



Asia-Pacific
Economic Cooperation

Servicification and Gender

Connecting the dots

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APEC GROUP ON SERVICES

Session on Inclusive Growth:
Gender and Trade in Services

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Advancing Free Trade
for Asia-Pacific **Prosperity**



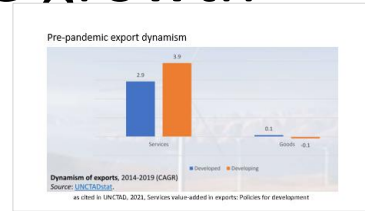
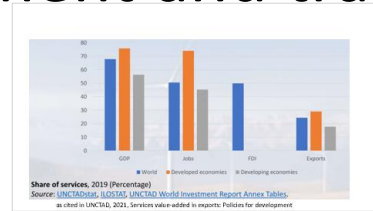
Outline

- Two **realities** in APEC economies (and globally):
 - Services and **servicification** are crucial (if not dominant) economic drivers
 - **Gender gaps** persist and have the potential to limit gains from trade
 - How to use services trade/servicification to promote inclusivity and address gender gaps?
- **Obstacles** to women's work and role in services trade/servicification
- **Policies and initiatives** to promote servicification with women's economic empowerment
 - Private sector and domestic public sector policies
 - Harnessing plurilateral agreements and initiatives
 - Potential for the FTAAP

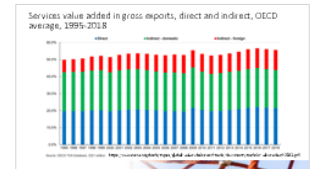


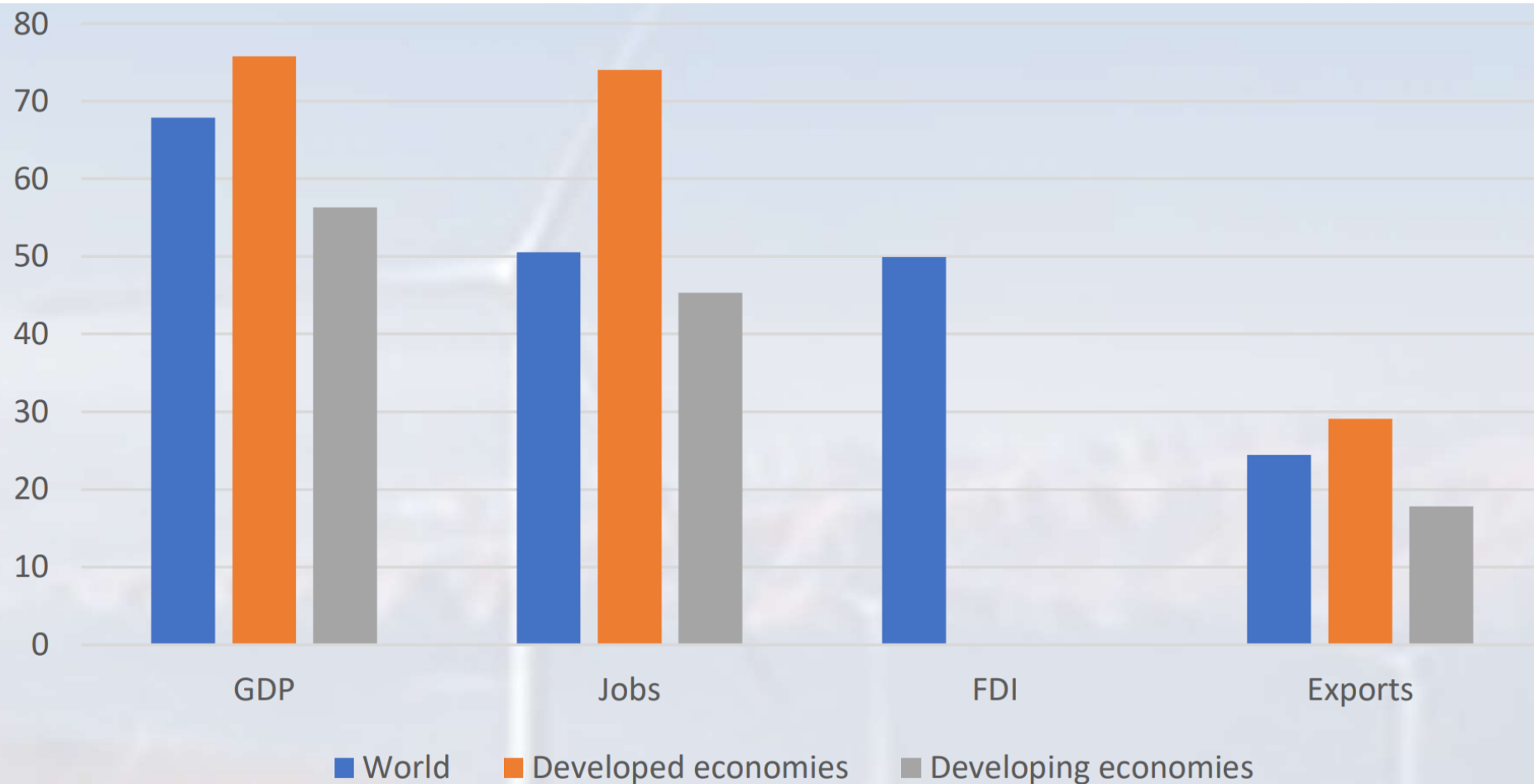
Reality 1 – The rise of services and servicification

- Services are now the dominant sector in terms of contribution to GDP, employment, investment and trade growth



- Services are now traded more than goods –over 50% in value-added terms (OECD average), in particular indirectly
- Factors contributing to this role:
 - Tradability:** more services are crossing borders directly (digitalization!)
 - Servicification:** more services are crossing borders indirectly (embodied in manufactured goods, included the agro sector); also knowns as MRS



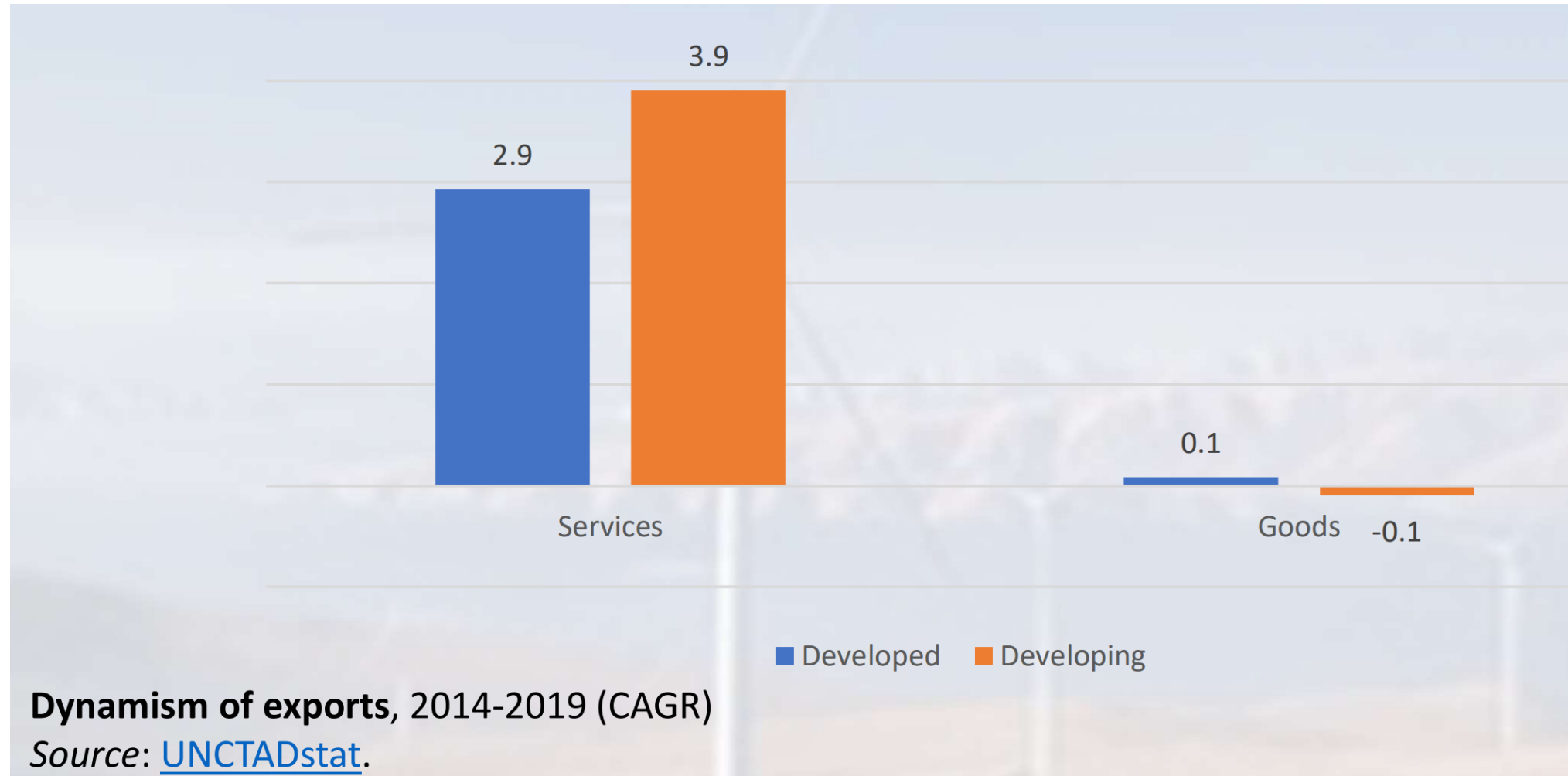


Share of services, 2019 (Percentage)

Source: [UNCTADstat](#), [ILOSTAT](#), [UNCTAD World Investment Report Annex Tables](#).

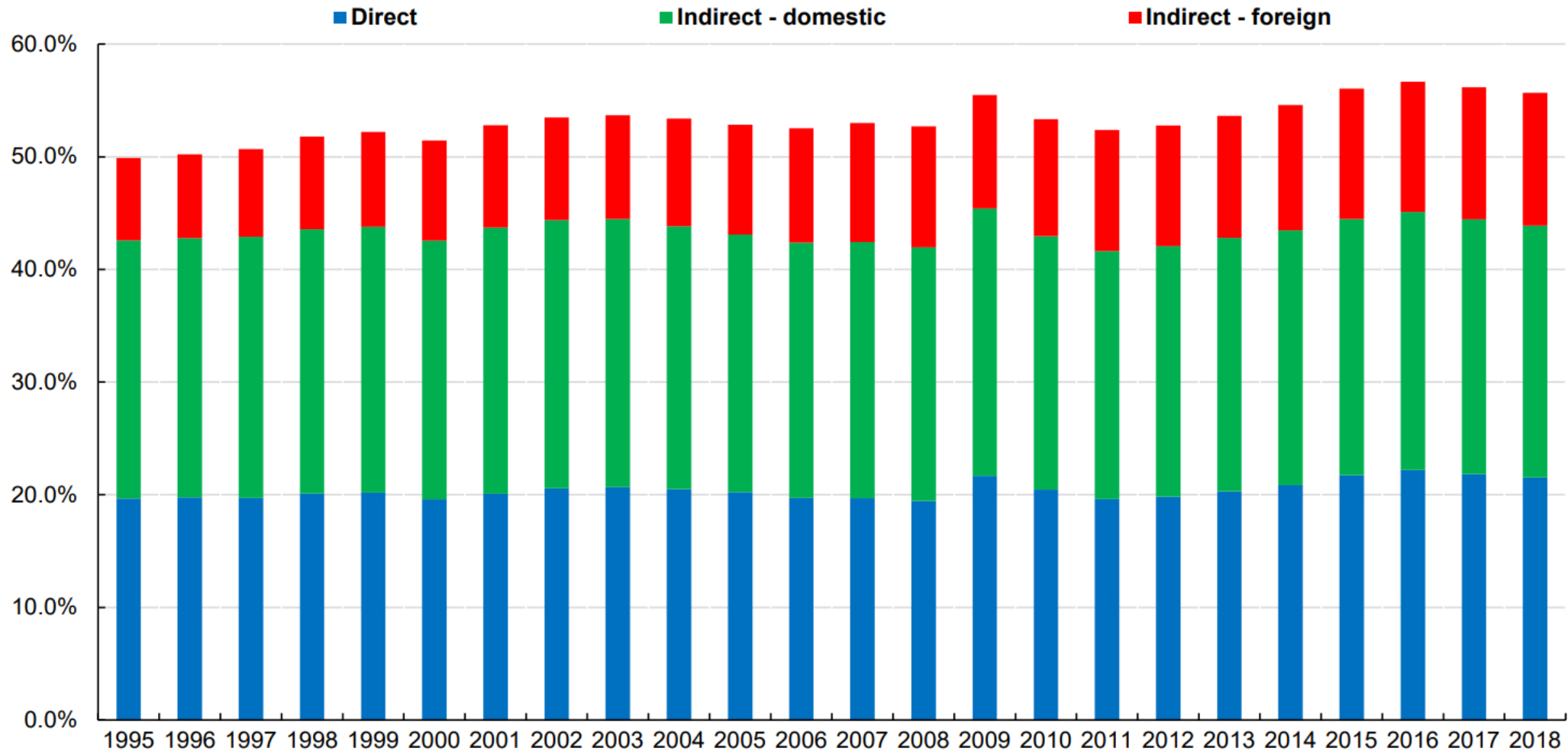
as cited in UNCTAD, 2021, Services value-added in exports: Policies for development

Pre-pandemic export dynamism



as cited in UNCTAD, 2021, Services value-added in exports: Policies for development

Services value added in gross exports, direct and indirect, OECD average, 1995-2018



Source: OECD TIVA Database, 2021 edition <https://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

Servicification

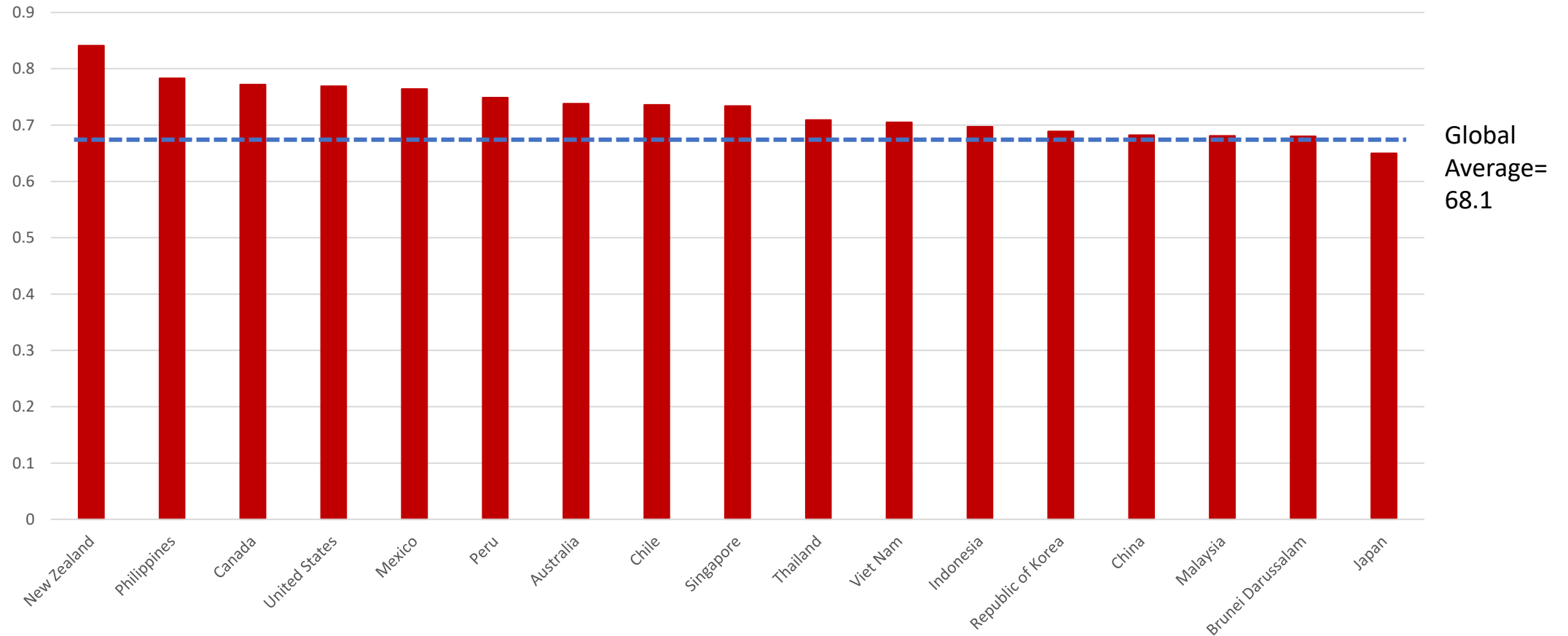
“Servicification is an indirect way of supplying a service across borders.”

- Mostly **other business services** plus (traditionally non-traded) retail and wholesale services
- It is not simply the growth of services trade, but changes in industrial and manufacturing sectors and their ***increasing dependency on services*** that drive servicification through different channels:
 - ***Services as inputs*** to all sectors of the economy (still difficult to measure; extracted from input-output information)
 - Firms in all sectors can ***internalize services activities*** (even more difficult to measure, requires firm-level data)
 - Services are increasingly ***bundled with the goods***, or with other services (combines both input-output and firm-level info)
- Services explain a large part of productivity increase (e.g., 2/3 in developing economies [UNCTAD]) and servicification is a tool for industrialization as well as building resilience



Reality 2 – Gender gaps

In some cases, the gender gaps are bigger in high- and middle-income than in emerging economies.



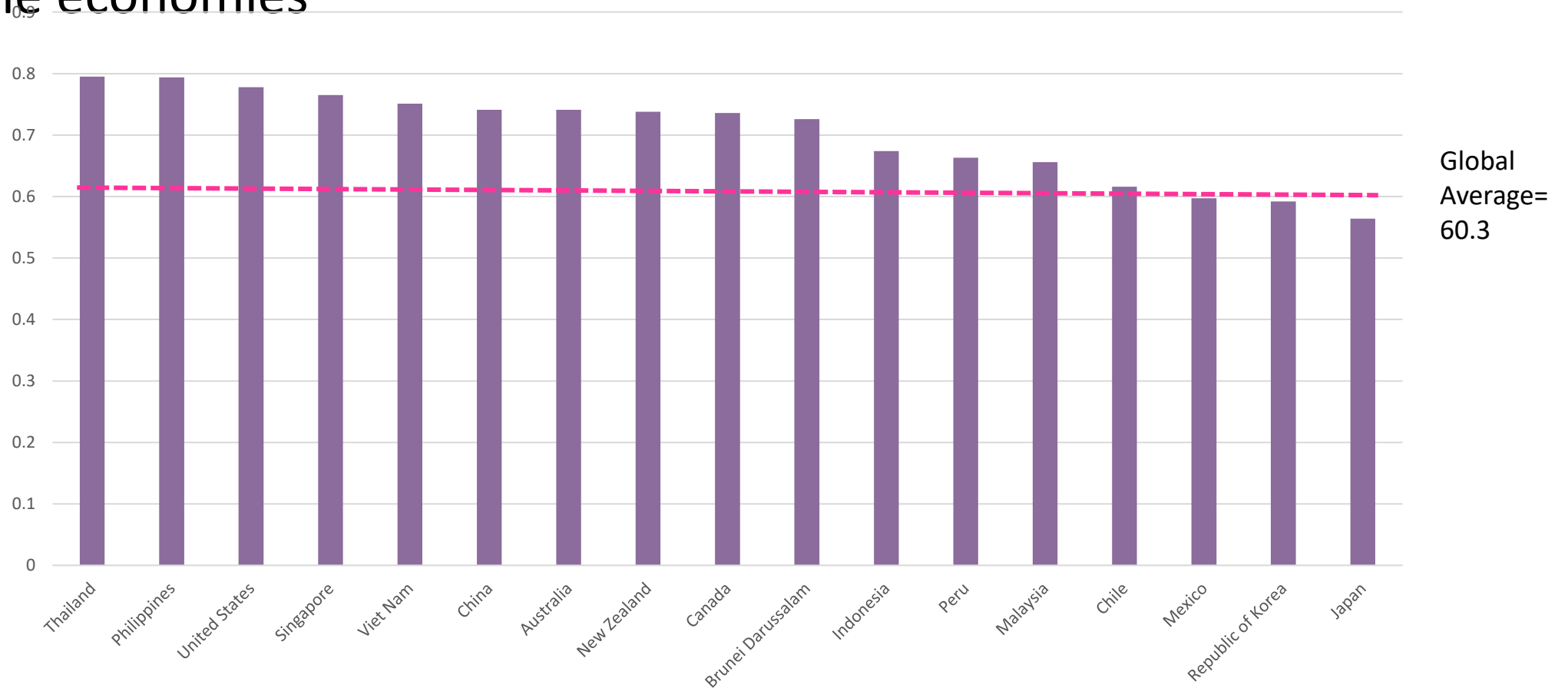
Source: Global Gender Gap Index 2022, World Economic Forum

Note: Scores range from 0 to 1; 1=parity (no gap)



Economic participation and opportunity gender gap

- Vertical segregation and gender wage gaps persist; more so in high-income economies



Source: Global Gender Gap Index 2022, World Economic Forum

Note: Scores range from 0 to 1; 1=parity (no gap)

Trade expansion and gender gaps nexus

- Channels of impacts are through employment, economic empowerment, access to resources, and consumption patterns
- Trade expansion provide both women and men with more economic opportunities, but these opportunities are not equally distributed.
- Existing gender gaps and barriers affect our capacity to take advantage of the opportunities. This means that even if trade rules have a gender-neutral design, trade and trade policy affect women and men in different ways
 - Trade and value chains are positive for job creation. Exporting and GVC-linked firms were found to be employing more women, with better work conditions and higher pay compared to non-exporting firms BUT there may still be gender gaps (e.g., New Zealand review by the OECD in 2022)
 - Some studies for high-income economies find that women work less than men and the gender gaps are higher in sectors and occupations connected to exports
- Expansion of trade may also have some negative impact on women especially if export-supported employment is due to lower wages and labour rights deficiencies (note that this 'combo' was considered to be a source of competitive advantage)
- Fewer women than men start or lead a business, and even fewer women-owned or women-led companies become trading companies



Gains from enhanced services trade & servicification for women

- The service sector is the largest provider of jobs for women in APEC, but especially so in high-income economies.
- A higher proportion of women than men are employed in the service industry in APEC (pre-pandemic)
- Studies found that trade opening in developing economy context had the potential to increase employment opportunities for women
- However, estimated earned income for women is ***constantly lower*** than for men (Global Gender Gap Report)
- Digitization of services is seen as providing additional access to women (although studies on the future of work are still in progress)
- *However, we do not know enough as there is a lack of gender- (or sex-) disaggregated data*



Obstacles found to impede women's participation in trade and services trade

- ***Time poverty*** is the underlying cause for the persistence of some obstacle (e.g. skills/education) & the obstacle itself (e.g. expansion of business especially overseas)
- ***Skills and education*** impact the types of activities women engage in (or open business in)
 - While access to education is ***not*** the most important obstacle in high-income economies, education segregation reproduces sectoral segregation
- Access to ***finance/credit***
- Restricted access to ***information and networking***
- Gender ***bias*** (often unconscious) and ***discrimination*** (only 7 APEC economies do not restrict women from entering certain professions)
- Barriers to entry (studies find that women primarily enter sectors with lower barriers of entry and lower connections to GVCs due to existing gendered conditions of work and education)

Need to break the cycle



Toward improvements and gender mainstreaming

Private sector

- Focused on using gender lens throughout the supply chain – mainstreaming gender
- “Gender equality is smart business” as the private sector choice can inform future policy improvements
- Increase in women’s participation in leadership (shattering the glass ceiling and abandoning the gender cliff)
- ...

Public sector

- Removing legal restrictions on women’s employment
- Promotion of effective implementation of international conventions
- Public procurement and business promotion policies
- Access to finance/ credit
- Education & skill development especially for the use of digital technology
- Health care (especially reproductive)
- ...



Trade policies area

Unilateral

- Addressing remaining barriers to the expansion of services trade
- Promotion of effective implementation of international conventions
- Promotion of female networks in cooperation activities
- Inclusion of a gender lens in all impact assessments of trade agreements and trade policy changes
- Preferential schemes
- Aid for Trade

Trade policies area (2)

Multilateral

- Mostly indirectly (and missed opportunity at MC12)
- Domestic Services Regulation Agreement - a small step in the right direction
- Trade policy Review Mechanism

Plurilateral and bilateral trade agreements and other initiatives

- Increasing number of RTAs have gender-specific provisions and dedicated gender chapters
 - They are still mostly aspirational and best endeavor in approach but there is a growing debate considering the use of market access type of obligations
 - FTAAP discussion could be an opportunity to explore its potential to address inclusivity and gender mainstreaming
- GTAGA – potential for APEC economies to join

Thank you
for your
participation
and
comments

[Mia Mikic](#)

