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## Gender, Trade Liberalization and the Multilateral Trading System: Towards an African Perspective

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The gender dimensions of trade policies and institutions have attracted increased attention from different stakeholders, including activists and researchers. Most of the attention has focused on the impact of trade policies in terms of income and formal employment, and most of the analyses have been done by researchers from the North, on the basis of data that include a minority of African country case studies, while African women remain largely absent from the debate over trade policies and their gender dimensions.

This first session therefore aims to respond to a central question: why is an African perspective needed in the analysis of the gender dimensions of trade liberalization and the multilateral trading system (MTS)? The session is divided into four parts that seek to respond to the different aspects of this question. The first part provides a retrospective on the history of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) in order to identify some of the determining factors of Africa's position in the MTS. The second part examines the prevailing trade theory with its assumptions and myths and their gender implications. The third and fourth parts provide a critical overview of the main issues raised by the existing literature on gender and trade, and by the current approaches to gender mainstreaming in the WTO.

### **The 'Shadow' History of the Multilateral Trading System: *From GATT to the WTO***

An important justification for an African perspective in the analysis of trade liberalization and the MTS derives from the history of GATT and the establishment of the WTO. This history – which is usually untold by the mainstream discourse

on trade liberalization – shows that African countries have been integrated into the multilateral trading system without any kind of meaningful participation, and under peculiar conditions that define their position in the global trading arrangements.

The fundamental principle of the MTS, the Most Favoured Nation (MFN) principle, is a European concept that was constructed in the mercantilist period of the 19<sup>th</sup> century, namely with the Anglo-French trade treaty of 1860. As a leading industrial power together with Britain during the post-Second World War period, the US played a central role in the conception and formulation of the MTS. The origins of the GATT go back to the discussions and agreements between the US and Britain about the post-war economic system (Dam 1970:12). This was mainly done based on their own priorities, namely the need to ensure a ready supply of cheap raw materials and expanding markets for manufactured goods. Thus,

During and immediately after the war, the two governments advocated the worldwide reduction of tariffs, the removal of trade barriers and ‘equal access to the markets and raw materials of the world’. Their discussions focused on the ‘removal’ of restrictions to trade by others, and there is very little reference in the discussions to the problems that would be faced by the ‘underdeveloped’ (TWN 2001:24).

From the establishment of the GATT in 1947 up to now, the developing countries have confronted barriers placed on the export products interesting to them by the developed countries. Despite the numerous attempts to address their complaint, many of the trade barriers identified in the 1960s against exports of the developing countries remained in 2001 (Raghavan 2001). The sectors of agriculture and textiles, which are of particular interest to African countries, provide typical examples of such barriers.

The history of the MTS shows that trading rules actually work as a system for the regulation of the exercise of power within which weaker countries have actually served the interests of powerful trading nations. As the trading system is based on power by nature, these nations have the power – i.e. the political clout, but also the market size and the capacity to produce goods and services for trade – to define both the rules in the trade agreements and the processes at the WTO. This is important for the appreciation of the power relations and the domination of weaker nations and the weaker sections of their populations within a system which proclaims to be rule-based.

The decisive influence of the US and major trading nations, together with the imbalances against and lack of participation of developing countries, are entrenched features of the MTS. The measures that have been taken to redress these imbalances are not legally binding and supposed to be implemented as a ‘best-endeavour effort’, without any contractual rights and obligations (Raghavan 2001). The major premise used to induce developing countries to accept the establishment of the

WTO, following the Uruguay Round of trade negotiations (URA), was that this would put an end to US unilateralism by establishing a multilateral 'rules-based' system, past and recent history of international trade demonstrates the continuation of US unilateralism.

The US unilateralism has been closely associated with the key role of transnational corporations in shaping the trade agenda, agreements and rules. This influence of transnational corporations is reflected in the evolution of the relationships between the developed and developing countries within the trading system: after the Kennedy Round in 1964-67 'the developed countries became interested in breaking into the markets of the developing world. This objective became even more evident in the Uruguay Round, preparations for which took place in the early 1980s' (TWN 2001:31). This development coincides with the decline in manufacturing profits during the 1960s in the North, which led to the switch of productive reinvestment into financial assets by big companies and to the start of their search for new markets, cheaper inputs and labour. The pressure on developing countries to liberalize not only trade but also investment is linked to the influence of transnational companies in the US and other industrial countries.

In particular, the influence of the negotiation of the North American Free Trade Agreement (NAFTA) during the same period as the URA, together with continued pressure by the US since 1982 (TWN 2001:31), resulted in the extension of the GATT system to areas such as intellectual property, services and investment measures after the conclusion of the URA and the establishment of the WTO in 1995. In this context, the WTO represents the product of a political process which has involved 'intense lobbying by specific exporters groups in the United States and Europe or of specific compromises between such groups and other domestic groups' (Rodrik 2001:34). This implies that there is very little space for development concerns and goals in the MTS which has primarily been designed to enforce policies in the interest of major trading nations at the global level.

### **The Political Economy of Trade Liberalization in Africa**

The first phase of the GERA programme (1996-1999) was aimed at studying the impact of structural adjustment programmes (SAPs) on women and gender relations in Africa. The findings of the research carried out by GERA and other researchers largely confirm that economic reforms have been a major cause of increased poverty and social inequality by region and along class lines, and that SAPs worsened the situation of African women (GERA Programme 2000).

It is important to see the continuity between SAPs and current trade and investment policies. Indeed, trade liberalization is an essential component of SAPs. During the last two decades, trade policy reform and foreign investment have become key elements of the internal policy changes and strategies aimed at consolidating the structural adjustment reforms in African countries. A further

step in the pursuit of SAPs and post-adjustment policies emerged with the contemporary global regime for the regulation of international trade, especially as brought into being by the URA. With the emergence of the WTO, most regional and national trade regulations are now defined within an intergovernmental framework. What before were simply rules about the import and export of products of different national economies have been transformed into instruments shaping national policy and domestic economic structures.

Furthermore, there is rising concern about their undermining effects on international commitments and domestic laws and policies that have been adopted in order to protect fundamental rights and freedoms (Olaka-Onyango and Udagama 2001).

Both the US Africa Growth and Opportunity Act (AGOA) and the Cotonou Agreement seek to underpin relationships with Africa on a new agenda of trade and investment liberalization. The bilateral arrangements established between African countries and their trading 'partners' of the North imply similar effects, especially since these bilateral 'partners' are mostly the former colonizers and still have an important influence on the economies of their ex-colonies.

Of note is the fact that most African countries have undertaken trade liberalization under structural adjustment, as part of the conditions under SAPs. This position is very different from that of the developed countries who freely initiated the process of trade liberalization in the context of regional trade agreements and the WTO. Combined with the lack of inclusiveness and transparency of the WTO, this power differential enables developed countries to impose rules and obligations on developing countries.

Moreover, the convergence between the IMF, the WB and the WTO has created not only a dominant discourse promoting the trade liberalization agenda, but also cross-related conditions through mechanisms such as the IMF Poverty Reduction and Growth Facility (PRGF) and the World Bank-led Poverty Reduction Strategy Paper (PRSP) mechanism, both of which reproduce the conditions of SAPs. The Integrated Framework for Technical Assistance which is meant to ensure the integration of trade and development involves the combined efforts of the IMF, World Bank and WTO along with other UN agencies.

Just like SAPs, the implementation of the WTO agreements is 'one of the key factors exacerbating economic problems (especially in the agricultural sector) in many places. Many developing countries, and especially the small island developing states (SIDS) and LDCs, are in far worse straits after implementing these agreements' (Williams 2001). Most importantly, like SAPs, these agreements threaten the realization of the right to development of African nations, as well as the social rights of poor women and men among their population.

Thus, the gender dimensions of the analysis of SAPs which focused on the relationships between globalization, macroeconomic policy, development and poverty remain critical for an African perspective on gender and trade liberalization, particularly in relation to the interconnections between trade and macroeconomic policies imposed by the IFIs. Such analysis should also consider the human rights implications of trade agreements and rules.

Since trade is about the exchange of goods and services, the ability of a country to benefit from the trading system fundamentally depends on its productive capacity and, correlatively, on its resource endowments. In this regard,

One of the most important sources of inequalities in resource endowments is the history of colonization that shaped and is shaping trade patterns and relations between developed and developing nations. It cannot be denied that developed countries have been able to grow fast using their higher endowments of capital, technology and skills and this level of growth is built on their past exploitation of their colonies. The developing countries, on the other hand, have been convinced that they should specialize in labour-intensive production (because that is where their comparative advantage lies) without any concrete proposals on how to increase capital, skills and technology, which is the basis for real and continued growth (Durano 1999).

It is important to recognize that ‘a major reason why the world trading system has not been working beneficially for developing countries is because their main way of participating in the system has been to export commodities, whose prices have been declining, and thus their terms of trade have been deteriorating’ (TWN 2001:51).

It is equally important to recognize that there is a definite link between the history of colonization and racism, and global economic realities. Neoliberalism and current processes of globalization are built upon a history of discriminatory and exploitative policies and practices, especially against women.

### **Overarching Issues from a Gender Perspective**

Just as inequalities and power relations shape the relationships between the participating nations within the MTS, gender relations constitute a structuring factor of the relationship between trade policies and their outcomes. Trade policies affect men and women differently, and generate different responses from men and women due to pre-existing gender inequalities in access to and ownership of resources such as land, capital, credit, education, health, time and income, as well as in access to power and decision-making, alongside the sexual division of labour which assigns the unpaid reproductive labour to women. From a gender perspective, trade liberalization and the international trading system raise a number of overarching issues at different levels.

In an environment characterized by the features that have been described in previous sections:

The relevant comparative advantage of developing countries would seem to lie in cheap labour. Increasingly, that cheap labour is female labour, which is systematically underpaid. Over-reliance on such a strategy in the medium to long run is likely to trap both women workers, and the countries which depend on a low-wage growth strategy, in a perpetual swirl of debt and dependency (Williams 2001).

Moreover, feminist economists draw attention to the fact that gender inequalities in wages and working conditions have been found to contribute positively to growth in semi-industrialized countries, which means that export successes and growth in such countries come at the expense of gender equality and women's rights. They underline that using gender inequality as an instrument of international competition may result in long-term adverse effects on the terms of trade of developing countries (Cagatay 2001).

Despite the fact that the export-led, market-based and private sector-driven growth that multilateral trade arrangements seek to promote depends to a large extent on women's labour in both the production and reproduction spheres, women are excluded from macroeconomic policy making and processes. Not only are they under-represented in macro-level institutions such as the WTO, but multilateral arrangements related to trade and investment have been devised with complete disregard of gender considerations, based on the implicit assumption that such considerations are not relevant at the macro level. Therefore, these arrangements tend to reinforce gender inequalities, thereby affecting women's ability to move between sectors even when opportunities exist.

Gender inequalities also have an impact on trade performance. This is the reason why gender-blind trading arrangements that have been designed by governments in order to promote growth by moving labour to tradable sectors actually aggravate the constraints that prevent women from moving into these sectors. Empirical evidence from many African countries shows that their exports are severely constrained by gender inequalities in command and control over income and assets, including land and credit.

Women and small producers are subject to a constant insecurity due to continuous changes in international market conditions. In Africa, women and small producers are singularly vulnerable to such insecurity, because of the absence of any form of compensatory social protection. In particular, with respect to the subsistence agricultural subsector which has already been weakened by the liberalization of agricultural policy due to increases in the price of imports and withdrawal of subsidies, current trade policies raise the issue of food security in general, and the issue of women's unequal status as producers and consumers in particular.

With regards to the meso level i.e. institutions and markets, the new policy orientation removed and delegitimized the public policy instruments that could be used in addressing women's economic subordination. Moreover, as most African countries lack national consensus-building institutions that can guarantee the convergence between the interests of different social groups and actors, the interests canvassed in international trade negotiations are often those selected by governments without the participation of women, other vulnerable groups or the mass of the population. This has major implications:

- The first implication is related to the multiple disempowerment of African women in the context of international trading and financial arrangements: an internal disempowerment due to their overall economic subordination and lack of participation in decision-making processes at the national level, and an external disempowerment brought about by the biases against African countries in international trading and financial arrangements.
- The second implication pertains to the dynamics of power relations, in particular the interplay between internal and external relations of domination: indeed, the internal disempowerment of women and other marginalized groups enables to a large extent the perpetuation of the inequitable trading and financial arrangements, and subsequently, the domination of powerful countries' interests.

This also raises the issue of the role of the state and national institutions in such a context.

Some political scientists call for attention to the combined effects of trade arrangements and other economic reforms on the re-conceptualization of the notion of 'governance', including not only the re-definition of the role of the state, but also the political processes and spaces within African nations. These analysts point to the far-reaching consequences of the institutional reforms brought about by current trade and economic policies, notably the increased tightening of the political space for democratic participation. This is due to the imposition through the proposed institutional reforms of the concept of 'horizontal accountability', promoting the balance between the different governmental institutions in order to contribute to a 'self-restraining state' at the expense of a 'vertical accountability' of policy-makers to citizens and their elected representatives. Shrinking political spaces have implications on women's participation in governance which is already very low, as well as for their efforts and struggles.

In addition, each type of trade arrangement comes with a specific set of parameters that determine the impact of the related policies on different social groups and genders, namely through their consequences on the legal and regulatory institutions that have been established by the different nations. Gender activists point to many gender-biased provisions in the content of trade commitments

themselves, and to their possible interactions with formal and informal laws and norms that determine women's condition and position in a particular country or location, as well as with institutional and practical factors that influence the enforcement of laws.

Of particular importance for women are the changes brought about by trading arrangements in the definition of the so-called non-tariff barriers to trade (NTBs), as in recent years, TNCs have begun to use regional trade agreements and the WTO to expand the definition of NTBs to all national laws and measures that they do not benefit from. For example, special incentives such as low-cost loans, tax credits or training provided to women under affirmative action laws could potentially be challenged as an 'unfair barrier to trade' under the Subsidies and Countervailing Measures (SCM) agreement.

The consumption dynamic impelled by trade liberalization, notably through the attempts of TNCs to expand and deepen markets, involves the manipulation of sex, sexuality and gender identity, together with the reinforcement of gender stereotypes by advertising and marketing campaigns. A very common example of this trade-based sexual exploitation of women and girls is the selling of the 'exotic' image of beautiful and hospitable local women to promote tourism in African countries. A more disturbing one is the expansion of sex tourism in many African countries.

With respect to employment, liberalization policies have led to increased unemployment and informalization of work in most African countries (GERA Programme 2000). Together with the changes in production relations, namely the growing number of home-based and temporary workers – the majority of which are women – and the various forms of increased pressure on workers within the workplace, this development raises critical issues about the sustainability of women's livelihoods and their rights as workers, in a context where the reduced fiscal capacity of states does not allow for effective safety nets or other forms of social protection.

At the level of the households, national trade and investment policies have resulted in additional constraints and burdens on women. In addition to the fact that they bear most of the costs of the reduction of public spending in social services, including in terms of increased reproductive work, price liberalization has forced poor women to reduce their food consumption and to increase their unpaid work – often on family farms and family-owned businesses – in order to provide for their families. Devaluation of the exchange rate has had a similar negative effect, especially on women involved in the services sector. Because imported food often out-competes domestic crops mainly produced and traded by women, the liberalization of imports has had an adverse impact both on women's revenue and on domestic food production.

These realities have been masked by the new economic orthodoxy which justifies post-adjustment policies and legitimizes the subordination of women in several ways:

- by overlooking the differences in both entitlements and constraints between men and women;
- by building on the assumption that women's work is free and infinitely elastic, and that they will therefore continue to supply their unpaid contribution to the care and reproduction of society in the 'global village';
- by reinforcing the gender stereotypes that perpetuate women's subordination;
- by providing the rationale for consolidating the economic reforms undertaken under SAPs, regardless of their deleterious effects on women and gender relations;
- by imputing all the adverse effects of current trade and investment policies to the African nation states themselves, not to these policies or to the market;
- by defining most social policies and regulations that are especially important for women as 'trade barriers' to be eliminated.

For African women, these issues suggest the urgent need to transform the economic model underlying the international trade regime, because of the structural and political biases that undermine gender equality and disempower women in the economy.

## **The Conventional Theory and Associated Myths of 'Free Trade'**

### ***The Assumptions of the Conventional Trade Theory***

The principle of comparative advantage is one of the pillars of the conventional trade theory. According to this principle, countries should specialize in producing the goods they are relatively more efficient at producing, and then trade with other countries that are relatively more efficient at producing the other goods needed. Free trade without the interference of governments benefits everyone because it allows countries to specialize in producing what they are good at and then exchange it in the world market. Thus, in the theory of comparative advantage, gains from trade result from the sum of specialization and free trade.

Free trade theories make a number of explicit and implicit assumptions:

1. Full employment, obviously an unrealistic assumption for African economies.
2. Resources are fixed, and are perfect substitutes, i.e. that everything used in one type of production can be automatically re-deployed to another type of production, thereby ignoring the costs of the re-training of workers and investment in different types of technology, etc., which are most likely to reduce the gains from trade.

3. Producers do not move between countries, in other words, that there is free movement of goods and services, but no free movement of production. This assumption is particularly unrealistic in the context of globalization, as evidenced in the current organization of production at the global level.
4. Factors are mobile across sectors and there is perfect competition: such an assumption ignores the structural constraints that do not allow for the mobility of factors, especially labour. In particular, it ignores a number of factors, including the gender division of labour, the lack of economic and social infrastructure and access to information, which inhibit women's ability to respond to economic incentives and opportunities offered by trade.
5. International prices adjust automatically: there is ample evidence that rapid trade liberalization led to trade deficits in developing countries as exports stayed flat or did not keep pace with rising imports (UNCTAD 1999). Moreover, the practices of the major trading powers show that these promoters of free trade themselves use non-market pricing systems.

Most importantly, the theory of comparative advantage is silent on the distribution of the gains from trade, thereby making the assumption that benefits from trade will trickle down to everybody alike as a result of growth and increased total income of participating countries: to business owners, as well as to workers and consumers, both men and women. It ignores the reality that this distribution is part of a political process within which benefits from trade often accrue only to the business owners who can make increased profits, while workers and communities become worse off.

The assumption made by the conventional theory of the convergence of factor prices that would lead to lower prices in domestic markets and, subsequently, increase consumers' purchasing power has been invalidated by research, namely by a study commissioned by the WTO on the relation between trade and poverty which found that:

There is no 'tendency of catch up convergence' in respect to income; rather, incomes tend to be diverging within each segment of global income. Whenever convergence tendency was observed, this was among lower income countries and reflected the relatively better off among the poor countries slipping backwards (downward convergence) (Williams 2001:4).

Feminist economists<sup>1</sup> (Cagatay 2001) have provided a critique of the mainstream trade theory (also known as the neo-classical, neo-liberal theory) in terms of its distributive effects. According to this theory, if the two factors of production are unskilled and skilled labour, in developing countries whose comparative advantage is assumed to be in goods that make intensive use of unskilled labour, the wage differentials between the two types of labour should close with trade liberalization. The opposite should take place in developed countries.

If the two factors of production are capital and labour, trade liberalization should reduce the return on capital while increasing it on labour in developing countries. The opposite should occur in developed countries. This implies that trade liberalization should be equity-enhancing in developing countries while being disequalizing in developed countries. However, studies have found that in many developing countries, disparities between skilled and unskilled workers have increased.

Regarding the analysis of the gendered impact of international trade, it is argued that the central question should be whether trade reform and emerging patterns of trade perpetuate, accentuate or erode existing gender inequalities. A related question is whether there is a change in gender-based power relations within households, communities and the society at large.

The responses to these questions should consider:

- a) changing patterns and conditions of work, including paid and unpaid work
- b) changes in gender gaps in wages, earnings, patterns of ownership and control over assets
- c) changes in consumption patterns by gender
- d) changes in use of technology by men and women
- e) changes in public provisioning of services and their gendered impacts
- f) gender-differentiated empowerment implications of trade flows.

With respect to the gender, trade and poverty nexus, it is underscored that the assessment of trade policies should not focus on market-based criteria such as income and consumption and 'whether they maximize flows of goods and services, but in terms of whether they further desired social outcomes such as equity, social inclusion, freedom from poverty, development of human capabilities, protection of human rights, democratic governance and environmental sustainability' and 'incorporate power and power relations within and across nations' (Cagatay 2001:12).

### ***Gender, Trade and Employment***

Authors such as Standing (1989a and b) have argued that in the current context of intensified global competition, supply-side macroeconomics and deregulation, employers have tried to establish a more 'flexible' labour force by substituting female workers, with lower reservation wages, for men. This argument is an important part of the debate over core labour standards and workers' rights. It points to the general context of macroeconomic and labour market policies within which the feminization of employment takes place.

This context is characterized by the increasing erosion of workers' rights and the power of traditional trade unions vis-à-vis capital, due to the triumph of neo-liberal policies. Market liberalization policies and the increased mobility of

capital have contributed to this erosion of workers' rights, as labour market deregulation was justified in the name of achieving international competitiveness.

In general, studies on export-oriented countries show that although trade liberalization seems to favour women in terms of employment, the 'competitive advantage' of women as workers lies in the inferiority of their conditions of employment in terms of earnings as well as health and safety conditions. Indeed, much of women's trade-related gains in employment have taken place in EPZs and the informal sector where conditions of work are very poor. In many establishments, practices of sexual harassment and pregnancy tests have been reported.

It is important to recognize that there are also winners and losers among women. The celebrated increase in women's employment under trade liberalization policies is real in the aggregate, but at the same time, some women have also lost their jobs because of import competition and the sectoral reallocation of work. Such loss of employment has mostly happened in informal work, small firms and among low-skilled workers where poor women dominate.

Moreover, trade liberalization makes it difficult to achieve gender equity in wages at the national level. At the heart of this dilemma is the fact that women in different countries are segregated into a relatively narrow range of occupations, and through trade, they compete with each other. Trade liberalization provides an incentive for the repression of wages.

Therefore, the claims about women's gains from trade in terms of employment call for closer examination in the case of Africa. Such claims must be assessed against the context and conditions within which women integrate into the formal labour market. Given the expansion of the informal sector in most African countries, special attention should also be paid to the impact of trade policies on this sector.

### **Myths and Realities**

The mainstream discourse on the benefits of trade openness in developing countries has generated a significant number of myths that have informed the design of trade policies at different levels. Among these is the misconception that free trade is the major cause of economic growth in today's developed countries. The historical evidence shows that during their own development and industrialization process, these countries protected their domestic industries behind tariff walls. Tariff liberalization took place only when the home industries were sufficiently strong or efficient to stand up to competition from imports. For instance, the US, who is the major promoter of free trade today, began its industrialization behind rising tariff barriers at the end of its Civil War (Handlin 1947, cited in TWN 2001:23).

This evidence also contradicts the theory of comparative advantage, as it demonstrates that what is presented as the 'natural' comparative advantage of developed countries in terms of capital investment, technology, know-how, etc., is actually a 'constructed advantage' that developing countries should also be able to develop, at least in principle. Some analysts underline that the development of newly-industrialized countries such as Taiwan, South Korea and Singapore is the outcome of a specific type of comparative advantage based on the government's protection of and support to domestic industries until they were able to compete internationally (TWN 2001, Rodrik 2001).

The most recent analyses of the links between the openness of economies and growth rate demonstrate that 'there is no convincing evidence that trade liberalization is predictably associated with subsequent economic growth' (Rodrik 2001), as the increase in growth rates can be attributed to other macroeconomic policies related to exchange rates, technology or exports promotion. Furthermore, country case studies show that 'employment growth has generally been slow to dismal and rising primary income disparity (in some cases over and above the already high levels of income inequality) has been the rule' (Taylor 2001, cited in Cagatay 2001:17).

Similarly, the reality in African countries dismantles the myth of the 'trickle-down' effect of trade liberalization policies. There is no evidence of such a trickle-down; on the contrary, studies on the impact of SAPs show that trade liberalization has increased inequalities along gender and class lines because of its differentiated impact on the various social groups (GERA Programme 2000).

The myth that gains from trade accrue to nationals and that consumers determine the type of commodities that are produced and traded is undermined by the overwhelming evidence that most of the time nationals do not have the ownership of resources or subsequently of the benefits from trade. The large majority of the owners are foreigners, and nationals participate in trade mainly as workers and consumers. Advertising and marketing campaigns at the global scale have entailed significant changes in the behaviour of consumers, including the creation of certain needs within people's psyches and a culture of gender stereotyping by the advertising industry (Durano *ibid*).

The widespread myth that governments do not intervene in trade has occulted the fact that the promotion of free trade has actually required a great deal of governments' intervention. The deregulation of the labour market and financial sector, as well as the promotion of export-led industrialization which relies on women's labour, are examples of such intervention.

Last but not least, it has been underlined that 'free trade theories have always been advanced by the major developed countries to further their own interests' (TWN 2001:23). It appears that the mainstream trade theory and the 'free trade' rhetoric are used to legitimize the system of rules which governs the WTO and

reflects the balance of power among its member countries. These rules do not reflect free trade for all products, nor has 'free trade' been practised by the major trading parties in areas that are crucial for African countries.

### **Critical Overview of the Literature<sup>2</sup>**

This brief review of the literature on gender and trade starts from the position that for trade to be meaningful, it has to deliver some growth, not just to a country, but also to all its citizens, especially the most disadvantaged. Trade policies should both protect and strengthen the capacity of nations and their citizens to address issues of poverty and social exclusion. Growth should be socially equitable and environmentally sustainable.

### **Conceptual Issues Identified in the Literature**

There is a general agreement that trade liberalization is experienced differently by different social groups. However, in terms of gender analysis, the neo-liberal analysis ignores the issues of other social groups and focuses mainly on the gender dimensions. On the other hand, those who adopt a political economy approach tend to address the intersection between gender, class, region, among others with a strong focus on gender. It is interesting that the majority of the analysis is of the view that trade and investment liberalization either perpetuates or exacerbates, but does not address, gender inequalities.

It has been argued by a minority that trade liberalization has been helpful to women because of their increased labour force participation in certain parts of the world, and this in turn has reduced the wage differentials between men and women. However, this view has been strongly challenged in the sense that it ignores the conditions under which they integrate the labour force, and the fact that the reduction in the wage gap is more a result of the downward trend of wages, rather than an increase in women's wages.

Among the arguments deployed in support of the dominant view that trade liberalization policies have been detrimental to women as a social group is the fact that trade liberalization in general, and the WTO rules in particular, ignore the gender inequalities that prevent women from benefiting from opportunities they may represent. Another argument is that trade liberalization policies themselves perpetuate or exacerbate gender inequalities and even create new ones. For instance, those who think that the only problem with the rules is that women are not able to participate in trade focus on expanding the ways in which women can also take advantage of the situation. On the other hand, those who contend that the rules themselves are problematic and exacerbate inequalities focus on reforming those rules and challenging the fundamental structures and assumptions underlying the system of rules. These different arguments have different implications not only for the research but also for the discussion about the different attitudes that activists have taken towards the WTO.

Some of the analyses have focused on the micro-level impacts, as social implications are easier to track at the micro level. Feminist economists have called attention to the importance of three levels of analysis:

- the micro level, which focuses on the household and intra-household processes and relations;
- the meso level, which focuses on formal and informal institutions such as the markets and the State, the laws, norms and practices; and
- the macro level, which focuses on the monetary, fiscal and exchange rate policies, prices, etc.

The focus on the interconnections between these different levels provides for a more comprehensive analysis of the gender dimensions of trade policies. For instance, at the meso level, the argument is made that some of the perceptions about women's work, which persist despite of international conventions such as the Convention for the Elimination of all Forms of Discrimination Against Women (CEDAW) and the Beijing Platform for Action, have been reinforced by trade policies. One such perception is that women's reproductive and domestic responsibilities are seen as their primary function. In spite of more than 20 years of gender equality activism, their productive activities are always discounted. Their income is considered as secondary and supplementary to the income of the male breadwinner. These perceptions are reinforced by trade policies which build on the assumption that women's unpaid labour is in unlimited supply.

### **Central Findings of the Impact of Trade and Investment Liberalization on Women and Gender Equality**

Some of the studies on the impact of export-oriented industrialization on the gender composition of the labour force have found that women's participation has risen globally, but that differences exist not only between developed and developing countries, but also between Africa and the rest of the world. Many of the gains made by women have taken place in the EPZs, sub-contracting chains and the informal sector where working conditions are characterized by long hours, instability and insecurity of employment, unhealthy working conditions as well as low pay. Combined with the issue of de-industrialization and the growing informalization of work, this situation means that the gains women have made have to be offset against more problematic losses to them.

In the area of agriculture, the gains have been much less beneficial to Africa and all its small farmers, particularly women farmers. One reason is the removal of subsidies for agricultural production, which has posed major threats to food security and micro enterprises. For many African women whose labour has increased in export agriculture, the benefits have not come directly to them, mainly because they are not the owners of the cash crops. It has been argued that this preference

of cash crops over food crops is discriminatory against women who do not benefit from government support for their food production. In addition, their work in the cash crop production has reduced the time available for their food crops.

Regarding the issue of import competition, it has been argued that large and medium scale producers may benefit from trade and investment liberalization. Since women tend to be small marginal farmers, these benefits are not likely to affect them. Whilst trade reforms can create new markets – for instance, for the celebrated non-traditional export crops discussed below – it is important to remember that it also destroys some of the traditional ones.

It is often argued that non-traditional agricultural exports (NTAEs) generate significant revenues, and therefore represent a potential area of comparative advantage for African countries. It is also argued that the promotion of this sector will allow for a more equitable internal distribution of the total benefits from trade on gender lines, redressing the bias against women elsewhere in agriculture. However, there is little evidence of their gendered outcomes in the context of the current provisions under the AoA. Already, one can tell that gender biases limit African women's access to productive resources and their rights in land, and thus the incentive and capacity for devoting resources to the production of NTAEs.

One of the indicators that has been used for the success of liberalization has been the increase in household incomes. Gender analysts have pointed out that this does not necessarily improve the nutritional status of women and children. In places where self-employment and unpaid family labour are more prevalent, the lack of control over resources such as land and capital is a critical issue for women.

The gender impact of the collapse of commodity prices around Africa has to be verified. This has notably affected government revenue as well as household incomes. In particular, the reduction of government spending in social services has increased women's reproductive work and reduced their leisure time, as women have had to take up more responsibilities in the areas of health care and education. Last but not the least, liberalization and the reduction of the state's participation in productive work have also meant that the state has not been in a position to implement some of the promises that it has made to women in the Beijing PFA and other international conventions.

This review of the impacts of trade liberalization, as discussed in the literature, points out that many claims in the gender and trade literature are very preliminary and need further work. It also points to the overwhelming focus of this literature on the impact of trade policies on incomes and formal employment, which tends to overlook other elements that are important for gender equity and sustainable human development in the African setting. These elements can be best identified through contextualized and country-specific studies.

### **Trade Policy-making Institutions and Processes**

The focus on trade policy-making institutions and processes is a very large issue in the current debate about trade and investment policy because it goes to the heart of the rights of citizens to participate in decisions which affect their lives in very profound ways. Trade policy is made at three levels: national, regional and international levels. Therefore, any analysis of trade and investment policy-making institutions and processes needs to look at all three levels and how they are interconnected.

National trade policy is the remit of the executive arm of governments. It is the executive which makes most of the important trade policies. Legislators play a less fundamental role, such as ratification. This means that there is bureaucratic control of trade policy decision-making. It is interesting that this has been rationalized as an attempt to depoliticise trade and investment policy making so that national as opposed to partisan interests can be served. The assumption that the executive and the bureaucrats will serve the national interests – or that there is one agreed-upon national interest – is hotly contested, but also largely undermined by the vehemence of free-trade protestors around the world.

This mode of decision-making raises fundamental questions about the transparency and inclusiveness of the processes: who can participate and how. For example, the private sector, in spite of all its complaints, does better than many citizens' groups in the participation in trade and investment policy decision-making. In this regard, it is important to acknowledge that the large number of women who work in an informal sector trade are not considered part of the private sector. The GERA study in Uganda showed very clearly that the stratum of people who are considered to be part of the private sector are the medium and large scale operators who tend to group in elite institutions such as the Private Enterprise Foundation funded by the World Bank and the (GERA Programme 2000).

The sections of the population where many women traders are involved in trade and investment work are not part of the groups which participate in trade and investment policy decision-making. Civil society activists do not have a place at the table as such, and whatever is done with them is seen as consultation and always comes at a much later stage in decision-making. Even with the regional trade institutions such as ECOWAS, COMESA and SADC, the distance between citizens and decision-making bodies has been heavily criticized. In order to bridge this gap, it is important to analyse the decision-making mechanisms within those institutions in the same way as national trade policies: who is participating and how, who is outside the processes and how are they excluded.

## **The Major Approaches for Addressing Gender Issues in the WTO**

This section aims to provide insights into the existing landscape and options put forward by gender activists and researchers for gender mainstreaming into the WTO. The current status of the debate on gender issues and the WTO among women's organizations and networks, along with their different approaches to mainstreaming gender into the WTO are discussed, with a view to identifying some possible options for the definition of an African perspective.

### **The Status of the Debate**

It is important to situate the debate in the context of the evolution within the women's movement, so as to identify the key players and the different interests that are involved. The debate on how to address gender issues in the WTO was institutionalized with the creation of a global Informal Working Group on Gender and Trade which developed out of the Women's Caucus at the first ministerial conference of the WTO in Singapore in 1996. At that time, this group gathered a majority of Northern women's organizations and networks, and a few from the South. African women were noticeably under-represented. This group shares a common concern about the impact of trade liberalization on women and a wish to ensure that a gender analysis is built into trade policy-making and associated decision-making, procedures and organizations.

The main issue of the debate is not about the principle of the integration of a gender perspective into the WTO's work. It is rather about whether WTO policies should encompass social issues such as labour and gender. The controversy within the women's movement revolves around the same issues as the general debate on the link between trade and labour standards, and has produced a North/South divide among women's organizations.

Broadly speaking, the Northern groups support linkage, while Southern groups oppose it. There is no consensus on the institutional channels through which gender considerations should be integrated into the WTO, and whether this is the best or most effective way to promote gender equality in trade and the human rights of women as workers.

An underlying issue is the interpretation of the concept of gender mainstreaming by the various participants in the debate. On the one hand, many of these participants have adopted the technical and result-oriented approach, promoted by the World Bank and some donor agencies, which tends to overlook the underlying causes of gender inequalities, including many assumptions of economic and development models. On the other hand, there are those who want to challenge the structures and assumptions of the prevailing economic and development paradigm that underpins the MTS and current trade policies, and perpetuates women's subordination.

While the debate continues, it is clear that the issues at stake are larger than the integration of gender into the WTO agreements and processes, touching among others, on the issue of national capacity and resources to effectively realize women's rights; the issue of continuing protectionism in industrialized countries' markets which are critical to developing countries, and involve women's labour; as well as on the issue of subsidies for agriculture in developed countries, which make it particularly difficult for female African producers to maintain their livelihoods.

## **The Different Approaches to Gender Mainstreaming into the WTO**

### ***a) The Adaptive Approach***

The proponents of an adaptive approach consider that trade is a given phenomenon and that women have to understand the rules of trade in order to adapt them. Mainstreaming gender into major trade institutions such as the WTO is therefore a matter of urgency. The majority of the proponents of this adaptive approach are organizations from the North. Most of them are members of the IWGGT mentioned above, which currently includes about 30 organizations.

This group has defined its priorities as follows:

- promotion of gender awareness in trade issues
- integration of gender perspectives into all levels of WTO work
- promotion of the availability of gender-disaggregated data for trade analysis
- making visible the gender-trade links in trade analysis.

The IWGGT has chosen as an entry point the country reports produced by the Trade Policy Review Mechanism of the WTO. It has developed an analysis that can be used to include gender in the TPR process in order to identify potential opportunities and threats for women's well-being as well as for other vulnerable groups.

A major problem with this approach is that the main purpose of the TPRM is not to assess the impact of trade agreements and rules, but the compliance of the concerned country with these and the extent to which it has met its commitments. In addition, because of the power relations that determine the WTO processes, such impact assessment could potentially be distorted into a process that could be used to serve other interests than those of women and vulnerable groups. Therefore, the fundamental problem related to power relations in the MTS limits considerably the efficacy of this approach in promoting gender equality and women's empowerment in trade.

### ***b) The Alternative Approach***

Critics of the adaptive approach are mainly organizations from the South. They point to the implicit endorsement of existing WTO rules and agreements with their imbalances and biases that this approach implies. In particular, it is underlined that this approach implies the recognition that free trade is basically good, and

that the issue at stake is merely how to ensure that women will take advantage of its opportunities. It is also argued that its focus is too narrow, thereby overlooking the larger framework of trade.

These critics advocate an alternative approach which aims at developing alternatives to current WTO agreements and rules, as well as to the overall trade agenda, because they are inherently biased against the interests of developing countries and vulnerable groups within them, including women.

Proponents of the alternative approach, focus on the conceptual framework underlying current trade policies and institutions. While they agree on some objectives of the adaptive approach, such as women's participation in decision-making in the WTO, their main argument against the adaptive approach is that it does not address the conceptual issues related to the prevailing neo-liberal paradigm in the WTO.

In-between these two approaches are organizations that seek to combine the two approaches. An example of such a combination is provided by the International Gender and Trade Network, who has produced a number of papers for addressing gender issues in the WTO, while supporting research and economic literacy on trade at the regional level to promote alternatives.

### ***c) Emerging Approaches***

A new approach to gender mainstreaming in trade has emerged with the conceptual shift in the most recent analysis of gender and trade (Cagatay 2001). This new paradigm goes beyond the traditional 'winners and losers' analysis of mainstream trade theory to incorporate the social content of trade policies, as well as human development and rights-based approaches.

It emphasizes the need for a contextualized understanding of the interactions between gender inequalities and trade policies, and for a democratization of policy-making. It evaluates trade policies not in terms of flows of goods and services, but in terms of equity, social inclusion, poverty, human capabilities, human rights, democratic governance and environmental sustainability.

While this emerging approach includes various elements of the adaptive approach, it broadens its scope to include policy measures such as debt cancellation, increased aid flows, elimination of protectionism against developing countries exports and monitoring of TNCs. This approach also suggests that regional trade agreements offer a possibility for the promotion of workers' rights and securing female workers' rights in particular.

### **General Framework of an African Perspective**

The prevailing approaches are not contextualized and do not therefore incorporate African specificities. The lack of an African perspective on the issue of gender mainstreaming into the WTO is an important concern, as African women are largely absent in a debate that has important implications for them.

First of all, responding appropriately to this issue requires asking the right questions. Therefore, the first step in that direction is the development of a coherent analysis from an African perspective, in order to clearly articulate the interests of African women in the debate. The second step is the definition of a framework for ensuring, not only that women gain from trade liberalization, but also that the structural causes of their economic subordination are addressed.

Such a framework needs to take into account the distributive effects of trade policies on African economies, as well as the interaction between trade liberalization and other types of economic reforms and policies, and the extent to which this general context is empowering or disempowering, because women's empowerment in trade also depends on the general economic and political conjuncture in which they integrate into the trading system.

Most importantly, the political economy of trade and development in Africa needs to be factored in such a framework. In particular, it is critically important to acknowledge the multiple disempowerment of African women in international trading arrangements, as this implies that the problem is not only about the WTO agreements and rules, but also about the role of international financial institutions and TNCs, as well as the state and institutions at the national level.

Furthermore, African gender researchers and activists need to re-claim the concept of gender mainstreaming so that it plays the role of a political tool for women's empowerment, instead of a technical device for legitimizing inequitable trade and economic policies. Just like the conventional trade theory, the prevailing approach for addressing the gender implications and impact of trade policies should be critically evaluated and challenged. As a first step in this direction, the intersections between gender, class, race, ethnicity and other forms of identity should be incorporated into the analysis.

In conclusion, an African perspective on the gender dimensions of trade liberalization and the MTS requires a thorough understanding of the way in which inequalities are created and maintained by the global economic system. In particular, it needs to recognize that this system encourages structural discrimination against women and the poor. Ultimately therefore, it must seek to transform the paradigms and structures of the global economy.

## Notes

1. The rest of this subsection, as well as the following subsection, refer to the background paper by Nilufer Cagatay on *Trade, Gender and Poverty*.
2. This section draws heavily on the presentation made by Dzodzi Tsikata on 'Trade and Investment Policy in Africa: A Gender Analysis' at the GERA Regional Training Workshop on Gender, Trade and Investment in Africa, 27 June-5 July 2001 in Accra.

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