

Women in Cross-border Trade

A Comparative study between Sub-Saharan Africa and Hindu Kush Himalayan region

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Countries in Sub-Saharan Africa (SSA) and the Hindu Kush Himalayan (HKH) region have great potential for women-centric cross-border trade. The trade potential of women in SSA and the HKH region is undermined by challenges, such as a dominant patriarchal mindset, inadequate access to productive resources, finance and information/technology, sub-optimal transport and infrastructural facilities, and safety concerns. Some of these detriments can be overcome through various initiatives for trade facilitation at bilateral and regional levels, such as establishing border haats,¹ friendship markets and international fairs, which encourage women traders and entrepreneurs in the international border areas.

This Briefing Paper intends to highlight the problems and challenges women traders face while attempting to engage in cross-border trade, by comparing the initiatives and regulations in the SSA and the HKH region.

Introduction

Cross-border trade can be defined as the transaction of goods and services between countries across international borders. It plays a vital role in a country's economic and social growth as it helps to expand its markets that otherwise may not have been possible had the country only engaged in domestic inter-state trade. Cross-border trade makes markets more competitive and leads to better quality goods and services available to consumers at lowered prices.

Trade promotion generally helps improve the allocation of productive and scarce resources that enhances economic welfare and contributes to economic growth, leading to poverty alleviation and hunger eradication for the poor. The developing countries have witnessed a considerable increase in trade participation from 33 per cent in 2000 to 48 per cent in 2015, which has coincided with an equally sharp decline in extreme poverty and hunger.^{2,3}

Further, the informal trading markets along the international borders of developing countries

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contribute significantly to local livelihoods and economic growth.

Informal Cross-Border Trade (ICBT) is characterised by its non-inclusion in the domestic and international trade component of a country or region's national income accounts or Gross Domestic Product. ICBT generally refers to trade done by unregistered firms. However, even registered firms can resort to informal trading to avoid taxes, social contributions, compliance with standards and licencing requirements, or border formalities, such as customs clearance.

Countries involved in ICBT generally benefit from such trade as they can increase the total volume of traded goods and services. ICBT has helped increase the number and quality of jobs in developing countries and stimulated economic growth. Moreover, traders practicing informal trade may also lack the required education and skill level for formal employment or may be too poor to access public and financial services, forcing them to resort to ICBT as a source of livelihood.

According to the ILO (2018), the informal sector accounts for 85.8 per cent of the employment in Africa, 68.2 per cent in Asia and the Pacific, 68.6 per cent in the Arab States, 40.0 per cent in the US and 25.1 per cent in Europe. In developing countries, the informal sector is women's primary employment source. From street vendors and domestic workers to subsistence farmers and seasonal agriculture workers, women make up a disproportionate percentage of workers in the informal sector. The figure stands at a towering 95 per cent in South Asia, 89 per cent in sub-Saharan Africa, and 59 per cent in Latin America and the Caribbean.

Cross-border informal trade is a female-intensive sector with significant ramifications regarding poverty and development. It constitutes a vital source of employment and livelihood for the poor in the border districts, particularly for low-income and low-skilled women. The United Nations Development Fund for Women (UNDFW, 2010) reports that women constitute about 70 per cent of the informal cross-border traders in the Southern African Development Community (SADC) region. In the Western and Central parts of Africa, women constitute nearly 60 per cent of informal traders.

Women informally participate in trading activities through informal trading markets located along the border and at unofficial border points. In South Asia, it has been observed that at the Land Customs Station (LCS) with Bangladesh, Bhutan and Nepal, women are carriers of goods in suitcases or even pass off as passengers with head loads are allowed to carry duty-free goods worth INR 25,000 in accompanying baggage.⁴

Informal cross-border women traders suffer from invisibility, stigmatisation, violence, harassment, poor working conditions and lack of recognition of their economic contribution. They experience embarrassment and discomfort and prefer inspection by female colleagues at the border posts.⁵

The women engaged in the informal sector in developing countries face increased competition from unemployed male workers shifting to this female-dominated arena.⁶ This became even more prominent after the outbreak of COVID-19 when the working men from urban areas returned home due to the shutdown of factories and production units.

Therefore, gender mainstreaming in national strategies and trade facilitation measures are important to enhance women's participation in trade and other economic activities and to enable them to leverage new opportunities.

The Rationale

Countries in SSA and the HKH region are underdeveloped and developing and, therefore, cross-boundary trade remains far below its potential in these regions. Tapping its full trade potential requires attention to be drawn to the issue of the exclusion of women traders. Women are considered vulnerable in both regions and face numerous challenges, including inadequate education, limited access to finance and technology, and mobility constraints. Women are the major contributors to informal trade in both regions, which is recognised by policymakers and the government.

This paper looks into the problems and challenges women traders face in cross-boundary trade and compares the initiatives, networks, and regulations



pertaining to the same in SSA and the HKH regions. It draws insights from literature and field consultations in the HKH region on mainstreaming women in cross-border trade.

The Case of Sub-Saharan Africa

The Sub-Saharan Africa (SSA) region is the southern part of the Saharan desert that spreads across 9.4 million square miles and comprises 46 different countries. Trade in SSA plays an important role as it is a source of income for about 43 per cent of Africa's population (Stanley, 2019).

In SSA, 74 per cent of ICBT is conducted by women. They play a significant role at the macroeconomic level by trading in high-consumption goods, such as cassava, cotton, maize or rice, between deficit and surplus areas.

Due to limited job availability in the formal sector, many women turn to informal trade as an opportunity to meet the needs of their families. Informal trade is an employment and income-generating activity that helps combat the concentration of poverty among women in Africa, supports families, and aids human development.

Songwe (2019) observes that trade facilitation is the key to reducing non-tariff trade costs and important for ensuring inclusive benefits for landlocked countries and small, informal and female traders. Trade facilitation measures could address gender-differentiated barriers limiting the export competitiveness of women-owned businesses in the formal and informal sectors while addressing border infrastructure needs and reducing high transaction costs and delays, particularly for small-scale and informal cross-border traders.

The COVID-19 pandemic created non-tariff challenges to trade, such as the closure of borders which restricted the movement of traders; banning of border crossings for bicycles, motorcycles, private passenger vehicles and wheel carts; restricting crossing to only cargo trucks; border delays caused by the mandatory COVID testing of all seeking to cross borders and a 14-day quarantine for those crossing to and fro across borders; and ban on meetings and gatherings.

Furthermore, extortion, bribery and confiscation of goods by security agents; closure of non-essential businesses; ban on public and private inland transport in some states; and night curfews have – all of which negatively impacted cross-border trade to a huge degree (EASSI, 2020).

However, trade facilitation reforms – such as automation, streamlined procedures, and process-oriented improvements at the border – can make trade less expensive and faster (World Bank, 2019).

Women in SSA typically engage in subsistence farming, whereas men focus on export-oriented commercial/cash crop production. Hence, small-scale agricultural producers and smallholder farmers are vulnerable to cheap imports. The growth of the agro-manufacturing sector offers opportunities for small-scale agricultural producers to provide inputs if they have the necessary resources and are adequately connected to value chains.

Furthermore, Africa needs to strengthen the agricultural value chain by going beyond the simple production/export of agricultural products and venturing into finished/value-added products. To realise this structural transformation, the various actors comprising the value chain must be linked more strongly through better inputs, enhanced technological skill sets and higher investment.

The Case of Hindu Kush Himalaya

The Hindu Kush Himalayan (HKH) region encompasses eight countries in South and South-East Asia. The International Centre for Integrated Mountain Development (ICIMOD) is implementing programmes in four transboundary landscapes in the HKH, viz., Hindu Kush Karakoram Pamir Landscape (HKPL), Kailash Sacred Landscape (KSL)

Kangchenjunga Landscape (KL), and Landscape Initiative in the Far Eastern Himalaya HI-LIFE). These landscapes share ecological, cultural and socioeconomic characteristics across their respective international borders.⁷

HKH shows great potential for women involved in cross-border trade. Women in mountain landscapes are primarily involved in agriculture and allied activities, production of forest-based products, and handicrafts, and also find employment in the tourism industry.

CUTS International (2022) reported that women in the Afghan-Tajikistan border areas in the HKPL make Pamiri caps, socks, gloves, etc., during winter. In contrast, on the India-Nepal border at Dharchula (KSL), women trade in sweaters, blankets, vegetables, milk, and other agricultural products. Women in the Siliguri and Sikkim areas of the KL actively participate in various income-generating activities, including agriculture, sericulture, production of handicrafts, cane and bamboo work, crafting nature-based products, management of shops, hotels and restaurants, etc.⁸

On the Myanmar-China border of the Far Eastern Himalaya, women traders sell seasonal agricultural products such as sugarcane, peanuts, and corn to wholesalers, who then export the same to China. Some agricultural products are also traded through intermediaries, while women entrepreneurs export jade to China both formally and informally.



A study by CUTS revealed the cultural and legal barriers women face that limit their access to fair prices, information, and the amount of time they devote to developing their businesses. Sub-optimal transportation facilities in hilly terrains also restrict the movement of women. Most of the roads are not well-constructed and, at times, the roads get blocked due to heavy snowfall/floods/rainfall, leading to a disruption in trade.

Poor infrastructure and governance at borders and ports are the key obstacles to cross-border trade for women. Even when the waiting time is similar for women and men, delays at border crossings impinge more heavily on female traders than their male counterparts because of higher time constraints faced by women (WTO, 2015).

Limited access to financial institutions and markets, inadequate knowledge of documentation and low risk-bearing capacity/fear of failure, among others., restrict women from carrying out trade smoothly and competing in international markets.

The disparities in land ownership, smaller plots of land, and unequal access to technology and information widen the existing gender disparity. For instance, in developing countries, 37 per cent of women and 43 per cent of men, have both a mobile phone and access to the internet. This gender disparity is much wider in some countries; for example, in Bangladesh, Pakistan, Ethiopia and India, men are twice as likely as women to have or use these technologies (The World Bank, 2018b).

Trade can be facilitated by simplifying trading rules and regulations and enhancing the ease of doing

business, thus making cross-border trade profitable for women entrepreneurs and traders.

Challenges for Women Traders

To understand the need for policy and regulatory regimes favouring women traders, it is pertinent to look at the challenges they experience while trading across borders. The literature review has revealed a few common challenges women entrepreneurs face in both SSA and the HKH region, and some of these critical challenges are listed below.

Some of the challenges have been recognised by the government authorities, leading to interventions favouring informal women traders. Gender disparity exists in both regions regarding access to education, transportation, market information, and technology.

Interventions in SSA and HKH Regions on Gender Issues

Countries in the SSA and HKH regions have taken several initiatives to narrow the gender and knowledge gaps. Gender mainstreaming in trade facilitation measures has to be an integrated process addressing challenges “behind the borders,” “at the borders,” and “beyond the borders.”

Women also benefit from capacity building and incentives to comply with export/import requirements. This paper suggests tangible and targeted interventions for promoting gender-responsive trade facilitation policy measures that could encourage greater participation of women in cross-border trade.

SN	Problems	SSA region	HKH region
1	Lack of finance	✓	✓
2	Gender-based violence and sexual harassment	✓	✓
3	Lack of trade facilitation	✓	✓
4	Poor border management and infrastructure	✓	✓
5	Corruption and insecurity	✓	✓
6	Lack of information and awareness	✓	✓

Source: Compiled by author based on various sources

SN	SSA	HKH
1	Establishment of a Gender Helpdesk	
	Intra-continental gender helpdesks at government offices and major trading points to facilitate cross-border trading by women.	Availability of support desk with women officials, development of help and monitoring desks for women in relevant government offices.
2	Financial Support	
	Introduction of innovative psychometric tests to ease women's access to big business loans; women's Saving Clubs', a potential platform for linking ICBT association with microfinance institutions; Financial deepening through low-cost project design.	Improved banking and foreign exchange facilities; easy access to finance.
3	Upgraded Communication Network	
	SSA has witnessed an increase in the adoption of phones and internet usage in trade by making women traders digitally literate.	Phone and internet connectivity: In light of the border haats in Kamalasangar and Srinagar in Tripura, Kalaichar, and Balat in Meghalaya, telephone and internet connectivity was enhanced for women cross-border traders.
4	Cross-border Trade Association	
	In the SSA region, to encourage women to engage in cross-border trade, a network of cross-border women traders has been created to integrate the markets Informal trade in the SSA is regulated by Regional Economic Communities (RECs) such as Common Market for Eastern and South Africa (COMESA), the Southern African Development Community (SADC), and South African Customs Union (SACU).	Incorporation of gender perspectives in Bangladesh, Bhutan, India and Nepal (BBIN) trade facilitation initiatives; adoption of Gender Equality Organisational Assessment Tool (GEOAT) toolkit; inclusion of women in consultations on protocols, considering problems of head loading and non-containerised CBT, creation of a network of women entrepreneurs and traders in the BBIN region.
5	Information Outreach Activities	
	The Trade Information Desk (TID) and The Trade Information Desk Officer (TIDO) serve as a delivery point to disseminate the primary source of information about trade policies for informal cross-border trade.	Periodic media campaigns for creating awareness, publishing user-friendly information booklets and pamphlets; organising awareness generation programmes; providing marketing and support services for accessing cross-border markets, facilitating women traders to cooperate and pool goods and logistics services to take advantage of scale and integrating e-commerce in the HKH region can reduce the information lacunae among women traders significantly.
6.	Safety and Protection Initiative	
	Take Back The Tech is a global campaign against online harassment, cyberstalking, and violation of the privacy of women. It recognises that the gender digital divide contributes to unequal power relations that create enabling contexts for violence against women.	

Source: Compiled by the author based on various sources

Policy Interventions to Encourage Women in Cross-border Trade

Cross-border trade benefits people, especially those living in the border areas, as it serves as a source of livelihood and ensures food security. Women cross-border traders have to face several problems in trade processes due to various reasons highlighted earlier in the paper. To address those issues and facilitate trade, the government formulated and implemented policies ensuring a problem-free trade process for women cross-border traders.

SSA Region

Informal trade in SSA is majorly regulated by RECs, such as COMESA, SADC, and SACU. Below are some of the important trade agreements implemented to encourage women traders in SSA:

- **A Tripartite Free Trade Area (TFTA):** It was launched on June 10, 2015, that included COMESA, EAC and SADC, to create an integrated market with a combined population of 600 million and a total Gross Domestic Product (GDP) of US\$1bn. This TFTA helped to resolve the following challenges that women traders face:
 - i. Low-security levels at border posts where women are harassed during transit and high levels of corruption displayed by officials at border posts;
 - ii. Non-recognition of the role of women in ICBT and lack of policies at the national level that address the challenges faced by them;
 - iii. Failure by women engaged in ICBT to draw the attention of government officials responsible for the formulation of policies to the various challenges faced by the women traders;
 - iv. Women in ICBT associations are not visible where they exist; they face challenges in gaining recognition because the registration process of their associations is complicated;
- **The COMESA Simplified Trade Regime (STR):** It is a trade arrangement launched in 2010 that allows women and cross-border traders to trade without any hurdles in the COMESA region and enjoy duty-free status when they import goods originating from member states. Under this regime, four innovations were made, including a simplified Certificate of Origin; a Common List of goods; a simplified Customs entry document; and a Trade Information Desk (TID), to simplify the goods clearance process.
- **SADC Free Trade Agreement (FTA):** It is an agreement between the SADC Member States to reduce customs duties and other barriers to trade on imported products among the SADC Member States. The main objective of this FTA was to make the trade process simple and clear by making concrete interventions, including a standardised document (Single Administrative Document) for customs clearance throughout the region, a one-stop border part for making shipment easier, etc. Under this FTA, women cross-border traders were also encouraged to become members of ICBT associations to access important information on trade policies.
- **The African Continental Free Trade Area (AfCFTA):** It offers one of the greatest opportunities for inclusive growth and sustainable development in the African continent, including gender equality and enhancement of the export capacity of women. AfCFTA would increase Africa's exports by US\$560bn, primarily in manufacturing, and spur larger wage gains for women (10.5 per cent) than for men (9.9 per cent) (The EastAfrican, 2021). This programme supports women in trade to access markets across Africa. Digital financial inclusion of women within the AfCFTA will provide security and ensure access to key resources needed to mitigate external shocks.
- **The COMESA Free Trade Area (FTA):** Under this, informal cross-border women traders can maximise their trade in 15 member states that provide duty-free and quota-free market access for products produced within the COMESA region. It was launched in October 2000. Its existence led to a rise in intra-COMESA trade from US\$3.1bn in 2000 to US\$19.3bn in 2012, reflecting a massive 523 per cent growth rate over the period and an increase of 44 per cent per annum on an average (Development, 2016).

HKH Region

Gender neutrality is critical to the economic growth of any country. The prevailing gender inequalities in most countries in the HKH region are huge and restrict these nations from realising their full trade potential. Having acknowledged women's immense unutilised potential in economic activities, member countries' governments have taken many policy initiatives to provide them with equal opportunities.

- **Borders haats:** Initiatives such as border haats, rough-and-ready markets allowing 'local people to trade in locally-grown agricultural and manufactured items along the border', located on the zero line of the border between India and Bangladesh.

The first border haat was inaugurated in 2011 in the Indian state of Meghalaya at Kalaichar (India)-Kurigram (Bangladesh). Three other border haats followed – the Balat (India)-Dolora (Bangladesh) Haat in 2012; Srinagar (India)-Chhagalnaiya (Bangladesh), and Kamalasar (India)-Kasba (Bangladesh) in 2015.¹⁰ The Border Haat committee in Balat has taken a special initiative to increase women's participation on the Indian front by increasing the number of vendor ships in favour of women.

- **Border Trade Agreement between India and Myanmar:**¹¹ To facilitate trading in locally produced goods between India and Myanmar through Custom Posts at Moreh in Manipur and Zowkathar in Mizoram, corresponding to Tamu and Rhi in Myanmar, an agreement was signed on April 12, 1995, to help the local producers and sellers, including women living in the border areas. Moreover, various other border haats have been set up between the India and Myanmar border, including Pangsau Pass (Nampong) - Pangsau, Kachin State, Hnahlan - Darkhai, etc.
- **Duty-Free Tariff Preference Scheme (DFTP):** The Government of India has implemented a unilateral Duty-Free Tariff Preference (DFTP) Scheme for the Least Developed Countries (LDCs). Thus, this scheme applies to Afghanistan, Bangladesh, Bhutan, Myanmar, and Nepal, located in the HKH region. The scheme provides the following:

- (a) *Duty-Free items:* The DFTP scheme provides duty-free market access on about 96 per cent of India's tariff lines at the HS 6-digit level of classification.
- (b) *Positive List:* Besides the 96 per cent duty-free tariff lines, preferential market access as per Margin of Preference (MOP) is available on about 2.2 per cent tariff lines, covering about 114 items.
- (c) *Exclusion List:* Contains only 1.8 per cent of total tariff lines (i.e. 97 items) on which no tariff preference is available.
- (d) *Rules of Origin:* For a product to benefit under this scheme, it has to meet the relevant rules of origin and procedural requirements, which were simplified to a great extent in 2014. To this extent, the following steps were taken –
 - i) adoption of the original criteria of change of subheading (at the Harmonised System 6-digit level) plus 30 per cent of local value added. This replaced the former criteria of change of heading (at the Harmonized System 4-digit level)
 - ii) calculation of value addition based on the ex-work price of goods, as opposed to the only existing free onboard value calculation and
 - iii) a certificate of origin can now be produced in the prescribed format on a white A4 sized paper, thus doing away with the need for a blue paper.

In SSA and the HKH region, it has been observed that women cross-border traders face similar problems in carrying out trade activities. Different countries in SSA and HKH regions have taken various initiatives collectively and individually to overcome these problems.

A comparison of the initiative networks shows that the major actions taken to promote cross-border women traders in both regions were similar as they aimed to achieve similar objectives. Through various policies, the government has tried to create an enabling environment for business by entering the market, operating a business venture, etc.

It is encouraging that women in both regions involve themselves in economic activities and come forward

to improve their economic status. It has been recommended that a reformation in the business environment of the trading community is needed to incorporate and engage women traders in formally registered businesses in higher value-added domains.

Recommendations

1. Policy Reforms

- Incorporate women traders in formally registered businesses in higher value-added areas;
- Address the issue of informality in mainstream trade policy making and to strengthen the notion that women informal traders are also important clients of Ministries of trade and regional economic communities;
- Provide low-interest/collateral-free credit facilities and strengthen social protection;
- Reduce the risks and vulnerabilities faced by women entrepreneurs and workers, including those with disabilities, and to create a more supportive enterprise culture and favourable business environment;
- Give legal rights to women to own and control assets leading to long-term wealth creation; and
- Systematic dialogues between border officials and the border agencies in all the countries for smooth functioning of trading activities at the border crossing points.

2. Infrastructure

- Developing trade-related institutions; providing childcare facilities; help desks for addressing issues of sexual harassment against women in trading places
- Setting up market intelligence services at key border points to facilitate the flow of information on prices, demand and supply, conducting border community sensitisation campaigns and empowering local traders with basic knowledge of customs procedures could go a long way in addressing the ICBT issues⁹
- Development of border haats or border markets to promote trade among countries in the SSA and HKH region will help generate employment for people living in the border areas.



3. Training and Services

- Mandatory education and job creation for women residing along the border areas will help them avail suitable job opportunities and lead a better life, thus alleviating poverty to a major extent.
- Organising cross-border trade fairs at regular intervals and developing them as a tool to establish links and access to the export market. Further, trade fairs also help understand the trade rules, protocols, and quality standards of the products and services traded.
- Providing training opportunities for women cross-border traders to enrich managerial and financial skills and narrow the gender gap in trade outcomes.
- Organising capacity-building programs for women traders and entrepreneurs at local and regional levels by countries involved in ICBT.
- Improving data collection mechanisms to reduce the gaps in gender-disaggregated data.

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Endnotes

- 1 A border haat is 'a rough-and-ready market' allowing 'local people to trade in locally-grown agricultural and manufactured' items along the border area.
- 2 <https://www.worldbank.org/en/topic/trade/publication/the-role-of-trade-in-ending-poverty>
- 3 <https://ustr.gov/sites/default/files/TPEA-Preferences-Report.pdf>
- 4 https://icrier.org/pdf/Working_Paper_350.pdf
- 5 <https://bit.ly/3HlpLBU>
- 6 <https://cuts-citee.org/pdf/research-report-mainstreaming-shepreneurs-in-international-trade.pdf>
- 7 <https://bit.ly/3hxBTe3>
- 8 <https://cuts-citee.org/pdf/research-report-unlocking-trade-potential-of-women.pdf>.
- 9 <https://bit.ly/3uYc9ue>

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