

CASE STORY ON GENDER DIMENSION OF AID FOR TRADE

**AID FOR TRADE: “RESULTING LESSONS LEARNED FROM TRADE
POLICY ON WOMEN”**

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Issues Addressed: In 2009, DFID funded the Commonwealth Secretariat to undertake a series of case studies designed to demonstrate the linkages between trade, gender and economic development. Some of these case studies looked at impacts and consequences of trade policy measures and others of building productive capacity of women traders. In terms of trade policy, Kenya and Jamaica were targeted seeking impacts of trade liberalization on the sugar and poultry sectors. India, Kenya, Lesotho and St Lucia offered illustrations in trade preference gains and losses. Effects of service liberalization and non tariffs barriers showed gender impacts in the Caribbean, Bangladesh and Ugandan in particular, but illustrated trends seen in most developing countries.

Objectives: The case studies detailed unequal consequences for men and for women of trade policies. Understanding these inequalities and incorporating a gender analysis into trade policy research will enabled trade policy makers to strengthen the potential outcomes of their work towards sustainable development and reducing poverty.

Problems encountered: There is definitely a positive relationship in developing countries between women's involvement in the economy, their contribution to the competitive dynamics of trade, and the growth and development of these countries. But it is unclear that the same positive relationship holds between trade performance and women's overall economic and social empowerment. Trade intensification creates employment that can improve their situation. However the persistence of gender inequalities and gender gaps with regard to access to and control over resources continues.

While trade liberalisation does not create structural gender inequalities, the trade reform that it engenders can affect – for better or worse – conditions in the labour market, relative prices for products, and resources and government revenues. Thus it can lead to increased or decreased employment and livelihoods, higher or lower prices for inputs, and investments or cuts in government social expenditures. All of this may affect women more than men.

Factors for Success or failure? Can case studies provide guidance to policy makers and development practitioners? Is there a set of universal mitigating and compensatory actions that could be taken to lessen the negative impacts of changes in trade policy regimes or instruments, mechanisms and processes on women's employment and entrepreneurship and on their informal and household sector activities? What are the mechanisms and measures that will enhance the positive benefits of trade intensification on women's overall economic and social empowerment?

A number of broad overarching principles or guidelines can be drawn from the case studies that emanate from the challenges and contradictions around gender, trade and development. There are also a number of interventions that can be undertaken, relevant to the four broad groupings around which the studies are clustered.

Lessons Learned: There are Principles and Guidelines that can be followed for positive results and benefits

Principle One: Promote women's empowerment

Trade expansion on its own does not generate sustained improvement in women's overall situation. At best, there are marginal improvements in their economic and social status. Proactive policies and programmes are needed at the national and local levels that seek to address issues of structural inequality between women and men. Given the shifting nature of international trade patterns, there are ups and downs in employment gains. One sector grows, employing women and men, then peaks and declines. Women lose income, poverty increases and the overall situation worsens for women and their families.

To avoid such situations, women need to be empowered through access to education, services, land, credit, etc.

Principle Two: Invest in women

Maximising sustained gains from trade expansion and trade reform necessitates investing in women and girls. This means devoting money and resources to the factors that affect their capabilities,

access to resources and security in all areas and aspects of their lives and lifecycles. Investing in women concretely means spending on health, education and essential services that are critical for social reproduction and household production.

Principle three: Focus on poverty eradication

Trade strategies must evolve from a better understanding of poverty dynamics in the economy and how trade and poverty are inter-related.. Attempts to increase trade must go beyond the search for market access – i.e., provisions for the access of goods and services across national borders on a non-discriminatory basis – to focus attention on the factors critical for raising productivity and revitalising agriculture. These factors are all intimately linked to poverty and gender gaps and biases. Poverty is linked to people’s nutritional and health status, both of which are important for ensuring a stable and reliable workforce and raising productivity. If there is not an adequate level of social development, in terms of basic infrastructure and access to health care and education for women and men, then adverse changes in trade at best reinforce or at worst exacerbate poverty.

Principle Four: Infuse trade policy with a gender-sensitive social mandate

The design, negotiation and ultimate implementation of trade policies and agreements have serious implications for all areas of women’s and men’s daily lives. These depending on many different factors. But trade reform must be more broadly viewed to take into consideration larger social, gender, human development concerns. Effective trade reform must be developed as a process that goes well beyond narrow economic concerns with changes in tariff levels and bindings. Trade reform should be grounded in a comprehensive view of and a concern with how its mechanisms and modalities affect the pattern of resource allocation (fiscal and social) and shape behaviours and values that influence different groups in the economy. Given the often contradictory impacts of liberalisation-induced trade reform, very careful attention must be paid to how trade policy measures are reformed and fine-tuned.

Principle five: Promote environmentally- friendly trade

While promoting trade and seeking foreign exchange, governments must be mindful to also promote the conservation and protection of natural resources. Deteriorating air and water quality has implications for the health of women and men as well as posing particular implications for women’s time burden and overall welfare. This compromises women’s role in food and agricultural management as well as potentially affecting productivity in domestic and export production. Governments must be cautious about the further liberalisation of trade in natural resources such as forest products, fish, oil, gas and minerals. They must also not be narrowly focused on market access to the detriment of the very environment that is necessary for the life and livelihoods of their citizens.

THERE ARE SPECIFIC INTERVENTIONS AROUND TRADE LIBERALISATION THAT CAN PROVIDE MORE BENEFICIAL RESULTS

The case studies offered important insights into a range of interventions that can, if practised, offer potentially more positive gender results. With the exception of the Lesotho and St Lucia studies, which focused on non-reciprocal agreements, all of the case studies in this section reinforce the point that market access concessions, which are grounded in reciprocity and embedded in the ‘single undertaking’ framework, may constrain the flexibility of governments to undertaken domestic adjustments that cater to the particular needs of different sectors within the economy. It is therefore important that such negotiations are grounded in and extremely responsive to a gender equality-based, development-centred approach.

Also, a majority of the case studies pointed towards the following as *critical ingredients for trade policy negotiations mandates*: (1) food security, (2) the ability to offer protection to a specific sector identified as critical to poverty reduction, and (3) the protection of health services and access to other services that are critical for social reproduction and women’s overall empowerment. With this backdrop, specific lessons can be drawn from the four areas of import liberalisation, preference gain and loss, service liberalisation, and non-tariff trade barriers.

RESULTING LESSONS LEARNED FROM IMPORT LIBERALISATION:

In the area of tariff liberalisation, food security and the rural livelihoods of poor women and men farmers seem not to have been seen as critical for determining commitments. This is clearly the case

in Kenya, where the severe contraction in the sugar sector caused dramatic upheavals in the lives of women, men, girls and boys. As the crisis worsened, not only did it increase the debt of families and the overall burden of women, it forced children to go to work in the fields in an attempt to garner some kind of marginal income for family survival. Due to pre-existing high levels of poverty, small cane-farmers, especially women, were unable to access money to upgrade their operations and become more competitive. More importantly, there was no underlying social safety net or basic infrastructure for women and men to fall back on. So when sugar was no longer performing, poverty rose rapidly, causing increased food insecurity, child labour, prostitution and other coping mechanisms.

RESULTING LESSONS LEARNED FROM SAFEGUARD MECHANISMS : It is also clear from that governments need to act quickly to take measures to protect against rising imports that jeopardise livelihoods in the domestic economy. The World Trade Organization (WTO) agreements provide a specific safeguard for agriculture and three safeguards – anti-dumping, countervailing and emergency safeguards – under the General Agreement on Tariffs and Trade (GATT). However, it is difficult for developing countries to take advantage of these for procedural and/or financial reasons.

In the current Doha round of WTO negotiations, countries such as Jamaica and Kenya are working hard to secure special safeguard mechanisms that can be used to thwart import surges and price declines in agricultural imports. In the context of WTO Non-Agricultural Market Access (NAMA), the group of developing countries known as NAMA-11¹ are also trying to ensure that any resulting agreement on the liberalisation of industrial tariff does not result in de-industrialisation.

RESULTING LESSONS LEARNED FROM PREFERENCES-- GAIN AND LOSS :Loss of quota protection, can lead to high employment losses and collateral poverty damage. More often than not, these aspects of trade liberalisation lead to ‘an infusion of cheap imports that compete with domestically produced’ items (Williams 2003). One lesson from this is that governments need to develop social protection strategies that will prevent women, men and families from slipping into poverty when they are affected in this way by trade policies. Education and capacity building are also important interventions. Where countries have focused on a single crop of export product, governments need to diversify into other areas – such as, in the case of the Caribbean, for example, tourism, information technology and agro-processing (Ahmed 2001).

RESULTING LESSONS LEARNED FROM SERVICE LIBERALISATION: The main lesson from the case studies on the impact of service liberalisation is that governments must seek, at all times, to ensure the fulfilment of their public health and social mandates. From the sending country's vantage point, this both imperils citizens and puts the government at risk of violating its commitment to ensure human rights in terms of health and education. On the other hand, the same government may benefit in the form of a return flow of international remittances. By allowing citizens to seek better conditions of work overseas, a government is also ensuring their enjoyment of human rights.

The solution lies in remedying the underlying causes of the out-movement of professionals. These include institutional lack of capacity in terms of professional development, working conditions and remuneration at home. So governments must pay attention to policies that encourage professionals to stay put. In terms of future service liberalisation, developing countries' governments in Africa, Asia and the Pacific should seek to ensure that women workers across all spheres are well protected in terms of wage compensation and benefits when they move as temporary workers to host countries. Thus gender needs to be a catalytic factor in the discussion of Mode IV of the General Agreement on Trade in Services (GATS).

RESULTING LESSON LEARNED FROM NON-TARIFF TRADE BARRIERS

The issue of trade-related health and safety regulations and their gendered impact is particularly contentious. Countries have the obligation and the right to protect the health and safety of their citizens. At the same time, unilateral applications of sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) are asymmetric in terms of standard setting and implementation between developing and developed countries. They are also woefully lacking in transparency, may result in trade diversion and have been tainted with protectionism. SPS and TBT requirements are administratively difficult and cost prohibitive for poor developing countries.

Conclusion: The lessons to be learned are manifold, but two key ones stand out. First, governments need to develop compensatory trade adjustment funds at the national level to assist women and other small-scale providers in cases where there are SPS challenges. Second, there is a need for social safety nets such as unemployment compensation and temporary work schemes to mitigate the most negative impacts of such events.

APPLICABILITY FOR AID FOR TRADE AND TRADE-RELATED CAPACITY BUILDING

Developing countries' governments should also advocate at the international level for a SPS/TBT trade-related health and safety regulations trust fund that would provide ongoing technical assistance funds for the upgrading of food and related export sector activities. Such a fund could be a specialised fund within the domain of Aid for Trade (AfT) or Trade-Related Capacity Building (TRCB) mechanisms and processes already established. Within the scope of the ban, there should be an emergency window for cases where the ban affects vulnerable populations such as women and those who are food insecure. Developed country members imposing the ban should put up additional reserves to meet the disbursement needs of the emergency window during the operational period of the ban.

Given the effects of the loss of quota protection or preference, it would seem that both AfT and TRCB are two specific areas of intervention in the trade policy environment that link synergistically with trade and women's empowerment. Many of the key considerations of market access that are problematic for small and medium-sized enterprises and smallholders in the agricultural sector – such as physical infrastructure and access to ICTs – have their own distinct gender dimensions that need to be specifically targeted and addressed within the context of AfT and TRCB planning.

Domestically, market access involves considerations that may apply in terms of:

- Demand conditions and the need to continually improve productivity to meet international competition;
- Physical infrastructure: roads, ports, airports, railways;
- Human (or soft) policy to deal with distortion, regulation, incentives and protection;
- Costs of information, transportation and communication;
- The global supply chain.

Women and poor minority businesses operating in the export and import sectors have a greater need for accessing many of the softer elements of market access and market entry such as incentives, tricks of the trade with regulations, and assistance with the costs of information and communications as well as dealing with global supply chains and product development. Programmes geared to providing export training, building and maintaining trading networks and assisting with capital upgrading, technical standards and regulations for specific export markets, if tailored with adequate gender sensitivity, can prove highly beneficial to women economic actors.

While a contentious topic, AfT is relevant to the discussion of women's economic empowerment and gender and trade because of its wide scope, which ranges from the issue of trade policy and regulation, trade development and trade-related infrastructure to trade related adjustment. Gender equality should be a central concern in all aspects of AfT including 'trade-related adjustment' and 'other trade related needs', but, especially, those programmes and projects aimed at building the 'supply side capacity' and the 'human resource availability of developing countries' (AfT Task Force 2006).

