



PRESS RELEASE: GENEVA

06.03.09

WOMEN IN TRADE: CAN THEY LEAD THE WAY OUT OF THE GLOBAL FINANCIAL CRISIS?

Women, especially in developing countries, are likely to be the prime victims of the global financial crisis. But their entrepreneurial abilities can also play a major role in leading the way towards revitalisation of national economies and world trade.

For this to be possible, governments have to recognize the often-untapped potential of women-led small businesses, and ensure that stimulus packages designed to get production and consumption moving again makes special provision for them.

These were the conclusions of a panel this week run by the International Trade Centre (ITC), the export development arm of the United Nations and the World Trade Organization and Geneva Women in International Trade, a business network linking women in companies and international organizations.

"If you look at the fallout from the crisis, women who already make up the majority of the world's poor are going to be at the centre and front," ITC Executive Director Patricia R. Francis told the gathering. "But I would like to see women leading the process of recovery."

Just how far women and their families are likely to be affected by the crisis – and in particular by the decline it has brought in world trade turnover and demand for goods – was spelled out at the meeting by Richard Newfarmer, the World Bank's Special Representative to the United Nations and the World Trade Organization in Geneva.

"Women will be the first to suffer when jobs start disappearing," said Mr Newfarmer. "In both manufacturing and agriculture, they play an overwhelmingly predominant role in the export sector in many developing countries."

In Malaysia and Bangladesh, women account for 78% and 85% respectively of the workforce in the garment industry that is so vital for both economies, and for more than 50% of workers in the export-oriented electronics industry in the Philippines. In Uganda and Ecuador, women make up 85% and 70% of workers in the cut flower industry, a major foreign currency earner for both nations. In Thailand, women account for 80% of company employees producing and packaging fruit for export.



Credit tightening will also hit women – particularly the poorest, who rely on micro financing to start up tiny home-based enterprises as a first step to working their way up the economic ladder out of poverty, said Mr Newfarmer. Micro-finance typically goes to women, and overwhelmingly to the poorest. The resulting fall in household incomes – already being felt around the poorer developing countries – means less cash is available to mothers to fund their children’s education and health needs. “It will increase current poverty and imperil future development,” the World Bank official added.

Another perspective on the issue was brought by Ndioro Ndiaye, Deputy Director-General of the Geneva-based International Organisation for Migration (IOM). Money remittances back to home countries from migrants working in richer states had been growing exponentially in recent years, and played a vital role in helping migrants’ families left behind in climbing out of poverty.

Already in 2008, as the crisis was only beginning to bite, remittances to Africa alone had dropped by 30% as compared with the previous year. Further, said Ms Ndiaye, migrants in rich countries, some 50% of whom were women, were likely to be the first to lose their jobs and face enforced return as the recession’s bite deepens in the developed world.

In Switzerland, said Marie-Gabrielle Ineichen-Fleisch of the Ministry of Economic Affairs, women would suffer particularly from the downturn because a high percentage were in part-time work in service sectors or industry, or employed in more precarious work-on-call jobs in public sectors like education, health or the postal service. Unlike northern European countries, Switzerland provides relatively fewer back-up services like crèches or school meals that enable women from less-affluent families to build a career or develop their own companies. “We need a much wider system of day-care services for children,” she said.

But Ms Ineichen-Fleisch, who holds the rank of Ambassador and is Head of World Trade at the State Secretariat for Foreign Affairs, said Swiss women not only had to overcome a persistent “Old Boys Network” of male prejudice against them in business and the public sector, but also suffered from an historically-inculcated conviction that their real place was in the home bringing up children. Although well over 50% of Swiss university graduates were women, only a small proportion actually went on to develop careers. More than 50% of women graduating from medical schools never went into practice, leaving Switzerland short of doctors and looking to neighbouring countries to fill the gap. “We have to get over this mentality among our women, but it will take a long time, maybe another generation or two,” said Ms Ineichen-Fleisch.

How then can women be supported in mitigating the effects of the global crisis and in playing a key part in bringing their national economies through it? Panellists and participants in the session came up with a range of suggestions.

“Effective responses,” said Mr Newfarmer, “should focus on those policies that can help women most and build on their role as economic agents.” For developing countries, every effort had to be made to maintain the flow of micro-credit and financing for women-led export businesses, an area on which the World Bank is focussing. But governments should also look at how they can reduce and remove the problems even canny women entrepreneurs face in dealing with largely male officials, including customs and tax officers, who in some countries see them as “soft targets.”

For Ms Francis, a key measure would be the institution of rules in both developed and developing countries under which a set proportion of government procurement was earmarked for enterprises run by women. “Public procurement is a huge opportunity, and should be utilized to the benefit of women,” she said. Stimulus packages should be shaped to unleash the power of business-owning women to boost the economy and stabilise family finances.

In the United States, a greater effort should be made to implement the target, never yet met, of awarding 5% of Federal procurement spending to women-owned small businesses, whose firms together with other smaller companies have been responsible for some 80% of new job creation since 1990, said Ms Francis.

She pointed to the city of Atlanta under its Mayor, Shirley Franklin, as leading the way, ensuring that government procurement is a vehicle that delivers economic empowerment to women. This, said Ms Francis, is an example that should be followed not only in the United States but also around the world.