

Trade, Employment and Gender: Case Study of Mauritius

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Outline

- Introduction
- Some Facts
- Trade and Job Creation
- Conclusion

1. Introduction

- Mixed trade policy of import substitution and export promotion.
- From highly protected to a very liberal economy, through waves of trade liberalization.
- Setting up of Export Processing Zone (EPZ) in 1970.
 - Excellent mechanism to boost export and create jobs.

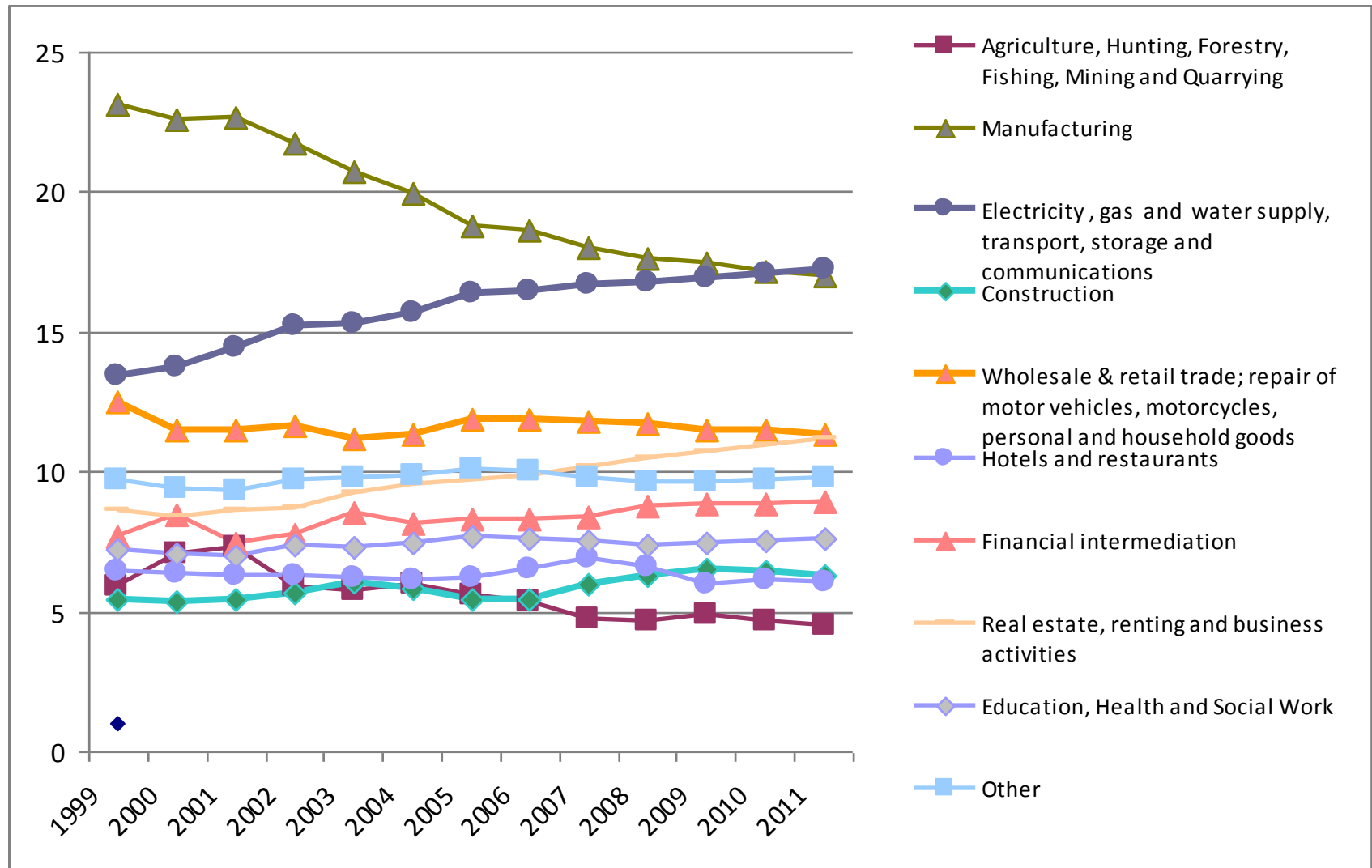
1. Introduction

- Current strategy:
 - To reorient the economy towards new sectors (financial services, ITES-BPO).
 - To consolidate existing sectors (for e.g., textile and clothing, from sugar industry to sugar *cane* industry).
- Evidence: export growth is associated with employment growth in Mauritius.

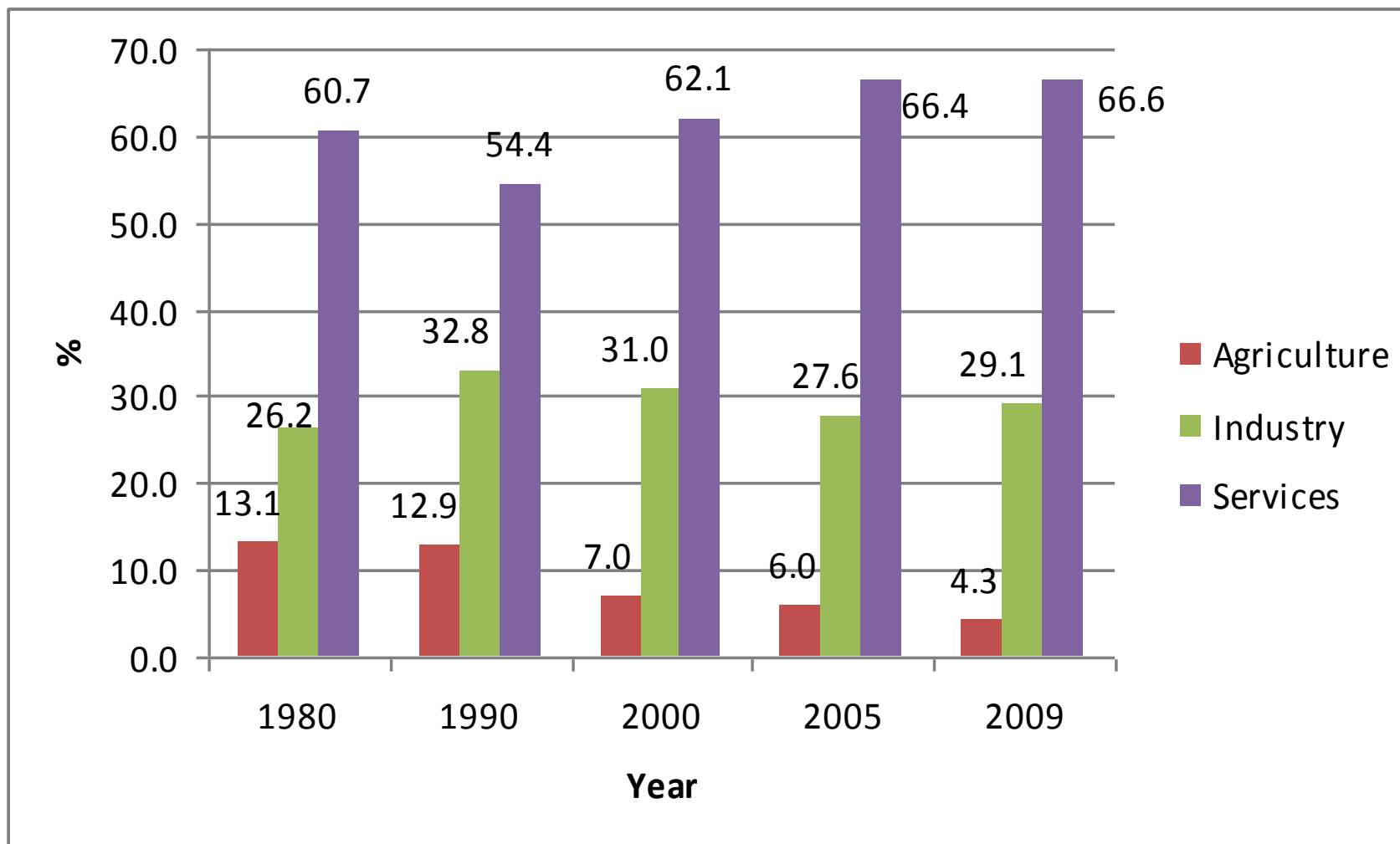
1. Introduction

- Series of events has shaken the local labour market, leading to mass layoffs:
 - Erosion of trade preferences (sugar)
 - Dismantling of the MFA, and rise of China since 2005.
 - Increasing labour costs and stagnating productivity.

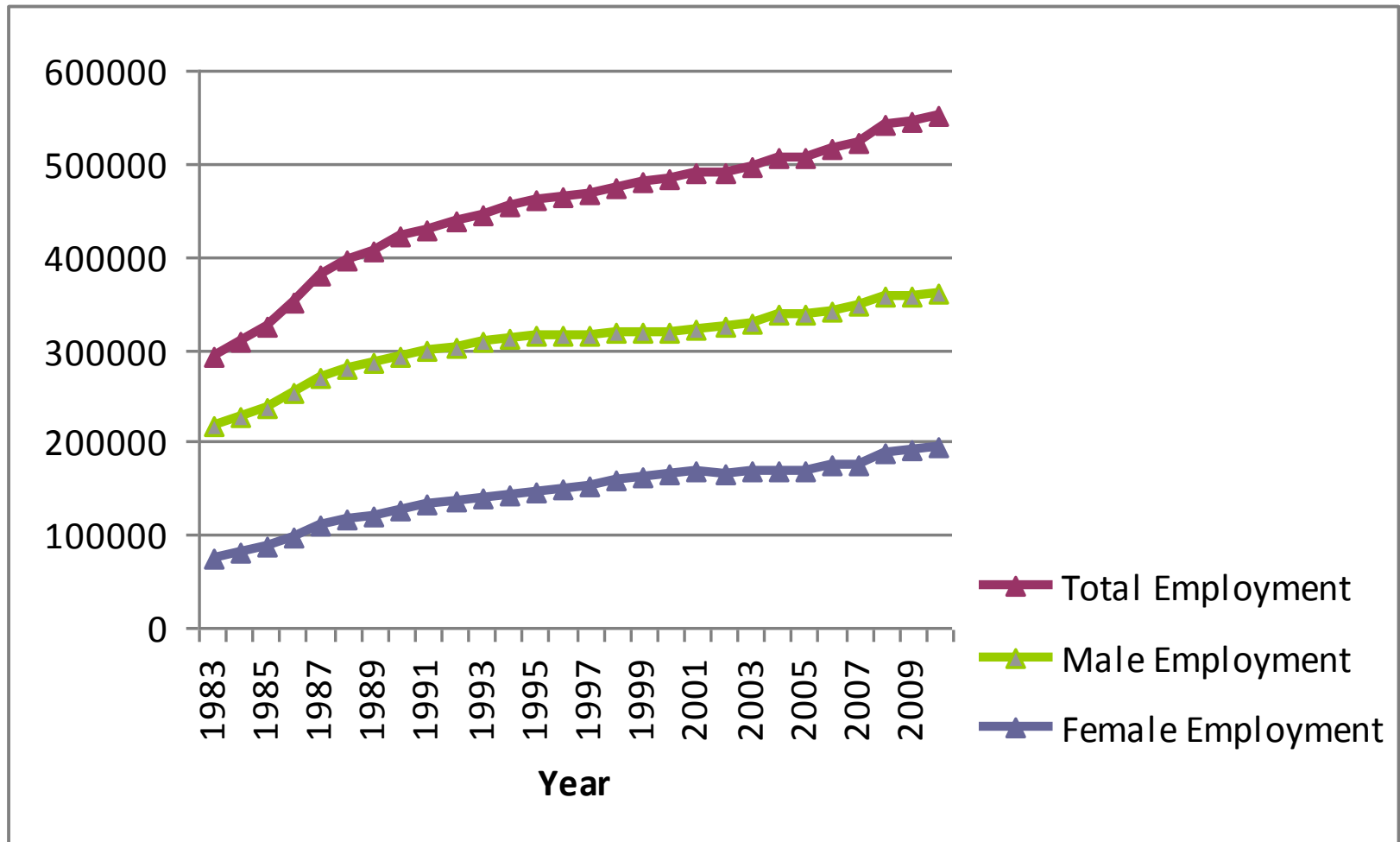
3. Some Facts



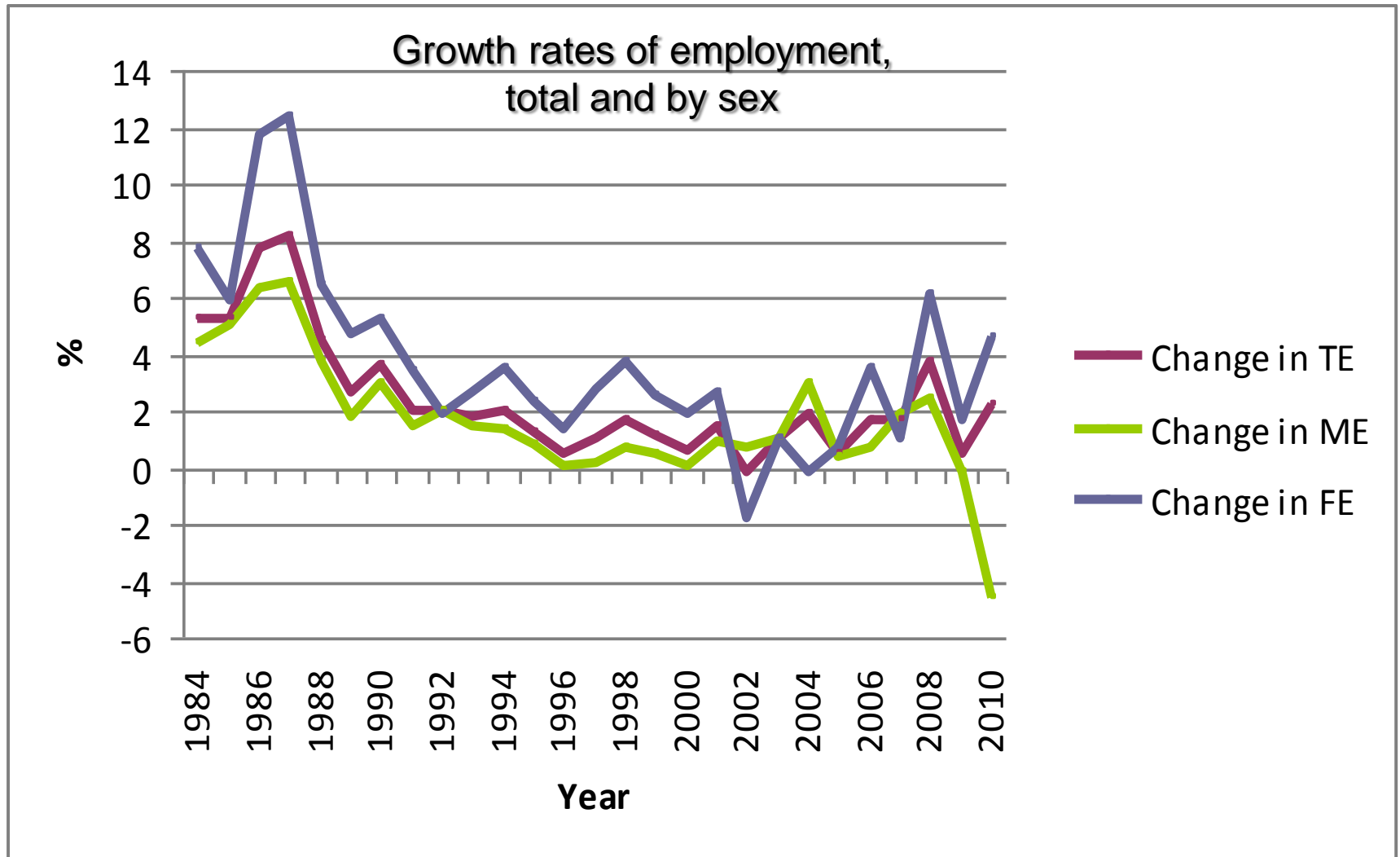
3. Some Facts



3. Some Facts



3. Some Facts



2. Some Facts

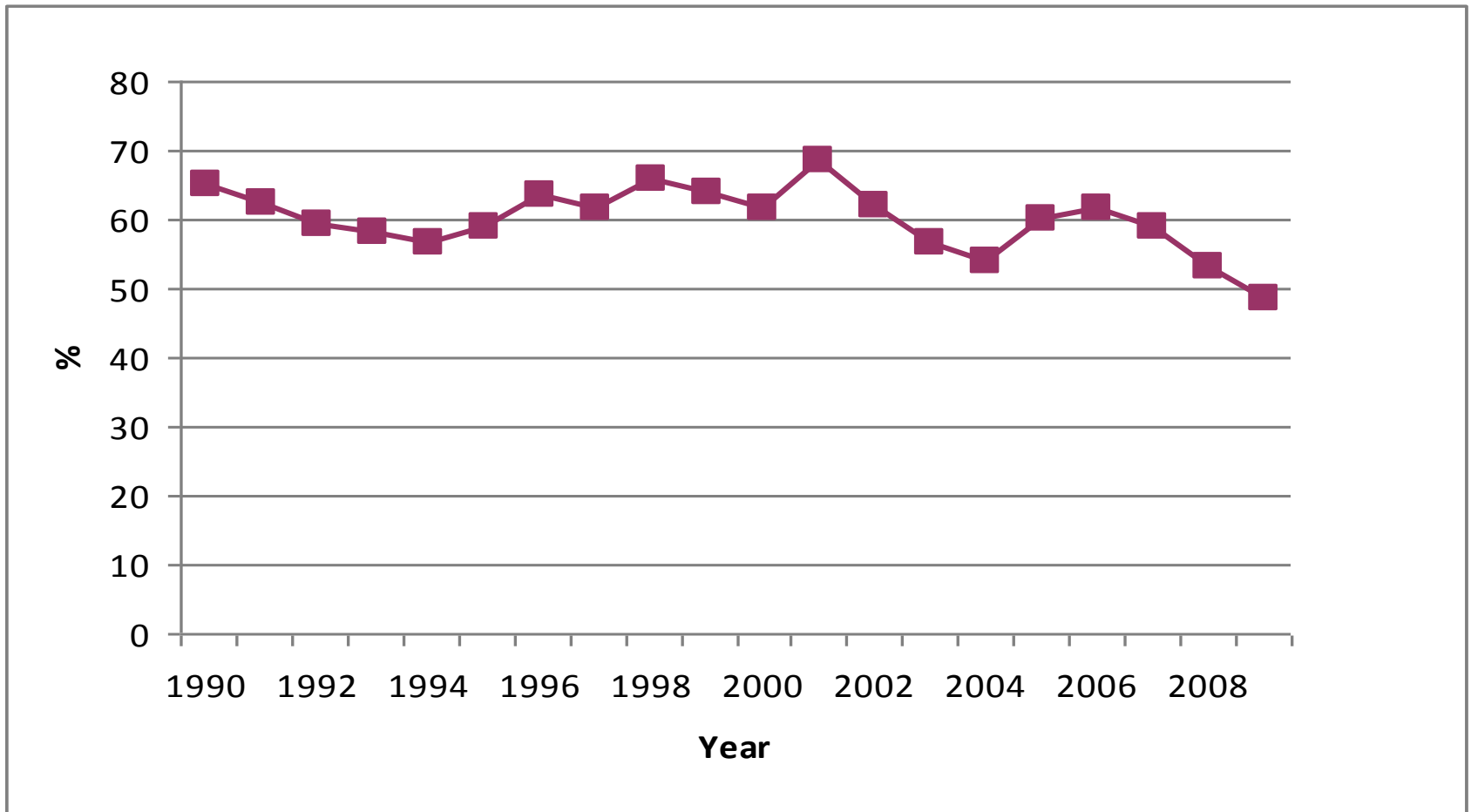
- Shares of agriculture (mainly sugar) and fishing have considerably declined over time.
- The manufacturing sector is still the driving force in terms of employment generation (21.2%).
- Within the broad manufacturing sector, the EPZ contributed 10.28%.
- Expanding sectors: construction, wholesale and retail trade, financial intermediation, and real estate and business activities.

2. Some Facts

- The EPZ, with a predominantly female workforce (39.9% in 1995), accounted for a mere 16.6% of total female employment in 2009.
- Large numbers of women are employed in services, including financial intermediation, wholesale and retail trade, education and real estate, renting and business activities.
- Notable observation: Decline in FE in large establishments vs. increase in SMEs.

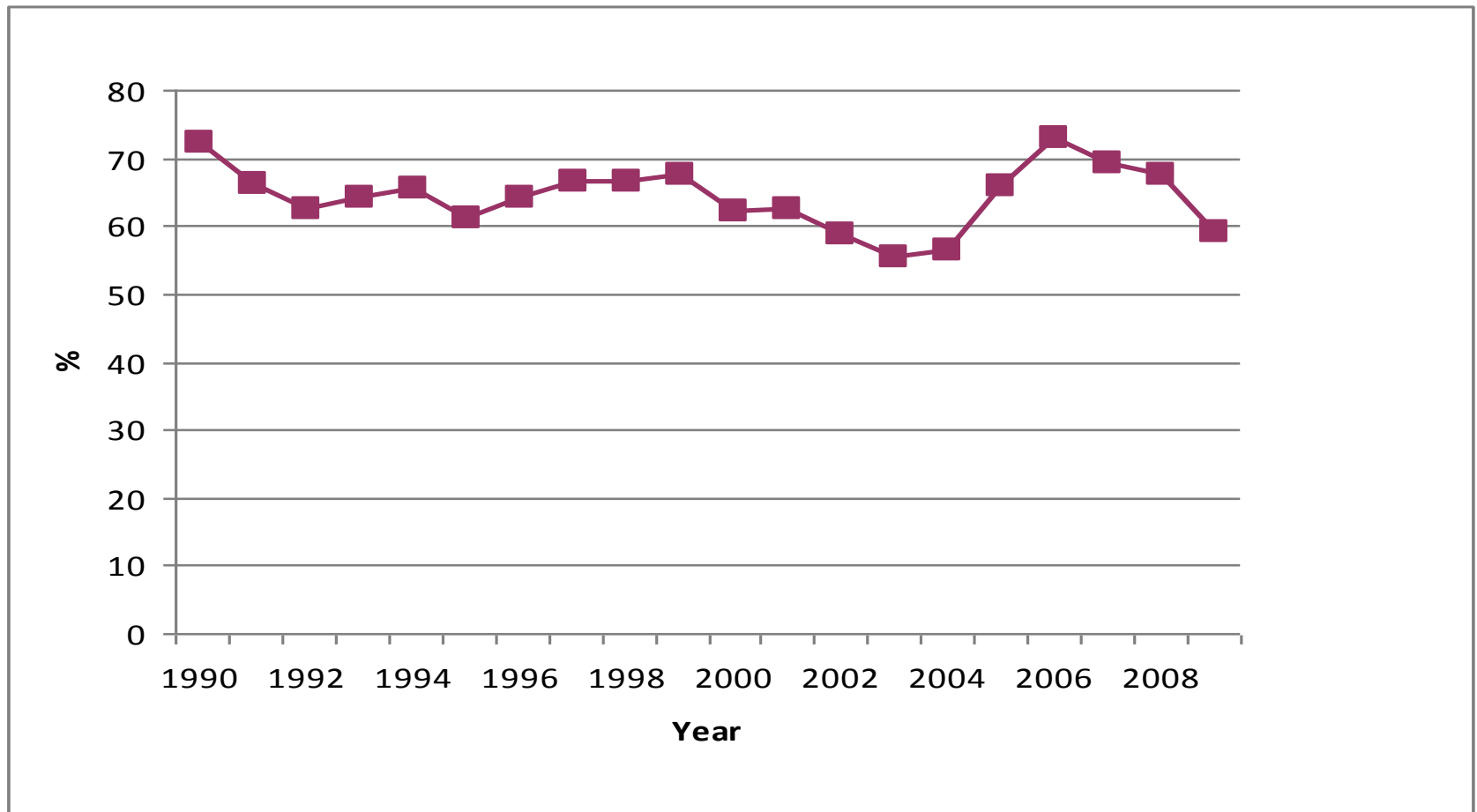
3. Some Facts

Export as a % of GDP



3. Some Facts

Import as a % of GDP



3. Some Facts

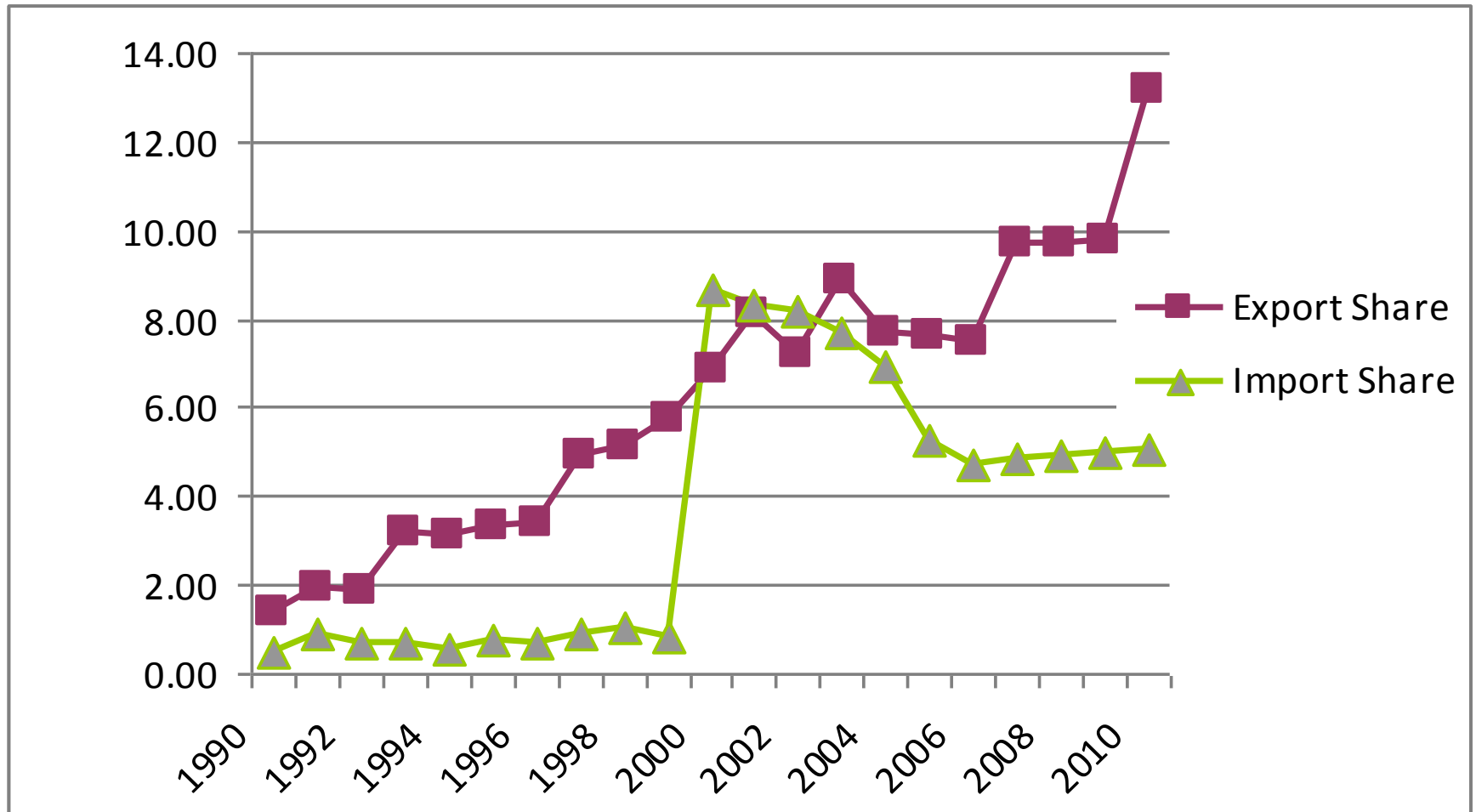
	2000		2005		2010	
	<i>US \$ m</i>	<i>% share</i>	<i>US \$ m</i>	<i>% share</i>	<i>US \$ m</i>	<i>% share</i>
UK	430.7	28.9	640.5	29.9	438.9	23.7
France	326.7	21.9	340.5	15.9	300.1	16.2
USA	305.1	20.5	193.4	9.0	201.5	10.9
Madagascar	76.1	5.1	114.4	5.3	101.1	5.5
Italy	58.4	3.9	113.3	5.3	138.2	7.5
Germany	58.4	3.8	113.3	1.7	138.2	2.0
Spain	33.2	2.2	55.8	2.6	130.1	7.0
UAE	1.9	0.1	172.4	8.0	14.5	0.8
China	1.2	0.1	6.3	0.3	7.2	0.4
India	2.5	0.2	8.8	0.4	16.9	0.9
South Africa	9.0	0.6	26.9	1.3	83.7	4.5
SADC	102.5	6.9	163.1	7.6	231.9	13.1
COMESA	96.3	6.5	144.9	6.8	156.3	8.9

3. Some Facts

	2000		2005		2010	
	<i>US \$ m</i>	<i>% share</i>	<i>US \$ m</i>	<i>% share</i>	<i>US \$ m</i>	<i>% share</i>
India	182.6	8.8	218.7	6.9	983.6	11.2
China	157.6	7.6	310.2	9.8	586.2	6.7
France	201.0	9.7	241.6	7.6	388.6	4.4
South Africa	309.6	14.9	270.8	8.6	370.5	4.2
Germany	79.1	3.8	127.4	4.0	106.0	1.2
USA	60.8	2.9	69.3	2.2	105.8	1.2
Thailand	31.2	1.5	51.8	1.6	101.3	1.2
UK	89.8	4.3	87.8	2.8	97.2	1.1
Madagascar	33.5	1.6	14.8	0.5	18.5	0.2
UAE	24.5	1.2	121.4	3.8	37.9	0.4
Finland	2.8	0.1	151.8	4.8	5.6	0.1
SADC	361.5	8.7	332.9	5.3	376.5	5.1
COMESA	56.4	1.4	74.1	1.2	104.5	1.4

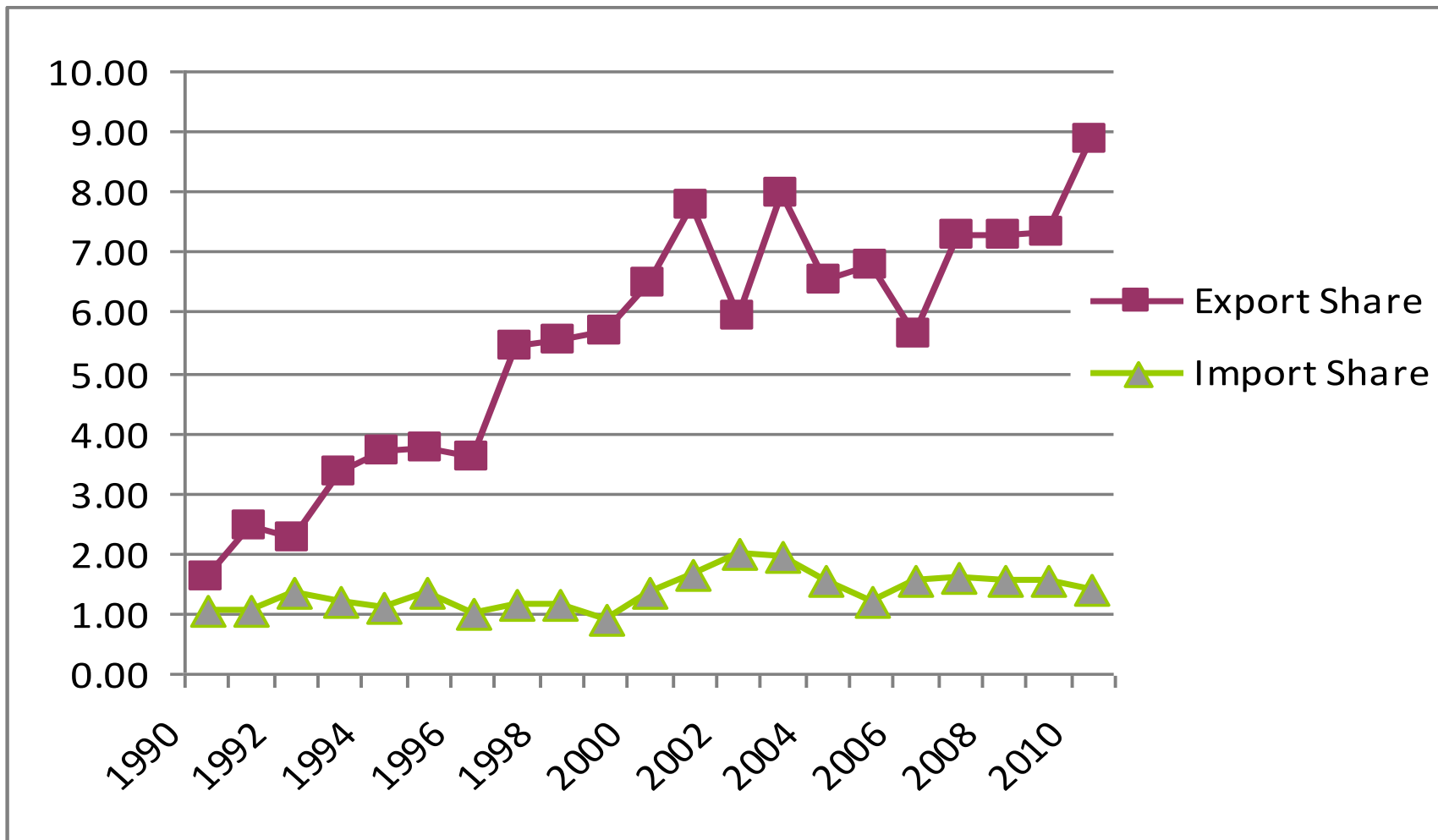
3. Some Facts

SADC



3. Some Facts

COMESA



3. Some Facts

- Textile and Clothing
- ITES-BPO

3. Trade and Job Creation

- Trade Liberalisation and Female Employment.
- *Female share of employment on exports and imports (lin-log) – Engle and Granger*
- Exports significant and positive (0.04)
- Imports: No LR effect
- Imports: SR – Negative Effect
- *Female employment on exports and imports, controlling for total employment.*
- Total employment causes female employment to rise 2.3%.
- This elasticity may explain the sharp drop in female employment in the EPZ since 2001 due to MFA-induced consolidation of the clothing industry.

3. Trade and Job Creation

- *Within* industries over time and *between-* industry effects.
- Fixed-effect Regressions
- Finding: Exports have boosted female employment while import competition does not seem to have affected it.

3. Trade and Job Creation

➤ Exports and Employment

$$LEMPL_t = \alpha + LRGDP_t + \beta_1 INFL + \beta_2 INV_t + \beta_3 LREXP + u_t$$

➤ Engle and Granger approach

➤ The results suggest that employment is more elastic to exports than either GDP or investment.

3. Trade and Job Creation

- Exports and Female Employment
- ARDL approach
- The long-run multipliers suggest that 1% increase in real export tends to increase female employment by 0.49%
- This finding bears testimony to the success of the export promotion strategy in Mauritius as a vehicle for job creation, especially for women.

3. Trade and Job Creation

- Regional Trade and Employment
- High correlation between regional trade and employment, male employment and female employment.
- *Causality Analysis*
- Women are employed in those sectors that tend to be export-oriented
- Imports from the region are used in those sectors which tend to employ more women.

3. Conclusion

- Female employment more volatile.
- A more balanced employment growth rate across gender is observed lately.
- Trade and Employment: positive association between employment and real exports.
- Regional Trade: minimal.

4. Policy Implications

- Bottlenecks
- Business Facilitation
- Promoting female employment through emerging sectors like BPO and through policy boost for sectors like jewellery, light manufacturing and food processing.