

Research Proposal

The Impact of ASEAN Economic Community (AEC) Service Liberalization on Gender Wage Differentials in Thailand

1. Problem Statement

Since Bali Concord II 2003, ASEAN members has prepared for the establishment of regional economic integration, ASEAN Economic Community (AEC) by 2020. Apart from four main goals of AEC (single market and production base, highly competitive economic region, equitable economic development and, fully integrated into the global economy), the liberalization of trade in service is another important challenge for Thailand. While the liberalization of Trade in goods or ASEAN Free Trade Area (AFTA) has long been in process, the liberalization of trade in service is still negotiating. The service liberalization would allow trade, investment, and labor in service sector to move freely within region. The expectation from this agenda is the better performance of service sector among members with higher income and employment rate.

However, there is no obvious evidence guarantee that higher earning and employment rate gained from AEC service liberalization would distribute to female workers. The government should consider carefully whether the AEC service liberalization benefit or worsen female labor. If it really benefits women, what policies should be implemented to promote more gender equality that finally will lead to higher export of services. Therefore, this research paper is aim to find the real effect of AEC service liberalization on female income and to be source of data for policy makers in narrowing gender wage differentials.

2. Research question

Does AEC service liberalization increase female labor income and narrow gender wage differentials in service sector in Thailand?

3. Research Objective

To find the effect of AEC service liberalization on female labor income and gender wage gap in Thai service sector.

4. Literature Review

***Trade Openness, Employment and Women: The Case of Uruguay* by Maria Ines Terra**

The paper claims the impact of trade openness on women depends on their positions in the labor market. If international trade raises the demand for goods in which female labor is employed intensively, then its demand and relative wage will rise, vice versa. The trade openness also gives impact on female employment. But note that there exists significant wage gap in Uruguay that could be explained by wage discrimination and female workers are heavily participated in low-wage segment compared to men. During the process of the study, the author found that the average wage gap between males and females fell dramatically as the openness of the economy increased.

***Towards Monitoring Mutual Trade-Gender Links* by Irene Van Staveren**

The author agreed upon the study of Bartholomew Armah (1994) about the trade effects on women's employment in the services sector in the US economy. From the US data, it appears that women (in any races) are more employed in the trade sensitive services sectors than men. It implies that women are more valuable to employment losses due to international trade comparing to men. There was evidence showing that a net employment gain for the trade-related services sectors indicating the benefits from trade to women in the services sectors. In following article (1995), Armah found that men benefit more from employment gain in the services sector than women, even though men are less skilled. The trend of employment gain in service sectors is worsening. The author explains that low skilled (men) in the US did gain from international trade in services as a result of other factors, such as economies of scale.

The contradictions between two papers show that gender issue among different countries have different fundamental backgrounds, such as, socio-economic. In theory, international trade and degree of openness of the country would give employment gain in related trading industries and finally increase income of workers, both male and female. However, we need in depth study to explore more detail about the impact of international trade on gender wage gap.

5. Research Methodology and Data Sources

This research paper would firstly investigate the existing detail female participation in service sectors and the differentials in income between male and female within sector. To evaluate the impact of AEC service liberalization on gender wage gap, data collecting based mainly on secondary source are needed. The labor force structure and another statistical data rely on the survey of National Statistical Office.

To support the hypothesis of positive impact of service liberalization on female income, case study would be used to justify the different dimension of impact on specific characteristic in service sector. Primary data is involved in this case.