by international trade via the consumption and public provision channels. The issue of how modern trade agreements might affect availability and quality of essential social services is especially salient for gender equality, since low-income women and other disadvantaged groups rely heavily on public services for support with their own care as well as provision of care to their families. Trade policies risk to
undermine the adequacy of care systems in a country if the gendered nature of paid and unpaid care provisioning is ignored.

A new generation of empirical studies is required. These new studies should aim to link information on predicted (ex ante analysis) or actual (ex post analysis) changes in prices, quantities, and quality of imported goods and public services delivery to the individual wellbeing of different groups of women and men, ideally drawing on a combination of methodologies. To enable this broader scope of gender and trade research, new initiatives in data collection are to be promoted. Importantly, a closer dialogue between mainstream economics and other fields such as feminist political economy and human rights perspectives must be encouraged.

A body of nuanced and robust gender and trade research could in turn contribute to a better-informed conversation at the policy level, with the aim to redefine the main goal of global trade, away from economic growth and in support of socially sustainable and inclusive development.

More substantive and diverse representation in trade policymaking

This brings this discussion to the third and final suggested area for action. To enable the changes in research and policy emphasis proposed in this section, and redefine what is accepted as legitimate trade concerns, a more democratic trade policymaking is also needed. This requires taking more seriously the voices of women’s groups, trade unions, and civil society organisations and ensuring greater diversity of civil society representation in trade decision-making arenas.

Stakeholder consultation is a common mechanism across many current gender and trade initiatives. Yet, as discussed in section 3.1, there is no indication that this translates into meaningful participation of civil society in decisions related to the formulation, implementation, or impact assessment of trade policy and agreements. The main stakeholders in trade policymaking cannot only be governments and business — as is often the case in current consultations — but also individual women and men who are affected by international trade in their multiple roles as producers, workers, users of public services, consumers, and carers. Without the substantive participation of civil society and activists, there is little chance that the incorporation of gender concerns in trade policy design will bring about real progress towards the promotion of gender equality.

3.4. Trade and human rights

The relationship between international trade and human rights is a long-standing and complex one. On the one hand, trade has been seen as a source of concern for the enjoyment of human and labour rights, due to the uneven effects of foreign competition on different segments of societies, and because ‘rights-
abusing’ conditions can offer a cost-incentive that favours trade and hinders progress on social and labour standards. On the other hand, trade agreements have increasingly been used as tools to try to regulate problematic human rights situations, or to establish conditions for fairer international competition. In this sense, progress on human rights, of an economic, civil, and political nature, has been ‘traded’ as a commodity in exchange for market access.

In what follows, we attempt to outline the main features of this complex relationship, starting from the pursuit of human rights in preferential trade agreements (PTAs), and then discussing the effects of trade on human rights.4

3.4.1. Human rights provisions in PTAs

Starting from the early twentieth century, agreements aimed at banning trade in goods made by convict labour, and the creation of the ILO, whose members agreed that state failure to protect labour rights could distort trade and undermine labour rights in other countries (Aaronson 2010), human rights and trade objectives have often been treated jointly.

Since the 1990s, provisions and chapters on human rights have become increasingly relevant features of PTAs of large markets such as the EU and the US, finding a more prominent place in the text, being characterised by stronger wording, and appearing more systematically across agreements (Velluti 2016). Currently, several economies including also Canada, the European Free Trade Association (EFTA) countries, Australia, and New Zealand are observed to be particularly ‘demanding’ in terms of the number and strictness of human rights provisions included in their PTAs (Lechner 2018), although the strategy to pursue human and labour rights varies substantially across agreements. Some PTAs refer and demand adherence to United Nations (UN) and ILO conventions (e.g. the UN Declaration on Human Rights), with provisions being often rhetorical and aspirational, other PTAs indicate specific human rights and make the provisions binding.

These provisions can serve two main goals. By making market access conditional on the respect of international conventions, they can provide a basis to punish ‘serious and systematic’ violations of human rights (Zerk and Beacock 2021). In addition, detailed chapters on social and environmental issues could be used to ensure a ‘level playing field’ (Bhagwati 1995) and avoid a race to the bottom (Davies and Vadlamannati 2013). The variety of human rights objectives that can be pursued in PTAs, together with the uneven economic and political weight across countries, have often resulted in a heterogenous negotiation approach. The EU, for instance, includes a larger number of civil and political

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4 In this work we refer to human rights in a broad sense, encompassing both civil and political liberties, as well and labour and social rights.
rights provisions in Association Agreements\(^5\) with small neighbouring countries, and a larger number of labour and social rights provisions in (non-association) agreements with large trade partners: different rationales therefore, political, and commercial, seem to drive the balance between human rights and trade objectives that are pursued PTAs (Borchert \textit{et al.} 2020)

Being able to extract cooperation from a partner country, even if economically smaller, could be relevant to induce human rights ‘demanding’ countries to maintain higher multilateral tariffs: the latter allow to offer deeper PTA preference margins, in exchange for cooperation on non-trade issues (Límão 2007). This mechanism is particularly salient in non-reciprocal agreements, such as the Generalized Systems of Preferences (GSP), where preference granting countries can (unilaterally) reward with better market access partners that make progress towards human rights.

The reverse process is also at work. Violations of human rights can lead to trade sanctions, that can range from the withdrawal of trade preferences on selected products, as in the case of the EU’s suspension of GSP preferences for Cambodia\(^6\) (European Commission 2020), to the termination of a bilateral FTA. This latter, more drastic, intervention, although possible under certain human rights provisions that are legally binding (e.g. those considered ‘essential elements’ in EU agreements) has so far not been applied. Even in instances of severe breaches, bilateral trade agreements have never been terminated, although non-trade related policies (such as financial assistance or technical cooperation programmes) have been suspended (Hachez 2015; Donno and Neureiter 2018).

These varying responses to human rights violations highlight two factors about how PTAs can and have been used to pursue human rights objectives. First, unilateral schemes such as GSP programmes are better suited than bilateral agreements to incentivise progress in or punish violations of human rights: a key reason is that suspending an FTA hurts both sides and could entail trade costs that the punishing country might not want to incur (Borchert \textit{et al.} 2020). Second, some countries are just ‘too big to be punished’. Among GSP members, violations have corresponded to sanctions only in a handful of cases, and have generally involved small countries: e.g. Cambodia, Belarus, Nicaragua, Bangladesh, Sri Lanka and Myanmar (Brown \textit{et al.} 2011; Portela 2018). Across FTA negotiations, a weaker stance has been taken between commercially relevant partners that are less-aligned on human rights issues (e.g. EU–Singapore), while stronger human rights conditionality clauses have been

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\(^5\) Association Agreements are a type of PTA that ‘establish a legal and institutional framework for the development of privileged relations involving close political and economic cooperation’ (Van Elsuwege and Chamon 2019).

\(^6\) Cambodia’s GSP preferences were suspended due to serious and systematic violations of principles laid down in the International Covenant on Civil and Political Rights.
negotiated when doing so implied nearly nil repercussions on the commercial side of the agreement (Meissner and McKenzie 2018).

Overall, therefore, conflicting goals have often limited the effectiveness of trade policy as an instrument to promote human rights, to the point that human rights provisions have been dismissed as ‘legal-inflation’ of PTAs, or found to be ‘symbolic regulation’, created for the purpose of reassuring regulatory advocates that their demands have been heard, rather than to effectively regulate a given area (Peacock 2018). Even more sceptical views argue that domestic protectionism hides behind humanitarian concerns for workers in developing countries.\(^7\) While it cannot be denied that domestic interests are one of the driving forces behind labour and environmental protection provisions in PTAs (Lechner 2016), it must also be recognised that there are market failures leading to rights abuses such as forced or child labour, and that such market failures can be worsened by global integration (Brown \textit{et al.} 2011).

\subsection{3.4.2. Effect of trade on human rights}

Exposure to international trade could affect the enjoyment of human rights, through the impact on the incomes of workers in import-competing sectors, and/or the pressure on rights' abusing conditions which can enhance a sector’s or a location’s competitiveness.

Even though trade tends to lower inequality between countries, and within countries average incomes are often found to increase with trade, it is crucial to disentangle how effects vary across sectors, areas, or communities. Higher exports can create new jobs and boost wages, but higher imports have the opposite effect, displacing workers and lowering earnings (Autor \textit{et al.} 2016). Importantly, geographical agglomeration of industries and limited mobility, both across space and sectors, can result in very concentrated and long-lasting trade shocks. If displaced workers are pushed into informal sectors (Dix-Carneiro and Kovak 2019), or if they exit the labour force entirely (Erten \textit{et al.} 2019), their ability to enjoy decent living conditions is severely jeopardised, especially if displacement disproportionately affects those who are disadvantaged.\(^8\)

There have been instances where trade has positively affected discriminated groups, such as women: as discrimination is costly, the pro-competitive effect of trade has led to more employment opportunities for women (Black and Brainard 2004). More generally, however, market failures and lack of domestic regulation that protects minimum working standards and basic human rights can compound the negative effects of exposure to trade. Furthermore, the abuse of human

\footnote{7 Carrère \textit{et al.} (2021) find no evidence that labour clauses in trade agreements hinder trade flows from developing countries, however.}

\footnote{8 See section 3.2.2 for more details.}
rights could also exist in sectors and areas that gain from global integration, if violations allow to generate a transfer in favour of the abuser9 (Srinivasan 1998), or if countries undercut each other’s standards to boost their competitiveness (Olney 2013).

Human rights abuse could eventually also harm trade, however, through lower productivity and lack of human capital (Blanton and Blanton 2007). Further, trading with high-human-rights-standard countries can exert pressure on abusers through the activities of various organisations and consumers (e.g. naming and shaming, or boycotting), or multinational firms wanting to demonstrate an ‘ethical’ import-sourcing behaviour. To this effect, Peterson et al. (2018) show that as shaming by human rights organisations increases, higher levels of human rights abuse are increasingly associated with lower exports. Finally, Cao et al. (2013) find that, provided the pressure from importing countries is sufficiently high, trade can eventually operate as a transmission belt for the diffusion of better human rights practices from importing to exporting countries.

3.4.3. To sum up

The positive finding that trade is able to internationally transmit better human rights practices should not distract from the two main points of this discussion. Trade often ‘exploits’ asymmetries in regulation and different levels of human rights protection if the latter can (partly) confer a comparative advantage (Busse 2002). In addition, trade can significantly worsen the living conditions of communities and areas exposed to import competition, with consequences likely to be worse for vulnerable parts of the society.

Being aware of the above issues, policymakers have attempted to pursue trade objectives while trying to avoid harm to human rights. Since the 1990s, FTAs and GSP schemes have progressively featured more numerous and stricter provisions aimed at promoting human rights values and principles, although the application of such provisions has suffered from their scarce legal enforceability, and the tension between the conflicting goals of pursuing commercial interests and remedying to human rights abuse.

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9 This could be represented by forced labour, child labour, the absence of collective bargaining and freedom of association, hazardous working conditions, or more severe violations such as physical abuse.
4. Conclusions and way forward

International trade generates winners and losers, and some individuals and communities face high adjustment costs to trade shocks. For some groups, the benefits are constrained due to poverty and other intrinsic or structural factors – hence trade and trade policy may not be inclusive.

Our objective in this paper was to draw attention to the different aspects that are central to conceptualising inclusive trade and supporting sustained equitable development. We provide a start towards enumerating some of the issues that ‘inclusive trade’ needs to consider across four aspects: transparency and participation, poverty, gender equality, and human rights. These can be considered as core principles more consistently around the world, along with necessary adaptation to specific contexts and socioeconomic conditions for implementation.

While research on these topics continues to draw much attention from trade and development scholars with attempts to better estimate the impact of trade policy changes on these outcome areas, challenges in easing the strains of adjustment for the disadvantaged continue. And while the role of appropriate strategies and complimentary policies to accompany trade cannot be overemphasised, an important question is whether such complementary measures are sufficient to support those who are at risk of losing out?

It is also important that intersections across the four aspects are considered: for example, when excluded sectors or poorer communities are better integrated with international trade, women may require additional support to benefit from improved livelihood opportunities.

The progressive realisation of poverty reduction, gender equality and human rights, can be fostered together with greater participation and transparency in trade policy. For better consideration of these links, it is valuable to underline the importance of ex ante impact assessments (examining effects from trade policy changes before they are implemented), broader stakeholder consultation, as well as monitoring ex post policy changes (examining effects after policy changes are implemented). And while complementary measures may provide support in the short term, longer-term strategies that advocate for significant structural change would be critical towards developing future industries and capabilities for trade.

What does this mean for the practice of international trade? When we look to very recent literature, there is in fact a concerted effort to push initiatives for policy and practice towards better inclusion. Some of these are particularly noteworthy and fit well with the ask for inclusion in this paper.
First, and notably, initiatives such as the Global Value Chains (GVCs) for least-developed countries (LDCs) proposal (Antimiani and Cernat 2021): a practical global scheme where products could receive preferential treatment proportionate to the value of LDC’s inputs content embodied in their exports could potentially boost LDC exports, providing greater livelihood opportunities. Such proposals that seek to advance inclusion through simple modifications to existing trade arrangements should be welcome. Further consideration could be given to the intersections across the above mentioned four aspects as tied to the LDC inputs (for example, priority where inputs are concentrated in sectors with more women entrepreneurs/workers or exclusion if the inputs are linked to goods with human rights violations).

Second, while the jury is still out on this, several governments have prioritised national public consultations to inform their stance in trade negotiations (Drieghe et al. 2021; Halle and Wolfe 2007; Capling and Low 2010). Yet, a common approach to such consultations, applied widely and that takes cognisance of power imbalances could ensure more predictability for greater transparency and accountability.

Third, empirical approaches have increasingly combined the use of macro trade data with detailed firm-level and household-level data towards better capturing the effects of trade for job creation, poverty, gender, and consumer welfare (Cernat and Jansen 2017). These are, in fact, a sign of efforts towards better understanding the micro-level impact of trade. Further directions for this work would be to find means of embedding heterogeneities in how such impact is valued by different groups.

Fourth, there is now a push for mainstreaming gender perspectives (Fontana 2016; Elson and Fontana 2019) and human rights principles in trade, with the commitment to crafting gender and human rights responsive trade policies. Here, a recognition that the terms of women’s (and men’s) inclusion in production and trade activities will be of the essence. Greater inclusion would also need to identify and head-off possible harms. Additionally, identifying and advocating for reforms needed across operations of various trade, industry, labour ministries would be critical to promote socially sustainable and gender equitable trade policies.

A final note is that inclusivity should include future generations, and therefore sustainability should be embedded within each of the discussed four aspects of inclusion. The impact of trade on the environment cannot be ignored. However, we recognise that within trade policy, sustainability standards and regulations can have positive and negative spillovers for the poor, such that ‘inclusive trade’ may often conflict with ‘sustainable trade’. For example, increases in carbon dioxide emissions from transporting goods are projected to triple in the next 30 years (UNCTAD 2021a, 2021b). This calls for a further need to better consider
the trade-offs between inclusion and sustainability to help maintain a sustainable and productive future.

In sum, our analysis points to the four different aspects that can be appraised in combination for international trade and trade policies and processes in practice, and towards a better conceptualisation of inclusive trade while identifying the need to consider the trade-offs between inclusion and sustainability.
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