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The Issues of Trade Liberalization and Gender in Pakistan

The Issues

This policy brief discusses the implications of trade liberalization on women in Pakistan. It particularly addresses the following questions:

- What has been the overall impact of trade liberalization on employment, wages and job security of women?
- How has the agriculture sector, which has been the largest employer of women, responded to women workers after the liberalization?
- Has trade liberalization increased food insecurity of women and children?

Women in Pakistan are already discriminated against in terms of their access to social services such as education, and healthcare and face cultural, religious and familial impediments in seeking their rights, such as their right to legal redress for abuse. Trade liberalization, through its impacts on prices, wages and employment, has had a far deeper impact on women than men. Although trade liberalization has increased economic opportunities for all, women are especially discriminated in terms of wages and working conditions without adequate legal protection.

The vulnerability of women has been further exacerbated by the volatility of global food prices and increasingly informal and casual nature of employment. As Pakistan has been a net food importer since the 1990s, the recent global food crisis has translated into higher domestic prices of food. The situation has been worsened by the diversion of agricultural production from food to non-food export crops, and the use of food crops for bio-fuel.

While rising prices affected everyone, the effect on the poor was particularly harsh as food accounts for a significant proportion of their total expenditure. Rising prices have forced poor families to switch from meat, pulses, fruit and vegetables to less nutritious, low protein items such as wheat, rice and maize.

Within the poor, women were hurt more than men because of their inability to access and afford food preference over women's needs.

Among poor women, those in the agricultural sector have suffered the most. To be competitive in global markets requires modern technologies and inputs, large-scale production, efficient storage facilities and access to markets. Women lose out on all these fronts. They are less able to access formal credit markets to purchase required inputs as they usually do not have the necessary collateral. Consequently, they end up paying higher interest rates in informal markets or worse, fail to acquire the resources needed. They also tend to be small-scale producers working on land that they do not have well-defined property rights. Furthermore, even when they have a good harvest, they lack adequate storage facilities for their produce, do not have the know-how to market their produce and face cultural barriers to mobility limiting their capacity to access markets.

Impact on women's employment, income and food security

- In South Asia, trade liberalization has opened up new employment opportunities for the workforce, especially women, in export-orientated industries such as textiles and garments and in services such as tourism and healthcare. However, the net impact of liberalization on women in Pakistan remains uncertain because a) women are usually hired as casual or temporary workers in insecure jobs where they are paid lower wages than men; b) women, hired as home-based workers in the manufacturing sector, are invisible in the labour market, paid low wages and have no employment security; and c) most women engaged in the agricultural sector do not own the land that they work on and thus do not have access to institutional credit and support. Since these women are involved in small-scale farming and lack a collective voice, they cannot take advantage of export opportunities. Cheap and subsidized imports reduce domestic prices, thereby reducing their income.
- In agriculture, the number of female workers has increased by 3.9 million in Pakistan between 1995 and 2006. However, a large proportion of this

Key Points

a) Although trade liberalization has increased economic opportunities for all, women are especially discriminated in terms of wages and working conditions.

b) To be competitive in global markets requires modern technologies and inputs, large-scale production, efficient storage facilities and access to markets.

c) Capacity building opportunities are essential if women are to be empowered to participate in the workforce.

About Mahbub ul Haq Human Development Centre

Under the umbrella of Foundation for Human Development in Pakistan, Mahbub ul Haq Human Development Centre was set up in November 1995 in Islamabad, Pakistan by the late Dr Mahbub ul Haq, founder and chief architect of UNDP Human Development Reports. With a special focus on South Asia, the Centre is a policy research institute and think tank, committed to the promotion of the human development paradigm as a powerful tool for informing people-centred development policy, nationally and regionally.

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increase was because of: (i) the high incidence of rural poverty that forced male family members to migrate to urban areas; and (ii) the increase in small and marginal landholdings meant farmers were unable to hire additional labour and instead had to involve female family members.

- Manufacturing, particularly the textiles sector, is very important for employment of women. But the sector is plagued by a number of problems such as excessive working hours, poor pay, hazardous work and unhealthy working conditions.
- The liberalization of trade in services could provide employment opportunities in sectors where female participation is quite high. Services such as tourism, information technology, medicine and education could bring significant benefits for women. However, in order to avail these benefits, there is an urgent need to invest in skills development and higher education of women.

Policy recommendations

1. The Government should undertake a survey to analyze the nature of women's work in Pakistan, especially in textile and clothing and in agriculture.
2. Pakistan's narrow export base needs to be diversified and deepened. The labour force, especially women, should be trained in new skills that can be utilized to participate in emerging markets.
3. The Government should conduct consultations with key stakeholders (women's organizations, NGOs, academics and Ministries related to women) to determine factors that impede the productivity of women and their participation in the labour force. The gender balance of participation in the labour force. The gender balance of participants at these events is critical to the success of these consultations.

4. Employers should be encouraged to adopt gender-sensitive working practices, such as maternity leave.
5. Capacity building opportunities are essential if women are to be empowered to participate in the workforce. Local technical skills workshops should be held to train the local population, especially women, with the right skills to match employment opportunities.

This policy brief is based on the findings of *Human Development in South Asia 2009: Trade and Human Development*, prepared by Mahbub ul Haq Human Development Centre.

Themes of the Report of Human Development in South Asia

- 1997 The Challenge of Human Development
- 1998 The Education Challenge
- 1999 The Crisis of Governance
- 2000 The Gender Question
- 2001 Globalisation and human Development
- 2002 Agriculture and Ruler Development
- 2003 The Employment Challenge
- 2004 The Health Challenge
- 2005 Human Security in South Asia
- 2006 Poverty in South Asia: Challenges and Responses.
- 2007 A Ten-Year Review
- 2008 Technology and Human Development in South Asia

Other Books on Human Development

- 1995 Reflections on Human Development by Mahbub ul Haq
- 2002 The South Asian Challenge by Khadija Haq (editor)
- 2003 Readings in Human Development by Sakiko Fukuda-Parr and A. K. Shiva Kumar (editors)
- 2008 Pioneering the Human Development Revolution: An Intellectual Biography of Mahbub ul Haq by Khadija Haq and Richard Ponzio (editors)