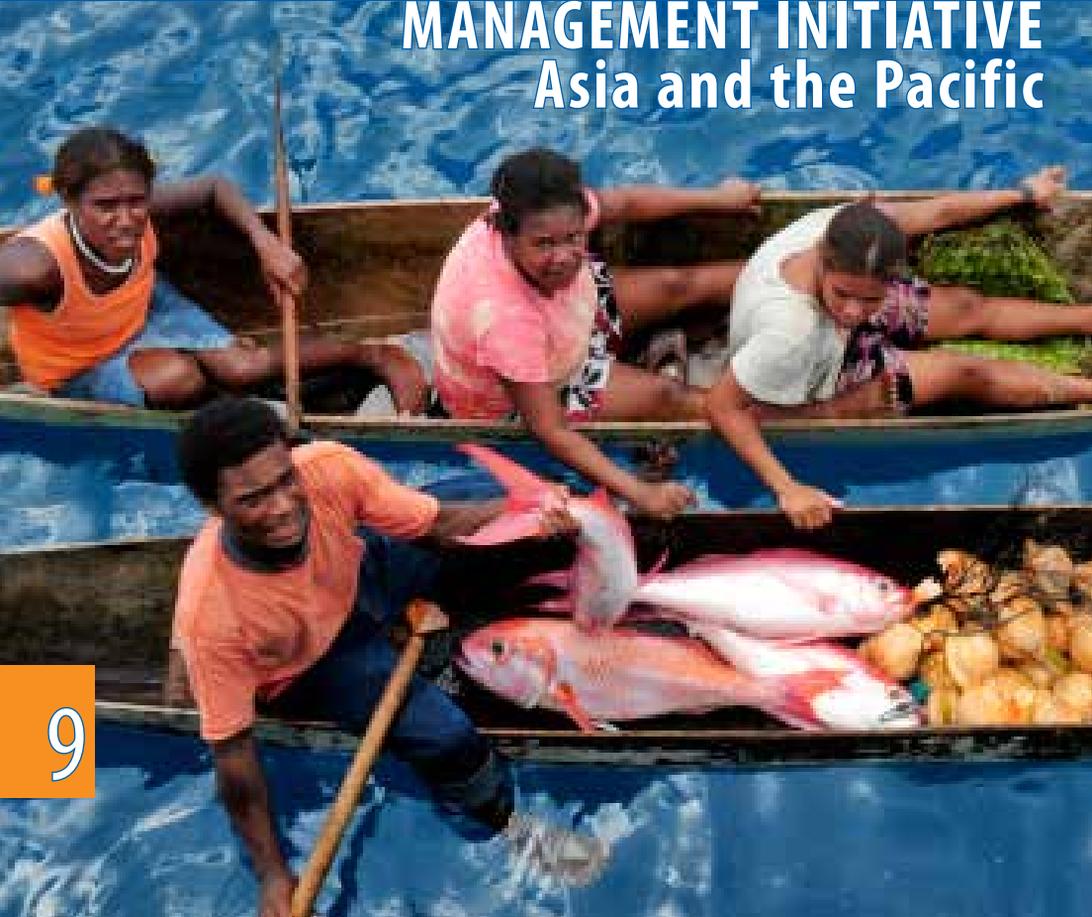




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GENDER AND ECONOMIC POLICY MANAGEMENT INITIATIVE Asia and the Pacific



9

GENDER AND TRADE

GENDER AND ECONOMIC POLICY MANAGEMENT INITIATIVE – ASIA AND THE PACIFIC: GENDER AND TRADE

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INTRODUCTION

This module analyzes the relationship between gender and trade. It describes the linkages between the two at the micro, meso, and macro levels to inform development policies. It first examines demonstrates the role of trade liberalization in the creation of global markets, which is sometimes referred to as globalization. Standard trade analysis, like macroeconomic policy, is gender blind, not gender neutral. Introducing a gender perspective for understanding processes of trade and economic growth – through, for example, the application of gender value-chain analysis – increases our understanding of the interactions between gender and trade. Finally, a section of the module is devoted to new trade-related matters, such as trade-related intellectual property rights, trade in services, as well as the relationship between trade agreements and multilateral environment agreements.

LEARNING OBJECTIVES

At the conclusion of this module participants will be able to understand:

1. The linkages between gender, trade and other macroeconomic policies.
2. The two-way interactive relation between trade and gender relations.
3. Challenges of trade policy design with considerations for gender equality.

OUTLINE

- I. Globalization, international trade, growth and development.
 - A. The new character of international trade.
 - B. The multilateral trading system and policy space.
 - C. Role of institutions in trade and development planning.
- II. Why gender equality matters for trade.
 - A. Experiences of globalization and trade-orientation in Asia.
 - B. Trade as an engine of growth: from a gender perspective.
 - C. Gender and the multilateral trading system.
 - D. Gender and value chains.
 - E. Informal Cross-Border Trade.
 - F. Potentials for integrating gender equality in development planning with trade policy.
- III. Special Topics on Trade-Related Matters.
 - A. TRIPs.
 - B. GATS and domestic regulation.
 - C. Trade agreements and MEAs.

DURATION:

1½ days.

FACILITATOR PREPARATION

Since most participants are not likely to have a strong background in trade policy, the presentation and discussion of the material should be emphasized. The final section may require specialized knowledge.

I. GLOBALIZATION, INTERNATIONAL TRADE, GROWTH AND DEVELOPMENT

Objective: To facilitate a common understanding of the nature of the contribution of trade to globalization, and thus situate contemporary macroeconomic development strategies in Asia and the Pacific within this global context.



Vivek Prakash / Reuters¹

- A. International trade liberalization was a key element of the macroeconomic reforms promulgated under structural adjustment and transitional economic restructuring, and which continued under poverty reduction strategy papers (PRSPs), including second-generation Millennium Development Goals (MDG)-based PRSPs (as discussed in Module 8). This is in spite of the fact that the most protected markets in the world are the USA, the EU, and Japan.

1 <http://www.time.com/time/world/article/0,8599,1920867,00.html>

- B. For countries that undertook structural adjustment programmes in the 1980s, it can be argued that such programmes made countries ready for globalization by increasingly exposing them to international competition as a consequence of trade liberalization, market deregulation, privatization, financial deregulation and devaluation. In a sense, structural adjustment made countries increasingly market oriented, preparing them for the period of intensified globalization.
- C. For countries that have undergone transitional economic restructuring as they shift from planned to market economies, it can be argued that such programmes made countries ready for globalization. This was done by increasingly exposing them to international competition as a consequence of external trade liberalization, internal market deregulation, increasingly competitive producers, increasingly market-determined financialisation and devaluation, in a way similar to structural adjustment programmes. In a sense, transitional economic restructuring made formerly centrally planned economies increasingly market oriented, preparing them for the period of intensified globalization.
- D. Some Asian countries have unilaterally liberalized trade by cutting tariffs or eliminating import quotas (e.g., Vietnam and Lao PDR). In other cases, membership requirements into the World Trade Organization required the reduction of trade barriers.
- E. In the early trade literature, the prevailing view assumed that international trade liberalization was the key to ensuring the economic growth and development of poor countries, as enhanced specialization allowed countries to reap gains from trade based on comparative advantage. In theory, international trade can bring benefits in economic growth, through the more economically efficient allocation of resources in the world economy resulting from specialization and comparative advantage, and because of the expansion of domestic production arising from specialization, which should increase employment opportunities and earned income. Moreover, as discussed in Module 7 on Gender and Macroeconomics, the import of investment

goods can generate significant multiplier-accelerator effects. Potentially, international trade can also improve gender equality through the expanded opportunities and welfare gains it can generate for women.²

- F. However, academic and policy circles now dispute the relation between the openness of an economy and its economic growth. While some research finds a positive relation between openness and economic growth, other findings point to a negative or unclear relation.
- G. International trade involves not only nation-states, but also a whole range of actors: from companies, trade negotiators, business owners, importers, exporters and consumers, to institutions and trade promotion organizations, such as chambers of commerce, to producers, who can be self-employed or paid or unpaid workers in the formal or informal economy. These actors have different roles in international trade relations, different levels and types of power and influence over markets and governments, and consequently different amounts to lose and gain from international trade.

A. THE NEW CHARACTER OF INTERNATIONAL TRADE

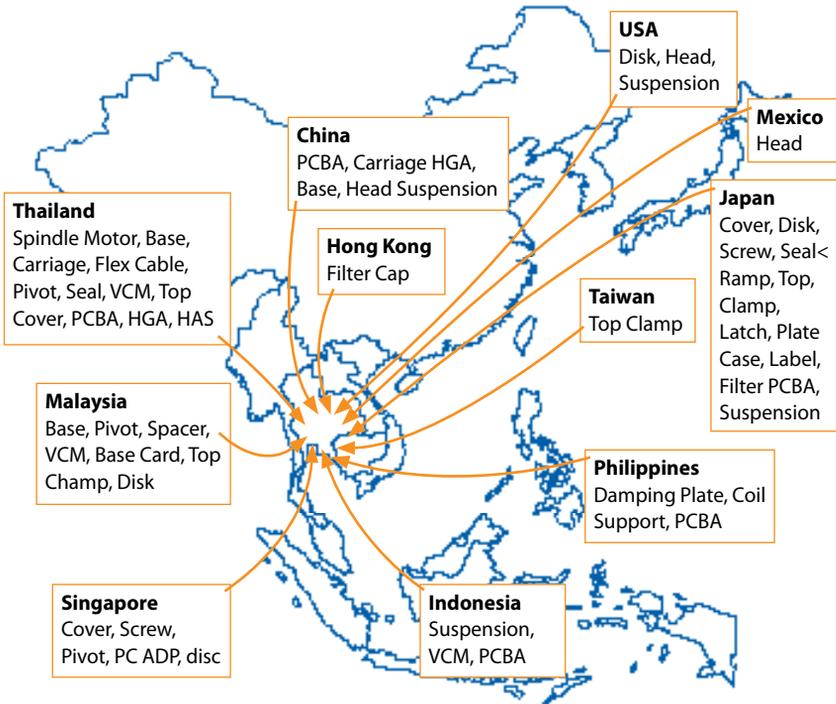
Objective: To demonstrate the change in the nature of global trading environment.

- A. The current period of intensified globalization began in the mid-1990s. Globalization is the increasing economic integration of worldwide production, trade and finance so that economies become increasingly interdependent and interconnected. The shift was made possible by changes in transportation, information and communications technologies, which made flexible international sourcing based on comparative unit labour costs possible.

2 Swamy, Gurushri (2004), 'International trade and women', Economic and Political Weekly, Vol 39: 45, pp. 4855 – 4889.

- B. The key agent of the process of globalization was the transnational corporation: companies that use intra-firm trade to organize flexible global production networks. This internationalization of production is an important feature of behind the shift mentioned above. By the beginning of the 21st century, intra-firm trade accounted for about a third of global trade. See Figure 1 below for an illustration of the production of trade in parts of hard disk drives.
- C. The World Trade Organization (WTO), established in 1995, was designed to regulate the global markets on which globalization depended. The Beijing Platform for Action was also agreed upon in the same year.

FIGURE 1: A SUPPLY CHAIN EXAMPLE. (THIS SHOWS THE NATIONS WHERE PARTS ARE SOURCED FOR A HARD DISK DRIVE ASSEMBLED IN THAILAND)



Source : Baldwin (2008) based on data adapted from Hiratsuka(2005).

B. THE MULTILATERAL TRADING SYSTEM AND POLICY SPACE

Objective: to critically understand the role of the multilateral trading system in trade liberalization.

- A. International trade policy involves the formal rules and mechanisms that operate to regulate cross-border trade activities.
 - At the national level, it is developed by government and intertwined with the domestic macroeconomic policies discussed in Module 7.
 - At the international level, it is developed by multilateral institutions in agreement with the principal stakeholders, namely governments.
 - These rules and mechanisms, multilateral institutions and governments comprise the multilateral trading system (MTS).

- B. The modern management of trade through the MTS commenced in 1947 with the General Agreement on Tariffs and Trade (GATT). When the GATT was signed in 1948 after a first round of trade negotiations, the countries of Asia and the Pacific were excluded from the decision-making process, even as those countries that remained colonies were bound by the commitments that colonizing countries made. Thus, from its inception, asymmetries within the MTS have hindered the effective and beneficial participation of the countries of Asia and the Pacific in international trade; as the major trading powers established the system, the application of the rules and principles of the GATT – including the most favoured nation clause, reciprocity and the national treatment clause – has tended to favour the major trading powers.

- C. The GATT was an important institution in promoting the trade liberalization agenda. So too were the International Monetary Fund (IMF) and World Bank, the policy conditions of which, under structural adjustment in particular (discussed in Module 8 on Gender and Macroeconomic Strategies in Asia and the Pacific), provided loans for trade liberalization, export promotion, export-import insurance and credit, investment dispute resolution mechanisms, and research and analysis that supported liberalization. So the international financial institutions facilitated the coherence of trade liberalization policies. They continued to do so after the World Trade Organization (WTO) was founded in 1995.
- D. The last round of GATT negotiations was called the Uruguay Round that began in 1986. During the negotiations, new areas were added such as agriculture (giving rise to the Agreement on Agriculture) and services (giving rise to the General Agreement on Trade in Services). Trade negotiators for developing countries offered the opening up of their services sector in exchange for market access to developed countries' agricultural sector. Negotiators in developing countries were also hoping access to developed country labour markets through the GATS Mode 4 or the Movement of Natural Persons that was expected to generate remittances. Developed countries, on the other hand, hoped to shift their advantage in trade towards monopoly benefits derived from the ownership of intellectual property.
- E. A further expansion of the coverage of WTO negotiations was attempted during the WTO Ministerial Meeting in Singapore, where trade negotiators tried to argue for the inclusion of investment rules, competition policy, government procurement and trade facilitation. Sometimes, these new issues are referred to as trade-related matters.
- F. That developing countries might not immediately benefit from trade liberalization, and that they had been largely excluded from forming international trade policy in the MTS, was first recognized in 2001 when the Doha Development Round

of WTO negotiations commenced. Since then, recognition has increased that international trade is not simply a neutral macroeconomic issue, but involves strategic development areas, such as agriculture, services, intellectual property rights and investment, as well as critical issues of employment, livelihoods, well-being and human rights.

- G. As a result, the development dimensions of the MTS and global trade rules have been a continuing source of disagreement between developed and developing countries. At the regional level, the development dimensions of the economic partnership agreements (EPAs) between Pacific countries and the European Union highlight the continuing asymmetries in negotiating stances and negotiating leverage in the MTS, discussed later in this module.
- H. Following the deadlock in WTO trade negotiations since the collapse of the WTO ministerial conference in Cancún in 2003, the big international trading powers (namely the European Union and United States, as well as China and India) have demonstrated an increased interest in negotiating bilateral and regional trade and investment agreements (BTAs and RTAs). In particular, the European Union has been intensifying the regionalization process that has culminated in the economic partnership agreements (EPAs) with African, Caribbean, and Pacific (ACP) countries on the basis of reciprocal free trade agreements (FTAs), which strongly contrasts with previous agreements based on trade preferences (such as the Lomé Convention).
- I. There are currently more than 2,500 BTAs and RTAs in force around the world. They are important to the functioning of the MTS and can influence both the nature and direction of the global trade and investment agenda. However, the overlapping coverage of these trade agreements can confuse attempts at understanding the results of impact assessments

- J. In many cases BTAs and RTAs include WTO-plus provisions that go beyond requirements in WTO agreements and rules. US bilateral FTAs contain trade-related aspects of intellectual property rights (TRIPS)-plus provisions on generic drugs. Countries in Asia and the Pacific have found that some issues on which they refused to negotiate in the WTO are now to be found in the EPAs.
- K. The multilateral trading system determines what is allowable policy. Policies that are not consistent with the WTO, for example, can subject a country to dispute settlement proceedings. Due to the big development gap among countries, policymakers from developing countries have argued that these trade agreements have limited the policy options available to them to pursue development goals.

C. THE ROLE OF INSTITUTIONS IN TRADE AND DEVELOPMENT PLANNING

Objective: to introduce an alternative way of understanding the relationship between trade and growth through institutions.

- A. Trade is the exchange of goods and services between individuals or groups either directly through barter or indirectly through the medium of money. Without trade (or reciprocity), individuals or groups might have to meet all their needs from their own resources. Economics argues that voluntary trade allows a division of labour among producers undertaking specialized activities. When producers specialize in an activity at which they are particularly efficient, they are more productive, increasing the volume of goods and services that they produce. In the aggregate, this broadens the range of goods and services available for consumption, meaning that neoclassical economics contends that all participants in trade benefit by being able to

consume a greater amount and variety of goods than would have been the case without trade.

- B. **Absolute Advantage.** When individuals or groups can produce goods and services more cheaply than their potential trading partners, they are said to possess an absolute advantage.
- C. **Comparative Advantage.** When individuals or groups can produce a particular good or service at a lower opportunity cost than another party, they are said to possess a comparative advantage. Comparative advantage is the reason why specialization and trade are beneficial for society: Individuals and groups can produce a good or service with the highest relative efficiency, and hence, lowest relative costs, given all the other goods and services that could be produced. Such specialization or barter (voluntary trade) can generate benefits for both parties even when one can produce all goods with fewer resources than the other. The net benefits of such an outcome are called **the gains from trade**.
- D. In economic theory, comparative advantage is argued to hold for all, from individuals, households and firms to communities and countries, and thus is the basis of all trade and market operations.
- E. As mentioned earlier, however, there are limits to these theories. In particular, serious questions have been raised on whether trade liberalization delivers economic growth. There is a robust set of literature demonstrating the importance of institutions, more than liberalization policies, in achieving growth objectives. Several studies have demonstrated the causal link between trade liberalization with economic growth have poor statistical support.
- F. Contrary to mainstream policy prescriptions, the institutional reform appropriate to the unique conditions of a country is more important in determining success than the blind acceptance of standard prescriptions. The contrasting experience between

Latin America (following the standard prescriptions) and East Asia (that did not) is often used to illustrate this point.

G. An institutional arrangement needs to be designed to complement and implement the following recommendations:

- industrial targeting, which means that a government needs to make a conscious choice regarding which industries it wishes to promote;
- selective entry of foreign direct investment (FDI), which means that governments encourage the entry of FDI that will support the country's development targets, especially favouring those corporations that agree to licensing of products and processes and working with domestic producers;
- some amount of trade protection through reasonable levels of tariffs and related measures that help domestic producers develop their capacities in much the same way that the industrialized countries implemented these same measures when they were still in their early stages of development;
- skills and technological upgrading, which means that competitive advantage is not solely based on the low cost of inputs but on investing in technological development and human development.

H. The approaches above are to be contextualized within the macroeconomic targets that a country sets for itself. In other words, policymakers have to think strategically to ensure complementarity among the policies in planning documents. The narrowing of policy space makes the implementation of institutional reform to support such a strategy challenging. It is especially important to be aware of the flexibilities allowed in the trade agreements in the WTO as well as other relevant trade agreements (see Box 1 below). It will also be helpful to study the process that forms part of the Enhanced Integrated Framework for Trade-Related Assistance for Least Developed Countries and the corresponding Diagnostic Trade Integration Study and what

role this can play in including flexibilities allowed in the WTO. Further, this opens up opportunities for a discussion around gender and trade.

BOX 1: FLEXIBILITIES UNDER SPECIAL AND DIFFERENTIAL TREATMENT

The South Centre is an inter-governmental organization that follows trade negotiations in the WTO very closely and provides policy advice to its member countries. According to the South Centre (2002), commitments based on the principle of special and differential treatment (S&DT) need to be appreciated as a set of rights that support developing countries capacity to participate in the multilateral trading system on equal terms (South Centre, 2002: 1–2). Paragraph 44 of the Doha Ministerial Declaration stipulated that all S&DT provisions should be reviewed with the objective of “making them stronger, more precise, more effective and more operational.” In the current state of the legal text of WTO agreements, some of the more specific flexibilities that are currently available to developing countries are:

- Domestic support measures, particularly investment subsidies and agricultural input subsidies, used by developing countries in order to encourage agricultural and rural development are exempted from the liberalization efforts and need not be removed. (Article 6.2, Agreement on Agriculture)
- Developing countries are allowed longer timeframes to comply with the requirements of new and more stringent sanitary and phytosanitary measures so that their exports are not unduly harmed. (Article 10.2, Agreement on Sanitary and Phytosanitary Measures)
- It is possible to use constructive remedies before anti-dumping duties are applied against products of developing countries. (Article 15, Anti-Dumping Agreement)

- Least developed countries are not required to implement intellectual property rights provisions, with some exceptions, for a period of 10 years. (Article 66.1, Agreement on Intellectual Property Rights)

EXERCISE 1

Objective: to understand different views within and about the MTS.

Distribute the papers by the International Gender and Trade Network-Asia (2006) and by Caliarì and Williams (2004) in advance of this exercise for all participants to read beforehand. Prepare a short description of a hypothetical (but typical) country for the exercise.

Participants should divide into three groups of equal numbers. Two of the groups should pretend they are from the hypothetical country during the exercise, while the third group is composed of external stakeholders. Each group represents one key stakeholder in trade policy formulation and negotiations, and each stakeholder group is comprised of different individual stakeholders with their own specific concerns and interests:

- I. The government (for example, the prime minister, the trade minister, the finance minister, and others).
- II. Local producers, consumers and experts (farmers; female small traders; housewives; gender-aware economists; human rights activists, environmentalists and others).
- III. Foreign officials from the big trading powers (such as the United States trade representative and the European Union trade commissioner, among others) as well international officials (such as IMF senior economists and World Bank country representatives).

The groups have 40 minutes to answer the following questions according to the roles assigned to their respective groups and to the individuals within each stakeholder group:

- What is your position on trade liberalization? What position would you like the government of your country to take in this regard? Why? What arguments can you make to support your position? Are there points of difference among the members of your group?
- What kind of incentives, threats or bargaining chips do you have at your disposal to convince the government to take this position? What is the most effective way for you to use them?
- If the government takes your position and acts according to your demands, what is likely to happen concretely? If it does not, what is likely to happen concretely?

Each group should prepare for members of their group to report back, which will take the form of a mock negotiation platform between different individual stakeholders given the assignment of convincing their opposite group of the incorrectness of their negotiating position (e.g., a farmer negotiating with a World Bank country representative; a trade minister negotiating with an EU trade representative; a gender-aware economist negotiating with the minister of finance).

Facilitators should carefully note key negotiating positions and synthesize the comments that participants make in their roles. Participants should fill in the gaps as necessary regarding the linkages between international trade, macroeconomic policies and gender, as well as the coherent trade liberalization agenda of the WTO, IMF and World Bank. The exercise should close with the points related to the asymmetrical negotiating position of debtor countries in the WTO and other trade negotiation arenas, as well as the shrinking policy space in which debtor countries can operate.

II WHY GENDER EQUALITY MATTERS FOR TRADE

Objective: to equip participants to understand the role of gender equality in trade.

- A. A gender analysis of trade should account for differences in the gender roles assigned to women and men in societies. As discussed in previous modules, women and men have different responsibilities in unpaid (care) work and paid employment, have different access to productive resources, such as land, credit, technology and information, and face different constraints in institutions – such as households, markets and government – that have gender relations embedded within them. So gender equality, or a lack of gender equality, matters for trade.
- B. The orthodox economic explanation of the gender division of labour, as developed by new household economics, is that men have a comparative advantage in paid employment and women have a comparative advantage in unpaid work. As we have seen in Module 5, the gender division of labour is socially constructed. The opportunity costs of women and men are, in part, historically, culturally and socially determined. Such discrimination is economically inefficient and therefore should diminish over time, but the persistence of gender discrimination over time suggests that economic efficiency arguments do not lead to a reduction, let alone elimination, of gender discrimination.
- C. In theory, trade can bring benefits in terms of economic growth; it also affects individuals through its effects on prices, employment, production and expenditure for social protection. The effects on different individuals and groups vary due to their different positions in the economic system, which arise not only from different national contexts, but also from social and cultural factors, such as gender, class, caste, ethnicity, disability, religion or geographical location. Household structures are the key to

mediating the effect of trade on individuals. Intra-household differences in the allocation of assets, incomes and time affect the abilities of individual women and men to engage in trade as well as enjoy the benefits that can arise from it.

- D. Women and men play many key roles in trade, as producers, paid or unpaid workers, entrepreneurs and consumers. Women also reproduce and care for the labour force. Assuming, as conventional economics has, that gender equality does not matter for trade both undervalues women's economic contributions and obscures women as economic actors.
- E. Academic work on a gender analysis of trade stresses the differentiated effects of trade on women and men in part because of the different constraints created by the prevailing structure of gender relations, investigating the effect of the gender division of labour on the types of work women undertake in the formal and informal sectors, women's incomes, women's empowerment, and their well-being. It assesses the potential effects of trade intensification and expansion on men's and women's unpaid work. Comparative advantage and the benefits from specialization require, as a precondition, allocations of unpaid work to create a productive labour force. The benefits of gains from trade require that unpaid work, and particularly unpaid care work in a household, transforms some goods and services into items that individuals can actually consume. So at the societal level, unpaid work is a public good, invisibly subsidizing the building of comparative advantage and the welfare benefits that it conveys. Gender relations more broadly shape the ability of individuals, households, firms, communities and countries to take advantage of the benefits from trade.
- F. As unpaid care work enables firms and countries to avoid paying for the full costs of reproducing labour, the role of relative costs in determining trade patterns may be less significant than absolute costs: Firms with lower unit costs of production, derived from real wages that reflect the effect of gender on employment and labour markets, as discussed in Module 5, as

well as technology that is not gender neutral, can take a greater market share than firms with higher costs of production, within and between communities and countries. This suggests that a significant factor in a competitive absolute cost advantage accruing to firms, communities and countries is the allocation of unpaid work on the basis of prevailing gender regimes.

- G. So a central argument in a gender analysis of trade is predicated on the central role of women's unpaid work in underpinning trade. This, in turn requires an understanding of the pre-existing gender dimensions of household structures and market dynamics, as well as the broader social, cultural and political environments of specific countries.

A. EXPERIENCES OF GLOBALIZATION AND TRADE-ORIENTATION IN ASIA

- A. The effects of globalization in Asia have been highly variable. Large numbers of women and men in Bangladesh, China, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand and Vietnam have been integrated into the global labour force. Asia has become the site for global manufacturing and service industries by both transnational private corporations and important emerging market private and state-owned enterprises. For these parts of the Asian population, living standards have improved dramatically. Gendered social structures have also proven an advantage to emerging trading nations, especially in Asia, since the 1960s and 1970s. First Japan, and then South Korea, recruited women to work in manufacturing at wages and conditions quite different from those of men. There were lower hourly rates of pay, or women were streamed into those positions paying the least per hour. These women were seldom engaged on a permanent basis. This meant that companies were not liable to make social protection (pension) payments on their behalf. They were not eligible for holiday pay, sick

leave, and in many cases, overtime. Asian manufacturers quickly became more competitive in the international market, especially compared with countries which were having to respond to the equality calls and legislative changes making employment more equal in the West (in response to the second wave of the women's movement in the West³).

- B. At the same time, however, significant increases in domestic and foreign investment have been associated with increased rent-seeking (corruption) by political elites. Rent-seeking is also witnessed as a by-product of the increased demand for resources in some countries, notably India, Indonesia, Lao PDR, Malaysia and Vietnam. These countries have fostered significant inflows of foreign direct investment by transnational private corporations from the global north and state-owned enterprises from China, but the employment generated by such investment has been limited and the social conflict that has been created was, in some instances, significant.
- C. The capital-intensive character of resource extraction industries produces relatively few jobs; by contrast, employment has been generated in non-traditional agricultural exports, as large-scale Asian farms have been integrated into the global value chains of transnational agribusiness.
- D. Yet, across Asia and the Pacific there remain vast hinterlands of subsistence agriculture, fishing, small-scale artisanal manufacturing and petty trading, even as an increasing share of the population resides in urban slums. Despite widespread poverty reduction in urban China, poverty and food insecurity have, in absolute terms, increased in Asia and the Pacific during the period of globalization.

3 Pearson, R. (1998), "Nimble Fingers' Revisited: Reflections on women and Third World industrialization in the late twentieth century", in *Feminist Visions of Development: Gender Analysis and Policy*, C. Jackson and R. Pearson.

E. In sum, the general advantages of increased employment opportunities for women have been balanced out by negative social consequences, such as ⁴:

- The number of women participating in the global labour force has increased, as has the share of women in many formal and informal jobs.
- This increase has been accompanied by the widespread deterioration in the terms and conditions of paid employment as employment security diminishes and labour standards are relaxed.
- Many women have been segregated into forms of low-paid and less-skilled employment that are temporary, part-time or home-based, but which significantly contribute to corporate flexibility.
- Other women have been segregated into forms of better-paid, better-skilled full-time export-oriented employment, but which also contributes to corporate flexibility by predominantly employing younger women prior to marriage.
- Increased labour market participation has not been accompanied by any significant reduction in women's unpaid work. Thus, for many women, workloads have intensified under globalization, both in the absolute numbers of hours of all work performed and the number of hours of all work performed, relative to men.
- There have been major problems in the lives of men and women, when 'one size fits all' theoretical approaches have been imposed on small island states, and when trade agreements have been imposed on them, to their significant disadvantage.

4 There is no reliable data on the effect of globalisation on the work experiences of third gender persons.

B. TRADE AS AN ENGINE OF GROWTH: FROM A GENDER PERSPECTIVE

- A. Most economists who examine the relation between gender, trade and growth focus on trade outcomes, suggesting, for example, that market deregulation can increase the use of markets, expand trade and generate employment. Gender-aware economists examine the relation between gender, trade and growth in a more complex and nuanced way, considering the outcomes of trade, the impact on the environment, human rights issues, as well as the link between production – whether market or subsistence – and unpaid care work. This opens up a range of issues affecting trade outcomes and economic growth because of the positive externalities generated by the provision of unpaid work (both in subsistence and in care activities), and negative externalities of environmental degradation.
- B. A range of studies suggests that gender inequality directly and indirectly limits economic growth and women’s participation in trade. The relation between gender equality, trade and economic growth is due largely to three major gender differences:
- Unequal access to assets (e.g., land and finance), which limits women’s investment options, restricting trade opportunities and economic growth. Collective ownership of land in matrilineal and other Pacific cultures is of vital importance to women, as they resist the pressure from multilaterals to privatise land title, on the grounds it would then be more productive.
 - Labour remuneration, which affects the allocation of labour inside and outside the household, and hence, trade opportunities and economic growth.
 - Lack of investment in human capital, which reduces productivity, limits economic efficiency and restricts trade and economic growth.

According to some estimates, gender inequality may account for between 15 and 20 percent of the difference in the growth performances of sub-Saharan Africa and East Asia. The Gender Inequality Index discussed in Module 4 allows estimates to be generated of the human development costs of gender inequality.

- C. On the other hand, as we saw in Module 5 with regard to Bangladesh, gender inequality in wages can stimulate growth in developing countries (e.g., Vietnam⁵). In these cases, the pressure for flexible prices to foster competitive absolute advantage leads to an increase in employment for women; women's wages are lower than men's because they have less bargaining power and more gender-based disadvantages in the labour market. The empirical evidence indicates similar trends in the export processing zones of Asian countries.

MACROECONOMIC EFFECTS

- D. At the macroeconomic, national policy level, proponents of international trade liberalization argue mainly that increased international trade and investment liberalization can improve economic growth, which in turn can increase women's participation in formal employment.
- This argument is true in some countries and subsectors (e.g., the textile and clothing industry in Bangladesh from the 1990s onwards or the aquaculture subsector in Vietnam).
 - However, in many contexts international trade liberalization is coupled with persistent occupational segregation by sex, both vertical and horizontal, as well as no significant reduction in the gender wage gaps discussed in Module 5.

5 Packard, Le Anh Tu (2006) 'Gender dimensions of Viet Nam's comprehensive macroeconomic and structural reform policies', UNRISD Occasional Paper 14. Desai, Jakishan (2001), 'Vietnam through the lens of gender: five years later'. FAO: Hanoi.

- This is because women's participation increased in industries that required large numbers of low-cost wage workers to generate competitive absolute cost advantages, which depends on pre-existing inequalities between women and men reflected in the existing gender division of labour (e.g., textiles).
- Overall, international trade liberalization has resulted in increasing flexibility and deregulation of labour markets and casualization of work across regions as a result of the push for global competitiveness and technological innovation. Among global value chains, a disproportionate share of the value added is captured by firms based in developed countries.
- The gender dimensions of the effect of international trade liberalization on production are a consequence of
 - The effects of increased imports on local production.
 - The related effects on local economic sectors where women or men or both are concentrated, including the informal and export promotion sectors.
 - The effects of export promotion on access to and use of land.
- Trade liberalization reduces trade as a critical source of revenue for many countries in Asia and the Pacific, which restricts their freedom to manoeuvre in the pursuit of individual national development strategies and their capacity to undertake public investment. Fiscal issues may generate gender-specific effects through fiscal austerity packages that reduce social spending and increase non-trade indirect and regressive taxes (see Module 8).

MESOECONOMIC IMPACTS

- E. At the mesoeconomic level of institutions, international trade liberalization:

- Affects the legal and regulatory frameworks, which can affect gender equality.
- Affects labour market policy, including training and retraining.
- Has implications for labour rights and standards, mechanisms of social protection, as well as perceptions, norms and informal rules governing both gender relations and trade, which occurs in gender-embedded markets.

MICROECONOMIC IMPACTS

- F. At the microeconomic, community and household levels, international trade liberalization affects:
- Gender equality through the price changes induced by trade liberalization and their effects on individual incomes and livelihoods as consumers, producers, workers and traders.
 - Women's unpaid work resulting from:
 - The additional responsibilities arising from a reduction in public social spending along with economic downturns in contracting productive sectors; and
 - Juggling multiple roles and workloads.
- G. Conversely, increased unpaid work also affects the outcome of international trade liberalization. It is likely to have contributed to the weak supply response of Asian agriculture to export opportunities in some countries, discussed in Box 2.

BOX 2: GENDER IMPACTS OF SMALL FARM COMMERCIALIZATION IN ASIA

In 2001, the Food and Agriculture Organization (FAO) launched a project to study the effects of small farm commercialization (SFC) on gender relations at intra- and inter-household levels and how development projects are addressing them in 14 developing countries, including Cambodia, China, India, Myanmar and Pakistan.

According to the survey informants, development of small farm commercialization is part of a more comprehensive change in rural livelihoods, which, in the majority of cases, includes off-farm activities and migration. This change affects all types of household capital assets – natural, physical, financial, social and natural.

In most cases, rural households bore significant economic and social costs to attain the benefits of SFC. In particular, the increased income made possible by commercialization required a parallel increase in household workload. This finding suggests that the effect of commercialization on rural household livelihoods is often ambivalent: It entails a gain of financial capital (e.g., income; purchasing power and capacity to pay) but also a loss of human capital (less time available for social activities, childcare, education, leisure and creative expression). There is a need to better understand and, if possible, quantify the economic and social values (costs and benefits) involved in the labour-for-money exchange that takes place in rural livelihood systems as a result of SFC. Although no significant gender difference seemed to exist in carrying the workload of commercialization, evidence suggests that women involved in SFC had a double economic disadvantage as compared to men. First, women continued to be fully responsible for reproductive work (i.e., pregnancies, childcare and housekeeping). Second, men controlled the income generated by

SFC, even if women had invested an equal or higher amount of labour in its generation.

Adapted from Warren P. Distance Survey on Gender Impacts of Small Farm Commercialization, Final Report, FAO's Farm Management and Production Service (AGSP) and Gender and Development Service (SDWW), 2002, cited in UNCTAD (2004, 108–109).

C. GENDER AND THE MULTILATERAL TRADING SYSTEM

- A. The institutional framework of the MTS assumes that trade policies and agreements do not affect social inequalities. This underlying assumption has led to the neglect of gender as a variable in trade policy-making, while women and other groups affected by trade policies have been excluded from the decision-making processes at the multilateral, regional and national levels.
- B. Gender analysis of the MTS requires attention to be paid to the effect of trade policy on the distribution of time between women and men in unpaid (care) and paid work. One cannot assume a limitless supply of unpaid care work to produce the paid labour force that allows the development of comparative advantage. Nor can one assume that male or female labour is free to cease performing unpaid work and take up paid employment in specialized non-household activities that generate the goods and services from which gains from trade might accrue.
- C. Gender analysis of the MTS also requires attention to the extent to which gender is integrated into its governance. There is evident gender imbalance between women and men in terms of:

- Agenda setting, concerning who defines the values, goals and objectives of the MTS, along with defining the substantive content and negotiating parameters and frameworks within the MTS.
- Rule making, concerning the basis and determination of the substantive content of the MTS, along with the formal and informal processes and procedures of participation.
- Enforcement, concerning the mechanisms and processes for assessing claims and counterclaims, along with arbitration procedures and the enforcement of judgements.
- Recognition and implementation of mechanisms for assessing and introducing corrective measures to address negative effects, identified deficiencies and structural imbalances in the MTS.
- Accountability, concerning the processes and mechanisms that are available to monitor and evaluate the effects of the implementation of trade rules on people's lives and gender equality.

EXERCISE 2

Participants should divide into small groups to discuss the following questions:

- To what extent do the above characteristics describe the trade ministry in your country and the trade ministry's relations with the national women's machinery and women's organizations?
 - What kind of institutional reforms would be helpful in overcoming weaknesses and sustaining strengths?
- D. Gender specialists call attention to the fact that international trade agreements – for example, many WTO agreements, and PICTA and PACER – do not recognise the polluter pays principle, and the environment is frequently 'traded away' in negotiations. The environment and environmental standards can also be used

as conditionality in trade, usually imposed by the 'developed' country partner.

D. GENDER AND VALUE CHAINS

- A. Value chain analysis decomposes the chain of activities involved in producing a good or service for final consumption. Products pass through all activities of the chain in a certain order; at each activity the product gains value. So the chain of activities adds value to the product.
- B. Originally developed in 1985 for business management, value chain analysis was initially confined to the business unit. Since then it has been extended beyond individual firms to examine the dynamics of supply chains and distribution networks, as the delivery of goods and services to the final customer often requires the mobilization and integration of different firms, each producing a particular good or service, which can then be combined with the goods and services that other firms produce to create a final product for consumption. Value chain analysis thus examines the linkages within production that add value to a final product, seeing how each firm in the chain manages its own value added. The industry-wide synchronized interactions of local and individual value chains create an extended value chain, which, since the rise of globalization in the 1990s, has increasingly become worldwide in extent.
- C. Trade is involved whenever products move through a link in a value chain. In this way, value chain analysis, in part, examines a sequence of trades between users of products seeking to add value to the product. Value chain analysis is now widely used in private and public policy circles to understand how strategic interventions in the chain can boost competitiveness by reducing costs and thereby increasing the value added. Value chain analysis has clear gender dimensions because of the asymmetrical position of women and men in the production of goods and services resulting from the intra-household

distribution of assets, income and time. Box 3 gives an example of both the more general issue of value chains in India, as well as the more specific issue of the relevance of gender as an analytical category in understanding the implications of the terms and conditions that determine how a value chain operates.

- D. As value chain analysis has clear gender dimensions, policy makers can use gender value chain analysis (GVCA) to understand women's and men's economic situation and empowerment needs, tracing financial profits and social benefits throughout the trade relations embedded within a value chain. GVCA can also help in understanding micro-, meso- and macro-level linkages, distinguishing among the constraints, needs and opportunities for independent producers, wage workers in the formal and informal sector, and other economic agents. Thus, GVCA can help to define appropriate strategies to strengthen local economies and maximise forward and backward linkages. Box 4 provides definitions and a description of one GVCA tool.
- E. In formulating trade policy around global value chains, it is useful to identify gender-based constraints to trade and the implications of gender-based constraints for the success or failure of policy.
- F. Gender-based discriminatory practices in trade can be:
 - Supply side: limits on women's time to take advantage of trade opportunities because of their unpaid work responsibilities, a lack of investment in girls and women's education and skills, lack of adequate infrastructure to get products to markets, or a lack of competitiveness arising out of the character of the specific productive activities that women undertake.
 - Demand side: discriminatory practices and gender bias in market access and market support services offered by the private and public sectors, lack of awareness of available products.

- Institutional or organizational: a lack of training that precludes dealing with trade facilitation issues, as well as barriers to the formalization of informal activities.

BOX 3: GENDER VALUE CHAIN ANALYSIS

According to the International Labour Organization, “a value chain is a sequence of target-oriented combinations of production factors such as land, capital, raw material, labour force, and information that create a marketable product of which the value is higher than the sum of all input costs” (Mayoux and Mackie 2007). In other words, a value chain (VC) is a network that includes several stages at which different actors perform particular processes of production, value addition and marketing, resulting in a finished product that can be sold and bought. For example, a value chain for chocolate (Mayoux and Mackie 2007) involves cocoa and other raw materials; workers; technology (machines); knowledge and information about how to make chocolate and meet quality standards, as well as other market information; and infrastructure, such as trucks and ships.

The conceptual framework of value chain analysis (VCA) maps and categorises economic processes, including the different stages and actors in the value chain, the relations between them, how and where value is added, and how the final market price is distributed through the chain. In the example of chocolate, a value chain analysis conducted in Madagascar has demonstrated that most of the value is added at levels outside the country, beyond the cocoa farmers and exporters.

A sophisticated value chain analysis can also track the impacts on the environment of each step in the chain, and the invisibility in the costs of that impact. The environment is also subsidising value chains.

WHY A GENDER VALUE CHAIN ANALYSIS?

Gender value chain analysis seeks to address the gender dimensions of each stage in the value chain by focusing on how gender relations affect different parts of the chain. It allows mapping out the business procedures and the characteristics of the overall environment in which women and men operate, and hence, the determining factors of their respective positions in the chain.

Thus, it helps to understand the nature and causes of variations in the forms of gender-based differences in economic production processes. Subsequently, it allows identifying challenges and opportunities, as well as leverage points for interventions to address gender discrimination and move poor women up in the chain.

As such, a gender VCA can be used to understand why the potential benefits of trade fail to reach poor women. It can also help identify the reasons why it is more difficult for particular types of enterprise to enter certain economic sectors.

HOW TO DO A GENDER VALUE CHAIN ANALYSIS

Following the definition of a value chain above, the basic step is to cut the chain as much as possible to identify the different stages between the producer and final consumer, drawing a map of the value chain that shows the relations among all the stages and actors involved. Data for all the stages of the value chain should be collected to fill in the map by indicating, for example, where value is added, how many actors are involved in the different stages and how much they earn.

A gender VCA asks specific questions about gender relations, gender equality strategies and the position of women and men in each stage of the value chain, with the ultimate objective of answering the following central questions in gender analysis:

Each question needs 2 distinct answers, one for men and one for women.

- What is the burden of paid and unpaid work for women and men in the value chain?
- Do women and men have access to and control over the required resources? What is lacking? Why?
- What are the material/tangible rewards and costs for women and men in the value chain?
- What are the intangible rewards and costs for women and men in the value chain?
- What are the prospects for progressive change for women and men in the value chain?
- To what extent do women and men define the priorities and rules governing the value chain?
- How do the positions of women and men in the value chain compare with their positions in other sectors in the country?
Or,
- How do the positions of women and men compare with their positions in the value chain in other countries competing for the same markets?
- How do the environmental impacts of each step in the value chain affect women and men?

Adapted from Mayoux and Mackie (2007).

E. INFORMAL CROSS-BORDER TRADE

- A. Extensive informal cross-border trade is commonly used in much of Asia to get around existing formal rules and procedures, even in countries that impose high restrictions on international trade. While informal cross-border trade may deal in basic necessities and everyday goods and services (i.e., staple foods, cigarettes, beer), usually to take advantage of price differentials between countries, in some instances informal cross-border trade also involves trading in more expensive consumer durables (i.e., household appliances, household electronics, cars). The informal character of trade sometimes overlaps with illicit activities, such as munitions, drugs and the trafficking of persons.
- B. A study for the Institute for Security and Development Policy in Myanmar estimated that informal cross-border trade accounted for 25 per cent of Myanmar's trade and was worth US\$1 billion in 2006; the bulk of this trade went to China and Thailand (Set Aung 2009). Informal cross-border trade was undertaken as an income-generating survival strategy, and as such, the trade contributed to poverty reduction, employment and wealth creation. However, it found that the benefits of informal cross-border trade went disproportionately to young men, although women were in evidence as porters and traders where they had no care responsibilities. Thus, informal cross-border trade has been demonstrated to be subject to gender-specific effects.
- C. When such trade is performed by women it can result in women's increased exposure to gender-based harassment and violence from male traders, government officials and male relatives attempting to control the income that flows from the trade.

As the fresh water fish trade developed between Cambodia and Thailand, and the borders were opened, the women small scale traders were affected negatively. The open border and lack of state control actually created more restrictions on the trade with a large number (30) of rent seekers on both sides of the border. The open border policy increased trade and demand

for fish, but large traders with bulk buying and the saving on transportation costs, were able to secure supply of fish and extend credit to traders. Women small scale traders tried to counter the marginalisation by establishing social networks, with limited success.⁶

F. POTENTIAL FOR INTEGRATING GENDER EQUALITY IN DEVELOPMENT PLANNING WITH TRADE POLICY

- A. As there are clearly significant gender equality issues in international trade liberalization, Box 4 provides a number of generic policy actions that can be taken at the national level to address gender inequality issues in international trade.

BOX 4: GENERIC POLICY ACTIONS AT THE NATIONAL LEVEL FOR ADDRESSING GENDER INEQUALITY IN INTERNATIONAL TRADE

The member states of the United Nations Conference on Trade and Development (UNCTAD) convened a round table on trade and gender in June 2004 at the UNCTAD XI meeting in São Paulo.

Round table participants recommended that the following types of domestic measures be taken to address gender inequality in the context of international trade:

- Improvements in women's and girls' access to education and skills.

6 Kusakabe K., Sereyvath U., and Sriputinibondh (2008), "Gendering Border Spaces: Impact of open border policy between Cambodia-Thailand on small scale women fish traders" *African and Asian Studies* 7, pp. 1–17.

- Measures to reduce discrimination in labour markets.
- Access to export market information and credit (not just microcredit) for women entrepreneurs.
- Gender equality in rights to land and other productive resources.
- Reduction of violence against women, without which they cannot benefit from other rights.
- Support to women in their reproductive roles, for example in child-feeding programmes and crèches.
- Mainstreaming, and consistent and proactive implementation of gender equality policies throughout all government departments.

Source: Fernandez-Layos and Specht (2004).

- B. Civil society organizations can use a number of different tools outlined in UNCTAD (2004, Chapter 12) to forecast the possible differentiated social implications of trade policies and agreements on women and other disadvantaged groups, including potential negative effects. Such ex ante assessments allow time to make the policy adjustments required to address the identified issues.
- C. These gender equality and trade impact assessments allow a shift in the evaluation of trade policy from a purely efficiency-based technical exercise that focuses on growth, the costs of production and prices to a more qualitative evaluation of the human development, poverty and gender equality dimensions of trade policy. They therefore can open space for poor women and men to engage in trade policy processes at the national level.
- D. The nature and extent of benefits of trade tend to vary according to the degree of ownership and control that the women have over the enterprise concerned.

- Enterprise level: Most export businesses which have significant profits or dividends for their owners, are those where producers have full membership of and involvement with the enterprise; the owners and rural women producers are one and the same, and share the dividends.
 - Member-owned enterprises: Women experience significant non-economic benefits in terms of confidence building, self-reliance and economic independence – as well as increased stature within the community.
 - Privately owned enterprises: The entrepreneurs benefit directly from the profits. Rural female and male workers benefit if the aims and orientation of the owners include making the welfare of rural poor producers and workers a priority. The greater the connection between the owner(s) of the company and the rural community, the greater the economic and non-economic benefits derived from the enterprise.
 - In general, rural women are more likely to benefit at all levels from export enterprises if they are the owners of the enterprise or linked to it through a very short supply chain. They are more likely to benefit if they are independent producers rather than workers.
- E. Carr and Williams (2010) describe the 'ideal' as a win-win situation in which the country, the enterprise and the producers/workers all benefit at all three levels so that export earnings can be expanded at the same time as rural livelihoods for women and men are improved and the environment is conserved.
- F. Discuss each of the proposals below and identify which ones are already in place in your government. Is the policy in place with a general coverage or only for specific sectors? Explain. How can your existing policies be enhanced from a gender perspective?

POLICY AND REGULATORY ENVIRONMENT:

Governments have to have in place a coherent and synchronized range of policies and regulation to take advantage of benefits arising from increased trade.

ORGANISATION AND PRODUCTION SYSTEMS:

- The larger and less personalised forms of production tend to offer the greatest potential for expansion of exports because of the ability to use more sophisticated equipment, ensure better control over quality and provide quantities needed in export markets.
- More decentralised and smaller-scale operations provide more potential for increasing women's empowerment, for building assets and for women's control over their livelihoods, but they face constraints in meeting the often rigorous demands of export markets.
- With proper organization and management, there need not be a trade-off between export earnings and women's empowerment.

MARKETING STRATEGIES:

- The market for fair trade is relatively small but is growing and influencing consumers in the North to think in terms of more fairly traded goods.
- Target the market for organic produce/goods or other niche markets for natural-product based goods.
- Use specific promotional strategies to target mainstream markets.

REPLICABILITY:

Replication is already underway in a number of initiatives. For example, the technology on which Pure Fiji's cold pressed oils is based, has been transferred to other countries in the Pacific, where it has been used by

rural women to process oils for use in beauty products that are then exported (see Box 4 below).

SUSTAINABILITY:

- Upgrade technology, diversify new products, establish better infrastructure for use by rural producers.
- Surveys indicate that products supplying both fair trade and organic markets are more likely to hold their own during the recession than are those supplying conventional retail markets.
- Environmental sustainability has particular relevance in the case of natural timber/non-timber forest products:
 - In Fiji, the traditional use of many trees and plants is being revived, with better care given to them by rural populations. (Box 5)
 - In India, dry flowers are more environmentally friendly than fresh cut flowers because they use plants harvested from the wild or agricultural waste rather than agricultural land that is diverted from food crops. (Box 6)

BOX 5: THE CASE OF PURE FIJI⁸

Pure Fiji is a natural body care business in Fiji that ensures there is concern for the environment and the livelihoods of rural women and communities, while establishing a profitable company that contributes to the country's export earnings.

Pure Fiji, an all women company, is a natural bath and body products manufacturer that exports beauty products to niche markets in Australia, Europe and the USA. Locally the company

7 Carr, M. (2010) "A Beautiful Business: The Case of Pure Fiji", Trading Stories; Experiences with Gender and Trade. Commonwealth Secretariat, 2010, UK pp. 195–200

sells its products through the more upmarket stores and tourist hotels. Pure Fiji was set up with the following tenets: environmental sustainability, cultural and social sustainability, aid through empowerment and aid through education.

Products are based on the traditions of the Pacific Islands, with raw materials and handicrafts supplied by more than 600 crafts women and men in rural communities. This supports local community initiatives to provide materials, successfully packaging island traditions for an international marketplace and avoiding the importation of goods. It has achieved the 'win-win' situation of meeting business objectives and building up export markets, and at the same time creating livelihoods for rural communities based on traditional craft and skill.⁹

The foundation of Pure Fiji's range of body products is virgin coconut oil, extracted from nuts only hours after harvesting in a process called direct micro-expulsion. The women in rural communities who collect these nuts on isolated remote islands now benefit from a new source of income that has an immediate impact on their standard of living. The access to oils (much of which is pressed at source) has also revived their use in the villages by traditional healers, who are returning to using them in healing those suffering from a whole range of skin and other ailments.

Pepa Ni Viti, Pure Fiji's handmade paper project for packing soap and stationary items, is almost entirely run by women of rural communities, empowering them in ways they have never experienced before. As well as training in paper making, the women receive some basic business training. They organised working in shifts so that one group could work while the others looked after the children and engaged in their village commitments. Paper making has become a major income earner for the communities and with the extra income women can afford school fees.

8 IMAGE: <http://www.fao.org/ag/magazine/9810/spot3.htm>

Pure Fiji has always believed success can only be achieved if shared. The Fijian people are the custodians of the islands' unique resources and they must have the opportunity to actively participate in a mutually beneficial manner. Environmental conservation can only be achieved through full involvement of the rural communities who own the natural products that are used in the business. It is necessary to have diverse markets. For example, if the local market is weak, exports will be the source of funds. Conversely, if exports fall, then new markets and development are sought locally.



BOX 6: THE CASE OF RAMESH FLOWERS IN INDIA¹⁰

Ramesh Flowers¹¹ started as a small cottage industry in 1982 and has grown into a globally recognised enterprise that provides employment and income to thousands of rural and urban poor women in the collection and processing of dried flowers for export.

While business motives were obviously of importance, Ramesh Flowers also had other objectives, including social and environmental ones. These included creating income for rural poor people in the collection of wild plants that would otherwise be wasted, creating jobs for urban poor women in processing plants and conserving the environment through sourcing mainly wild plants that could easily be replaced, rather than cultivating flowers and plants on farmland, which is the case with fresh flowers for export.

By 2010 Ramesh Flowers had a turnover of US\$17.5 million turning agricultural waste into a source of income. It remains a family business, with five family members involved.¹²

The factory facilities are vast and employ almost 2,000 workers, 95 per cent of whom are women. The largely female workforce is described as bringing qualities of patience, waste consciousness, involvement and creativity. Their administrative staff of 150 people are all men. Women work for nine hours a day and they are paid at the national floor level of Rs80 (US\$1.62) per day and on a monthly basis. Working conditions are better than in other industries open to poorer women. Women workers receive on-the-job training.

9 Lodha, A. (2010) "Trade is Blooming: The Case of Ramesh Flowers in India", Trading Stories; Experiences with Gender and Trade Commonwealth Secretariat, 2010, UK pp. 203–206.

10 Indiamart (n.d.). 'Dry Flower Industry', <http://www.dry-flowers.nat/dry-flower-industry.html>

11 Image from http://digitalmedia.worldbank.org/slideshow/?slideshow_id=116

They are all covered under accident insurance (up to Rs50,000). They are entitled to 84 days maternity leave paid by employee state insurance and benefit from an Employee Provident Fund as per the statutory requirements. Workers are given a marriage gift of Rs3,000. There is a higher education scheme and a free notebook scheme for workers' children, as well as crèches in the factory. In the same way as the process of sourcing of raw materials is environmentally sound, the factory itself is ecologically sustainable. For example, solar heating is used to boil water for dyeing and a greenhouse is used to provide solar heat for drying plants.

At the environmental level, focusing on wild plants that can easily be replaced, and on agricultural waste such as cotton pods, provides a sustainable source of supply and prevents diversion of land from food crops to non-food export crops.

It is also interesting to note that as the dried flower industry did not benefit from government support programmes for small industry, it was much less affected than others when these programmes were suspended when the economy was liberalised.

III. SPECIAL TOPICS ON TRADE-RELATED MATTERS

Objective: to introduce the complexities created by the addition of new areas for trade negotiation, the impact of which remains uncertain.

A. TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS

- A. Intellectual property rights regimes provide holders with a monopoly over the access and use of intellectual property, such as those related to food, medicines, and information. These regimes give intellectual property rights holders the right to charge for access and use of their property and the right to seek prosecution against those who violate their rights. The global spread of the market for these rights has motivated many corporations to seek a universal set of patent regimes in the WTO since most patent regimes are only able to cover national jurisdictions.
- B. Three issues have been raised regarding trade-related intellectual property rights regimes that are relevant to gender equality and women's empowerment. These are: impact on the ability of women to control the propagation of seeds, an activity traditionally assigned to them in agricultural production; impact on the ability of women to access medicines, including HIV/AIDS drugs, as they are traditionally assigned the caring functions in the household; and women's access to and control of information and cultural products.
- C. Progress in biotechnology, including in developing new seed varieties, propagates an inequality that is made rigid by plant

variety protection and related IPR regimes. It is especially destructive of livelihoods when the sale of new biotechnology products removes women's opportunities rather than adds to them.

- D. In Thailand, many civil society organizations have played a strong advocacy role in securing access to HIV/AIDS medicines that are crucial for the care of people living with HIV/AIDS. Women's caring functions are either eased or made heavier depending on their ability to access medicines and associated services. See the Indian experience described in Box 7.
- E. Information resources and cultural products can have public good characteristics that serve social services. Not only can these serve the purpose of enjoyment as entertainment but they can serve as dialogue that can cross boundaries between gender identities and promote solidarity. This dialogue can also give voice to the marginalized. IPR regimes need to be balanced with these social purposes.

BOX 7: ONE FREE TRADE AGREEMENT

The European Union and India are in the final throes of negotiating a Free Trade Agreement. From leaked texts, it has become clear that the European Union, serving as the shield for the pharmaceutical industry, is putting great pressure on the Indian Government to accept changes to patent policy that would straitjacket the Indian generic drug industry.

In 2012, Indian generics supply fully 80% of all the AIDS drugs in the developing world, keeping millions of people alive. Shortly after the generics became available, prices actually dropped by 99%! In 2008, of 100 countries requiring anti-retroviral drugs, 96 purchased the drugs from India. If the drugs or the prices are put at risk, millions of lives hang in the balance.

The EU is demanding three major concessions. First, a change in so-called “data exclusivity,” the effect of which would be to delay, possibly for years, the registration of generic medicines, thus keeping them off the market. Second, stricter enforcement and expanded definition of intellectual property rules that would permit lawsuits to be launched by brand name drug companies, even against the Government of India in private courts, for a range of specious reasons. In the process, it could tie up generic companies and third-party suppliers and purchasers in litigation for an eternity. Third, tough and utterly unjustified border measures that would allow custom officials to seize generic drugs destined for patients in developing countries.

If, for the sake of promises of increased trade, the Indian Government capitulates to the demands, then the death of countless numbers of men, women and children is the preordained result. There are dimensions of terrible irony in all of this. The Free Trade Agreement comes at precisely the moment when we know how to defeat the pandemic of AIDS, and the defeat is entirely dependent on low-cost drugs. More, the FTA comes at precisely the moment when donor funds are drying up, so much so that the Global Fund to Fight AIDS, Tuberculosis and Malaria had to cancel its most recent round of grants.

If the Indian generic drug industry, on which almost all the world depends, is now shackled by diabolical intellectual property rules, then the assault on the poor and the vulnerable of the earth will be complete.

Lewis, S. 2012 Dean’s Signature Speaker Series, Ted Rogers School of Management, Ryerson University, Toronto, February 13, 2012.
<http://aids-freeworld.org/Publications-Multimedia/Speeches/The-Diabolical-Consequences-of-EU-India-Free-Trade-Agreement>.

B. GATS AND DOMESTIC REGULATION

- A. A particularly controversial subject in international trade policy is when domestic regulation may be classified as a non-tariff barrier. These debates have been engaged in under the Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phytosanitary Measures as well as with the regulations governing services that are covered by the General Agreement on Trade in Services. Many of these remain under discussion or are still being negotiated. There is considerable difficulty in drawing the line between social standards and trade barriers.
- B. Market access of products from developing countries can be limited by regulations that define minimum quality standards. In Sri Lanka, for example, women's roles in enhancing product quality can be enhanced if it is noted that they are predominantly involved in drying and processing. Women's knowledge in post-harvest technology has a potential for improving export potential.

C. TRADE AGREEMENTS AND MULTILATERAL ENVIRONMENT AGREEMENTS

- A. Trade measures are sometimes needed to ensure compliance with environmental standards. About 20 multilateral environmental agreements have provisions to make this happen. A point of contention is the relationship between multilateral environment agreements with the WTO agreements. Thus far, no WTO member country has resorted to the Dispute Settlement Body for an interpretation. During the Doha Ministerial Meeting, negotiations began to determine the relationship between these two bodies of international law. No decision has been arrived until now.

EXERCISE 3:

Participants should take 15–20 minutes to discuss in plenary the following list. Guiding questions for the discussion are:

- Which of these strategies is practiced in the countries of the participants? Which of these is practiced by major trading partners?
- Discuss instances when domestic regulation was raised by a trading partner as trade barrier. How did your government respond?
- Are there examples or instances you can think of where the imposition or lifting of such non-tariff barriers has had specifically gendered outcomes? Choose one of the regulations below and discuss at what point it can be considered a trade barrier. Which ones should never be considered a trade barrier and why?
 - Import bans
 - General or product-specific quotas
 - Rules of Origin
 - Quality conditions imposed by the importing country on the exporting countries
 - Sanitary and phyto-sanitary conditions
 - Packaging conditions
 - Labeling conditions
 - Product standards
 - Complex regulatory environment
 - Determination of eligibility of an exporting country by the importing country
 - Determination of eligibility of an exporting establishment by the importing country.
 - Additional trade documents like Certificate of Origin, Certificate of Authenticity etc.
 - Occupational safety and health regulation
 - Employment law

- Import licenses
- State subsidies, procurement, trading, state ownership
- Export subsidies
- Fixation of a minimum import price
- Product classification
- Quota shares
- Foreign exchange market controls and multiplicity
- Inadequate infrastructure
- "Buy national" policy
- Over-valued currency
- Intellectual property laws (patents, copyrights)
- Restrictive licenses
- Seasonal import regimes
- Corrupt and/or lengthy customs procedures

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