

Report<sup>1</sup>

**Bringing the Trade-and-Gender-Agenda Forward:  
Focusing Commodities, Investment and Labor**

Conference

Geneva, Switzerland, 26 October 2004

**Summary of Content of Sessions**

The meeting was concerned with the current policy debate on potential gender impacts of trade liberalization. Various strategies at the procedural and substantive level to bring the trade-and-gender agenda forwards were discussed. The conference was held in the light of the UNCTAD XI conference in Sao Paulo and the renewal of the trade negotiations in the WTO Doha Round.

Four panels considered in turn the following topics:

1. Gender and Trade at UNCTAD XI – Cross-cutting theme or niche for “like-minded” spirits?
2. Breaking the “Conspiracy of Silence”- Addressing the Commodity Problem from a Gender Perspective to Reduce Poverty in Developing Countries
3. Managing International Capital Investment – How to Enhance Long-term Benefits for Women?
4. Countdown To 2005: Achieving Policy Coherence in the International Trading and Financial System to Increase Gender Equality and to Empower Women

**1) Gender and Trade at UNCTAD XI – Cross-cutting theme or niche for “like-minded” spirits?**

The speakers from the first panel were 1) Ms. Anh-Nga Tran Nguyen, Chief Debt and Development, Finance Branch, Globalization and Development, Strategies Division, UNCTAD Gender Focal Point, 2) Ms. Emily Sims, Specialist on Management and Corporate Citizenship, Enterprise Department, International Labour Office (ILO), 3) Mr. Carlos Alberto Primo Braga, Sr. Adviser, International Trade Department, World Bank Geneva.

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<sup>1</sup> This report was drafted partly on the basis of written notes by the panel’s speakers.

The session was moderated by Ms. Maria Pia Hernandez, Coordinator, Geneva Office International Gender and Trade Network (IGTN).

A summary of what emerged from the presentations follows.

As the principal organ of the UN General Assembly that deal with trade, investment and development issues, UNCTAD plays an important role in mainstreaming gender into trade-related development strategies. The report of the Inter-Agency Task Force on Gender and Trade which was published and disseminated at the UNCTAD XI conference in Sao Paulo, Brazil, deepens the understanding of the gender dimension and identifies policy challenges and responses to meet the goal of gender equality in an open multilateral trading system.

In general, trade can affect gender equality in four different ways, through, first, a positive or negative impact on growth and employment opportunities, second, competitive pressures, which may reduce or encourage gender discrimination, in particular wage differentials, third, facilitating or raising barriers to access by women to resources and services, and fourth, multilateral trading rules, which may facilitate or constrain governments in applying policies or regulations that address gender equality. Women in turn, have largely contributed, as workers or entrepreneurs, to enhancing the export capacity of their countries. However, although there has been significant growth in female participation in the labor market, owing to an increase in trade, gender inequality persists under other forms: precarious conditions of work, wage inequality, vertical and horizontal job mobility, and access to resources and services. Also, many women entrepreneurs are isolated in micro-businesses and do not have sufficient access to capital and credit.

Although it was generally agreed upon that trade is a mean and not a good in itself, debates on globalization frequently involve a “clash” of counterfactuals. On the one hand it is argued that a world of more social justice and less dominant trading and investment companies is needed. On the other hand, it is argued that when there is no or restricted trade or foreign investment, poverty will increase considerably.

However, an increasing number of studies show that economic policies that emphasize trade liberalization above all else, hamper social progress and work only to the benefit of certain countries and groups in societies. Markets alone cannot lead to social, and gender equity in particular. People’s and especially poor women’s needs should therefore not become derived from economic growth objectives. Government policies are needed to address market failures and support the objective of gender equality. To integrate gender and promote decent work for all women and men into development strategies, the ILO plays a key role. Advocacy, assistance, research, capacity-building and partnership are important tools to reach these goals.

Given the broadening of the mandate of the WTO, the potential impact of WTO rules on the pursuit of gender equality need to be better studied and understood in order to make the objective of an open and rule-based multilateral trading system consistent with the objective of

gender equality as fundamental human right. In agriculture, for example, WTO developing-country Members that intend to provide specific support for subsistence farmers need to make use of mechanisms possible under WTO rules: first, the “special and different treatment” provisions, and second, the “green box” exemptions from aggregate limits on domestic supports in such areas as extension services, stockholding for food security, domestic food aid and disaster relief. In services, WTO developing-country Members should use the flexibility of the GATS in allowing domestic regulations in this sector. Particular attention needs also to be drawn to the phasing out of the Multi-fiber Agreement (MFA) by 2005. The MFA consists of bilateral agreements establishing quotas to protect domestic textile industries. Its phasing out imposes major challenges to countries like India. At the same time, textile exports from China will likely grow significantly. These structural changes in the global textile industries will have major implications for women.

## **2) Breaking the “Conspiracy of Silence”- Addressing the Commodity Problem from a Gender Perspective to Reduce Poverty in Developing Countries**

The speakers from the second panel were 1) Mr. Mehmet Arda, Head, Commodities Branch, Division on International Trade in Goods and Services and Commodities, UNCTAD, Geneva, 2) H.E. Ms. Valentine Rugwabiza, Permanent Representative, Mission of the Republic of Rwanda to the UN, Geneva, 3) Ms. Marcela Villarreal, Chief, Population and Development Service, Gender and Population Division, Food and Agriculture Organization of the UN (FAO), Rome.

The session was moderated by Ms. Hella Hoppe, Visiting Researcher, Friedrich Ebert Foundation, New York Office

A summary of what emerged from the presentations follows.

The agricultural sector and related rural sectors provide the major source of livelihood for developing countries. Therefore, any impact of trade liberalization on the agricultural sector will have far reaching consequences for the livelihood of their populations. Particularly, multilateral trade rules need to be more supportive of agricultural development and food security.

In general when gendered impact of trade liberalization in agriculture are discussed at least three mechanisms need to be taken into account: first, trade liberalization has different impacts on women and men, second, women have less access to and control over resources, and third, women have less capacities to respond to policy changes. To support policy-makers respond to poor rural women’s needs, gender trade impact assessments can be empowering mechanisms. This is especially important as it is frequently the household and not the individual household member that is considered as the unit of analysis for poverty measurement. A further problem is the general lack of gender-disaggregated data in agriculture, people-centered data regarding

trade and studies of women's opportunity costs. Another key area of concern that is closely linked to gender impacts of trade liberalization in agriculture is the devastating impact of HIV/AIDS. In sub-Saharan Africa, the disease has decimated the agricultural labor force and has led to a dramatic loss of labor and loss of productive generations. Today, those who are most HIV infected are the rural, the women and the poor.

Addressing the commodity problem is a major precondition for reducing extreme poverty in LDCs. Multilateral trade negotiations are an integral part of the commodities issue which include phyto-sanitary measures, intellectual property protection and tariffs on processed products that limit the diversification efforts of developing countries. Three major aspects of the commodity problem need to be solved. First, wide fluctuations in primary prices and incomes; second, the long-term declining trend in prices; and third, the declining share of primary producers in the value chain. Women play an important role in producing and trading commodities mainly in the areas of agriculture, forestry, fishing and mining. At the same time, women's access to key resources such as property rights, credits, education and technology is very limited. Against this background, the commodity problem, especially the declining share of primary producers in the value chain needs to be linked to women's role in the different subsectors of primary commodities and to the questions of food security and poverty eradication. However, if market access and entry barriers as well as gender inequalities are overcome, and particularly if this know-how and traditional knowledge can be registered as intellectual property, women's benefits from these activities could be substantially increased. For example, there is an evolving structure of trade towards non-traditional products which provides economic opportunities for women and girls, especially in the growing and dynamic export-oriented horticultural sector. It is an industry where some developing countries have been able to engage in global markets quite successfully, even though the returns are highly concentrated at the consumer-end of the horticultural value chain in importing countries.

In the discussions, it was further agreed upon that trade policies need to be developed according to principles and framework that uphold human rights and social justice. They must guide economic decisions and actions that benefit all, particularly the most vulnerable groups including poor women and LDCs.

### **3) Managing International Capital Investment – How to Enhance Long-term Benefits for Women?**

The speakers from the third panel were 1) Ms. Ann Zammit, Consultant, United Nations Research Institute for Social Development (UNRISD), 2) Ms. Brigitte Young, Professor, Institute of Political Science, University of Münster, Germany, 3) Ms. Esther Busser, Officer responsible for WTO and UNCTAD, International Confederation of Free Trade Unions (ICFTU), Geneva Office.

The session was moderated by Ms. Yvonne Apea, Programme Coordinator, Africa and Legal Affairs, International Center for Trade and Sustainable Development (ICTSD).

A summary of what emerged from the presentations follows.

Attracting export-oriented FDI, in particular, has become a major preoccupation of most developing countries, encouraged by the neoliberal dogma of the Multilateral Financial Institutions. However, generally speaking, FDI is not an invariably positive solution to development problems. Among heterodox economists, there is a growing consensus on the components of strategies that would enhance the contribution of FDI to development, both directly through the particular instances of FDI and more indirectly through the spill-over effects of FDI. The evidence from economically successful countries that have received significant inflows of FDI suggests that FDI makes a more significant contribution when “managed”. In other words, rather than pursuing policies to promote unfettered trade and capital flows, developing countries need to adopt a selective policy of “strategic integration” into the international economy, with regard to both FDI and trade, and, at the same time regulate financial flows on the capital account, in line with the implementation of a conscious industrial policy. This would involve giving developing countries greater “policy space or discretion”, by according them special and differential treatment that absolves them from their commitment to the WTO global rules of the game that currently apply to rich and poor countries alike. The management of FDI so that it contributes more to development could make a positive contribution to women’s well-being and also to achieving greater gender equity. Improvements in women’s well-being would also be achieved if neoliberal policies that give undue attention to curbing inflation and too little to employment generation were abandoned in favour of more expansionary policies. But, if economic growth and development are to result in greater gender equity, affirmative action and anti-discrimination measures are also essential.

A special concern in the discussions on FDI were the working conditions of women in Export Processing Zones (EPZ) since the majority of the people working in EPZs are young women. Domestic economic deregulation and liberalization has led to the explosive growth of EPZs that exempt foreign investors from compliance with labor and environmental protection, and often tax breaks or regulatory loopholes. To improve working conditions and the position of women in EPZs, policy action needs to be taken at national and international level. At national level, governments have to enforce their labor legislation in EPZs. ILO Core Conventions need to be ensured, especially Core Labour Conventions No. 100 and No. 110 on discrimination in employment and equal remuneration and Conventions Nos. 87 and 98 on the freedom of association and the right to collective bargaining which are particularly undermined in EPZs. To the extent possible, and with the government guaranteeing this right, women should organize in trade unions, and demand for improvements in working conditions and wages. At international level, the current competition for investment is undermining development, rather than promoting it. This competition between developing countries is further increasing, in particular due to the phasing out of the MFA quotas, and due to increased investment by

developing countries in other developing countries. To rebalance the rights and obligations of investors, and to ensure respect for core labour standards, several instrument exist at international level: the OECD guidelines for Multinational Enterprises, the ILO tripartite declaration of principles concerning multinational enterprises and social policy, and international framework agreements. These instruments have to be promoted more widely.

Addressing gender dimensions of investment agreements is especially important since economic and social impacts of financial instability have greater impact on women than on men. Against the background of the expanded mandate of the WTO on national policy and economic sovereignty, the risks that financial service liberalization and GATS rules entail for financial instability and financial crises in developing countries need to be analyzed. From a gender perspective, gender impact assessment on financial service liberalization are important tools to support policy makers in their decisions towards GATS negotiations. Although the liberalization of financial services might improve the efficiency, functioning and management of financial services, potential risks that are associated with foreign entry concern three major areas. First, domestic banks are not able to cope with increased competition, second, competition may raise costs for local banks in the short-term and third, foreign banks get higher interest margins. Negative effects may further occur due to inadequate information and capacity building in many developing countries. As a result, the financing to small borrowers, mainly women, might be undermined. Given the crucial role of finance-mediated processes for production and reproduction, it is argued that the liberalization of financial services and reforming the international financial markets need to go hand in hand. Finance service liberalization without reform of international financial architecture may destabilize many of the financial markets in developing countries. Here, national local, economic, and political and social dimensions of the countries and regions in financial service liberalization need to be taken into account. In regard to GATS, a moratorium on Financial Service Liberalization in LDCs is required. This would give time to allow gender impact assessments, to analyze more systematically the causes of global financial instabilities, crises, and its gender dimensions and to develop a positive/negative gender agenda in international finance liberalization.

#### **4) Countdown To 2005: Achieving Policy Coherence in the International Trading and Financial System to Increase Gender Equality and to Empower Women**

The speakers from the fourth panel were 1) Ms. Diane Elson, Professor, University of Essex and Marie-Jahoda Visiting Professor, University of Bochum, Germany, 2) Ms. Maria Floro, Professor, Dept. of Economics, American University, Washington D.C., 3) Ms. Nuria Castells, Economic Affairs Officer, Trade, Environment and Development Branch, UNCTAD/DITC, Geneva.

The session was moderated by Ms. Adair Heuchan, Counselor Trade and Development, Permanent Mission of Canada to the UN, Geneva

A summary of what emerged from the presentations follows.

A key question is whether policy coherence undermines or supports the Millennium Development Goals (MDGs). It was generally agreed upon that policy coherence needs to be shaped in a way that it serves the MDGs, especially MDG 3 "Promote gender equality and empower women".

In reaching the MDGs, the "Millennium Project" plays a key role which is the independent advisory body to UN Secretary-General and develops operational strategies. The Task Force 3 of the Millennium Project is responsible to develop both an operational framework of action for meeting MDG Target 3, "ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling" and more generally for MDG 3. According to Task Force 3, six strategic priorities for policy action at international and national-level are required: 1) strengthen opportunities for secondary education for girls and eliminate gender gaps at that level, 2) guarantee sexual and reproductive rights and health, 3) invest in gender-responsive infrastructure to reduce women's and girls' time poverty, 4) guarantee women's property and inheritance rights and reduce discrimination in labor markets, 5) increase women's representation in political bodies and 6) end violence against women. It was stressed that legislation and public investment are absolutely critical to achieve the MDGs, especially MDG 3. However, due to structural adjustment policies and loan conditionalities developing countries are experiencing decreasing tax revenues which, in turn, constrains their ability to provide adequate public services. Many countries are also suffering from a considerable "brain drain" of qualified workers such as nurses and teachers in the public services sectors. Important instruments for policy-makers to respond to these challenges are: gender impact assessments of financial, trade and investment policies, and gender mainstreaming in government and international bodies. In addition to impact studies, it was recommended to undertake more long-term oriented gender assessments in finance and trade that focus both on impacts and on potential patterns of risks and insurance schemes.

The year 2005 presents a unique opportunity to continue the momentum in recent UNCTAD XI and civil society's participation in WTO meetings and to mobilize political and public support for greater people-centered policy coherence. This concept of policy coherence would require that the international trade and financial systems fully support, and operate in accordance with the agreed UN commitments especially towards gender equality and women's empowerment. A horizontal approach towards policy coherence involves an examination of the vertical linkages between the macroeconomic environment created by international trade, investment and loan agreements and the adjustments and changes at the national, sectoral, household and individual levels. However, the emerging coordination of macroeconomic policies, principally trade and finance, is currently being dominated by the multilateral trade and financial institutions, namely the WTO, the IMF and the World Bank instead of the UN-led follow-up mechanisms. This direction and nature of concept of policy coherence can further limit sovereignty of governments in formulating and implementing their own domestic policies and strategies that would put

people at the center of development process. To re-orient the mandate on policy coherence towards the UN processes and in support of the human development framework multi-level efforts and institutional mechanisms are required. First, policy coherence cannot be achieved without tackling it at both the national as well as international levels. Second, the current dominant role of the WTO and the Bretton Woods Institutions in global economic decision-making can only be changed by both strengthening and gender mainstreaming the United Nations and restructuring the Bretton Woods Institutions and the WTO. Third, UN-led follow-up processes need to be shaped in a way that they offer the adequate framework to address people-centered policy coherence.

In line with the report of the Inter-Agency Task Force on Gender and Trade headed by UNCTAD the analytical grounds for mainstreaming gender into trade-related development strategies need to be further explored, by deepening research and analysis on the economic foundations of the role women in trade and development. The identification of links between women's empowerment and its impact on economic development would enable the design of development strategies that would take into consideration an important part of the population in developing countries. Being blind to the potential benefits of a greater and more effective participation of women in the international trading system, decision-makers and the institutional network have not given them enough opportunities to translate their potential into real achievements. A momentum was created at the UNCTAD XI conference since the Sao Paulo Consensus explicitly calls for a "support to developing countries in analyzing appropriate linkages between trade and poverty and trade and gender" (paragraph 105). Currently, UNCTAD is exploring the issue of policy-debate and the inclusion of gender-sensitive parameters and indicators to identify development benchmarks to be incorporated into new development models acknowledging the new economic conditions and roles of stakeholders in the network society and globalized world. Special attention needs to be paid to the following areas: 1) gender in relation to the policy space debate, 2) Gender impact assessment of trade policies and trade liberalization, 3) data collection especially disaggregated data enabling the statistics to reflect differences between men and women in terms of economic opportunities, 4) analysis and research taking into account the gender dimension, and 5) empowering women as actors and as beneficiaries of trade policies aiming at economic growth.

Hella Hoppe