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**Title:** Gender Inclusive Trade – An EU-India Opportunity for the Future

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**Funded by  
the European Union**

This paper was written in the framework of the Call for Individual Research Papers on EU-India Relations under the EU India Think Tanks Twinning Initiative 2022-2023, aimed at connecting research institutions in Europe and India. This publication is funded by the European Union. Its contents are the sole responsibility of the corresponding author or authors and do not necessarily reflect the views of the European Union.

# Gender Inclusive Trade - An EU-India Opportunity for the Future

*Authors: Aditi Mukund and Hritik Bhasin*

## **Abstract:**

This paper explores the opportunity for inclusive trade against the backdrop of the deepening EU-India strategic partnership. Bilateral trade is one of the key drivers of the EU-India relationship. With negotiations for an EU-India Free Trade Agreement (FTA) renewed after nearly a decade, the paper advocates for integrating a gender lens into the trade policy to ensure inclusivity. The gendered nature of trade underscores the reciprocal relationship between trade policies and gender inequalities and demands greater attention.

The paper analyses both the EU and India's varied approaches to mainstreaming gender in trade policy, noting that recent policy changes indicate a shift, with a willingness to discuss gender in trade agreements.

The paper recommends incorporating a dedicated chapter on gender in the EU-India FTA, drawing from existing agreements. It emphasises the need for joint initiatives in trade facilitation and suggests enhancing trade networks, empowering women's access to markets and resources, leveraging existing forums, and facilitating knowledge exchange.

In conclusion, the paper underscores the importance of mainstreaming gender in trade for the EU-India partnership's equitable and inclusive growth. As both parties negotiate, integrating gender perspectives becomes essential for shaping a sustainable and just trade relationship.

## **Introduction**

The deepening of the European Union (EU) and India's strategic partnership is of immense geopolitical and geoeconomic significance. In FY 2021-22, the European Union was India's second largest trading partner, with trade valued at [116.36 billion USD](#).

Bilateral trade has consistently been a cornerstone of the EU-India relationship, further underscored by the recently renewed [negotiations](#) for an EU-India Free Trade Agreement (FTA). Launched in [June 2022](#) by EU Commission Executive Vice-President Valdis Dombrovskis and Indian Commerce Minister Piyush Goyal, these negotiations resumed after a hiatus of nearly a decade since the suspension in 2013. The first round, focusing on Trade and Investment Agreements, took place in Delhi in [July 2022](#) after a gap of [nine years](#).

Over the years, the scope of bilateral economic engagement has expanded significantly. From a trade value of [75.8 billion](#) EUR in 2012, the trade between Europe and India reached [116.36 billion](#) USD in the fiscal year 2021-2022 alone. The commitment to securing the future of the 741 million people in Europe and the 1.4 billion in India remains strong on both sides.

As the EU and India aim to maximise the potential of their economic partnership, this paper recommends integrating a gender lens to fully leverage and catalyse the bilateral partnership. Recognising that people are the primary drivers of trade, contemporary trade systems must be inclusive to mirror the aspirations of the populations that engage in it. The paper argues that gender considerations should permeate various aspects of the FTA and overall trade policy to ensure that the benefits of open trade are equitably experienced by both men and women.

Presently, India and the EU have distinct positions, policies, and approaches that shape their view of gender in trade. As negotiations progress on trade and investment agreements, it is imperative to understand these differences and chart a pragmatic and actionable course toward integrating an inclusive perspective in trade. In the ongoing negotiations, there is a timely need for gender provisions, potentially even a dedicated chapter on gender, to guarantee that the EU-India FTA embodies true inclusivity.

Before delving into the respective stances of both parties, it is important to contextualise the EU-India FTA against the broader landscape of trade and gender overall.

### **The Gendered Nature of Trade**

As highlighted by [UNCTAD](#), the interplay between gender and international trade is intricate and necessitates a profound understanding of hyperlocal and regional nuances. This relationship is [reciprocal](#): on the one hand, trade policy influences economic outcomes, impacting wages, employment, and income disparity between men and women. On the other hand, pre-existing gender inequalities and structural barriers can impede women's access to employment and financial inclusion, influencing a country's competitiveness and export performance.

Women entrepreneurs continue to face certain barriers and challenges that hinder the greater participation and involvement in trade. [Some of these barriers include](#) lack of access to technology, basic infrastructure, and transportation. More particular to developing countries, women generally face barriers in the form of access to education and land ownership. Socio-culturally, women face a myriad of challenges, ranging from underrepresentation in decision-making processes to unconscious biases and disproportionate family responsibilities, all of which can hinder their overall success.

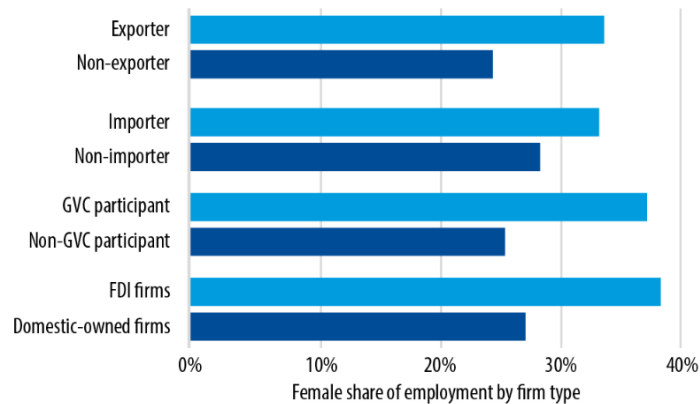
Traditionally, trade and macroeconomic policies have [often overlooked](#) gender considerations, despite their profound impact on diverse population groups based on gender, geographical location, social status, or affiliation with racial or ethnic minorities. The absence of a gender-sensitive approach in these policies, referred to as "gender-blind" policies, poses the risk of perpetuating or worsening existing gender inequalities rather than addressing and resolving them.

Research from the WTO and World Bank's report on "[Women and Trade: The role of trade in promoting gender equality](#)" has observed that greater involvement of women in international trade leads to larger employment generation, economic equality, and rise in wages. The report also notes that when developing countries double their manufacturing exports, women's share of total manufacturing wages rises by [5.8 percentage points](#) on average. Another study and [working paper from Nadia Rocha and Deborah Winkler](#) in 2019 for the World Bank that analyses the cross-section of more than 29,000 manufacturing firms in 64 developing and emerging countries from the World Bank's Enterprise Surveys reveals that women engaged in exporting, importing, Global Value Chain (GVC) participation, and Foreign Direct Investment (FDI) firms within international trade experience a higher female labour share premium compared to non-trading firms. This premium is particularly pronounced for women in production roles compared to non-production roles (such as managers, sales, and administration).

[Nadia Rocha has further argued with Roberta Piermartini in an article for the IMF](#), that externally trade-oriented firms globally employ more women than non-exporting firms. In developing countries, women constitute 33 percent of the workforce in exporting firms, contrasting with non-exporting firms where the figure stands at 24 percent.

### Integration benefits

Average female labor share is higher for manufacturing firms integrated into global trade.



**Source:** Rocha, N., and D. Winkler. 2019. "Trade and Female Labor Participation: Stylized Facts Using a Global Dataset." Policy Research Working Paper 9098, World Bank, Washington, DC.

**Note:** The graph shows weighted averages by firm type, using the number of permanent workers as weights. Exporters are firms with an export share (direct or indirect) of at least 10 percent of total sales. Importers are firms with an imported input share of at least 10 percent of total inputs. Global value chain (GVC) participants are firms that are classified as both exporters and importers. Foreign direct investment (FDI) refers to firms with a foreign ownership share of at least 10 percent.

Source: [IMF](#)

Trade policy encompasses various facets of trade, extending beyond the realm of trade agreements to encompass vital elements like Trade Facilitation. The OECD [defines trade facilitation as](#) "A specific set of measures that streamline and simplify the technical and legal procedures for products entering or leaving a country to be traded internationally. Trade facilitation covers the full spectrum of border procedures, from the electronic exchange of data about a shipment, to the simplification and harmonisation of trade documents, to the ability to appeal administrative decisions by border agencies."

For women entrepreneurs, the simplification and modernisation of measures within trade facilitation are not just advantageous but imperative. This entails reducing barriers to trade and streamlining complex systems. The UNECE Trade Facilitation Section and UN/CEFACT's white paper on "[Women in Trade Facilitation](#)" astutely observes that women entrepreneurs confront specific regulatory barriers that impede their participation in trade. However, if systematically addressed, these barriers can be transformed into substantial opportunities for amplifying the benefits derived from trade.

Illustrating this point, the World Bank's latest [2023 edition](#) of "[Women, Business, and The Law 2023](#)" unveils a stark reality. In the critical domain of access to credit, 101 economies still lack legal provisions expressly prohibiting gender-based discrimination in access to financing and credit. This glaring gap not only underscores the persistent challenges faced by women entrepreneurs but also highlights that trade facilitation reforms are a significant area that can pave the way for gender-inclusive economic growth and empowerment.

The fundamental impact of trade on women and other marginalised groups remains different and distinct, and necessitates heightened attention, particularly given the persistent challenges such as the dearth of gender-disaggregated data and other existing trade barriers. Within these challenges, latent opportunities emerge for the substantial augmentation of women's involvement in the external trade. This situation underscores the imperative for countries to institute policies that harness the full potential of all citizens in global supply and value chains.

In the specific context of the EU-India Free Trade Agreement (FTA), grappling with these challenges demands an assertive and all-encompassing strategy from both parties. An unyielding commitment is required to dismantle barriers and rectify the lack of gender-disaggregated data, thereby fostering an environment where women can actively participate and thrive in the realms of international trade. This calls for a coordinated and comprehensive approach, demonstrating a shared dedication to gender-inclusive economic policies that maximise the contributions of women in the global trade landscape.

### **The EU's Approach to Trade and Gender**

The EU's stance on trade with respect to gender and inclusion is guided and shaped by various policies, resolutions, and strategies of the different bodies of the EU: the Council, Commission and Parliament. The EU's trade [policy making process](#) is based on the involvement of all its stakeholders, which includes its member states and the wider EU governance bodies. Gender equality has been a part of EU [treaties](#) and [resolutions](#), which outline clear mandates and rules, and since the 1990s there have been [provisions](#) of human rights clauses embedded in various [trade agreements](#).

More recently, the European Commission in 2015 released its '[Trade for All](#)' strategy, subsequently endorsed by an EU [parliamentary resolution](#), which advocates for principles of effectiveness, transparency and values that enable a more transparent process. Similar resolutions such as the [2018 resolution](#) on gender equality in EU trade agreements outline both general and specific measures for bodies and member states of the EU. Over time, these have served as a base for the development of the EU's approach to inclusion and gender equality in trade agreements. In the Indo-Pacific region, the EU concluded agreements with [Singapore](#) in 2019, [Vietnam](#) in 2020, and [New Zealand](#) in 2023, that have chapters and provisions based on gender considerations that fall under the broader areas of sustainable development and labour standards.

The impetus to mainstream gender in trade can also be viewed in the context of the adoption of Feminist Foreign Policies (FFP) across some EU member states such as Germany, France, the Netherlands, Spain, and others. FFP centres foreign policy objectives around the goal of gender

equality, which can be achieved through equitable trade policies. Overall, including gender perspectives in European policy making is on the rise.

### **India's Approach to Trade and Gender**

India's approach to gender inclusive trade is mixed and more unstructured. In India, Trade Policy falls under the mandate of the Ministry of Commerce and Industries and is articulated in the country's Foreign Trade Policy. While there is no direct mention of women's empowerment or gender equality in India's latest [Foreign Trade Policy \(FTP\) 2023](#), other areas of trade policy such as Trade Facilitation includes a focus on gender. The current [National Trade Facilitation Action Plan \(NTFAP\) 2020-23](#), under Action Point 27, seeks to promote gender inclusiveness in trade; to lay out the necessary measures to support gender inclusiveness; to involve a range of stakeholders over a specific time period; to ultimately improve India's performance on indicators of gender in international trade. As the NTFAP [notes](#), under the Global Survey on Digital and Sustainable Trade Facilitation undertaken by the UN, 'there is a long way to go to achieve gender mainstreaming in India's National Committee on Trade Facilitation (NCTF) agenda.'

India's evolving policies on inclusive trade are further bolstered by growing conversations on gender awareness in trade in the Indian policy ecosystem. Recent studies such as "[Gender Mainstreaming at India's Land Ports](#)" from the Indian Council for Research on International Economic Relations (ICRIER), highlight that while there is greater traction on inclusion in India's international trade efforts, more can and must be done across different areas of trade to support women and engage with women stakeholders. The report highlights a notable instance of the deliberate and conscious application of a gender inclusionary perspective during the transformation of the Land Customs Station (LCS) in Dawki into an Integrated Check Post (ICP). According to the report, a noteworthy observation is that approximately 40 percent of the staff recruited by the Land Ports Authority of India (LPAI) for this initiative consists of local women. This percentage is significantly higher compared to other Integrated Check Posts, particularly at ICP Dawki.

In the pursuit of enhancing trade facilitation and efficiency, India has made significant strides in the implementation of Faceless Assessments by Customs Authorities. This initiative, launched under the [Turant Customs program](#) in October 2020, prioritises Contactless Customs through Electronic Data Interchange (EDI) systems. As highlighted by Nikita Singla in a [policy brief](#) for The Asia Foundation, this digitisation of procedures and the streamlined systems associated with Faceless Assessments are pivotal in fostering a level playing field for women entrepreneurs and women-owned businesses. The move toward a more automated and transparent customs process aligns with broader efforts to promote gender-inclusive policies and create an environment conducive to the equitable participation of women in trade.

Recent statements from Commerce and Industry Minister Piyush Goyal in April 2023 in the context of the European Free Trade Association (EFTA) negotiations also show promise of a high-level commitment. Minister Goyal [said](#), *“Today I was discussing a free trade agreement with the four EFTA countries, and you will be happy to know while most people think India is hesitant to engage on modern subjects or subjects like gender equality and women, the EFTA countries did not mind if we did not have a chapter on women in the FTA (but) it is India which proposed that we will talk about gender equality and women in our FTA”*. This observation signifies a shift in mindset and approach, suggesting an evolving landscape of gender mainstreaming within Indian trade policy. While explicit policy changes may not have been fully articulated, the evident change in thinking underscores an ongoing process towards integrating gender considerations into the fabric of trade policy. This evolving paradigm signals a commitment to fostering greater gender inclusivity within the trade framework, reflecting a promising trajectory towards comprehensive and explicit policy modifications in the future.

Similarly, in an [interview](#) in July 2023, Ambassador Mohan Kumar, former ambassador to France and a former lead Indian negotiator at the WTO noted that the current negotiations mark one of the first times that India has been open to negotiations on aspects of labour standards, allowing for a conversation that is less prescriptive in nature. This serves as an opportunity for India to shape outcomes in a format that suits its position and interests.

### **Ways Forward for India and the EU**

Gender equality and women's empowerment stand as shared priorities for both India and the EU, and is mentioned in their endorsement of the [‘India-EU Strategic Partnership: Road to 2025’](#). Recent dialogues on these matters, especially during India’s G20 Presidency, underscore the ongoing commitment to fostering positive change. Yet, this shared consensus on gender must extend beyond rhetoric.

As noted earlier, the EU and India currently have different approaches to gender inclusion in trade. As both parties continue negotiations on an FTA, it is crucial to emphasise gender mainstreaming, and to factor in perspectives from women as [key stakeholders](#) across sectors ranging from agriculture, services, and health.

In light of these considerations, it is both timely and crucial for the EU-India FTA to incorporate a dedicated chapter on gender and inclusion. At a minimum, the FTA should embrace a flexible set of issue-specific gender considerations within its provisions. A model for this can be found in existing agreements such as the [EU-Vietnam FTA](#) or the more recent [EU-New Zealand FTA](#), where provisions related to gender and inclusion are embedded in the chapters on Trade and Sustainable Development.



Under the EU-New Zealand FTA, for instance, in the chapter "[Trade and Sustainable Development](#)" there are articles and provisions (article 19.4, clauses 4, 5, and 7) on multilateral labour standards and agreements, as well as on trade and gender equality. Both parties commit, as per their agreements, to recognising the importance of a gender perspective for inclusive trade and outlining corresponding measures accordingly.

However, the scope of cooperation for gender-inclusive trade policies extends beyond trade agreements. India's emphasis on gender mainstreaming in areas like Trade Facilitation provides another avenue for collaboration. Both India and the EU can explore joint initiatives in trade facilitation, spanning digitisation and infrastructure development, as exemplified by India's progressive stance in this regard.

Integrating gender considerations into the EU-India FTA is not just a matter of principle but a pragmatic imperative for fostering inclusive and sustainable economic growth. By establishing a dedicated chapter on gender and inclusion, or incorporating specific provisions within existing chapters, the EU and India can collectively contribute to a more equitable and empowering trade environment.

## Recommendations

This paper makes the following recommendations for policymakers in the EU-India trade and foreign policy ecosystem to consider:

- ❖ **Enhance Trade Networks and Business Cooperation:** Implement provisions aimed at advancing trade promotion networks and fostering business cooperation. Simultaneously, eliminate any discriminatory provisions or conditions for licensing that hinder gender-inclusive participation in trade.
- ❖ **Empower Women in Accessing Markets, Technology, and Financing:** Execute targeted programs designed to enhance women's access to markets, technology, and financial resources, addressing key barriers that hinder their participation in international trade.
- ❖ **Leverage Existing Forums and Integrating a Gender Lens in Existing Initiatives:** Collaborate with established forums in both India and the EU, such as the Women's Indian Chamber of Commerce & Industry (WICCI), India SME Forum, and other business councils and Chambers of Commerce, to harness their expertise and networks in advancing gender-inclusive trade policies. This paper recommends that instead of kick-starting new initiatives, the focus should be on promoting an inclusive gender lens in projects under existing initiatives like the Global Gateway, in areas of trade facilitation.
- ❖ **Facilitate Knowledge Exchange and Draw on Best Practices:** Facilitate knowledge exchange on legislation, skills training, and capacity building for women entrepreneurs. Emphasise the collection of gender-disaggregated data to inform evidence-based policies.

Additionally, by implementing these targeted measures, the EU and India can actively contribute to the development of a more gender-inclusive and equitable trading environment, and can further the already existing albeit siloed conversation on trade and gender.

## **Conclusion**

Robust economic cooperation serves as the cornerstone of the EU-India partnership, solidifying the EU's status as one of India's foremost trading allies. As like-minded partners, sharing common values, they are concurrently negotiating an investment protection agreement alongside the Free Trade Agreement (FTA), reaching a pivotal juncture that necessitates a decisive agreement. Prolonged uncertainty without a deal poses a detriment to both parties. Therefore, mainstreaming and integrating gender and inclusion in trade should be seen not merely as a suggestion but as an essential avenue to fortify and elevate bilateral relations. This approach ensures that the dividends yielded from this partnership are not only substantial but are also distributed equitably, fostering a framework that is inclusive of all stakeholders.

As the EU and India continue dialogues on related topics of climate change, and sustainable and fair trade, it becomes increasingly apparent that the conversation cannot be divorced from considerations of gender. The imperative to integrate a gender perspective into these ongoing discussions is not only ethically sound but also strategically essential for shaping a trade environment that is truly sustainable and just. Recognising the inseparable link between gender, sustainability, and fair trade is imperative for constructing a comprehensive framework that addresses the multifaceted aspects of a successful and equitable EU-India trade relationship.

## **Authors:**

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### **Short, bullet-pointed summary of key issues**

- The paper delves into the growing economic partnership between India and the European Union (EU), underscored by ongoing negotiations for an EU-India Free Trade Agreement (FTA).
- With bilateral trade reaching \$116.36 billion USD in 2021-22, and with the EU being amongst India's largest trading partners. The authors emphasise the need for a gender-inclusive approach in trade negotiations.
- As trade policies impact men and women differently, the authors emphasise the reciprocal relationship between gender and international trade. It underscores the impact of trade policies on gender equality, citing research that shows that women's increased participation in international trade leads to positive economic benefits.
- Further looking at trade policy through the areas of Trade Facilitation that equally have an impact on trade policy and a direct impact on women entrepreneurs.
- The authors examine the EU and India's contrasting approaches to gender-inclusive trade and suggest that the FTA should include gender-specific provisions for cooperation, labour standards, and technology access. By promoting inclusivity, the paper envisions fostering a more equitable and prosperous alliance between India and the EU.
- The EU's approach is outlined in its existing Trade for All Strategy, parliamentary resolutions.
- India's approach to trade and gender is mixed and unstructured. There is evidence of gender and trade policies being worked particularly in the area of trade facilitation.
- On the basis of these varied approaches of EU and India, the authors suggest ways forward and present recommendations on the basis of the existing policy stances of both sides.

### **Indication of three sentences that the authors would like to see highlighted as a quote in the publication:**

1. "It is both timely and crucial for the EU-India FTA to incorporate a dedicated chapter on gender and inclusion. At a minimum, the FTA should embrace a flexible set of issue-specific gender considerations within its provisions."
2. "Presently, India and the EU have distinct positions, policies, and approaches that shape their view of gender in trade. As negotiations progress on trade and investment agreements, it is imperative to understand these differences and chart a pragmatic and actionable course toward integrating an inclusive perspective in trade."

3. “Mainstreaming and integrating gender and inclusion in trade should be seen not merely as a suggestion but as an essential avenue to fortify and elevate bilateral relations. This approach ensures that the dividends yielded from this partnership are not only substantial but are also distributed equitably, fostering a framework that is inclusive of all stakeholders.”