

Uncertain Trade, Unequal Burden

The Gendered Impacts of Current US Tariffs in Cambodia and Lesotho

Executive Summary

The 2025 U.S. tariffs did not merely constitute a trade policy instrument; in Cambodia and Lesotho, they operated as an exogenous shock with **clearly identifiable gender-differentiated effects**.

The following section presents the key results of a study conducted by LSE students on behalf of GIZ, drawing on qualitative interviews and empirical analysis. The findings show that in highly export-dependent and strongly feminised industries, adjustment costs are borne disproportionately by women—across the labour market, through migration dynamics, and within the unpaid care economy. External trade measures can therefore generate far-reaching distributional and developmental consequences that extend well beyond conventional trade indicators.

Background

Both countries are highly export-oriented and heavily dependent on the U.S. market. This dependence is particularly pronounced in the garment sector: in Cambodia, exports account for over 70 percent of GDP and the textile industry dominates industrial exports; in Lesotho, around 36 percent of traded goods derive from garments. The U.S. tariffs therefore primarily affected the textile sector—and, consequently, women, who constitute the majority of its workforce (e.g. 80 percent in Lesotho and Cambodia).

Based on the interviews conducted and the empirical data analysed, the following key effects emerge:

1. Employment Effects: Quantitatively Significant and Gender-Concentrated

- In **Lesotho**, approximately **12,000 jobs** or working hours were affected by July 2025, equivalent to roughly **one-third of the entire garment sector**. In

Lesotho, the employment contraction contributed to the declaration of a two-year “State of Disaster.”

- In **Cambodia**, up to **150,000 job losses** are projected in the garment sector, corresponding to about **20 percent of the sector’s workforce**.
- As women constitute the majority of workers (80 percent in Lesotho and Cambodia), employment losses were structurally concentrated among women.
- Beyond layoffs, systematic **working-hour reductions** and rotational work schemes were introduced.
- The loss of overtime pay—critical for many women’s household income—significantly reduced effective monthly earnings.
- Interviewees reported that older and pregnant women were disproportionately dismissed first, despite existing legal protections.

2. Household Adjustments and Intensification of Unpaid Care Work

- Income losses led to immediate **consumption adjustments**, including reduced intake of protein-rich food and cuts to preventive healthcare spending.
- In both countries, families reduced school expenditures or withdrew children from school.
- Children were sent back to rural areas with lower living costs, **shifting caregiving responsibilities** to grandparents (intergenerational care arrangements).
- Women increasingly assumed the role of household **“crisis managers,”** compensating for lost income through additional informal work, subsistence activities, and expanded caregiving responsibilities.
- **Unpaid care work increased** both quantitatively (more hours) and qualitatively (higher psychological strain), as women remained responsible for food management, childcare, caregiving, and overall household stability.

- In **Cambodia**, interviewees noted that unemployed women had to return credit-financed motorcycles—key assets for commuting and managing family logistics—further **restricting mobility and economic agency**.
- Several respondents reported rising symptoms of psychological distress (i.e. **signs of depression**) among women under heightened financial and family pressure.

These dynamics illustrate that the trade shock extended beyond the formal labour market and was partially absorbed within the unpaid reproductive economy.

3. Migration as an Adjustment Mechanism with Heightened Risks

- **Internal Migration:** Reduced working hours and layoffs led many women to return to rural areas due to unaffordable rent and school fees. Return migration often implied a shift to lower-income agricultural work.
- **External migration:** With limited domestic job opportunities, laid-off garment workers in Lesotho increasingly seek work abroad, often leaving children behind and relying on remittances. Interviewees reported growing irregular migration, especially to South Africa. Women without valid documentation face risks including low wages, excessive hours, wage withholding, xenophobia, trafficking, and exploitation linked to precarious legal status.

Migration thus functions as a **shock-absorption mechanism** but increases the vulnerability of female workers in the absence of adequate regulation.

4. Spillover and Multiplier Effects

- Interview data suggest that for each laid-off garment worker, up to **three indirect jobs in service sectors** (transport, street vending, rental housing) are affected.
- Reduced purchasing power in industrial urban centres significantly affected **informal sectors** dependent on factory workers' demand. In Cambodia, effects were

visible in rental markets in industrial zones and in credit-financed consumption sectors.

- **Pressure on trade unions:** The tariff shock weakened unions' bargaining power. Fear of dismissal reduced workers' willingness to organise or file complaints, particularly among women.
- **Overburdened courts** and dispute mechanisms: Rising layoffs and contract disputes strained already limited labour court capacity, leading to delays and weak enforcement. Lengthy and costly procedures discouraged many women from pursuing formal claims, reinforcing non-compliance and informal settlements.

These multiplier effects demonstrate that the tariff shock generated substantial secondary and tertiary impacts beyond direct employment losses.

5. Policy Recommendations

- **Ex-ante gender impact assessments** could help identify potential employment and income effects prior to tariff implementation.
- **Short-term stabilisation measures** (targeted income support, social security measures) are essential to prevent temporary trade shocks from translating into long-term human capital losses.
- **Diversification** of export markets and production structures remains crucial to reduce dependency on a single destination market.
- Strengthening **labour institutions** is key to preventing discrimination (e.g. against pregnant workers) and informalisation during periods of economic stress.

This study was prepared within an LSE study programme for GIZ and is based on qualitative interviews with key stakeholders combined with empirical data analysis.

Impressum

Published by:
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Bonn

Friedrich-Ebert Allee 32 + 36
53113 Bonn
T +49 61 96 79-0
F +49 61 96 79-11 15
E info@giz.de
I www.giz.de

Bonn, Februar 2026

Responsible:
Josra Riecke
Maria Frey

Design/Layout etc.:
Josra Riecke, Bonn

Photo Credit:
© AI-generated, Freepik