



Gender and Trade Initiative (GATI)



# WTO and GENDER Concerns in South Asia





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The United Nations Development Fund for Women, UNIFEM, is the women's fund at the United Nations. UNIFEM provides financial and technical assistance to innovative programmes and strategies to foster women's empowerment and gender equality. Placing women's security and human rights at the centre of its efforts, its programme strategy is designed and guided by an empowerment framework. This is based on promoting women's rights, opportunities and capacities. As a knowledge provider on gender mainstreaming, UNIFEM places high priority on developing strategic knowledge products and services (KPSs) and building its capacity to facilitate knowledge and action networks. ([www.unifem.org.in](http://www.unifem.org.in))

Gender and Trade Initiative (GATI) seeks to address gender and trade related issues across South Asia and beyond through research and advocacy. It seeks to strengthen efforts at mainstreaming gender in trade, understand impact of trade on gender and build capacities. GATI is a programme of the Society for Conflict Analysis and Resolution, SOFCAR, a New Delhi based network of researchers and activists. ([info@sofcar.org](mailto:info@sofcar.org); [www.sofcar.org](http://www.sofcar.org))

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# List of Abbreviations

AMS	Aggregate Measure of Support
AoA	Agreement on Agriculture
ATC	Agreement on Textiles and Clothing
CBD	Convention on Biological Diversity
CEDAW	Convention on the Elimination of all Forms of Discrimination Against Women
DSB	Dispute Settlement Body
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GSP	Generalised System of Preference
FAO	Food and Agriculture Organisation
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
IGTN	International Gender and Trade Network
IMF	International Monetary Fund
IPRs	Intellectual Property Rights
MFA	Multi Fibre Agreement
MFN	Most Favoured Nation
NAMA	Non Agricultural Market Access
NGOs	Non Government Organisations
NT	National Treatment
NTMs	Non Tariff Measures
OECD	Organisation for Economic Cooperation and Development
S&DT	Special and Differential Treatment
SPS	Sanitary and Phytosanitary Measures
SSM	Special Safeguard Mechanism
TBTs	Technical Barriers to Trade
TRIPS	Trade Related Intellectual Property Rights
TRIMS	Trade Related Investment Measures
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
WB	World Bank
WHO	World Health Organization
WIPO	World Intellectual Property Rights Organization
WTO	World Trade Organization

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Views and errors, if any, are solely the responsibility of the authors.



# Foreword

## Primer on WTO and Gender Concerns in South Asia

It gives me great pleasure to share this Primer on the WTO and Gender Concerns in South Asia with you. For UNIFEM, which works for gender equality and the empowerment of women, this marks a significant step in highlighting gender, in a domain, which is conventionally looked upon as gender neutral. The Primer makes an excellent case on the importance of integrating gender concerns into global trading systems, which include trading policies and practices, with a specific focus on the WTO.

In the current scenario, where the role of international trade in global economic activities has continued to grow at great volume and speed, it has become increasingly vital to examine the linkages between gender and trade, particularly in the context of the WTO. Because the WTO is the primary mechanism for creating and enforcing the rules governing international trade, which include many legally binding multilateral trade agreements, the gender perspective becomes all the more crucial. It is no longer a matter of debate that gender inequalities and disparities do affect trade performances in a negative manner.

Women are very much at the centre of trading, both as workers and producers. Yet, they are not viewed as real actors. They do not have the voice, visibility or the presence, at the negotiating tables of the WTO. Trends of development in trade and trading practices indicate that they are following the well-worn paths towards inequality and exclusion, placing women and girls at a disadvantage with regard to just returns and the realisation of their other rights.

The impacts of the processes of globalisation and trade liberalisation, which can be both positive and negative, have tended to tilt more towards the latter. Generally speaking, most women have been negatively impacted by globalisation and bypassed by liberalisation. In South Asia, economic restructuring and a liberalising world market have focused on supporting the export sector, and as a consequence had a differential impact on women and men. It has increased the vulnerability of women, who have fewer opportunities than men to enhance their capacity and competitiveness in changing markets, or to move up the production hierarchy. Thus, the terms at which women and men enter the labour market, vis-à-vis roles, responsibilities and access to resources, are vastly different. Consequently, there are



gender differentiated impacts of trade policy, as well as the need to take into account women, not only as producers but also as consumers.

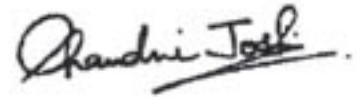
The correlation of gender and trade has not been an area of targeted attention by either researchers or advocacy groups. UNIFEM, however, has been working on drawing policy attention to this area since early 1995, when it organised the Regional Seminar on Global Trading Practices in collaboration with SIDA in India. This was in response to growing concerns from the women's movement in South Asia with regard to the impact of trade liberalisation and global trading practices on women in the region. Efforts were made to flag the risks and highlight the opportunities. Constituting the first regional event of its kind, the seminar offered women a forum for bringing attention to issues of emerging importance to them that had generally been overlooked till then. The conclusions arrived at then, are relevant even today – that not much attention has been paid to the gender-differentiated impact of trade expansion, and that gender and social concerns have been systematically overlooked in trade policy making processes and agreements. There was consensus that it was important to establish regional groups and networks, and build upon the initiative, as well as lobby regional and international economic groups, such as the SAARC Secretariat and the World Trade Organization (WTO).

In an effort to assess the latest trends, opportunities and effects of trade liberalisation and globalisation on South Asian women, UNIFEM in collaboration with UNCTAD, organised a Symposium on Trade, Globalisation and Gender in late 2003. Studies undertaken in Bangladesh, India, Nepal, Pakistan and Sri Lanka indicated a significant increase in casualisation. The importance of advocating for the appropriate inclusion of gender concerns in the multilateral and bilateral trade negotiation process was highlighted, as was the need for co-operation on gender issues at the regional and international levels. There was also agreement that there was a need to spread awareness among women on the growing impact of globalisation and build their capacity in order to avert the negative impacts. The need to address the challenges of these global phenomena, which include job insecurity, violations of labour rights and the need for the provision of adequate social and legislative protection for vulnerable women, was clearly recognised in the Beijing + 10 processes. Gender equality, apart from being a distinct goal in its own right in the MDGs, also underpins the achievement of the other seven goals.

UNIFEM is privileged to be associated with SOFCAR in this undertaking. Not only does it increase our knowledge-base with regard to the gender dimensions of the WTO, it also provides an excellent advocacy tool and a rich resource for diverse practitioners, which includes NGOs, Government bodies, private institutions, and national and international organisations working on international trade. It successfully demystifies the WTO and unravels its gender dimensions. Focusing on gender linkages, the Report also gives us an overview of where the South Asia economies are headed with regard to the key agreements of the WTO.

The Primer does more than justice to the subject, both in terms of the rigorous methodology and analysis of data. It provides an enabling tool for building capacity, of diverse actors, on the gender implications of trade relations and the importance it

assumes in trade performance. I take this opportunity to extend my sincere appreciation to the expert team of Dr. Biplove Choudhary, Dr. Parthapratim Pal and Ms. Ruchita Manghnani, who have efficiently got to the heart of the matter, in a language and manner, which is both succinct and straight forward. My congratulations to them for producing this remarkable and extremely user-friendly Report, which we hope will be widely used.



Chandni Joshi  
Regional Programme Director  
UNIFEM South Asia Regional Office  
New Delhi  
17th August 2006

# Introduction

This report discusses the key linkages between the WTO agreements and gender in South Asian countries. The central objective of the exercise has been to communicate in simple terms the gender dimensions of the WTO to a non-specialist audience. Trade and gender linkages have not been accorded their due importance by researchers and advocacy groups. Keeping this in view, the report has been prepared, primarily as a tool for promoting awareness and debates amongst concerned stakeholders, and not as an exhaustive academic exercise on the subject.

The importance of examining trade-gender linkages in the context of WTO has arisen essentially on three counts. The significance of international trade in global economic activities has continued to grow exponentially. Thus, while world merchandise output has increased by four percent a year, the volume of trade in goods has grown by an average of six percent a year since 1948. In volume terms, this represents an eighteen-fold increase in world trade since 1948.<sup>1</sup> Exports of manufactured goods are now 43 times higher than they were 50 years ago. The net result is that around one quarter of world production is now traded and subject to rules of international trade.<sup>2</sup>

Since 1995, the WTO is the chief vehicle that creates and enforces the rules governing international trade. The rules contained in the WTO agreements account for well over 90 percent of world trade and are followed by 149 countries. The WTO comprises a wide array of legally binding multilateral trade agreements covering most aspects of our day-to-day lives. The impact of WTO agreements on gender outcomes and concerns, therefore, constitutes a key area of engagement for all concerned. This is especially so since none of the WTO agreements make any explicit reference to gender impacts despite normative and legal obligations to the contrary as enunciated in various historic commitments advancing the cause of gender equality.<sup>3</sup>

With high average trade-to-GDP ratios, large absolute inflows of foreign direct investment, substantial capital flows and significant movements of labour, South Asia is well on its way to becoming one of the most globally integrated regions in the world.

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<sup>1</sup> WTO, 2004

<sup>2</sup> South Asian economies with high trade-to-GDP ratios represent a part of the trend of the growing interdependence of the world. Thus, Sri Lanka has a trade: GDP ratio of 67.5 followed by 39.5% for Nepal, 33.8% for Pakistan, 33.2% for Bangladesh and 19.5% for India in the region. (World Bank, 2001)

<sup>3</sup> Key international declarations calling for gender equalities across nations have been mentioned in the last section



Inevitably, these processes have been associated with rapid changes in forms of work and life, with special significance for gender relations.<sup>4</sup>

The gender impact of open, multilateral trade under the aegis of WTO has been understood broadly in terms of the wage and employment effects (creation of additional job opportunities or losses in the formal, informal and household sectors with high incidence of women workers), consumption effect (exposure of domestic economy and local industries, including women entrepreneurs of micro and small enterprises, to cheap imports) and budgetary effect (lower customs duties translating into smaller revenues available for social spending), thereby significantly influencing macroeconomic and social policies. An all-round reduction in tariffs results in the shrinking of the revenue base of governments. Experience suggests that as a response to shrinking revenues, governments tend to cut down on social expenditure and provision of public utilities such as water, health and education, as a consequence of which the work burden on women increases. Overall deterioration in the quantity and quality of public services entails a shift in the distribution of costs of such activities from the public sphere to the household, and ultimately, to women and girl children.

Gender outcomes, whether positive or negative, depend upon a host of sector- and region-specific factors. It is important, therefore, that gender related issues and concerns in terms of employment, wages, care burden and poverty are analysed and understood in a context-specific manner by looking into existing gender roles in social reproduction, participation in economic activities and the overall capacity and opportunity of women to negotiate and access the market on equal terms alongside men.

In this light, the report underlines the need to systematically carry out further sector- and region-specific gender analyses by an examination of gender concerns in relation to key WTO agreements. With the launch of the Agreement on Agriculture (AoA), for instance, fears are being expressed that cheap, heavily subsidised food and agricultural products, would tend to uproot women farmers from their traditional livelihood, often without provisioning of compensatory alternative employment avenues. Legitimate concerns on local food security have also been flagged.

Similarly, evidence exists that in the hunt for global competitiveness, there is a trend of reliance on exploitation of cheap female labour in the labour-intensive sectors. Export Processing Zones (EPZs) in South Asian countries, as also in Latin American and East Asian economies, are obvious examples. While this has created new export oriented employment options, more often than not, the nature of employment has been seen to be volatile and casual, with hazardous and unregulated working conditions. The volatility of export oriented employment opportunities have meant that jobs (especially for women workers) were created and then lost within a space of a few years.

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<sup>4</sup> Jayati Ghosh, Note on Gender and Macroeconomics, Panel for UN Committee on Status of Women, 2005



It is important, therefore, to pause and take stock of the overall direction in which the South Asian economies are headed vis-à-vis key agreements of the WTO and their gender linkages.<sup>5</sup> The primer is a modest attempt to raise the level of debate and awareness about the complex interrelationships between trade policies and gender inequities, women's income, rights and well-being in select sectors. There is widespread concern over the anticipated deterioration of gender relations on a wide scale in the context of the WTO. It is clear that developing countries would be well positioned to take advantage of the opportunities presented by trade liberalisation only when they address gender barriers to economic and social activities.

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<sup>5</sup> Most South Asian countries maintained quantitative restrictions until recently because of balance of payments problems especially on agriculture. Evidences from South Asian countries on gender impact of trade policies are therefore difficult to capture by empirical studies and case studies as research on the subject are either non-existent, or patchy, at best. Cases cited through the primer about impacts or their lack thereof should, therefore, be approached from this perspective





# 1

## WTO: Objectives and Evolution

### What is WTO?

The World Trade Organization (WTO) is an international body, which sets rules for the conduct of trade among its member nations. Currently there are 149 members and 32 observer countries<sup>6</sup> in the WTO. The WTO is based in Geneva, Switzerland.

### The Genesis of WTO

Prior to the Second World War, there was no international body to supervise trade between countries. This often led to conflicts and disputes between nations. After the Second World War it was decided that a multilateral organisation would be established for setting rules to make international trade function in a more orderly manner. A group of 23 countries took the first step towards this end by endorsing the General Agreement on Tariffs and Trade (GATT). The GATT entered into force in January 1948 and those 23 countries became known as the founding GATT members (in legal terms, 'contracting parties').

GATT rules monitored international trade for more than four and half decades. GATT was non-binding in nature, meaning that GATT was a provisional agreement from a legal point of view. And though it did not cover some crucial sectors like agriculture and textiles, it allowed special concessions for developing countries. However, GATT had some major shortcomings. To correct those problems, GATT member countries went through eight rounds of trade negotiations between 1948 and 1994. The last round of negotiations was called the Uruguay Round (UR). The UR lasted for more than seven and a half years. In 1994, an agreement to establish a permanent institution that would oversee almost all facets of cross-border transactions between the GATT member countries was reached. The WTO was thus established, and came into force from January 1995.

Though the WTO evolved from GATT, in terms of both membership and coverage of rules, it is now a much bigger organisation than GATT. WTO rules are not only a revised, enhanced and updated version of the original GATT, but also include additional agreements covering different aspects of trade and investments. Also, unlike GATT, the WTO covers trade in agriculture and textiles, services (under General Agreement on Trade

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<sup>6</sup> As on July 21, 2006

in Services-GATS) and Trade Related Aspects of Intellectual Property Rights (TRIPS). Another major difference between GATT and the WTO is that in GATT, member countries were given the flexibility to be a part of a specific agreement or stay out of it. On the other hand, the WTO follows the 'single undertaking' approach, which stipulates that the bulk of the multilateral agreements negotiated have to be accepted as a whole.<sup>7</sup>

But probably the biggest improvement in the WTO over GATT is that the dispute settlement mechanism has been considerably strengthened in the WTO. The dispute settlement mechanism is one of the highlights of WTO because as trade expands in volume and involves increasingly larger number of products, countries and companies, there is increased eruption of disputes. The WTO system helps resolve these disputes peacefully and constructively. The WTO dispute settlement provision also allows 'cross retaliation'. This means that, in the event of a dispute, if a Member country wants to act against an erring Member, the Member is allowed to retaliate in any sector, not necessarily confining its retaliation to the same sector in which the dispute took place.

## Objectives of WTO

The broad objective of the WTO is to use trade liberalisation as a tool to raise standards of living across the globe and promote sustainable development. The WTO believes that if trade is free, then it will allow developing countries to use exports as a source of growth and raise standards of living. However, critics of the WTO point out that trade expansion may not necessarily raise standards of living all around the world. It is also pointed out that it is not clearly established that trade expansion will always occur because of trade liberalisation.

Empirical results too show a mixed picture. There are cases where trade expansion has helped a country grow faster (e.g. China) but, on the other hand, there are countries that have experienced poor economic and social conditions after trade liberalisation (e.g. countries from Sub-Saharan Africa).

## WTO and Gender Linkages

WTO agreements are based on the assumption that trade is gender neutral. Because of this underlying assumption, none of the WTO agreements make any explicit reference to gender concerns. However, the experiences of the past two decades have shown that the gender neutrality assumption is not correct.

Overall, it has been observed that women, as a group, are economically more disadvantaged than men, especially in developing countries, where women constitute the economically poorest segment with estimates ranging anywhere between 60 to 70 percent.<sup>8</sup> Studies estimate that over 70 percent of the world's poor are women.

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<sup>7</sup> There are four agreements which do not come under the 'single undertaking' umbrella. These agreements are called plurilateral trade agreements. These agreements are the Agreement on Trade in Civil Aircraft, the Agreement on Government Procurement, the International Dairy Agreement and the International Bovine Meat Agreement. The last two agreements were terminated at the end of 1997

<sup>8</sup> <http://www.ilo.org/public/english/bureau/inf/pr/1996/25.htm>



Gender analysts have argued that cultural, religious and family barriers lead to an unequal participation of women in economic activities alongside men. Also, women find it difficult to take on full time jobs in the labour market due to their 'primary responsibility', i.e., childcare and family welfare. Further, the existing gender order serves to underplay the productive potential of women, leading to lower wages for women and segregation of women in lower occupational grades.

There are several aspects of gender inequality that need to be addressed, including inequality in terms of employment opportunities, wage rates, conditions of work, quality of employment, access to basic services such as health and education, and access to resources such as land, credit and business services, as well as lack of participation in decision-making and unequal distribution of income.

The impact of trade on gender needs to be assessed in the light of these factors. Pervasive gender discrimination in economic life causes trade policy to have very different effects on men and women. In certain sectors, which are mainly dependent on low-wage workers, women workers have gained significantly from trade liberalisation in the form of higher employment generation. For example, in some export oriented manufacturing sectors like textiles, women constitute about 80 to 90 percent of the work force in a number of developing countries. In fact, the dominance of women workers in some export oriented sectors is so high that the export-led growth successes of certain countries are often referred as 'female-led'.



However, in sectors like agriculture, as governments remove import restrictions and cut down tariffs, poor women farmers in South Asian countries face the grim prospect of increased competition in their local markets from heavily subsidised agricultural imports of the developed countries.

As the WTO has become the overarching framework for conduct of international trade, it is easy to understand why WTO agreements will have a significant impact on gender relations. It is important, therefore, to understand and assess the challenges and opportunities thrown up by the WTO that impact gender equality, as well as to introduce the gender perspective and analysis into trade regulation and policy making at the national, regional and international levels. A credible and robust process of devising appropriate strategies and putting in place a gender sensitive policy framework serving the dual objectives of inclusive development and gender equality is the need of the hour.

# 2

## Working Principles and Current Context

*The 'one-country one-vote' façade obscures the unequal power relations that shape the outcome of WTO negotiations. Thus, for instance, in the Uruguay Round, despite the opposition of developing countries, who are in majority, the WTO was able to extend its rules into areas such as intellectual property, investment and services*

The basic objective of the WTO is to help trade flow as freely as possible. To attain this goal, the WTO has a set of rules agreed upon by consensus amongst its members and applicable to all member countries. This principle of rule-setting by consensus makes the WTO even more democratic than a majority rule, because no decision can be taken until everyone agrees. This arrangement also explains why WTO rules are often termed as WTO 'Agreements'. However, where consensus is not possible, the WTO agreement allows for voting — a vote being won with a majority of the votes cast and on the basis of 'one country, one vote'. Voting, however, has never been exercised and all agreements have been by way of 'consensus', masking the power equations and processes of persuasion by various means. It is easily seen that the 'one-country one-vote' façade obscures the unequal power relations that shape the outcome of WTO negotiations.<sup>9</sup> Thus, for instance, in the Uruguay Round, despite the opposition of developing countries, who were in majority, the WTO was able to extend its rules into areas such as intellectual property, investment and services.

### Working Principles of WTO: Basic Rules

#### Most Favoured Nation

It is important to understand the basic working principles of the WTO. The most fundamental rule of the WTO is the Most Favoured Nation (MFN) rule. Simply put, the MFN rule means that when a member country grants a special concession to another WTO member, the same concession would necessarily be extended to the rest of the members. For example, if a country, say USA, reduces import tariff (customs duty) on the import of a certain commodity, say cars, from Japan, then under the MFN rule, USA will have to reduce tariffs on imports of cars from all the other WTO member countries. The MFN rule reduces discrimination and increases equity in the WTO system. As all members automatically stand benefited from trade negotiations between any two of the member countries, it also significantly reduces the time and cost of trade negotiations.

The WTO allows two important exceptions to the MFN principle. As a major exception to the MFN rule, WTO permits Special and Differential Treatment (S&DT) for developing and least developed Member countries. S&DT refers to some extra benefits and privileges that are allowed by the WTO to the least developed and developing countries. Developed countries are not entitled to these benefits. This will be discussed in greater detail in Section 8.

<sup>9</sup> Human Development Report, UNDP, 2005

## Regional Trade Arrangements

Regional Trade Agreements (RTAs)<sup>10</sup> represent another important exception to the WTO's principle of non-discrimination. According to the WTO rules, countries within a regional trading group can trade among themselves using tariffs that are lower than the MFN rates.



## National Treatment

As a supplement to the MFN rule, once a Member country under the WTO imports a good from another Member, then its domestic laws, regulations and procedures cannot treat the imported good any differently from a similar, locally produced good. This rule is called the National Treatment (NT) clause in the WTO. Taken together, the MFN and NT rules imply that a WTO Member country can neither discriminate between imports from other countries, nor have any domestic law that discriminates between an imported good and a similar, locally produced good.

In order to promote the idea of free trade, the WTO aims to lower, and eventually, abolish trade barriers. These trade barriers include tariff-based measures such as custom duties and non-tariff barriers such as import bans and quotas. Currently, WTO Member countries are only allowed to impose tariff-based measures against imports.

WTO rules ask Member countries to 'bind' and reduce their tariff rates. By binding its tariffs, a country stipulates the maximum tariff rate that it has committed to apply on a certain commodity. The bound tariff level is not necessarily the actual tariff imposed – it only means that the applied or actual tariff rate may be lower but not higher than the bound rate. Binding tariffs are a fundamental part of trade liberalisation and make international trade conditions predictable for trading nations and governments. The WTO tariff reduction guidelines are not uniform for all products and vary from sector to sector. Import barriers, like import quotas, or any other form of quantitative restrictions on imports, are not allowed in the WTO.

## WTO: Sector Specific Agreements

The WTO covers three broad sets of agreements: goods, services and Intellectual Property Rights (IPRs). The agreement on trade in goods includes the agreement on agriculture, the agreement on textiles and clothing, and the agreement on Trade Related Investment Measures (TRIMS).

While rules like MFN and NT, are applicable to all sectors, the WTO also has a number of 'sector-specific' rules or agreements. For example, the WTO has separate rules for non-agricultural products (which include fish and marine products), agricultural goods, textiles and clothing, and services. It is to be noted that while the rules for trade in manufactured goods are basically an improved version of the original GATT rules, the

*Taken together, the MFN and NT rules imply that a WTO Member country can neither discriminate between imports from other countries, nor have any domestic law that discriminates between an imported good and a similar, locally produced good*

<sup>10</sup> Regional Trade Agreements (RTAs) are defined as groupings of countries which are formed with the objective of reducing barriers to trade between Member countries. Contrary to what the name suggests, these groupings or unions may be concluded between countries not necessarily belonging to the same geographical region.

agreements on textiles, agriculture and services are new additions to the WTO. These sectoral rules apply to all WTO Member countries. However, in some cases, these rules are slightly less stringent for developing and least developed countries.

To ensure fair trade, the WTO has a set of agreements that define unfair trade practices and outline possible remedial measures. These agreements provide WTO Members with a policy tool to respond to unfair trade practices on the part of other Member countries. Further, there are agreements to ensure safety standards for traded goods under the WTO.

## Current Context and Developing Country Perspectives

With the establishment of the WTO and introduction of new rules for liberalisation of trade in agricultural, textiles and services sectors, it was generally expected that developing countries would stand to gain from such a system, as a very high percentage of exports from developing countries belong to these three sectors. However, there was also the fear that removal of import restrictions might harm the domestic industries of developing countries.

Most international trade experts were of the opinion that, on the whole, the WTO system of trading would help developing countries increase their presence in the international market. Thus, in 1992–93 the World Bank, the Organisation for Economic Co-operation and Development (OECD), and various other institutions projected global welfare gains of the order of \$200 billion a year. The gain to developing countries was estimated at up to \$90 billion, or roughly one-third of the total gains.<sup>11</sup> Indeed, after Marrakesh, the General Agreement on Tariffs and Trade (GATT) Secretariat put forward a larger estimate of a minimum gain of \$500 billion a year. However, in 1997, a UNDP study found that 70 percent of the gains of the Uruguay Round would accrue to industrialised countries and the bulk of the remaining 30 percent would go to a few large, export-oriented developing countries. Thus, the Uruguay Round would leave many of the poorest countries in the world actually worse-off.<sup>12</sup>

If one looks back at the performance of the WTO, ten years after it was established, a mixed picture emerges. The growth in world trade was slower in the second half of the 1990s, after the signing of the Uruguay Round agreement, than in the first half of the 1990s. In all the major commodity groups except mining (for which the increase in export value is almost entirely attributable to rising oil prices), rates of growth of exports in world markets fell, and for agricultural exports (for which the largest gains were expected), gains turned negative.<sup>13</sup>

There is a growing discontent among developing countries that trade concessions made by developed countries in the post-WTO period have been rather insignificant. It is also felt that poorer countries are increasingly getting marginalised in global trade. Among

<sup>11</sup> OECD 1993

<sup>12</sup> Joseph E. Stiglitz and Andrew Charlton, 'A Development Round of Trade Negotiations?' Report prepared for the Commonwealth Secretariat by the Initiative Policy Dialogue (IPD) in collaboration with the IPD Task Force on Trade Policy, 2004.

<sup>13</sup> Macroscan, 'What is at Stake in Doha', 2001 [http://www.macrosan.org/fet/nov01/fet131101Doha\\_1.htm](http://www.macrosan.org/fet/nov01/fet131101Doha_1.htm)

*In 1997, a UNDP study found that 70 percent of the gains of the Uruguay Round would accrue to industrialised countries and the bulk of the remaining 30 percent would go to a few large, export-oriented developing countries and leave many of the poorest countries in the world actually worse-off*



developing and least-developed countries, there is also resentment against the institutional make up of the WTO. It is felt that the procedural requirements of the WTO are costly and require a level of expertise, which is sometimes beyond these countries. The ability of poor countries to shape agreements is contingent on their capacity to follow complex, wide-ranging negotiations, an area in which some countries are distinctly more equal than others. In 2004, 33 developing countries, ten of which were African countries, were either WTO Members, or in the process of accession, but had no permanent representative at the WTO. The average size of a least developed country WTO mission is two professional staff. At the other extreme, the European Union has 140 staff to make its case in WTO negotiations, without taking into account trade officials in national capitals, which would multiply that number several times over.<sup>14</sup>

### Box. 2.1. WTO: Ministerial Meet

The Ministerial Conference is WTO's highest-level decision-making body. It meets at least once every two years, as required by the WTO's founding charter. The Doha Ministerial Conference was the Fourth Ministerial Meet of the WTO.

#### Past WTO Ministerial Conferences

1. Singapore, 9-13 December 1996
2. Geneva, 18-20 May 1998
3. Seattle, 30 November – 3 December 1999
4. Doha, 9-13 November 2001
5. Cancún, 10-14 September 2003
6. Hong Kong, 13-18 December 2005

## A New Round of WTO Negotiations: The Doha Development Round

To address some of the concerns of developing and least-developed countries and to rectify the shortcomings of the Uruguay Round agreements, it was decided in the Fourth Ministerial Meet (see box 2.1) of the WTO that a new round of multilateral trade negotiation was required. It was decided that the focus of this round of negotiation would be on trade and development, and therefore, this round was named the Doha Development Round.

The Doha Development Agenda, which contains the work programme for the new round of negotiations, was seen by many as a positive step towards redressing the concerns of developing countries as it touches upon many of their outstanding unresolved issues regarding WTO and trade liberalisation.

## WTO and Gender: The Experience so Far

An analysis of the impact of the WTO on gender relations shows that the effect of trade liberalisation on women varies across sectors. In export-oriented manufacturing sectors of developing countries, trade liberalisation has led to a significant jump in women's employment. The prime example of this phenomenon is the textile sector. Post-WTO, the textile and clothing sector has seen very high rates of export growth in some developing countries like Bangladesh. Female workers have been the main driving force of this industry. In the garment industry of Bangladesh, it is estimated that about 70 to 80 percent of those employed are women. In developing countries, similar trends can be observed for other manufacturing sectors and in service sectors such as in tourism and hospitality. While trade openness in select sectors may seem to work in favour of increased employment opportunities, employment potential, financial status and bargaining power of women, there still exist several serious concerns on account of wages, exploitative and hazardous working conditions alongside labour rights.

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<sup>14</sup> Human Development Report, UNDP, 2005.

On the other hand, WTO and trade liberalisation in the agriculture sector has adversely affected women in developing countries in several interlinked ways. As a result of increasing commercialisation of agriculture, export oriented farms are more prone to use tractors and other machines instead of manual labour, displacing a higher percentage of female workers than male workers. Increased trade liberalisation has led to a reduction in subsidies on inputs such as power and irrigation and exposed developing country farmers to unequal competition from highly subsidised northern exporters. There has been a decline in institutional credit to agriculture as a result of financial liberalisation measures in developing countries. Trade liberalisation has resulted in higher food prices as well as more volatile agricultural prices in developing countries. Taken together, these factors can jeopardise food security in developing countries. As women farmers dominate agriculture and rural production in South Asia, this could lead to a significant deterioration in the condition of women and girl children.

The next sections of this primer will look at key sectors in some detail and discuss linkages between the WTO agreements and gender relations.

# 3

## The Agreement on Agriculture and Gender Linkages

### Basics of the Agreement on Agriculture

The Agreement on Agriculture (AoA) is a set of WTO rules that governs the global agricultural trade of WTO Member countries. The AoA came into force on January 1, 1995. This agreement is the first serious attempt to discipline international agricultural trade in agricultural commodities.

Prior to the setting up of the WTO, agriculture was the most protected sector in the world economy. Agricultural imports were restricted by a large number of quantitative restrictions and import licensing and import tariff rates on these goods were very high. As a result, international trade in agricultural commodities was very limited. Only a small fraction of farm output entered the international market, resulting in an unpredictable and unstable market for agricultural goods. Because of the small size and shallowness of the market, the high price volatility of agricultural goods affected exports as well as imports.

Moreover, in many developed countries, enormous subsidies are given to the farm sector to encourage farmers to produce more than they would otherwise do. High subsidies lead to surplus production of certain agricultural goods in developed countries, with consequent dumping in the international market at a cheap price. The resultant oversupply pushes down the prices of agricultural goods in the international markets and affects the earnings of developing countries from agricultural exports.

Developed countries now spend just over \$1 billion a year on aid for agriculture in poor countries, and just under \$1 billion a day on subsidising agricultural overproduction at home. A less appropriate ordering of priorities is difficult to imagine.<sup>15</sup>

Given this backdrop, the basic objective of the Agreement on Agriculture was twofold. Its first objective was to reduce subsidies given to the farm sector in developed countries. It was believed that the reduction in subsidies would bring down the surplus production of agricultural goods in developed countries. This, in turn, would help developing countries to get fair prices for their farm exports in the international market.

*High subsidies lead to surplus production of certain agricultural goods in developed countries, with consequent dumping in the international market at a cheap price.*

<sup>15</sup> Human Development Report, UNDP, 2005. As the Report succinctly put it, 'The problem at the heart of the Doha Round negotiations can be summarised in three words: rich country subsidies. Having promised to cut agricultural support in the last round of world trade negotiations—the Uruguay Round—the world's richest countries have increased the overall level of producer subsidies'

The second objective was to expand the market for agricultural products by directing countries to reduce their level of import restrictions. To attain this goal, the WTO Agreement on Agriculture prohibited the use of all forms of import restrictions except tariffs. In order to further open up markets, the AoA directed the member countries to bring down their tariffs using a tariff reduction formula set by the agreement.

## AoA and its Impact on Developing Countries

From the point of view of developing countries, the set of disciplinary measures introduced by the AoA was seen as one of the most promising deals of the WTO package. As a large number of developing countries depend on agriculture as their main source of export revenue, a less distorted and liberalised agricultural trade regime was expected to bring significant benefits to them. Reform of global agricultural trade is widely seen as the key to the current Doha Development Round.

One of the major thrusts of the AoA was to eliminate the plethora of non-tariff barriers that used to restrict international trade in agriculture during the GATT years. AoA prohibited the use of non-tariff-barriers like quotas and import restrictions for agricultural products and stipulated that all non-tariff barriers would have to be replaced by 'bound' tariff rates or tariff rate quotas. The implementation experience of the AoA shows that while it has been fairly successful in eliminating explicit non-tariff barriers, the average level of protection in this sector continues to remain very high. A study<sup>16</sup> reports that the world average of agricultural tariff is as high as 62 percent. In comparison, the average industrial tariff is less than five percent.

Along with high levels of protection, many of the problems of the pre-WTO era still persist in this sector. The most glaring example is the continuation of high levels of domestic subsidies in agriculture. The AoA imposed disciplines on some categories of domestic subsidies while permitting the use of others (see Box). Developed countries have managed to retain very high levels of domestic subsidies, simply by shifting their subsidies from the prohibited category (Amber Box subsidies) to the non-prohibited categories (Blue and Green Box subsidies).

### Box 3.1: Domestic Subsidies in AoA

In AoA, Domestic Support Policies are categorised in three Boxes:

- **Amber Box:** These are production and trade distorting subsidies, which are subject to reduction commitments. These subsidies must be reduced over time.
- **Blue Box:** These are direct payments. These payments are supposed to have production limiting effect. These subsidies are permitted under AoA.
- **Green Box:** These subsidies are development and research related subsidies. These subsidies are permitted under AoA.

Continuation of very high levels of domestic subsidies in developed countries ensured that some of the chronic problems of international agricultural trade, like long-term decline and high volatility of commodity prices persist unabated, even after the Uruguay Round. Decline in the prices of a number of commodities important to developing countries, and its disastrous fallout, can be highlighted through the example of cotton. There is an ongoing debate about how high subsidies given to cotton farmers by

<sup>16</sup> P. Gibson, J. Wainio, D. Whitley, and M. Bohman. Profiles of Tariffs in Global Agricultural Markets. Market and Trade Economics Division, Economic Research Service, USDA Report No. 796, 2001

developed countries are adversely affecting cotton exporters from some West African countries like Benin, Burkina Faso, Chad and Mali. These countries have argued that subsidies given to farmers in developed countries induce overproduction of cotton in the developed countries. This surplus cotton is dumped in the international market at artificially cheap rates. Excess supply of cotton, in turn, drives down prices in the international market. Data show that between 1997 and 2002, international prices of cotton have declined by 39 percent and cotton prices in 2002 were at a 30-year low.<sup>17</sup> Declining international prices of cotton and increasingly lower price realisation from cotton exports also affects cotton exporters from other developing countries. A recent verdict by the WTO Dispute Settlement Board (DSB) has ruled against the continuation of such subsidies in the USA. However, the recommendations of the DSB have not yet been implemented. High subsidy levels in developed countries such as USA and the European Union similarly affect international prices of other agricultural products such as wheat, sugar and dairy products.



## AoA and Gender Linkages

In South Asian countries, as is the case in most developing countries, women constitute the majority of the poorest section of the rural population engaged in the agricultural sector. Most women involved in agriculture tend to be landless workers, with only a small percentage owning land.<sup>18</sup> Studies show that even when women own farmland, these lands are generally in small fragmented plots and are of poor quality. This denies them access to institutional credit and public support programmes. Farming on these lands is done primarily for self-consumption and a very small portion of their output is either sold in the market or exported. As a result, even if trade liberalisation does, indeed, unlock export opportunities, it is unlikely that these farmers will have the ability to take advantage of such opportunities.

On the other hand, trade liberalisation and associated domestic reforms multiply the problems of small farmers – especially women farmers. With the WTO setting limits on subsidy levels in developing countries and associated liberalisation measures, the farming communities in developing countries are looking at the spectre of increasing prices of inputs such as fertiliser, water and electricity. This will push up the production costs for farmers. To make the situation more complex, removal of import restrictions will open the gates to imports of a number of commodities. Even when there is no actual import, low world prices will drive domestic prices downwards – so much so, that despite cases of crop failures, domestic prices of that crop may not necessarily increase.

Many small and medium farmers are finding it difficult to cope with this dual problem of increasing production cost and low domestic prices, resulting from increased competition

*As a result, even if trade liberalisation does, indeed, unlock export opportunities, it is unlikely that these farmers will have the ability to take advantage of such opportunities*

<sup>17</sup> See Dumping: the Beginning of the End? Implications of the Ruling in the Brazil/US Cotton Dispute, Oxfam Briefing Paper

<sup>18</sup> As per estimates of FAO, less than 10 percent of women farmers in India, Nepal and Thailand own land. <http://www.fao.org/Gender/en/agri-e.htm>

from subsidised imports from developed countries. These problems are even more acute for women farmers. Women farmers face more constraints as they tend to have very low access to credit, and thereby, end up paying higher interests in informal markets. As a result, they cannot afford the required farm inputs like chemicals, fertilisers and machinery. In the South Asian socio-cultural setup, domestic and social compulsions tie women to their homes, thus restricting their access to local markets only.

Thus, it will become very difficult, if not impossible, for women farmers to survive and compete in a free-trade world. Studies show that over the past few years, in South Asia many small and marginal farmers, particularly women farmers, have sold their land and became casual labourers. There are also reports of increased migration from the rural sector.<sup>19</sup>

This trend of increased landlessness among the rural population is also mirrored by increasing concentration of land holding in the agricultural sector. Post-WTO, many farms are indulging in export-oriented commercial cultivation. Commercialisation encourages consolidation of land holdings as it is generally believed that bigger farms are more conducive to this type of farming. Therefore, in many developing countries, big farms are replacing numerous small and marginal farms. As big farms generally use more machines and employ less labour than small and marginal farms, consolidation of land is reducing employment opportunities in this sector. It has also been observed that the use of tractors and other machines tends to displace female labour first. Commercialisation of agriculture is, thus, adversely affecting female employment in the rural economies of developing countries.

### **Box 3.2: Cash Crops, Price Volatility and Food Security Problem**

Higher returns from some export oriented cash crops like tobacco and sunflower have lured even smaller farms to undertake cash crop cultivation at the expense of traditional crops, including foodgrains. This is a risky move because these farmers are now totally dependent upon the revenue from the cash crops, even for their domestic consumption. International prices for cash crops are volatile and fluctuate wildly from year to year. Every now and then, low prices of these commodities lead to heavy losses for farmers. For farmers who do not maintain a cushion of self-produced foodgrains to support them, such losses can create huge food security problems. Also, these farmers get into severe debt traps because of this problem. In South India, there have been numerous cases of farmers' suicides because of this reason. Estimates indicate that since 1997, more than 25,000 farmers have committed suicide in India and a majority of these suicides are a result of crop failures and high indebtedness. It is notable that the majority of the farmers who committed suicide are male. This may stem from the fact that women generally do not have land rights, and therefore, they have less chance of being indebted. However, there are also cases where entire families have committed suicide.

(For a comprehensive discussion on this topic See, the 'Report of the Commission on Farmers' Welfare, Government of Andhra Pradesh' available at [http://www.macrosan.com/pol/apr05/pol070405Andhra\\_Pradesh.htm](http://www.macrosan.com/pol/apr05/pol070405Andhra_Pradesh.htm))

<sup>19</sup> Assessment of Rural Poverty in Asia and the Pacific, International Fund for Agricultural Development, IFAD, Italy, 2002

However, in a limited sense, the emergence of contract farming has opened up employment opportunities for women. Opening up of export markets has induced the corporate sector to take up contract farming in many developing countries. Contract farming is mainly concentrated in the cultivation of vegetables, organic foods and a few other varieties of cash crops. These crops are more labour intensive than traditional crops, such as wheat and rice. It has been observed that these farms tend to employ a very high percentage of women workers. This happens because farming of these crops is less dependent on machines. Moreover, for these crops, women workers (and sometimes girls) are preferred because of their lower wage requirements, weaker bargaining power, docile nature and 'nimble fingers'. Contract farming has opened up new employment opportunities for women and is absorbing some labourers from the increasing casual female labour-force in rural sectors. However, it is still in a nascent stage and its impact on female employment is not sufficient to offset the overall adverse impact of liberalisation of the agricultural sector on female employment. Also, these farms have a downside, as they pay comparatively lower wages to women while exposing them to harsh working conditions. They are known to employ child labour as well.

## AoA and Food Security Concerns

Free trade and commercialisation of agriculture is also creating some gender-specific 'non-trade concerns' in developing countries. It is feared that increased openness of the agricultural sector will augment food security problems in these countries (Box 3.2). As women still have a disproportionately high responsibility for child care, functioning of the household and community care, any threat to food security is likely to have a big negative impact on women.

Finally, another factor impacting livelihood of poor women is the gradual disappearance of common property resources in rural areas. Emphasis on trade and commercialisation of agriculture is leading to mindless expansion of farmland.<sup>20</sup> In many countries, this has led to an erosion of common properties in the rural sector. For poor women, common property resources have traditionally been a source of fulfilling their water, fuel, fodder and herbal needs. One of the most important issues facing women in developing countries is that of the change in relationship between paid and unpaid work and the growing burden of unpaid work. Factors such as erosion of natural resources accentuate time spent on unpaid labour for women in activities like fetching fuel-wood and water for their households.<sup>21</sup> The problem is magnified since rapid social change is undermining traditional ties of family, kin and neighbourhood, which allowed for greater sharing of such unpaid activities.

*As women still have a disproportionately high responsibility for child care, functioning of the household and community care, any threat to food security is likely to have a big negative impact on women*

<sup>20</sup> For a detailed discussion, see 'Land Degradation in South Asia: Its Severity, Causes and Effects upon the People', Rome, FAO, 1994

<sup>21</sup> The importance of common property resources is discussed in 'Public Failure and the Erosion of Local Commons' by Partha Dasgupta. Dasgupta says: "In an important and interesting article, Jodha (1986) used data from over eighty villages in twenty-one dry districts from six dry tropical states in India to estimate that among poor families, the proportion of income based directly on common-property resources is for the most part in the range of 15–25 per cent (see also Jodha, 1995). This is a substantial proportion. Moreover, as sources of income, they are often complementary to private-property resources, which are mainly labour, milch and draft animals, land for cultivation of crops, agricultural tools (e.g. ploughs, harrows, levellers, and hoes), fodder-cutting and rope-making machines, and seeds. Common-property resources also provide the rural poor with partial protection in times of unusual economic stress. For landless people, they may be the only non-human asset at their disposal. A number of resources (such as fuelwood and water for home use, berries and nuts, medicinal herbs, resin and gum) are the responsibility of women and children.", Printed in Proceedings of the British Academy, Volume 90, pp. 165-221

# 4

## General Agreement on Trade in Services and Gender Linkages

The WTO General Agreement on Trade in Services (GATS) aims to reduce barriers to trade in the service sector.<sup>22</sup> The GATS is the first multilateral, legally binding set of rules covering international trade in services. The Service sector covers 12 broad areas and 161 sub-sectors, including banking, insurance, accountancy, telecommunication, transport systems, health care, education, tourism, and energy. Distribution services like water and electricity supply also come under the service sector. Most importantly for developing countries, movement of skilled and unskilled workers from one country to another also comes under this sector.

The Service sector is the fastest growing sector of the global economy, accounting for 60 percent of global output, 30 percent of global employment and nearly 20 percent of global trade. Services now account for about half or more of the output of countries in South Asia. One of the main reasons behind the phenomenal growth of this sector is the rapid progress made in Information and Communication Technology (ICT), enabling many more services to be traded. Services are the key inputs in production of almost all goods.<sup>23</sup> As per estimates of UNCTAD, Foreign Direct Investment (FDI) in services has been steadily increasing to form over half the world's investment stock, and was estimated to constitute at least 75 percent of the investment flows in 2003.<sup>24</sup>

One of the shortcomings of GATT was that it only dealt with trade in goods while services did not come under its purview. Given the increasing importance of the Service sector in the world economy, it was felt that this sector should be brought under the discipline of the multilateral trade regime. Thus, WTO rules introduced measures to bring the Service sector, for the first time, under the multilateral trade regime. It is these rules that are collectively known as the General Agreement on Trade in Services or GATS.

The GATS rules are somewhat similar to WTO rules for goods, with some fundamental differences. The GATS rules are considered more flexible than other WTO rules, being made up of a mixture of basic obligations and specific commitments. The basic obligations are rules, which automatically cover all services. Other rules do not automatically apply to all services, but only to those, which governments have decided to 'commit' to these rules. Services are to be opened up through a process of

<sup>22</sup> A service is an activity rather than a physical product. It is an intangible which provides utility to its consumer. For example, a cross-border telephone call can be a good example of a service

<sup>23</sup> Some estimates of the global gains from service liberalisation are as high as \$400 billion, See Joseph E. Stiglitz and Andrew Charlton, 2003

<sup>24</sup> UNCTAD, TD/B/COM.1/71, January 2005

*Given the increasing importance of the Service sector in the world economy, it was felt that this sector should be brought under the discipline of the multilateral trade regime*

'requests' and 'offers'. Member countries can 'offer' to open up select services and also 'request' another Member country to open a particular service. Countries can lay down the terms, limitations and conditions under which other countries will be allowed access to their markets through negotiations among Member countries. Once an offer is made, it has a lock in effect, leaving very little scope for countries to withdraw without paying exorbitant penalties.<sup>25</sup> This inflexibility is a big hindrance to the normal flux of policy-making, where policies can be formulated and reformulated in the light of experience and changing conditions.

As per the GATS, countries make commitments in market access and national treatment across four modes of supply of trade in services. These modes are:

**Mode 1 or 'Cross-border supply'** refers to a situation where the service flows from the territory of one Member country into the territory of another Member country. For example, an architect can send his architectural plan through electronic means or an instructor can send teaching material to students in any other country.

**Mode 2 or 'Consumption abroad'** refers to a situation where the consumer of a service moves into the territory of another Member country to obtain the service. For example, a tourist using hotel or restaurant services abroad; a ship or aircraft undergoing repair or maintenance services abroad.

**Mode 3 or 'Commercial presence'** implies that service suppliers of a Member country establish a territorial presence (a legal presence) in another Member country with a view to providing their services. In this case, the service supplier establishes a legal presence in the form of a joint venture/ subsidiary/ representative/ branch office in the host country and begins supplying the service.

**Mode 4 or 'Presence or movement of natural persons'** (this only refers to export of manpower) covers situations in which a service is delivered through persons of a Member country temporarily entering the territory of another Member country. Examples include independent service suppliers (e.g. doctors, engineers, individual consultants, accountants, etc.). However, GATS covers only temporary movement and not citizenship, residence or employment on a permanent basis in the foreign country.

Based on these four categories of service exports, the GATS rules are formalised, which are somewhat different from the GATT rules. The first important difference is that under GATS, WTO Members do not have to give Most Favoured Nation (MFN) status to trading partners in all service sectors. Countries are free to decide which service sectors they wish to open up. A country may apply special treatment to national service providers,



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<sup>25</sup> By 31 March 2003, countries were to decide on services to be subject to GATS rules and faced a deadline of January 1, 2005 for completion of the whole process. However, only a limited number of countries have responded with initial offers. Most developing countries have been unable to submit offers due to a highly compressed timetable and lack of resources. For more details on this and the inflexibility of the GATS agreement, see [www.wdm.org.uk](http://www.wdm.org.uk)

which it may not want to extend to foreigner service providers. This is known as the 'positive list approach' to liberalisation. Thus, if countries are unwilling or unprepared to open up a particular service sector, they have the discretion to do so. This voluntary approach to the commitment process is an important distinguishing feature of GATS. Secondly, in the GATS commitment structure, countries can specify their schedules, the limitations and exceptions they wish to maintain on market access and national treatment. These specifications and restrictions can be sector-specific or across sectors (schedules covering all sectors are called 'horizontal schedules' in GATS parlance). In GATS, horizontal or sectoral commitments are made for each of the four modes of supply.

As GATS covers a broad range of services like tourism, education, consultancy services and man power exports, the South Asian countries, which have an abundant supply of skilled and unskilled labour, were expected to benefit from such an agreement. As per World Bank estimates, liberalisation of trade in services can potentially generate four times the gains that would come from liberalisation of trade in goods in developing countries.<sup>26</sup> On an average, while services account for 50 percent of the GDP of developing countries, developing countries account for only 25 percent of the world's service exports.

The Uruguay Round focused on the liberalisation of services of primary export interest to firms in OECD countries, such as financial services, banking services and telecommunication. Much less attention was given to low-skilled, labour-intensive services, in which developing countries have a comparative advantage. Indeed, in some cases, the level of protection for services of interest to developing country interests has gone up in developed countries. To illustrate this point, it has been observed that the movement of skilled and unskilled labour to developed countries is currently more restricted than ever before.

Here it is to be noted that a large percentage of workers, particularly, unskilled and semi-skilled workers (including a very high percentage of women workers) from South Asian countries migrate to other Asian countries, especially to the Gulf countries. As most Gulf countries are not Members of WTO, this type of migration happens outside the ambit of GATS and service trade liberalisation. Also, concerns have been raised about GATS being a threat to the principle of universal access to public services and the ability of the government to regulate. It is felt that the negotiation process is heavily influenced by corporate interests and lacks parliamentary and public scrutiny.

## GATS and Gender Linkages

As GATS covers a number of sectors, linkages between liberalisation of trade in services and gender should be approached on a sectoral basis. This is because the impact is not uniform and varies across sectors. For example, liberalisation of financial services may lead to a decline in employment in the aggregate. Privatisation of public utilities is usually associated with a fall in employment, including the employment of women. South Asian countries like Bangladesh, India, Pakistan and Sri Lanka have a large pool of educated manpower. Because of this reason, liberalisation of some service sectors

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<sup>26</sup> "Global Economic Prospects for Developing Countries 2001" –The World Bank. Some estimates of the global gains from service liberalisation are as high as \$400 billion. See Stiglitz and Charlton quoted earlier

*South Asian countries like Bangladesh, India, Pakistan and Sri Lanka have a large pool of educated manpower. Because of this reason, liberalisation of some service sectors may bring benefits to these countries*

may bring benefits to these countries. However, liberalisation of basic and public services will have a significantly negative impact on the vulnerable sections of the population, particularly from a gender perspective, as trade liberalisation in services is expected to open up employment opportunities in sectors where female participation is quite high. For example, opening up of sectors like tourism, information technology, medical and educational services is likely to generate employment opportunities for women. Rapid growth of the tourism sector has increased employment opportunities for women in both formal and informal sectors in many developing countries like Tanzania, Maldives, Nepal and Uganda.

Similarly, in the healthcare sector, a very large number of Filipino women get overseas employment in developed countries across the world. Many Asian migrant workers are also working in domestic service and entertainment industries. Cross-border migration trends are highly gendered, with women migrants largely found in the Service sector, especially in the domestic and care sectors, as well as in entertainment. Male migration, by contrast, tends to be more in response to the requirements of industrialisation, in construction and manufacturing as well as in semi-skilled services.

Other, more hi-tech services like modern telecommunication and the software industry have generated employment opportunities for women. Studies show that the proportion of women working in data processing and call centres in India varies between 40 and 70 percent and women account for about 20 percent of professional workforce in software services in Asian and Latin American countries. However, women continue to be over-represented in lower wage, part-time, and temporary employment, and under-represented in management and other high-skill positions.<sup>27</sup> In order to take full advantage of emerging opportunities, it is important to promote skill training and higher education among women, since employment opportunities in a number of services are crucially dependant on these factors.

The other side of the story is that greater employment opportunities for women have almost always been associated with poorer job conditions in most developing countries. Increased employment of women in the tourism sector has been associated with the growth of 'sex tourism' and has increased the possibility of the spread of sexually transmitted diseases like HIV-AIDS. Experts feel that under tourism, as is the case with other sectors, more often women more than men must carry a double and in some cases a triple burden of work. Women, it has been argued, are exposed to greater vulnerabilities and constraints in enjoying the 'presumed benefits of tourism development and disproportionately shouldering the adjustments to its negative consequences'.<sup>28</sup>

An increase in paid employment of women without an easing in the unpaid work of social reproduction they do (by, say, men doing their share of this unpaid work) increases the overall work burden of women. It is anticipated that the privatisation of services like health and education would further exacerbate these problems.

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<sup>27</sup> Dorothy I. Riddle, Chapter 6, 'A Gender Based Analysis of International Trade in Services: The Experience of Developing Countries' in 'Trade and Gender Opportunities and Challenges for Developing Countries' Edited by Anh-Nga Tran-Nguyen and Americo Beviglia Zampetti, UNCTAD, United Nations, 2004, Advance copy, internet edition

<sup>28</sup> Mariama Williams, The Political Economy of Tourism Liberalisation, Gender and GATS, International Network on Gender and Trade- Secretariat, Centre of Concern, April 2002

While liberalisation of the Service sector has led to an increase in employment opportunities for women in certain sectors, there are other sectors where the GATS is leading to job losses. Liberalisation of some services under the GATS is tantamount to privatisation of public sector units operating in these sectors. Available evidence suggests that in many countries privatisation via Mode 3 has been followed by a sharp reduction in employment. For example, in Nicaragua, post-privatisation, there was a large-scale retrenchment of government workers in the health and education sectors. More than 70 percent of those laid-off were women.<sup>29</sup>

*Experience shows that when Zimbabwe privatised its health sector, maternal mortality increased. Pregnant women would not see doctors, because they could not afford to pay the fees*

The GATS and the resultant privatisation of basic services like healthcare, education and water distribution and energy services, which are currently, either partially or wholly State funded, is likely to lead to serious socio-economic problems in many developing countries and have a profound negative impact on women. Lack of universal access to basic services is considered to be a major obstacle to human development in the South Asian region. Privatisation of these sectors and the consequent 'full cost recovery' would invariably increase the costs of these essential services and further reduce access of the poor to these. Women are bound to bear the brunt of these problems, because being obligated to provide healthcare, education and safe food and water for their families, they will be forced to produce these essential services themselves. This will result in a greater amount of unpaid work done by women and will increase their overall work burden. Women may also attempt to make up the shortfall by depriving themselves and the young females in their family of educational or health services so as to save money. Experience shows that when Zimbabwe privatised its health sector, maternal mortality increased. Pregnant women would not see doctors, because they could not afford to pay the fees.<sup>30</sup>

Similarly, fears are expressed that impending privatisation of water in many developing countries may make price of water exorbitantly high for poor families.<sup>31</sup> Faced with such a situation, women may resort to either rationing allocations for their families or substituting unsanitary water when necessary. Unclean water is a leading cause of child mortality and illness in developing countries. The case of electricity reform in Sri Lanka threatening decentralised community run schemes clearly demonstrates the need for caution as developing countries are pushed towards power sector liberalisations, to safeguard the needs of the poor and marginalised communities.<sup>32</sup>

<sup>29</sup> Marceline White and Alexandra Spielfoch, Analysis of the Free Trade Areas of the Americas Text from a Gender Perspective, January 2003, [http://www.coc.org/pdfs/coc/FTAA\\_Analysis03.pdf](http://www.coc.org/pdfs/coc/FTAA_Analysis03.pdf) accessed on July 31, 2006

<sup>30</sup> [www.fpiif.org/pdf/vol6/02ifgats.pdf](http://www.fpiif.org/pdf/vol6/02ifgats.pdf)

<sup>31</sup> In Bolivia, the government was forced to sell the public water system to the multinational Bechtel due to World Bank pressure. As a consequence, water prices doubled and water became more expensive than food. The privatisation law was withdrawn after fierce public protests.

<sup>32</sup> [http://www.itdg.org/?id=gats\\_sri\\_lanka\\_text](http://www.itdg.org/?id=gats_sri_lanka_text)

# 5

## Agreement on Textiles and Clothing and Gender Linkages

International trade in Textiles and Clothing (T&C), like in the agricultural sector, remained protected for most of the GATT years. According to the WTO, the global T&C trade amounted to US\$ 395 billion in 2003, accounting for nearly six percent of total trade. In 1974, international trade in textiles and clothing was brought under an agreement called the Multifibre Arrangement (MFA). The MFA was initially introduced for a limited period of time and was primarily meant to provide some protection to the textile industries of the developed countries. Under this arrangement, developed countries were allowed to impose quotas on imports of textiles and clothing from developing countries. However, the quota regime of MFA got extended time and again for varying periods till 1994. MFA was a major departure from the basic GATT rules, particularly the principle of non-discrimination. However, from the perspective of smaller countries, a positive by-product of MFA was that they were given a limited but assured market in developed countries, thereby preventing bigger and more competitive nations from capturing the entire T&C markets of developed countries.

During the Uruguay Round negotiations, WTO members decided to gradually phase out the MFA and bring textile and clothing at par with all other industrial products in the WTO by 1 January 2005.<sup>33</sup> This phase-out of MFA was guided by a set of WTO rules, which are collectively known as the Agreement on Textiles and Clothing (ATC). It is to be noted that the MFA was terminated on January 1, 2005. The expiry means that trade in textile and clothing products is no longer subject to quotas, but is now governed by the general WTO rules and disciplines, which are applicable to all non-agricultural goods. However, there is scepticism among developing countries about increased access to markets in developed countries as a result of the ATC, given apprehensions about the rise of new non-tariff barriers, the most conspicuous being labour standards, environment and ecological standards and even fire safety standards.<sup>34</sup> Apart from the possibility of a rise in protectionism post-MFA, it is worth remembering that tariffs on textiles and clothing remain much higher than the average tariffs on industrial products, and the highest among industrial products in developed countries.<sup>35</sup>

*However, there is scepticism among developing countries about increased access to markets in developed countries as a result of the ATC, given apprehensions about the rise of new non-tariff barriers, the most conspicuous being labour standards, environment and ecological standards and even fire safety standards*

<sup>33</sup> It is well known that most developed countries first lifted quotas on items of less relevance to developing country trade, reserving true liberalisation till the beginning of 2005. See for details, [http://www.macrosan.com/fet/apr05/fet250405Chinese\\_Bogeyman.htm](http://www.macrosan.com/fet/apr05/fet250405Chinese_Bogeyman.htm)

<sup>34</sup> See for details of Non-Tariff Barriers in US and EU, Auret van Heerden et al. Rags or Riches? Phasing-out the Multi-Fibre Arrangement, SEED working paper No. 40, ILO-SAAT, available at <http://www.ilo.org/dyn/empent/docs/F1848357040/WP40-2003.pdf>

<sup>35</sup> The average post-Uruguay Round tariffs on textiles and clothing for the three major industrialised markets are 14.6 percent for the United States, 9.1 percent for the EU and 7.6 percent for Japan, while average industrial tariffs are 3.5 percent, 3.6 percent, and 1.7 percent, respectively. See for details, UNCTAD, Trade and Gender, Opportunities and Challenges for Developing Countries, 2004



For developing countries as a group, the T&C sector is the biggest and most rapidly growing sources of export earning. The T&C sector earns nearly 33 percent, 89 percent, 80 percent, and 68 percent of the total foreign exchange in India, Nepal, Pakistan and Sri Lanka respectively.<sup>36</sup> Apart from generation of export revenue and employment, the growth of the T&C sector is also considered important for a country's development process because historically, most countries have used this sector as the stepping stone for further industrialisation.

The T&C industry has generally been a labour intensive sector. Though the textile industry is increasingly becoming capital intensive, the garment industry is still very labour intensive in nature and countries with low labour cost tend to have an advantage in this sector. As a result, developing countries that enjoy a competitive edge in this sector are the major exporters of these goods. For Bangladesh, India, Pakistan and Sri Lanka, textiles and clothing accounts for a very high percentage of their total exports. It is also the most important source of industrial employment in some of these countries. The most notable example of the success of the T&C sector is Bangladesh, where it is responsible for about 80 percent of total export earnings and 50 percent of the industrial employment.

***The textiles and garment sector is an important source of employment for women in many developing countries and their largest employer after agriculture. This sector has become the biggest generator of wage employment for women, particularly in some South Asian countries***

Similarly, in Pakistan, this sector is the single most important industry, accounting for 40 percent of employment in the manufacturing sector. In India, the participation of women is lower, but this sector still employs about 5 million women workers.

### **Textiles and Clothing and Gender Linkages**

The textiles and garment sector is an important source of employment for women in many developing countries and their largest employer after agriculture. This sector has become the biggest generator of wage employment for women, particularly in some South Asian countries. For example, the apparel sector in Bangladesh employs about 85 percent of the total female industrial employees in Bangladesh. In fact, in the export-oriented Ready Made Garment (RMG) industry of Bangladesh, about 90 percent of the workers are women. To add to this, the textile manufacturing sector accounts for another six percent of total female employment in the industrial sector.<sup>37</sup> Even in other South Asian countries like Sri Lanka and Pakistan, a very high percentage of workers in the textiles and clothing sector are women. In India, the percentage is not as high, but the sector still employs a very large number of woman workers. Similarly, in South East Asian countries such as Cambodia and Philippines, female workers make up 90 percent and 72 percent of total workers in the textiles and apparel sector.

<sup>36</sup> UNCTAD, Trade and Gender, Opportunities and Challenges for Developing Countries, 2004

<sup>37</sup> The contribution to family income of women employed in export-oriented garment production of Bangladesh amounts to 46 percent. Studies estimate that without the earnings of these women, about 80 per cent of families would slide below the poverty level. See for details, UNCTAD, 2004

The success of the textiles and clothing sector in generating exports and providing employment cannot be measured without examining the working conditions and the overall benefits accruing to the women workers of this sector. It has also been observed that export-oriented activities in the textile and clothing industries have traditionally relied largely on cheap female labour, while the upgrading of the industry usually makes use of male skills, as women seldom have the opportunity to be trained for higher skilled jobs. Women are sought out because they are considered cheap labour and women's employment is used to keep the overall wages of the industry low. When the gap between female and male wages is high, more women are employed and when the gap narrows, women are often replaced.<sup>38</sup>

Labour conditions are a major cause of concern for women employed in the T&C sector. Studies show that working conditions for women include excessively long work hours, poor pay, hazardous and unhealthy work conditions, absence of opportunities for upward mobility and poor treatment of women workers.<sup>39</sup> Also, the weak bargaining power of women make them vulnerable to exploitation. With competition expected to intensify further, there are legitimate fears that working conditions for women will deteriorate further on account of cutting down the costs of production.

There are however, country-wise differences. While studies on India, Pakistan and Sri Lanka support the observation that working conditions for women are poor, studies on the RMG sector of Bangladesh tend to suggest that employment in this sector has improved the welfare of women workers. Studies show that though the level of wages in the RMG sector in Bangladesh is low by international standards, daily wage rates are twice as high as those paid for agricultural labourers and higher than what could be earned at construction sites. These studies on Bangladesh conclude that though work conditions in the RMG sector are poor, employment in the export oriented RMG sector offers women workers a higher quality of life than might otherwise be possible.<sup>40</sup>

However, it must be mentioned here that there are doubts about the extent to which the success of the textile and clothing industry may be attributed to the WTO. Most of the exports of smaller countries go into markets that were allotted to them under the pre-WTO MFA quota scheme. Preferential trading arrangements also account for a significant share of their exports. Strictly speaking, both MFA quotas and preferential trading are not part of WTO. So far, the success of the textiles and clothing sector has little to do with the WTO system. But this is about to change. The abolition of MFA under the WTO Agreement on Textile and Clothing and the imminent removal of all assured markets will open up more opportunities for the more competitive exporters but it can also create some problems for smaller and less competitive T&C exporting countries.

It is feared that in the current regime of free and global competition, less competitive exporters will lose out. The inclusion of China as a Member of WTO has also strengthened this fear. As China is fiercely competitive in this sector, it is projected that China will

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<sup>38</sup> Mazumdar Indrani, 'Impact of Globalisation on Women Workers in Garment Exports, The Indian Experience', in Veena Jha ed. (2003). Trade, Globalisation and Gender-Evidence from South Asia. New Delhi, UNIFEM and the United Nations

<sup>39</sup> Veena Jha ed. (2003). Trade, Globalisation and Gender-Evidence from South Asia. New Delhi, UNIFEM and the United Nations

<sup>40</sup> Ibid

*As women make up a significant portion of the workforce in South Asian countries, the post MFA scene needs to be continuously monitored, especially since heightened competition and worsening labour conditions, especially for women, are widely anticipated*

grab majority shares in the T&C sectors in most developed countries, displacing smaller exporting nations from these markets. In fact, a recent report by BBC highlights that the garment industry in Bangladesh fears that the abolition of MFA will close down 40 percent of its factories, leaving 800,000 people unemployed. Early reports suggest that after the abolition of MFA in January 2005, Chinese exports of textiles and clothing registered a very strong growth. For example, recent data show that China's exports of clothing and textiles to USA were 57.6 percent higher for the first six months of this year, after the lifting of global textile and clothing quotas on January 1, 2005 compared to last year.<sup>41</sup> Most projections suggest that the boom in Chinese exports of textiles and garments will displace other countries in both US and EU markets.<sup>42</sup> Recent data suggest that China is the only 'true gainer', with India running a distant second. At the other end, Nepal has been a 'true loser' with exports to the EU and US markets in the first three quarters of 2005 declining by 19.3 percent in value terms. Interestingly, Bangladesh has achieved impressive growth, even during the post quota era while Sri Lanka has been able to increase its overall garments exports. Pakistan continues to maintain its respectable position.<sup>43</sup>

As women make up a significant portion of the workforce in South Asian countries, the post MFA scene needs to be continuously monitored, especially since heightened competition and worsening labour conditions, especially for women, are widely anticipated. In the light of these concerns, it is imperative that special efforts be made to address the needs and concerns of women workers, set in place skill upgradation opportunities and work towards an overall improvement in their working conditions. Simultaneously, women must also be empowered to demand receiving the labour rights to which they are entitled.<sup>44</sup>

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<sup>41</sup> <http://www.washingtonpost.com/wp-dyn/content/article/2005/08/12/AR2005081200630.html>, also see 'The Chinese Bogeyman in US Clothing' by C.P. Chandrasekhar and Jayati Ghosh, available at [http://www.macrosan.com/fet/apr05/fet250405Chinese\\_Bogeyman.htm](http://www.macrosan.com/fet/apr05/fet250405Chinese_Bogeyman.htm)

<sup>42</sup> See "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing", WTO Study, 2004

<sup>43</sup> Flying Colours, Broken Threads: One Year of Evidence from Asia after the Phase out of Textiles and Clothing Quotas, Tracking Report by Ratnakar Adhikari and Yumiko Yamamoto, Asia Pacific Trade and Investment Initiative, UNDP Regional Centre in Colombo, December 2005 (Revised January 2006)

<sup>44</sup> Progress of the World's Women, 2005: Women, Work and Poverty, UNIFEM, New York

# 6

## Negotiations on Industrial Tariff, Non-Agricultural Market Access and Gender Linkages

Non-Agricultural Market Access (NAMA) refers to the set of WTO rules that regulate trade in all non-agricultural products – including leather and related items, textile and clothing (from January 2005) and information technology products. These rules also cover international trade in marine and fish products.

Like the Agreement on Agriculture, the NAMA rules seek to remove quantitative restrictions and reduce the level of protection for the sectors covered under this agreement. During the Uruguay Round of negotiations, member countries negotiated among themselves the extent of tariff reduction they would carry out on different goods. This resulted in a huge listing of individual countries' commitments on specific categories of goods. These commodity-wise tariff reduction commitments of member countries are legally binding. This means that if a member country does not stick to its tariff reduction commitment, then other member countries may take action against that country.

Non-agricultural market access is increasingly becoming important for developing countries. In the last two decades, the export composition of developing countries has undergone a major transformation. Earlier, developing countries were exporters of primary goods. But for the last two decades, manufactured goods have constituted a very high percentage of exports from developing countries. Data shows that currently, about 65 to 70 percent of exports from developing countries are manufactured goods.<sup>45</sup>

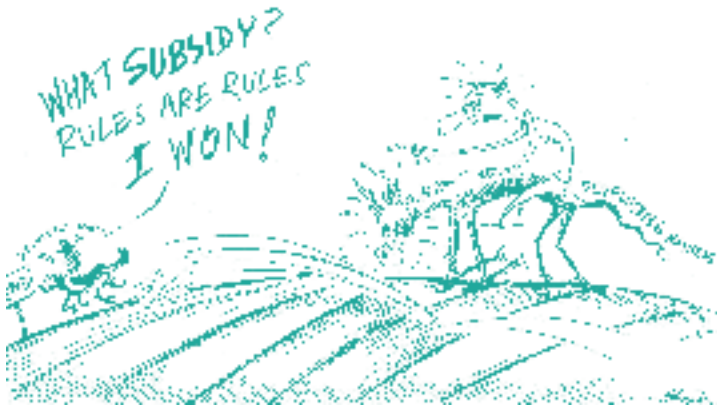
NAMA commitments have resulted in a significant decline in industrial tariff rates across the world. WTO statistics show that there has been a 40 percent decline in industrial tariffs, from an average of 6.3 percent to 3.8 percent. However, studies point out that developed countries maintain higher levels of protection in sectors in which developing countries have export potential. A recent WTO research paper has shown that currently the most protected manufacturing sectors in international trade are (i) fish and fish products, (ii) leather, rubber, footwear and travel goods, (iii) textiles and clothing and (iv) transport equipment.<sup>46</sup> It is no coincidence that these products constitute a very high percentage of non-agricultural exports from developing countries.

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<sup>45</sup> WTO Country Profiles available at <http://stat.wto.org/Home/WSDBHome.aspx>

<sup>46</sup> For a detailed analysis, see WTO (2001): "Market Access: Unfinished Business: Post-Uruguay Round Inventory and Issues"- Special Study 2001, WTO, Geneva and Bacchetta, Mark and Bora, Bijit (2003): "Industrial Tariff Liberalisation and Doha Development Agenda" WTO, Geneva (both papers available at the WTO website)

## NAMA and Gender Linkages



A distinct feature of this boom in manufacturing exports is that, it has largely been female-led. In developing countries, women constitute a significant portion of workers in export-oriented manufacturing industries and export-processing zones. They participate in diverse activities ranging from micro and small-scale to large assembly-line operations and are involved in the production of a variety of goods like handicrafts, toys and food processing to pharmaceuticals, electronics, telecommunications

and computer hardware. Several GATT rounds on the reduction of industrial tariff and opening up of markets for exports of manufactured goods from developing countries have created significant employment and business opportunities for women in the export-oriented sectors. These new opportunities have augmented their capacity to earn income and thereby improved the status of women in society and within their households.

However, unlike the textile and clothing sector, the impact of liberalisation of trade in manufactured goods on women's employment generation is ambiguous. Statistics show that in most developing countries, high rates of export growth have been matched or exceeded by very high rates of growth of imports of manufactured goods.<sup>47</sup> Therefore, growth in employment in the export sector is sometimes offset by the displacement of workers, including women workers in the import-competing sectors. The reduction in the level of protection on industrial goods as a result of the GATT rounds is said to be the main reason behind this import surge.

The increase in imports serves to displace local production in developing countries. This occurs typically in a number of manufacturing sub-sectors in which developing countries are not internationally competitive. For example, in India, a significant portion of the output of manufactured goods is produced in small- and medium-scale enterprises (SMEs) in the informal or semi-formal sectors. These units are generally technologically backward, work with very little capital and are characterised by extremely low labour and factor productivity.

In an open trade regime, these firms are the hardest hit as they find it extremely difficult to compete with imports from much more efficient foreign firms. As a result, many of these manufacturing units close down, thus resulting in job losses. This phenomenon is not unique to India and is occurring all across the developing world. This is the main reason why, in spite of high manufacturing exports, almost all the economies in Asia have experienced deceleration, or even absolute declines, in employment in the manufacturing sector in the last few years. This has been reflected in female labour force participation rates as well. The International Labour Organisation (ILO) data shows that between 1995 and 2003, female labour force participation rate has registered a slight decline in the successful manufacturing exporters from East Asia.<sup>48</sup> In South Asia, the picture is more mixed. While women's labour force

<sup>47</sup> Jayati Ghosh, *Informalisation and Women's Workforce Participation: A Consideration of Recent Trends in Asia* available at [http://www.networkideas.org/themes/gender/apr2004/gi28\\_Women\\_informal\\_work.htm](http://www.networkideas.org/themes/gender/apr2004/gi28_Women_informal_work.htm) accessed on July 24, 2006

<sup>48</sup> Ibid

participation appears to be rising in India, mainly due to the increase in 'marginal work', in Pakistan such rates have been rising over a very low base.<sup>49</sup>

Moreover, it has been found that in export-oriented industries, women are increasingly being hired in peripheral, insecure, less-valued jobs including home-based, casual or temporary work. These jobs are normally characterised by very low pay, irregular income, little or no job or income security and lack of social protection. This increasing informalisation and casualisation of female work is perpetuating existing gender asymmetries and is hindering net improvement in women's conditions and terms of work. Many economists point out that this new problem is a direct consequence of the policy of 'labour market flexibility', which has been introduced in developing countries to attain external competitiveness.<sup>50</sup>

Another important aspect of women's employment in the export-oriented manufacturing sector is that it is characterised by wage differentials between male and female workers. A general characteristic of developing countries is that women earn lower wages than male workers. Evidence on the impact of trade on whether or not the gender gap in wages is closing does not permit any general conclusion.<sup>51</sup> ILO's Global Employment Trends for Women also supports the view.<sup>52</sup> Arguably, trade and competitive pressures may serve to widen wage differentials. This may happen because producers try to reduce their costs of production by lowering wage rates and reducing benefits given to workers. It has been observed that low skill workers and women workers are the victims of this phenomenon.

Overall, it can be said that while GATT/ WTO disciplines on industrial tariff have benefited some sub-sectors of developing countries and has generated employment for women in these sectors, its net impact on total employment generation for women workers remain ambiguous. Moreover, it has been argued that an increase in employment should also be seen in the context of an increasing social reproduction role, even as their labour market role expands and a reinforcement of gender segregation and gender stereotyping of occupations and industries occurs with 'women's jobs' having lower pay and less secure tenure than 'men's jobs'.<sup>53</sup> As a result, the overall net impact of NAMA rules and the consequent liberalisation of trade in manufactured goods on women is uncertain.

Moreover, some recent statistics tend to indicate that there is a possible de-feminisation of labour happening in some East- and South-East Asian countries. There can be three possible reasons that can explain this trend. First, there may be an overall decline in employment opportunities because of recession or structural adjustment measures. In such a scenario, women, as the most vulnerable group, lose more jobs. Secondly, it is possible that there has been a shift in the nature of the new employment generation towards more skilled workers. It is also possible that once social action and legislation improves the conditions of women workers, relative attractiveness of women workers ceases to exist.<sup>54</sup> In such a scenario, women workers are no longer preferred in export-oriented manufacturing units.

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<sup>49</sup> Ibid

<sup>50</sup> Ibid

<sup>51</sup> Trade, Globalisation And Gender-Evidence From South Asia, Edited by Veena Jha, UNIFEM-UNCTAD, 2004, New Delhi

<sup>52</sup> Global Employment Trends for Women, 2004, ILO, Geneva

<sup>53</sup> Gender Mainstreaming in the Multilateral Trading System by Mariama Williams, Commonwealth Secretariat, 2003, London

<sup>54</sup> See Ghosh "Export-oriented employment of women in India" in Razavi and Pearson (eds) Social policy and women's export employment, Palgrave, forthcoming

# 7

## TRIPS, Public Health and Gender Linkages

### The TRIPS Agreement

The WTO Agreement on Trade-Related Aspects of Intellectual Property TRIPS, seeks to establish minimum universal standards for Intellectual Property Rights (IPRs) covering goods and services relating to inventions (patents), trademarks, industrial designs, trade secrets, geographic indications of source, literary and artistic works, symbols, names, images, and designs used in commerce. IPRs on products and processes in all technologies are granted exclusively for a specified time period. The main argument advanced in support of IPRs is that royalties provide the incentive and means to finance research and development.

IPRs were introduced in the multilateral trading system for the first time during the 1986-1994 Uruguay Round. Under it, a Council for TRIPS was established to monitor the operation of the Agreement and governments' compliance with it. As per Article 7, the objectives of the TRIPS agreement are protection and enforcement of IPRs. Also, the Agreement aims to promote technological innovation and the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.<sup>55</sup>

Article 27 (3) (b), extending IPRs to life forms, has been a major cause of controversy amongst developed and developing countries. Under the Article, members are obligated to grant patents on micro-organisms and non-biological and microbiological processes for the protection of plants and animals. Also, it is obligatory for members to provide for the protection of plant varieties, either by patents or by an effective sui generis system, or by any combination thereof, at the end of the transition period.

The TRIPS agreement has not been completely operationalised in developing countries as they have an extended the transition period of upto 2005. Under Article 71.1 to be read with paras 17 to 19 of the Doha Declaration of 2001, the TRIPS Agreement is currently under review.

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<sup>55</sup> [http://www.wto.org/english/docs\\_e/legal\\_e/27-trips.doc](http://www.wto.org/english/docs_e/legal_e/27-trips.doc)

## TRIPS and Developing Countries

The introduction of TRIPS within WTO is widely believed to be fraught with long-term implications for developing countries, impacting to a significant extent their access to essential drugs and public health concerns, ownership of traditional knowledge and biological resources, food security and transfer of technology. It was resisted by most developing countries and it was essentially due to the insistence of the developed countries that TRIPS was placed on the WTO agenda.

It is not difficult to understand why the developed countries are keen on pushing for the TRIPS agreement within WTO. As per UNDP projections in 2001, the high income OECD countries accounted for 86 percent of total patent applications filed, earning over 97 percent of worldwide royalties and license fees. In contrast, the least developed countries earned 0.05 percent of worldwide royalties and license fees in the same year.<sup>56</sup> Seen in this backdrop of asymmetry, the TRIPS Agreement would increase the price of technology and prevent imitative innovation through methods such as reverse engineering in developing countries and serve only to reinforce monopolistic positions in the market. The World Bank in 2001 has estimated that TRIPS would lead to rent transfers of upto US\$ 41 billion.<sup>57</sup>

The overriding thrust of the TRIPS agreement is towards universalisation of higher standards of protection and introduction of new forms of IPRs along the lines of those existing in developed countries with a 'one size fits all' approach. It does not take into account differences in stages of economic development and the need to tailor IPRs to local needs and contexts in developing countries.

Thus, for instance, an important concern with the TRIPS agreement has been with reference to the continued availability and access of developing and least developed countries to essential medicines and safeguarding public health. The Doha Declaration of 2001 attempted to reconcile the TRIPS agreement to public health considerations. Amongst other things, it stated that the TRIPS Agreement 'does not and should not prevent Members from taking measures to protect public health and that the Agreement can and should be interpreted and implemented in a manner supportive of the right to protect public health and in particular promote access to medicines for all'.

However, apprehensions continue over the scope and interpretation of flexibilities such as compulsory licensing and parallel imports in a manner supportive of the rights of countries that lack domestic pharmaceutical manufacturing capacity. It has been argued that the provisions are vague and subject to narrow or restrictive interpretation, which can leave them vulnerable to dispute settlement proceedings and/ or legal suits



*The overriding thrust of the TRIPS agreement is towards universalisation of higher standards of protection and introduction of new forms of IPRs along the lines of those existing in developed countries with a 'one size fits all' approach*

<sup>56</sup> UNDP 2001, Human Development Report 2001: Making New Technologies Work for Developing Countries, New York, Oxford University Press

<sup>57</sup> World Bank 2001, Global Economic Prospects and the Developing Countries, 2002, Washington D.C.

which are not only protracted and costly, but often tend to delay the implementation of measures necessary to remedy public health problems. They, therefore, would like to see the WTO take a strong, clear and firm position on the public health safeguard mechanisms available under TRIPS.

## TRIPS and Gender Linkages

Implementation of the TRIPS provisions are beset with several important gender related concerns and challenges. The agreement has asymmetries and gender imbalances throughout the different stages relating to the design, planning and implementation of IPRs.

The foremost concerns arise on account of access to affordable medicines for infectious diseases, HIV/ AIDS and reproductive health for women. It has been estimated that of the 4.2 million people newly infected with AIDS in 2001, two million were women and of the 37.1 million people living with AIDS worldwide, 18 million are women.<sup>58</sup> In South Asia and South-East Asia, it is estimated that around 60 percent of the infected young people are women. Recent medical evidence suggests that Anti Retro-viral (ARV) drugs are an effective method of prevention of mother to child transmission of the HIV/ AIDS virus during pregnancy.

Existing household food distribution and health care seeking behaviours patterns are known to work against women, and with a potential rise in the costs of patented medicines, there would be significant implications for women's morbidity and mortality. Also, it has been noted that ill-health serves to further increase the care-giving burden of women in homes and communities. This makes for a compelling case for making explicit provisions in the TRIPS Agreement for guaranteeing universal access to affordable ARV drugs in developing countries.

An important challenge relates to the complex linkages of the TRIPS Agreement with food production, food security and nutrition in developing countries. It is believed that Article 27 (3) (b) of the TRIPS Agreement permitting patents on seeds and micro-organisms such as algae, bacteria and fungi would increase the prices of seeds and fertilisers while restricting traditional exchange, use or sale of seeds by farmers. Increasingly, women farmers access farming inputs from the market, and given existing disparities between women and men's access to cash and credit, women farmers would undoubtedly face a greater risk of falling into chronic indebtedness.

It is apprehended that the TRIPS Agreement would lead to increasing privatisation of genetic resources and agricultural knowledge. Protection of plant varieties (PPV), essentially articulated in the terms of the rights of commercial breeders, will impact access of women farmers to germ plasm and scientific knowledge. Further, with an increased emphasis on monoculture, PPV would undermine conservation of biodiversity and sustainability concerns with negative consequences for local food security, including decreased nutrition.

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<sup>58</sup> UNAIDS, 2002

*Existing household food distribution and health care seeking behaviours patterns are known to work against women, and with a potential rise in the costs of patented medicines, there would be significant implications for women's morbidity and mortality*

It is well known that women have been at the forefront of preservation of biodiversity in many communities for centuries. The international community has recognised the close and traditional dependence of many indigenous and local communities on biological resources, notably in the preamble to the Convention on Biological Diversity (CBD), which has been ratified by 178 countries since 1992. CBD also recognises the contribution that traditional knowledge can make to both the conservation and the sustainable use of biological diversity, two fundamental objectives of the Convention. It addresses the role of both women and local communities in the conservation and sustainable use of biological diversity.<sup>59</sup> The TRIPS Agreement does not accord recognition of, and compensation for, traditional and local knowledge among women and men farmers.

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<sup>59</sup> As noted in the Preamble of the CBD (paragraph 13) the contracting parties recognise the "...vital role of women in the conservation and sustainable use of biological diversity and affirming the need for the full participation of women at all levels of policy-making and implementation for biological diversity conservation" Text available at <http://www.biodiv.org/convention/default.shtml> accessed on June 14, 2006

# 8

## Special and Differential Treatment and Gender Linkages

The preamble of the Marrakesh Agreement establishing the WTO clearly recognises the need for positive efforts to ensure that developing countries and the least developed countries secure a share in the growth in international trade commensurate with the needs of their economic development. Special and Differential (S&D) treatment was based on the recognition that the developing countries were placed differently in international trade and that these difficulties as well as the imperative of promoting social and economic development required that the developing countries be treated differently in the Multilateral Trading System.<sup>60</sup> The guiding principle of S&D treatment was an acceptance of deviation from the general rule of quid pro quo or reciprocity for the developing countries.

The basic content of S&D provisions consisted of: (i) Better market access for exports by developing countries so that they could boost economic development through exports. (ii) A lower level of obligations for developing countries, providing them the necessary flexibility to pursue policy options appropriate for industrialisation and economic development and (iii) A modest level of expectation from developing countries as regards their application of various GATT agreements.

The S&D treatment prior to WTO was in recognition of the special problems of development faced by developing countries, but in the WTO agreements it only recognised the special problems that developing countries may face in the implementation of the agreements. Essentially, it meant that the same set of policies could be applicable for countries at various levels of development with grant of short transition periods. There is no mechanism of implementation of S&D provisions in the WTO and they are not legally enforceable.

Like other WTO rules, S&D rules do not have any explicit gender specific provisions. In the new round of WTO negotiations, there have been demands from many quarters, especially from NGOs, that S&D rules should be formed taking into consideration the gender angle as well. The negotiations are still underway, and so far it is uncertain whether the new rules will be having explicit gender-related provisions.

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<sup>60</sup> WTO document WT/GC/W/442 relating to the proposal for a framework of S&DT submitted by a group of developing countries

## Special and Differential Treatment and Gender Linkages

Though the existing S&D rules do not have a gender angle, they do have some significant implications for women. In agriculture, public stockholding of food grains and food security measures that are targeted towards the poor are exempt from subsidy reduction commitments under AoA. As women have a central role in ensuring household food security, AoA provisions that allow subsidies for food security and disaster relief are extremely important for women.

AoA also provides exemption of input subsidies (subsidies on agricultural inputs like fertiliser, electricity etc) to 'low-income or resource poor farmers' for developing countries. According to data submitted to WTO by India, about 80 percent of Indian farmers can be classified as 'resource-poor farmers'. Accordingly, input subsidies given to them will be exempted from WTO disciplinary measures. As a very high percentage of poor farmers are women, this provision benefits a very large proportion of women farmers.

S&D provisions also allow developing countries to freely use subsidies in areas such as extension services (e.g. training of farmers, spreading and dissemination of information among farmers), inspection, marketing and promotion services in agriculture. These services form an important area for women because it is in these areas that there exist social and economic biases against women. Without government intervention and subsidisation, women farmers are unlikely to partake of the benefits from these activities.

In the new round of negotiations on agriculture, there is a proposal to introduce a new category of agricultural goods called 'Special Products' (SPs). SPs are products, which are considered to be essential for addressing food and livelihood security, and rural development concerns of developing countries. The latter have proposed that these goods should be exempted from reduction commitments under WTO. Several organisations and initiatives argue that gender considerations should be given very high priority in selection of special products.<sup>61</sup> They have particularly mentioned that 'special product' status should be accorded to crops on which women farmers have a high level of dependence.<sup>62</sup> Selection of special products is still under negotiation in WTO and one has to wait and watch if these gender-oriented proposals are finally accepted in WTO.

As a part of a new S&D system, there is a proposal to introduce a new 'special safeguard mechanism' (SSM) for developing countries which will allow them to temporarily introduce import restrictions against actual or anticipated surges in imports. The proposal says that if excessive import of a product or a sudden decrease in its international price threatens food security or livelihood of vulnerable farmers in these countries, developing countries can impose restrictions against imports of such a



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<sup>61</sup> Incorporating Gender Considerations for the Designation of Special Products in WTO Agriculture Negotiations, Maria Pia Hernandez, IGTN, Geneva, Switzerland, March 2005

<sup>62</sup> Ibid

product. Like the provision of special products, this rule has the potential to save poor female farmers and other vulnerable sections of the population from the uncertainties associated with international trade.

For non-agricultural goods, S&D measures have less straightforward implications for women. WTO rules on subsidies on manufacturing goods do not provide any special treatment to government support programmes for women-owned businesses. However, as a part of S&D, poor developing countries (countries with per capita income less than US\$ 1000) are allowed some flexibility to subsidise their manufacturing exports. This provision should have some positive impact on women workers and exporters as well.

Here it should be kept in mind that though WTO rules allow developing countries to use subsidies, most of these countries do not have enough money to use subsidies effectively. Therefore, even in the presence of WTO provisions, developing countries are hardly in a position to take advantage of these rules.

It should be mentioned here that even outside of the WTO framework, some EU countries have allowed the least developed countries duty free access to their markets unilaterally. This means that exports from these least developed countries will face zero duty in these developed country markets. This preferential access allows the least developed countries an advantage over other countries (who face the MFN tariff rates) in developed country markets. As manufacturing exports of many least developed countries are essentially female-led, an advantage in developed country markets definitely translates into higher employment generation for women.

Similarly, there is a provision called Generalised Scheme of Preferences (GSP), which allows developed countries to selectively allow developing and least developed countries preferential access to their markets. Under this scheme, developed countries are allowed to create 'sub-categories' of developing countries, and 'discriminate' in tariff/ market access concessions to them through preference schemes, designed to meet their 'development, financial and trade need'.<sup>63</sup> Though this scheme can be used to promote trade and development in developing countries, often these preferential schemes are used to pit one developing country group against the others in different multilateral forums.

It is imperative to undertake a thorough review of the concept of S&D as its basic objective is to create a level playing field between unequal players. This should be seen in the establishment of a concrete and binding S&D regime which is responsive to the development needs of the developing countries and enhances their market access. In the Doha Round, some developing countries have been pushing for making S&D treatment mandatory and legally binding through the dispute settlement system of the WTO.

*This should be seen in the establishment of a concrete and binding S&D regime which is responsive to the development needs of the developing countries and enhances their market access*

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<sup>63</sup> See 'A Fresh Trade Insecurity at WTO' by Chakravarthi Raghavan, The Hindu, May 3, 2004

# 9

## Gender Mainstreaming within WTO: Key Areas of Action

The goal of gender equality is now globally recognised by international agencies and national governments alike. Inter alia, it has been articulated through a number of international instruments and initiatives such as the World Conference on Human Rights in Vienna, the International Conference on Population and Development, Convention on the Elimination of All Forms of Discrimination against Women, CEDAW, Fourth World Conference on Women held in Beijing and the World Summit on Social Development, Beijing+5 conference of UN, Millennium Development Goals (MDGs) adopted by 191 UN member countries, and most recently, the Panel for UN Committee on Status of Women (CSW), New York.

Essentially, these have highlighted the need to achieve gender mainstreaming by way of taking an integrated view of women and men's diverse roles, responsibilities and opportunities in all forms of development and political processes in order to achieve the goal of gender equality. Thus, for instance, the Beijing+5 initiative underscored unequivocally the need for detailed analysis of the impact of globalisation on the economic status of women while ensuring that national policies related to international and regional trade agreements do not adversely impact women's new and traditional economic activities. Similarly, Goal 3 of the MDGs has committed member countries to promote gender equality and women's empowerment.

Efforts to mainstream gender<sup>64</sup> within the work of WTO at all levels need to be viewed, not merely as a moral issue, but a legal obligation as well. As the preceding sections bring out, there exist concerns on several counts within the major agreements of WTO relating to adverse gender outcomes. Multilevel initiatives and institutional arrangements are necessary to reorient processes and policies of WTO in support of gender equality framework and objectives. Over the past couple of decades, a number of cross-country networks and coalitions of gender groups have emerged, seeking to research and advocate gender concerns through multiple fora at various platforms.

*Efforts to mainstream gender within the work of WTO at all levels need to be viewed, not merely as a moral issue, but a legal obligation as well*

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<sup>64</sup> Gender mainstreaming within the United Nations (UN) system has been defined by the Economic and Social Council (ECOSOC) as 'the process of assessing the implications for women and men of any planned action, including legislation, making women's as well as men's concerns and experiences integral dimensions in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres, so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality' (ECOSOC, Agreed Conclusions, 1997/2)



On the other hand, it must also be noted that a section of women's voices have critiqued the very concept of gender mainstreaming<sup>65</sup> and especially so when it is to be applied to institutions such as the WTO. It has been argued that in the context of the WTO, gender mainstreaming would essentially imply an "acceptance of its mandate, structure and procedures, a belief in free trade as having the potential to become fair trade..."<sup>66</sup> whereas what needs to be challenged is the very essence of WTO, its underlying paradigm of neoliberalism and its imbalance regarding North South interests. Proponents of this view fear "integrationist" kind of gender mainstreaming, where women will be simply an "add-on", or indeed an "add-in" thus resulting in co-option and instrumentalisation of women.<sup>67</sup>

Broadly, gender experts and gender organisations have outlined the following key areas for action to achieve gender mainstreaming within WTO:

1. Need for gender mainstreaming and capacity building within concerned government departments and ministries.
2. Integration of gender perspectives into all levels of WTO work. The WTO must develop a framework for the gender impact assessment of trade negotiations, which would allow trade negotiators to identify gender considerations and systematically factor them into all phases of an agreement, from negotiation to implementation and evaluation, in a transparent and accountable fashion.
3. The inclusion of gender in the Trade Policy Review Mechanism.
4. Promotion of the availability of disaggregated data for analysis of gender impacts: There is a need for country and sector specific case studies of the gender differentiated impacts of trade policies as well as country and sector specific studies on the ways in which gender relations and inequalities affect trade performance. There is a need to undertake content analysis of all relevant WTO agreements, and including areas such as Agriculture, Manufacturing, Textiles and Clothing, Services, TRIPS to examine whether they contain overtly gender-biased provisions.
5. Need to undertake country-specific gender budget analysis and initiatives to highlight the mismatch between policy commitments to gender equality and allocation of financial resources with a view to providing an overview of the both the impact of budget on gender equality objectives and the impact of specific programmes and sectors on gender equality. The need for gender budget analysis is even more pertinent in view of the constrained fiscal and administrative capacities of governments to address the adverse social consequences of trade liberalisation that reduce access to public services such as primary health care and have an adverse impact on women.

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<sup>65</sup> See Susanna George, "Mainstreaming Gender as Strategy: A Critique from a Reluctant Gender Advocate", at [www.isiswomen.org/pub/wia/wia2-04/susanna.htm](http://www.isiswomen.org/pub/wia/wia2-04/susanna.htm) (Accessed on July 31 2006)

<sup>66</sup> Discussion of "The Doha Development Round, Gender and Social Reproduction" by Brigitte Young & Hella Hoppe, Dialogue on Globalisation, No. 7/July 2003, Friedrich Ebert Stiftung

<sup>67</sup> J.K. Gibson-Graham, J Cameron, "Feminising the economy: Metaphors, strategies, politics", Gender, Place and Culture, 2003

6. Gender impact of specific trade commitments need to be analysed together with the array of formal and informal laws and norms that determine women's status and rights.
7. Need to establish a strong link between gender research, policy formulation and policy coherence at the national, regional and international levels.
8. Need for enhanced consultation and institutionalised dialogue with women's groups and giving them a voice in key economic decisions, existing initiatives and discussions on proposals at all levels.
9. Need for a supportive legislative framework and enforcement mechanisms for advancement of gender equalities including customary and legal prescriptions concerning equal pay for equal work, social protection and security, inheritance and access to land, credit and other resources.
10. Need to promote an institutional dialogue backed by political commitment and resources to be carried out at the national, regional and global levels.

Here, a parallel can be drawn from the Framework for the Integration of Women in APEC and establishment of an Ad Hoc Advisory Group on Gender Integration to ensure its effective implementation. The Group has been working towards gender mainstreaming and gender analysis within the Asia Pacific Economic Cooperation (APEC) fora. The APEC Forum is an inter-governmental forum created in 1989 and is used to promote free and open trade and to further multilateral trade at the WTO. APEC is a unique example of a multilateral trade form to explicitly address gender concerns. A gender advisory unit has also been created within Mercosur in Latin America which unites Argentina, Brazil, Paraguay and Uruguay designed to ensure that gender issues get due consideration by the decision makers.

Also a U.N. interagency task force (headed by the UNCTAD) on gender and trade was created in 2003 to coordinate research, capacity building, and advocacy activities within the U.N. system. Similarly, the FAO Gender and Development Plan of Action 2002-2007 (GAD Plan of Action) presents a Socio-Economic and Gender Analysis framework to mainstream gender into the work of FAO. While these are yet positive steps, the gender mainstreaming agenda within the WTO remains an un-addressed concern.

## Need for a Gender Sensitive Trading System

The international trading system is at a crossroads. On the one hand, complex and politically difficult choices need to be made which cohere with genuine human development agenda and make the global trading system work for all people, while on the other, there are choices for status quo which ignore the critical human development concerns and seek to advance the agenda of trade as an end in itself.

The Doha Round of WTO negotiations, billed as the Development Round, provides an opportunity to start aligning multilateral trade rules with a commitment to gender equality. In the light of the gender concerns highlighted in different sections, the international trade regime needs a fundamental makeover in its approach. The global trading system needs to be rebalanced, its rules and institutions within the broad framework of international agreements aimed at ensuring gender equality, poverty eradication and sustainable development. The promised gains from the international trade system need to reach to the poorest many, rather than the rich few.

*The Doha Round of WTO negotiations, billed as the Development Round, provides an opportunity to start aligning multilateral trade rules with a commitment to gender equality*

# Glossary\*

**MFN:** Most-favoured-nation treatment (GATT Article I, GATS Article II and TRIPS Article 4), the principle of not discriminating between one's trading partners.

**National treatment:** The principle of giving others the same treatment as one's own nationals. GATT Article III requires that imports be treated no less favourably than the same or similar domestically produced goods once they have passed customs. GATS Article XVII and TRIPS Article 3 also deal with national treatment for services and intellectual property protection.

**Uruguay Round** Multilateral trade negotiations launched at Punta del Este, Uruguay in September 1986 and concluded in Geneva in December 1993. Signed by Ministers in Marrakesh, Morocco, in April 1994.

**Tariffs:** Customs duties on merchandise imports. Levied either on an ad valorem basis (percentage of value) or on a specific basis (e.g. \$7 per 100 kg). Tariffs give price advantage to similar locally produced goods and raise revenues for the government.

**Tariff binding:** Commitment not to increase a rate of duty beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties.

**Tariff peaks:** Relatively high tariffs, usually on 'sensitive' products, amidst generally low tariff levels. For industrialised countries, tariffs of 15 percent and above are generally recognised as 'tariff peaks'.

**Countervailing measures:** Action taken by the importing country, usually in the form of increased duties, to offset subsidies given to producers or exporters in the exporting country.

**Dumping:** Dumping occurs when goods are exported at a price less than their normal value, generally meaning they are exported for less than they are sold in the domestic market or third-country markets, or at less than production cost.

**NTMs:** Non-tariff measures include measures such as quotas, import licensing systems, sanitary regulations, prohibitions, etc.

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\* This section has drawn selectively from the Glossary of Trade Terms, Friends of the Earth, UK available at [http://community.foe.co.uk/resource/how\\_tos/glossary.pdf](http://community.foe.co.uk/resource/how_tos/glossary.pdf)

**Safeguard measures:** Action taken to protect a specific industry from an unexpected build-up of imports — governed by Article XIX of the GATT 1994.

**Subsidy:** There are two general types of subsidies: export and domestic. An export subsidy is a benefit conferred on a firm by the government that is contingent on exports. A domestic subsidy is a benefit not directly linked to exports.

**Tariffication:** Procedures relating to the agricultural market-access provision in which all non-tariff measures are converted into tariffs.

**MFA:** Multifibre Arrangement (1974-94) under which countries whose markets are disrupted by increased imports of textiles and clothing from another country were able to negotiate quota restrictions.

**Distortion:** When prices and production are higher or lower than levels that would usually exist in a competitive market.

**Box:** Category of domestic support. Green box: Supports considered not to distort trade and therefore permitted with no limits. Blue box: Permitted supports linked to production, but subject to production limits and therefore minimally trade-distorting. Amber box: Supports considered to distort trade, and therefore subject to reduction commitments.

**Cairns Group:** Group of agricultural exporting nations lobbying for agricultural trade liberalisation. It was formed in 1986 in Cairns, Australia just before the beginning of the Uruguay Round. Current membership: Australia, Argentina, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

**Multifunctionality:** Idea that agriculture has many functions in addition to producing food and fibre, e.g. environmental protection, landscape preservation, rural employment, etc.

**Peace clause:** Provision in Article 13 of the Agriculture Agreement says agricultural subsidies committed under the agreement cannot be challenged under other WTO agreements, in particular the Subsidies Agreement and GATT. Expires at the end of 2003.

**SPS regulations:** Sanitary and Phytosanitary regulations — government standards to protect human, animal and plant life and health, to help ensure that food is safe for consumption.

**Free trade area:** Trade within the group is duty free but members set own tariffs on imports from non-members (e.g. NAFTA).

**General obligations:** Obligations, which should be applied to all services sector at the entry into force of the agreement.

**Initial commitments:** Trade liberalising commitments in services which members are prepared to make early on.

**Modes of delivery:** How international trade in services is supplied and consumed.

**Mode 1:** cross border supply; mode 2: consumption abroad; mode 3: foreign commercial presence; and mode 4: movement of natural persons.

**National schedules:** The equivalent of tariff schedules in GATT, laying down the commitments accepted — voluntarily or through negotiation — by WTO members.

**Natural persons:** People, as distinct from juridical persons such as companies and organisations.

**16 See Dumping:** the Beginning of the End? Implications of the Ruling in the Brazil/US Cotton Dispute, Oxfam Briefing Paper.



