

# Servicification and Gender

*Connecting the dots*

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Session on Inclusive Growth:  
Gender and Trade in Services

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

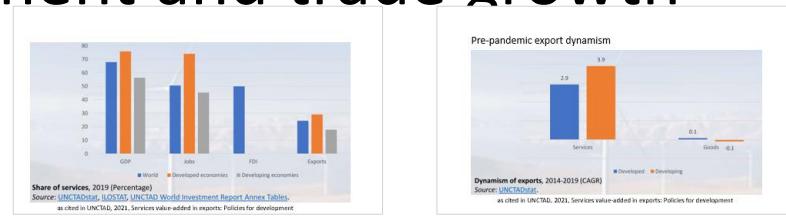


# Outline

- 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

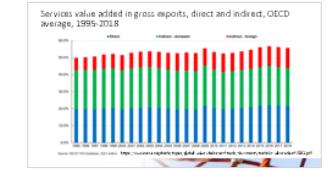
- Services are now the dominant sector in terms of contribution to GDP, employment, investment and trade growth

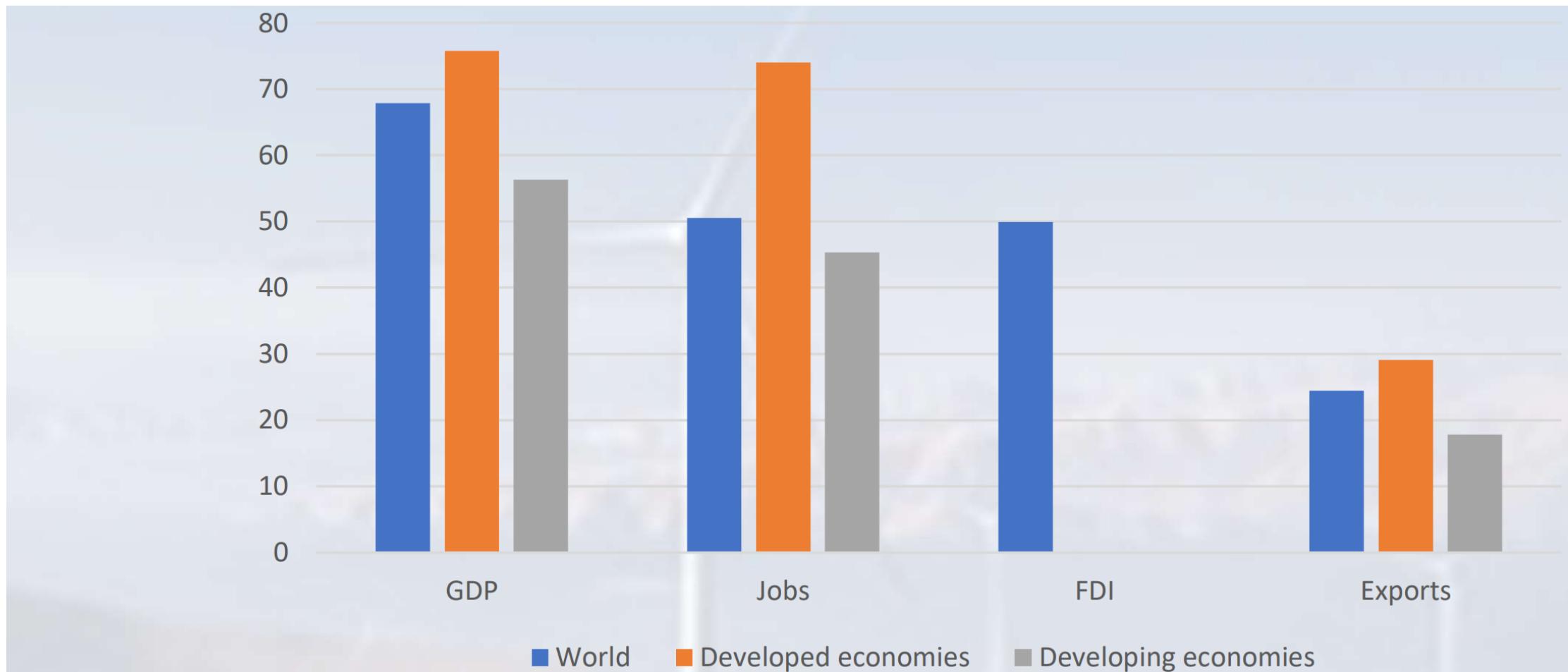


- Services are now traded more than goods –over 50% in value-added terms (OECD average), in particular indirectly

- 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 known as MRS



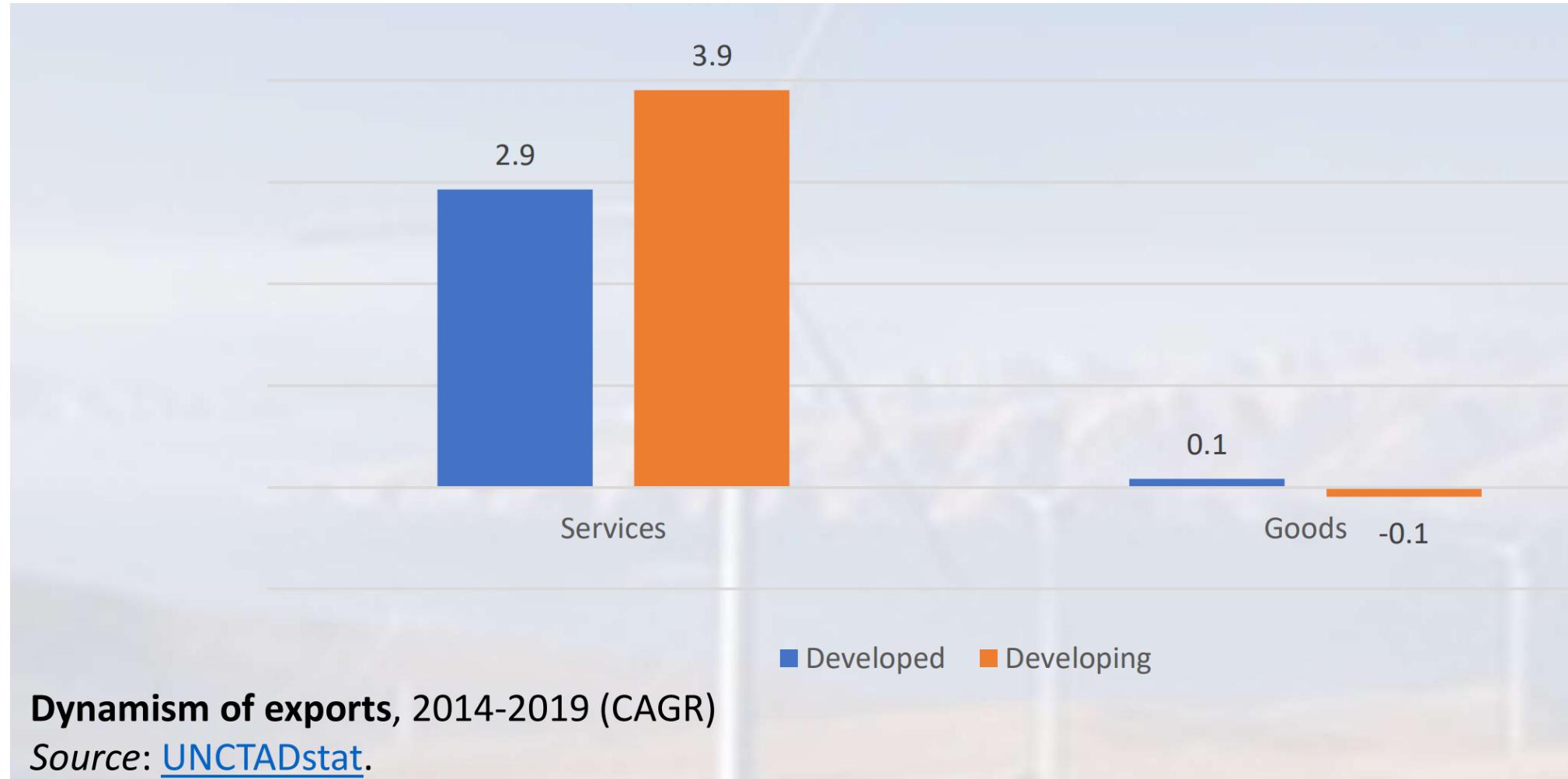


### Share of services, 2019 (Percentage)

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

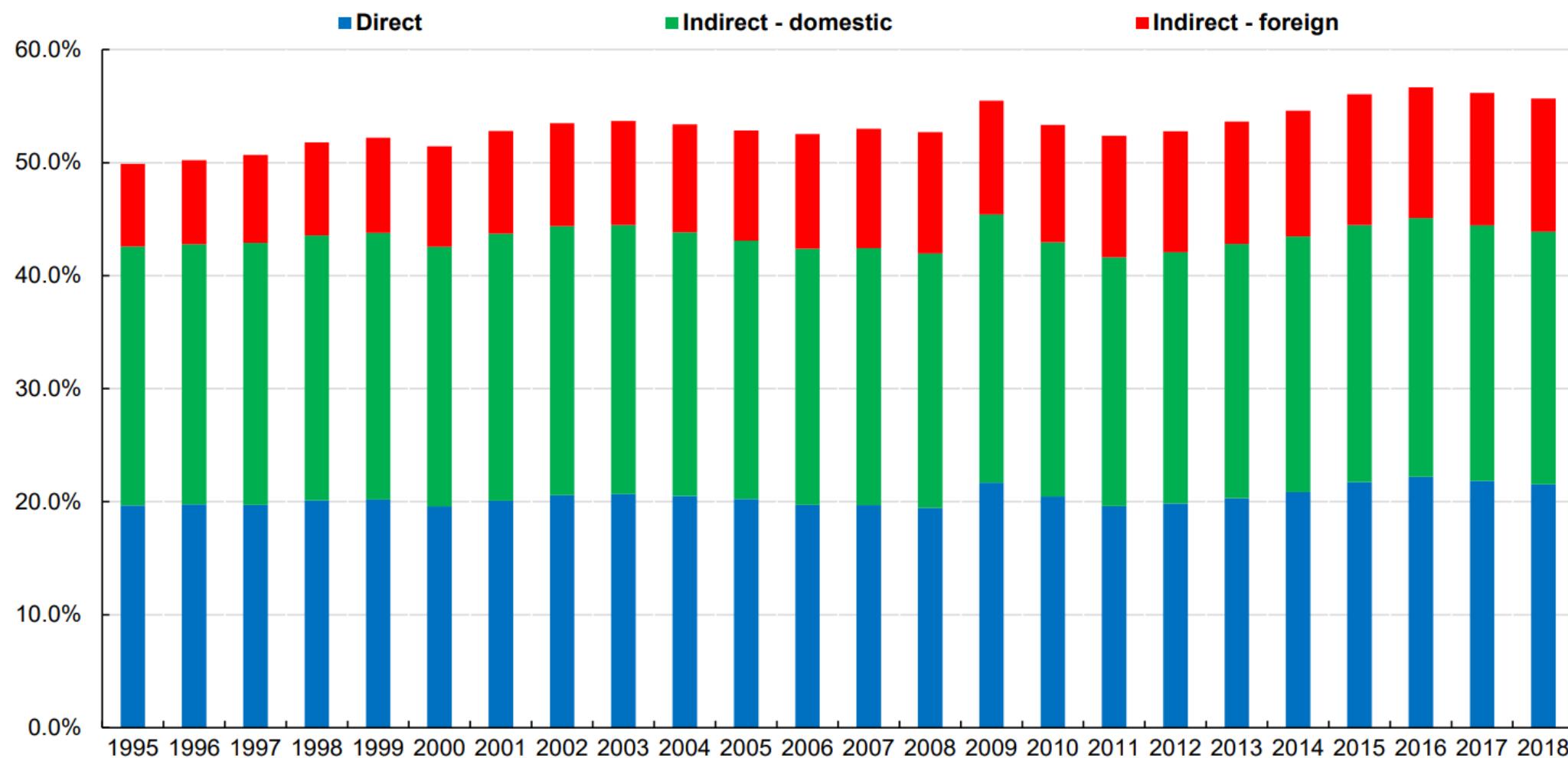
as cited in UNCTAD, 2021, Services value-added in exports: Policies for development

## 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>

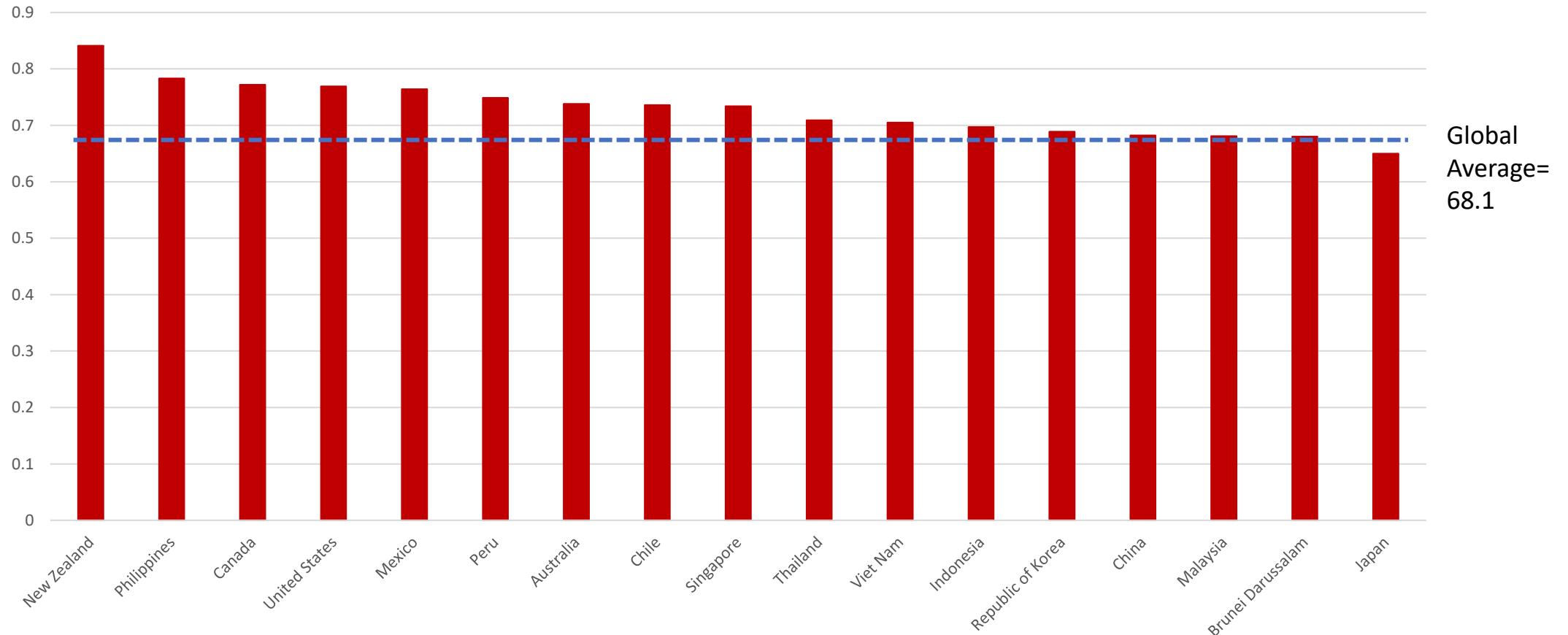
# Servicification

**“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.

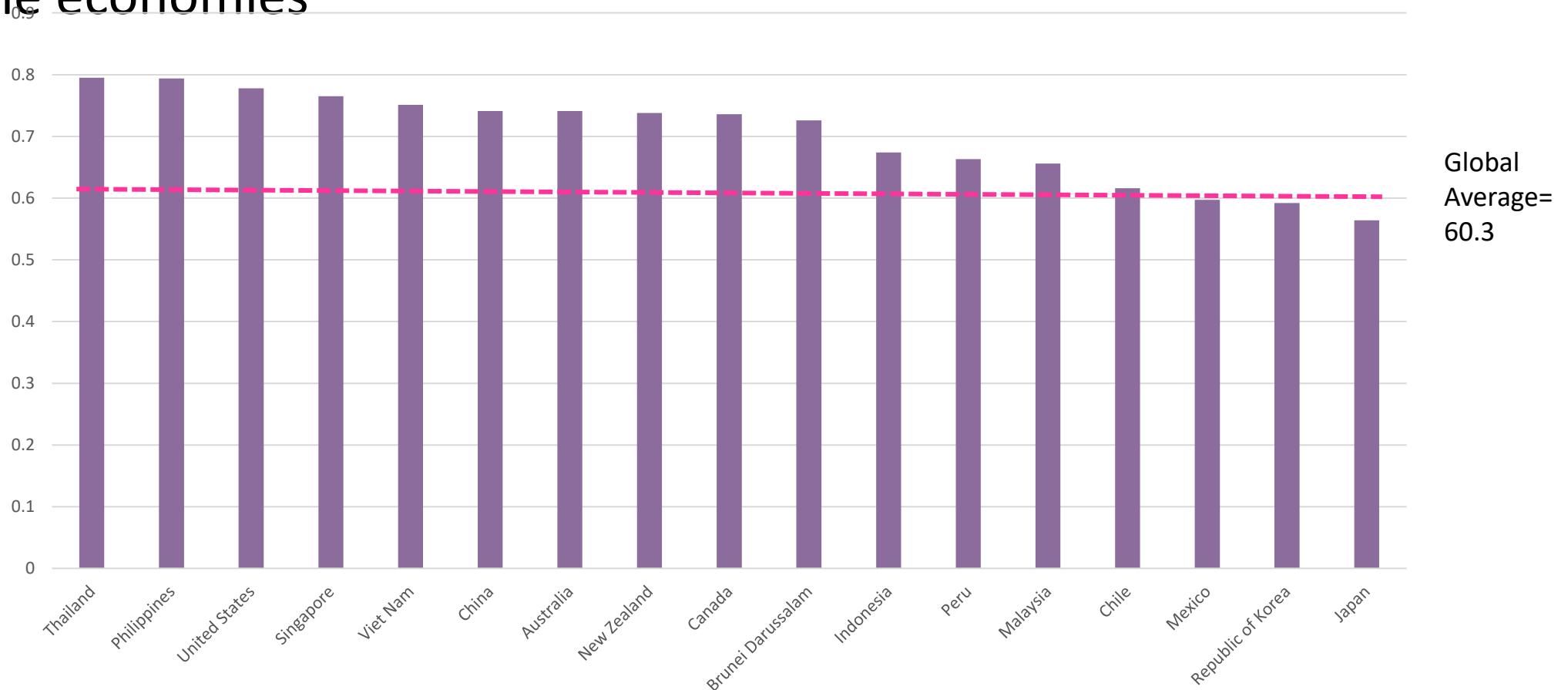


Source: Global Gender Gap Index 2022, World Economic Forum

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

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