

**UNITED NATIONS CONFERENCE ON TRADE AND
DEVELOPMENT**

Trade, sustainable development and gender

Papers prepared in support of the themes discussed at the Pre-
UNCTAD X Expert Workshop on Trade, Sustainable Development
and Gender

(Geneva, 12-13 July 1999)



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FOREWORD

The Pre-UNCTAD X Expert Workshop on Trade, Sustainable Development and Gender met at UNCTAD, Geneva, 12-13 July 1999 at the same time as the last annual session of ECOSOC in the current century. The work of ECOSOC in this session was extremely pertinent to the theme of this Workshop. It focused on the role of employment in the eradication of poverty and on the empowerment and advancement of women.

A major economic crisis has swept through much of the developing world in recent years and millions of people have been rudely thrust into the ranks of the unemployed. A disproportionate number of the new jobless are women – some of whom had only recently joined the labour force. For those fortunate enough to remain in employment, the outlook is not much brighter, for we live in an age of insecurity, especially job-insecurity.

The gender effect of globalization is complex and its effects are mixed. Overall, globalization to date has done too little to minimize gender inequalities. While in some circumstances it may have decreased them (particularly in countries where it had led to an unprecedented employment of female labour) in other cases it has intensified them. Thus, overall globalization, as a new form of intensified market-driven activity, has not yet managed to overturn gender-based, discriminatory forces of economic development where they have been traditionally at work.

As shown in UNCTAD's contribution to the *1999 World Survey on the Role of Women in Development*, the gender impacts of trade expansion have been most sharply and directly observed in the manufacturing sector. The increased orientation of manufacturing production towards exports in developing countries has led to significant increases in the share of women workers employed in the manufacturing sector labour force. Indeed, no developing country has increased its exports of manufactures without some recourse to women workers. This gives rise to an important stylized fact of development within the context of globalization. Industrialization has been as much female-as export-led, and in some situations this has represented a huge leap forward in the participation of women in the money economy.

There is also evidence that the rapidly expanding international business and financial services sector is also female-intensive. This is certainly true of activities at the more unskilled labour-intensive end of the spectrum, usually known as data entry. Increasingly, since at least the mid-1980s, data-reliant service corporations, such as credit card providers, mail order businesses, airlines and rail transport systems, have sent transactions data to be processed offshore. The labour force involved in these operations has included at least as high a proportion of women workers as that attained in the export-manufacturing sector.

In the context of globalization, UNCTAD's contribution has consistently underlined that the fundamental need is for the trade policies and globalization processes to integrate the gender impacts of openness. The importance of gender equality objectives for developmental goals, as well as in their own right, has been positively demonstrated in recent years. The fact that open economic policies can have a salient influence on promoting or hindering progress in this direction, and the ways in which this influence is manifested, need to be acknowledged.

Just as there is growing acknowledgement of the need to take account of the social consequences of stabilization and adjustment programmes, trade policy initiatives also need to identify the likely social impact, beyond producer interests and to include, broadly conceived, welfare support measures. The gender impact is a well-defined and highly important part of the social impact on long-term or sustainable development. The analysis of trade policies should

therefore include basic consideration of the gender impact of existing and proposed trade policies.

UNCTAD has always been concerned not only to examine patterns of trade but also to assess the contribution that trade makes to development. Paying attention to gender allows us to deepen both our appraisal of the disposition of resource endowments on which trade depends and our assessment of the nature and developmental significance of the distribution of the gains from trade.

It is imperative to make global arrangements in trade much more supportive of the greater participation of women in development, both as agents and as beneficiaries. At the threshold of the new century, globalization is clearly an unfinished business, a work in progress. But this process can still be steered and shaped according to human values. It is our duty to respond fully and effectively to this challenge.

Taking a micro-economic view, it is striking that very few women entrepreneurs actually succeed in entering international markets. The legal environment continues to impact negatively on women's entrepreneurship. Conflicts between customary practice and state law often obstruct the full and effective participation of women in the enterprise sector. The major obstacles are readily identified: limited, often negligible, access to capital, land, production inputs, business premises, information on business opportunities, networking and business and management training. Women entrepreneurs often lack confidence, largely due to the absence of role models, and continue to suffer gender biases. By and large, governmental assistance for the development of women's entrepreneurship remains stubbornly insufficient in all countries, but particularly in the developing countries, with existing support programmes mainly focusing on self-employment and micro-enterprise development.

The main challenge for the international community is therefore to effectively articulate the case for greater access of women to national and global economic activities. Following the Beijing Platform of Action, UNCTAD IX recommended at Midrand (South Africa) that UNCTAD's policies and programmes needed to integrate a gender perspective in order to contribute to the empowerment of women and to achieve equality between women and men in all sectors of the economy. In the context of the preparations for UNCTAD X, the Expert Workshop was organized to provide constructive conclusions and recommendations for further consideration by the Conference.

The Expert Workshop has been the first such meeting to consider in a conceptually integrated fashion issues of trade, sustainable development and gender, within the context of UNCTAD's mandate. The present publication reproduces the agreed recommendations, as well as a complete set of papers prepared in substantive support of the Workshop, all of which represent an original contribution to this important cross-sectoral subject within UNCTAD's trade and development objectives.

Rubens Ricupero
Secretary General of UNCTAD
Geneva, September 1999

PREFACE

The Pre-UNCTAD X Expert Workshop convened in Geneva focused on the theme of trade, sustainable development and gender. The meeting was organized in line with the Fourth World Conference on Women, Beijing and the Platform of Action (1995), the UNCTAD IX Midrand Declaration (1996) and the agreed conclusions on gender mainstreaming (ECOSOC, 1997). Its objectives were to: (i) promote an exchange of experiences and views on policy-related issues concerning the interrelationship between trade, sustainable development and gender; (ii) identify modalities as to how such issues could be addressed in UNCTAD's work, both by the secretariat and by the intergovernmental machinery and (iii) formulate policy recommendations and measures for action intended to promote discussion at the intergovernmental level in the context of preparation for UNCTAD X.¹

Member States were invited to nominate experts to the Workshop, who participated in their personal capacities. Specialized agencies and intergovernmental bodies as well as non-governmental organizations which wished to participate as observers were also invited. The Expert Workshop attracted a wide geographical range of experts, covering all regions. Fifty-three experts came from thirty-nine States members of UNCTAD, and forty-three representatives of agencies and organizations of the United Nations system and of non-governmental organizations. An additional five resource persons provided substantive inputs to the general Workshop sessions and to the Working Groups.

The meeting's programme of work was organized around three main areas of interest and concern: globalization and gender; trade-related issues and gender; and specific problems of LDCs and gender. The presentation of papers and related discussions were undertaken in four open general sessions with the main issues arising given further detailed consideration by three Working Groups. At the opening session it was agreed that the following expert participants would serve as its Bureau: (a) *Chairperson*: Ambassador Ruth D. Samonte-Limjoco (Philippines); (b) *Friends of the Chairperson*: Ms. Elke Atzler (Austria); Mr. Carlos M. Correa (Argentina); Ms. Joan Dudik-Gayoso (United States of America); Ms. Diblété Helène Koné (Côte d'Ivoire); (c) *Coordinators of Working Groups*: Ms. Susan Joeke (United Kingdom); Mr. Debapriya Bhattacharya (Bangladesh) and Ms. Magdalena Kaihuza (United Republic of Tanzania).

The collection of papers reproduced in this volume not only reflects the substantive issues reviewed in this Expert Workshop, but also captures the spirit and enthusiasm of the participants displayed during their working sessions. They were men and women drawn from a variety of countries and cultures: small and large, poor and rich, developing, developed and transitional economies. They came from governmental, non-governmental organizations and from private companies and academic institutions. Inevitably, the papers presented to the Workshop varied considerably in length and substance and in their style and presentation. Some of them are formal, sometimes technical or based on academic research, while others are more personal in tone, but they all succeed in identifying a substantial range of challenges to promote development and gender equality, in reflecting a variety of regional, country or sectoral experiences, and in proposing various constructive measures to achieve the empowerment and advancement of women. The resulting proposals for action to promote trade and development within a gender dimension were addressed to national governments, to UNCTAD and other international organizations and to the international community at large. The agreed conclusions and recommendations of the Expert Workshop are reproduced in Part V of this volume.

¹ See UNCTAD (1999) *Report on the Pre-UNCTAD X Expert Workshop on Trade, Sustainable Development and Gender*, Geneva, 12-13 July 1999 (TD(X)/PC/2).

The UNCTAD secretariat is grateful to Debapriya Bhattacharya, Executive Director, Centre for Policy Dialogue (Bangladesh), Ms. Janice Goodson Foerde, International Coalition for Development Action (ICDA), Belgium/KULU (Women and Development), Denmark, Ms. Susan Joekes, Fellow, Institute of Development Studies (IDS), University of Sussex (United Kingdom) Ms. Magdalena T. Kaihuzi, Administrator, National Women's Council (BAWATA), United Republic of Tanzania and Ms. Padma Mallampally, Senior Project Expert on Foreign Direct Investment who acted as resource persons to the Expert Workshop, and provided precious substantive contributions to the meetings. Acknowledgements are also addressed to a number of individuals who served as anonymous peer reviewers of articles and whose comments contributed to improving the quality of the contents of this publication, as well as to the many friends of UNCTAD from international organizations, the United Nations system and non-governmental organizations who supported in various ways the event.

The overall coordination of preparations of the Expert Workshop and the present volume on Trade, Sustainable Development and Gender was undertaken by a team led by Gloria-Veronica Koch, UNCTAD's Focal Point on Women. The present volume has benefited from the assistance and cooperation of a wide circle of persons and the contributions which make up this volume were submitted to UNCTAD on a voluntarily basis by authors from different backgrounds. In particular, various substantive contributions and advice as well as logistic support were received from UNCTAD staff members and external experts, which are herewith gratefully acknowledged. These include Erna Borneck, Sarah Combette-Molson, Robert Cook, Andrew Crosby, David Díaz-Benavides, Cathi Eisenring, Estela Erb-Paniagua, Anna Fälth, Fulvia Farinelli, Günter Fischer, Frederick Glover, Charles Gore, Khalil Hamdani, Michiko Hayashi, Gabrielle Koehler, Dieter Koenig, Willa Liburd, Christopher Macfarquhar, Daniel Martel, Mina Mashayekhi, Assad Omer, Diego Oyarzún, Chitra Radhakishun, Matfobhi Riba, Lorraine Ruffing, Masoumeh Sahami-Malmberg, Angela Thompson, Anna Tibaijuka, Susan Trachsel, Sophie Twarog, Francisco Vendrell, René Vossenaar, Aurelie von Wartensleben and Simonetta Zarrilli. Finally, we would like to express our thanks to the Government of Sweden for its contribution to the material production of this book through project INT 99 A42.

This volume was edited by Frederick Glover.

Carlos Fortín
Deputy Secretary-General of UNCTAD
Geneva, September 1999

**OPENING STATEMENT BY THE CHAIRPERSON OF THE PRE-UNCTAD X EXPERT
WORKSHOP ON TRADE, SUSTAINABLE DEVELOPMENT AND GENDER**

*Ruth D. Samonte-Limjuco
Ambassador
Special Assistant to the Undersecretary for International Economic Relations
Department of Foreign Affairs
Manila, Philippines*

The Economic and Social Council (ECOSOC) in a resolution adopted by the 1997 summer Session, defined mainstreaming a gender perspective as the "process of assessing the implications for women and men of any planned actions, including legislation, policies or programme in any area and at all levels." It is a strategy for making women's as well as men's concerns and experiences an integral-dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.

Equality is the bedrock upon which are anchored our aspirations for social justice and human rights. The United Nations Charter in its Preamble reaffirms faith in the equal rights of men and women. The Vienna World Conference on Human Rights determined that the human rights of women and the girl child are an inalienable, integral and indivisible part of universal human rights, and that the full and equal participation of women in all aspects and levels of life, and the eradication of all forms of discrimination on grounds of sex are priority objectives of the international community. Inequality, therefore, violates the human rights of women.

But equality is not only about human rights. It is also the upliftment of the individual woman from a state of want and dependency to that of economic independence. It is empowerment through education: through participation and sharing in all spheres of life under terms that respect individual rights, as well as the inherent dignity and worth of the human person.

Over the past few years, there have been a number of international conferences which have addressed the issue of mainstreaming gender perspective into their programmes of work:

Agenda 21, which was crafted by the Rio Conference on Environment and Development, has as one of its objectives the formulation and implementation of clear governmental policies and national guidelines, strategies and plans for the achievement of equality in all aspects of society, including the promotion of women's literacy, education, training, nutrition and health and their participation in key decision-making positions and in management of the environment.

At the Copenhagen World Summit on Social Development, 117 Heads of State or Government acknowledged that social and economic development cannot be secured in a sustainable way without the full participation of women. Declaring their determination to strengthen policies and programmes that improve, ensure and broaden the participation of women in all aspects of political, economic, social and cultural life, as equal partners, they resolved to improve women's access to all resources needed for the full exercise of their fundamental rights.

In Beijing during the Fourth World Conference on Women, participating Governments, recognizing that women's contributions and concerns were too often ignored in economic structures, committed themselves to promoting women's rights by ensuring a gender perspective in all their policies and programmes so that before decisions are taken, an analysis is first made of their effects on men and women, respectively. The Beijing Platform of Action calls for, among others, the promotion of women's economic independence through equal access to productive resources, opportunities and public services.

In fora other than those under the auspices of the United Nations, in particular the AsiaPacific Economic Cooperation (APEC), gender has been recognized as a crosscutting theme. The Joint Ministerial Statement that emanated from the APEC Ministerial Meeting on Women, which was held in Manila on 15-16 October 1998, reflecting the concern felt by the participants over the economic and financial crisis in the region, stressed that women have a crucial role to play in the successful planning, design and implementation of economic recovery programmes, not only as beneficiaries but also as decision makers.

The Meeting examined the impact of women on trade and investment and concluded that women's participation in these areas as workers, entrepreneurs and investors contributed to the achievement of sustained economic growth. However, it was pointed out that, as a result of gender biases in institutions, women workers and women in business were often less able to take advantage of the economic opportunities that may be created by trade and investment liberalization.

In the 1997 Declaration of the Association of South-East Asian Nations (ASEAN), the Member governments committed themselves to (a) the promotion and implementation of the "equitable and effective participation of women whenever possible in all fields and at various levels of the political, economic, social and cultural life of society at the national, regional and international levels"; (b) to "enable women in the region to undertake their important role as active agents and beneficiaries of national and regional development"; and (c) to "integrate into national plans the specific concerns of women and their roles as active agents in and beneficiaries of development, specifically considering their role as a productive force."

Now the question arises: what is the value added with respect to women's involvement in development? And while there may be a difference in the impact of development on women and men, the fact remains that:

- (i) women are not only affected by economic forces as are men, but also in a different fashion;
- (ii) women have much to contribute;
- (iii) women can play a crucial role in an economy's development and with recovery from an economic crisis;
- (iv) women have as much stake in development as men.

The integration of a gender perspective into a country's plan of action envisions a development that is sustainable. A Gender and Development Plan that focuses on empowerment of women to achieve equity and equality, active participation in the economic, social, cultural and political decision-making, social justice, inter- and intra-generational equity, ecological soundness and equal access to economic resources caters to the vision of sustainable development.

There are several critical areas of concern that must be addressed in order to advance the welfare of women. The mainstreaming of gender in sustainable development entails promotion of women's rights and welfare, economic access, sustainable human development, ecological cognizance and greater participation in economic and . political issues and decisions.

In the contemporary world, two phenomena - globalization and trade liberalization - have transformed the social, economic and political scenario. We have seen the rapid increase in women's participation in paid labour, in exports, and the growing visibility of their contributions to the economy. Through a gradual process of change, women are achieving economic importance, both as agents and beneficiaries of development.

Economic upheavals in certain areas, most recently in the South-East Asian region, have shown that women and men are affected by economic crisis differently due to various factors, not only of the impact of differing gender roles, but also by sex discrimination in the labour market, differences in access to productive resources and opportunities among others.

Policy makers must therefore be able effectively to mobilize responses to crises and to exploit emerging opportunities, as well as to find solutions to breaking down the barriers to women's full participation in development.

Generally, there are two possible ways of viewing women's involvement in development. The first is the *forthright inclusion of women* in economic activities. The second is more notional - and is closely linked with gender analysis and the need to collect sex-disaggregated data - this is the *consideration* of women, their needs and concerns in developmental decisions, policies, processes and mechanisms. It deals primarily with the *inclusion* of women and rendering them visible in the development processes.

READERSHIP SURVEY ON

TRADE, SUSTAINABLE DEVELOPMENT AND GENDER –

Papers prepared in support of the themes discussed at the Pre-UNCTAD X Expert Workshop on Trade, Sustainable Development and Gender, July 1999

It would be greatly appreciated if you could complete the following questionnaire and return it to the **Departmental Focal Point on Women, UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland**, preferably, by fax, using our fax number + 41 22 917 0122.

1. Name and address of respondent

.....

2. Which of the following best describes your areas of work?

Government	9	Public enterprise	9
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.....

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7. Other observations if any

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PART I

***FORGING LINKS BETWEEN TRADE, SUSTAINABLE DEVELOPMENT AND
GENDER: SELECTED POLICY AND IMPLEMENTATION ISSUES***

REINFORCING THE LINKS BETWEEN TRADE, SUSTAINABLE DEVELOPMENT AND GENDER, AN OVERVIEW OF THE PAPERS OF THE EXPERT WORKSHOP

by
Frederick Glover
International Trade Development Consultant

Gloria-Veronica Koch
Departmental Focal Point on Women, UNCTAD
 and
Dieter Koenig
Competitiveness and Technological Capacity-Building Section
Enterprise Development Branch
Division on Investment, Technology and Enterprise Development
UNCTAD

I. ADDRESSING THE CORE ISSUES

Trade, sustainable development and gender are generally addressed in isolation from each other. Identifying the links between these central issues and how they could be mutually reinforced has been an overdue task for the United Nations and, given the broad implications of each of these topics, not an easy one. At the core of these issues is the ability of nations to effectively participate in international economic relations, recognizing that:

1. *Trade* is one of the driving forces of economic development for all countries ranging from the most advanced industrial societies to the least developed countries (LDCs);
2. *Sustainable development* is now a recognized precondition for ensuring a long-term perspective for the economy in balance with safeguarding the environment;
3. *Gender issues* are becoming increasingly important when addressing the factors influencing economic development of countries, as any national economy will benefit if the roles of men and women in society are at an equal level. Thus, gender analysis refers to “the socio-cultural construction of roles and relationships between men and women”² rather than being only a “women’s issue”.

All three of these core issues also have to do with a major theme addressed by UNCTAD, namely *innovation*. The developments of enabling environments conducive to trade; best practice in using the natural environment instead of destroying it; and “good governance” in giving all citizens, independent of gender, a fair opportunity in their worklife are basic features indispensable to innovation and the transition of developing countries to modern societies.

The issue of gender should not blur the fact that, economically speaking, our major challenge is still the North-South divide. In other words, the gender perspective, and the needs, concerns and interests of women living in the industrialized countries and those living in the LDCs are not necessarily always compatible. Women in the North are as much part of the Northern agenda - the

² IDRC, <http://www.idrc.ca/> (see particularly the Gender and Sustainable Development pages).

interests of the industrialized countries - as are the men. The gender perspective is thus rather complex and cannot be grasped in simple terms. It involves “forces such as culture, tradition, politics, and need, varying from culture to culture and often from one social group to another within the same culture.”³ A simplified overview of differing interests and objectives according to a North-South divide may be visualized, on the basis of some salient examples, as follows:

<i>Examples related to:</i>	Northern Agenda	<i>Southern Agenda</i>
<i>Trade</i>	Establishing/maintaining worldwide free trade	Gaining access to new markets Capacity-building for stronger participation in international trade
<i>Sustainable development</i>	Ensuring global environmental stability	Ensuring development and avoiding further destruction of local environments
<i>Gender perspective</i>	Improving the role of women in the workplace	Providing access to basic education Ensuring women’s rights to full participation in economic life

While this tabular presentation provides a generalization of the issues at stake when addressing an agenda linking trade, sustainable development and gender, the present volume of Workshop papers provides a rich variety of experiences, insights and cases with details underlying their importance and the need for effective action.

II. GENDER IN THE CONTEXT OF GLOBALIZATION AND TRADE

UNCTAD since its inception has frequently described the changes that have taken place in the international trading environment and how these have effected developing countries and the least-developed ones among them. Globalization, liberalization and democratization have been recurrent features on our agenda and that of the United Nations as a whole over the past decade. The developing countries have undergone wide-ranging changes during this period, opening their economies to trade and investment flows and ridding themselves of bureaucratic impediments to economic development. They have also taken the initiative to form new alliances among themselves, particularly, in terms of forming regional trading blocs. For example, UNCTAD fora have frequently listened to and learned from the experiences of ASEAN and MERCOSUR with the purpose of identifying effective models of how developing countries – and economies in transition – could participate as full partners in the international trading system and gainfully benefit from it. Furthermore, developed and developing countries have subscribed to the accords reached at the major United Nations mega-conferences of the 1990s, committing themselves to environmentally sound development, the advancement of women and social development. More countries increasingly recognize that these issues are all interrelated and that being equipped for participation in today’s world economy - and to innovate for this purpose - requires a commitment to sustainable development, gender equality and best practices.

From experience to date of the evolution of the new multilateral trading system and environment some results, viewed particularly from a gender perspective, can already be observed.

Many countries have seen dramatic increases both in export manufacturing capacity and in the number and share of women in the manufacturing labour force: the Dominican Republic, Indonesia,

³ Ibid.

Republic of Korea, Mauritius, the Philippines, Taiwan Province of China, and Tunisia are examples. The stronger the concentration in exports on labour-intensive operations, such as production of clothing, semiconductors, shoes, sports goods, and toys, the higher the proportion of women workers tends to be. Even within these product categories, there is some evidence that higher proportions of women are employed on export production and/or by foreign-owned firms producing for exports than in production for local markets. Other customized more skill intensive services such as software design, computer programming and financial services (banking and insurance) are increasingly relocated to developing countries and employ relatively high proportions of women in the workforce, including at the higher-paid levels.

It is clear that in some countries employment in new forms of services are echoing the gender impact of expansion in the export sector of manufacturing, providing relatively well-paid jobs for women. In some situations, the small-scale sector has developed export capacity (shoes in some regions of Brazil as in gloves and shoes in southern Italy, and surgical instruments in Sialkot, Pakistan). In some other cases, the informal sector contributes to exports in its own right. In most countries, however, modern sector factories constitutes the leading sector in exports, which regularly subcontracts some parts of supply and delegates some processes of production (normally assembly, finishing and packaging) to smaller enterprises in the locality - workshops, family-based enterprises or home-based workers.

III. GENDER IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

In 1997, the Commission on Sustainable Development (CSD) noted that “women across class, race, ethnicity and location have come to serve as catalysts for environmental and democratic activism.”⁴ By that time women had already succeeded in gaining a “Principle” in the Rio Declaration⁵ and a Chapter in *Agenda 21*, “Global action for women towards sustainable and equitable development”.⁶ This was dedicated to their concerns as well as more than 170 references to them mainstreamed throughout *Agenda 21*, as women are represented in and reflect all nine major groups defined in the *Agenda*. Chapter 24 of the *Agenda* explicitly called upon governments to consider developing strategies by the year 2000 to eliminate constitutional, legal, administrative, cultural, behavioural, social and economic obstacles to the full participation of women in sustainable development and public life and to promote measures to give women better access to credit. In preparation for the “Rio+5” meeting of the CSD in 1997, the Commission found that “women ensured that their holistic gender analysis infused the process and documents of other international conferences (...)”.⁷ Moreover, a number of practical initiatives have been initiated by women since the United Nations Conference on Environment and Development (UNCED) in Rio, 1992, and the Fourth United Nations Conference for the Advancement of Women in Beijing. Thus, “Local Agenda 21” efforts are successfully under way around the world, and they have helped to strengthen mechanisms to integrate women in decision-making processes and to alter unsustainable production and consumption patterns.⁸

⁴ Commission on Sustainable Development, 5th session (8-25 April 1997), Agenda item 4, Preparations for the Special Session of the General Assembly for the Purpose of an overall Review and Appraisal of the Implementation of Agenda 21, Summary report of the dialogue with women (14 April 1997).

⁵ Principle 20 of the Rio Declaration reads: “women have a vital role in environmental management and development. Their full participation is therefore essential to achieve sustainable development”.

⁶ Chapter 24 of the *Agenda*.

⁷ CSD, op.cit.

⁸ See, for example, some of the case studies published by the Division for Sustainable Development: U.N. Department for Policy Coordination and Sustainable Development, Division for Sustainable Development. “Sustainable Development, *Success Stories - Second edition, with 30 new cases.*” New York 1997.

According to the IDRC, “sustainable and equitable development” means that we must address the great disparities in the quality of life. While women throughout the world are not a homogenous group as noted above, they are often among the vulnerable and do not have the same opportunities as men. The Rio and Beijing Conferences notwithstanding, women continue to comprise the majority of the poor, the landless and the under-fed.”⁹ Obstacles with regard to commerce and trade remain, for example, lack of credit for women prevents them from achieving financial independence, and so do barriers to ownership. Equal access to education also remains a serious concern. Thus, the Commission on Sustainable Development found that:

“Women are key to achieving sustainable development. Thus, the inequities and prejudices that confront women also hinder general progress towards sustainability. Specific obstacles concern lack of representation and credit, as well as poverty, trade and debt-related issues”.

Challenges that remain with regard to the economic role of women include *inter alia*: (i) The need to ensure that any negotiations on the proposed multilateral agreement on investment will equally address the rights and responsibilities of corporations in sustainable development processes; (ii) The need to establish a mechanism within the Commission to monitor and guide the actions of the World Trade Organization (WTO); (iii) To affirm and pledge to reach the Micro-credit Summit (Washington, D.C., February 1997) goal of raising US\$ 21.7 billion to ensure that 100 million of the world's poorest women and their families receive credit for self-employment by the year 2005; (iv) To remove legislative, policy, administrative and customary barriers to achieving women's equal rights to access natural resources, including access to and control over land (and other forms of property), credit, inheritance, information, and new technology.

Already, in its “Global Action For Women Towards Sustainable And Equitable Development”, *Agenda 21* urged governments to implement measures to review policies and establish plans to increase the proportion of women involved as decision makers, planners, managers, scientists and technical advisers in the design, development and implementation of policies and programmes for sustainable development. It also called for measures to eliminate illiteracy among females and to expand the enrolment of women in educational institutions. In terms of a research agenda underlying such measures. *Agenda 21* stated that research and data were needed to study the impact of structural adjustment programmes on women.

At its 52nd session the United Nations General Assembly addressed three issues relevant to the economic role of women: (i) Sustainable development and international economic cooperation: women in development; (ii) Effective mobilization and integration of women in development; (iii) Mainstreaming the gender perspective into economic policies: a preliminary framework for action. Within this context the General Assembly debate identified a wide range of economic issues in order to assess their gender implications. Among these were poverty alleviation policies, human capital development and growth, fiscal policies, trade liberalization and concerns regarding the unpaid sector of the economy. The General Assembly concluded that all policies including economic policies should contribute to the goal of gender equality and that women's advancement should not be a marginal exercise of micro-level projects.¹⁰

The General Assembly, in its discussion also found that liberalization of trade was one of the driving forces behind the increased “feminization” of the labour force; this was changing the public

⁹ Commission on Sustainable Development, 5th session, 8-25 April 1997, agenda item 4, Preparations for the special session of the General Assembly for the purpose of an overall review and appraisal of the implementation of Agenda 21 - Summary report of the dialogue session with women (14 April 1997).

¹⁰ United Nations General Assembly, Fifty-second session, item 999 (g) of the provisional agenda, 11 September 1997, A/52/345.

perceptions of women. In many regions, women's participation in remunerated work in the formal and non-formal labour market has increased significantly and changed during the past decade. While women continue to work in agriculture and fisheries, they have also become increasingly involved in micro-, small and medium-sized enterprises and, in some cases, have become more dominant in the expanding informal sector. However, the discussion also focused on policies that shift production in the agricultural sector from subsistence to market production, and from domestic to export markets, are found that these were constrained by gender-based inequalities. For instance, in many parts of the world, cash crops are considered the domain of men and subsistence crops the domain of women. Women's opportunities to produce cash crops for the market and to respond to export-led strategies can therefore be hampered by their lack of control over resources.¹¹

IV. THE ROLE OF UNCTAD

There are considerable differences in women's and men's access to and opportunities for exerting power over economic structures in their respective societies. In most parts of the world, women are poorly represented in economic decision-making, including the formulation of financial, monetary, commercial and other economic policies, as well as tax systems and rules/practices governing the setting of wages and salaries. Since it is often within the framework of such policies that individual men and women make their decisions, the actual development of these economic structures and policies has a direct impact on women's and men's access to economic resources, their economic power and consequently the extent of equality between them at the individual and family levels, as well as in society as a whole.

Men and women are each in their own way effected by policies and regulations, trade, investments and financial flows, etc. In order to increase efficiency of our global economy at different levels, we need to consider the gender aspect. During recent years, UNCTAD has undertaken research on the participation of women entrepreneurs in the LDC economies. The major findings of this research are that:

1. Few policy initiatives focus specifically on the development of women's SMEs. In the policies and projects on private sector and SME development, a component on women's enterprises is usually included, but there is no evidence to date of impact and results.
2. Women's enterprises are the smallest among SMEs in LDCs. Their enterprises are concentrated in a limited number of sectors (textile and garment manufacturing and sales, food and beverages production and sales and other retail trading and services). Women's enterprises produce generally identical goods, have limited access to production technology and their market access is restricted. Very few women entrepreneurs succeed in entering international markets.
3. The legal environment continues to impact negatively on the enhancement of women's entrepreneurship. Conflicts between customary practice and state law obstruct full and effective participation of women in the enterprise sector. Major obstacles identified were access to capital, land, production inputs, business premises, information on business opportunities, networking and business and management training. Women entrepreneurs often lack confidence, also due to the absence of role models and continue to suffer gender biases.

UNCTAD has worked over the past years at supporting developing countries to design and develop their own indigenous capacities to participate effectively in the globalization process. Thus

¹¹ Ibid.

UNCTAD has frequently made policy recommendations and assisted countries in enhancing the role of trade as a tool for economic development. Member States of UNCTAD have more recently requested to revisit these activities with a gender perspective. At the session of the Working Party on Programme and Budget (Geneva, 25-29 January 1999), Member States representatives, recalling UNCTAD IX, requested that, in the work planned for the biennium 2000-2001, the gender dimension of development be included in UNCTAD's five subprogrammes as a cross-sectoral issue. In the context of the preparations leading to *UNCTAD X*, and as a first step, UNCTAD organized, in July 1999 the Expert Workshop on *Trade, Sustainable Development and Gender*. This publication is based on the contributions to and results of this Workshop.

V. AN OVERVIEW OF THE PUBLICATION

In accordance with the objectives of the Workshop, the specific role of this publication is to reflect the exchange of experiences and views on policy-related aspects of trade, sustainable development and gender held at the meeting, including proposals on how the interrelationship between trade, sustainable development and gender could be addressed in UNCTAD's present and future work. The exchanges at the meeting and in the papers presented included a variety of policy recommendations and measures for action intended to promote further discussion at the intergovernmental level in the context of preparations for UNCTAD X to be held in Bangkok, Thailand, February 2000.

The Expert Workshop concentrated on a select number of *critical areas for trade, sustainable development and gender*, as follows: (i) specific aspects related to the globalization process, such as those affecting trade, foreign investment, income distribution and policy-making; (ii) relevant aspects concerning multilateral trade agreements, in particular those aspects that curb support measures addressed to defined social groups; (iii) issues in the field of commodities concerning both producers and traders; (iv) selected aspects concerning science and technology for development; (v) investment aspects, such as those concerning entrepreneurs and the barriers they face and those having an impact on employment patterns; (vi) selected issues related to enterprise development in general, including micro-economic aspects that may offer opportunities of redressing gender imbalances; and (vii) specific problems affecting the least developed countries.

In dealing with such broad issues, the UNCTAD team preparing the Expert Workshop addressed a number of questions to participants inviting them to consider these during their deliberations. The following are examples of the questions formulated for guiding the discussions at the meeting:

1. What is the interrelationship between trade, sustainable development and gender in terms of specific issues to be addressed by the international community?
2. How could this relationship be addressed in UNCTAD's intergovernmental work?
3. What contribution could the consideration of gender issues make to achieve sustainable development?
4. How could gender issues be effectively reflected in multilateral trade agreements and multilateral environmental agreements?
5. Which policies and measures could promote discussion at the intergovernmental level in the context of preparations for UNCTAD X and its main theme of "globalization"?
6. Which specific policy considerations need to be made for LDC's?
7. What kind of policies could foster a balanced gender participation in diverse areas, such as: (i) agriculture and commodities (production and trade); (ii) service sectors (production); (iii) access

to financial resources; (iv) trade international and marketing; (v) science and technology (information/application), and enterprise development?

The issue could be raised as to whether the current global arrangements, such as those in the area of trade, are supportive of greater participation of women in development, in the marketplace and in the process of globalization, both as agents and beneficiaries. Or, if not, what special measures could be taken that would promote their interest? The participating experts in the Workshop considered many of the issues listed above in their discussions, and their agreed conclusions and recommendations are reproduced in *Part V* of this volume.

While the scope and content of several papers cut across a number of contemporary economic development themes in reviewing gender issues, the papers presented in this volume have been grouped according to the following: (i) Part I: Forging links between trade, sustainable development and gender; (ii) Part II: Globalization and gender; (iii) Part III: Trade-related aspects and gender, and (iv) Part IV: Specific problems of LDCs and gender. Apart from some papers prepared by individual UNCTAD secretariat staff, most of them have been written by experts from developing countries and from countries with economies in transition. The publication also includes papers submitted by experts from developed countries and from international organizations. UNCTAD wishes to express its appreciation for all of these valuable contributions, and also for the specialist papers prepared by the resource persons who participated in the Workshop.

With respect to the specific contributions, in *Part I*, the paper by *S. Joekes* presents research on the gender dimension of international trade considering, in particular, the developmental aspect of trade expansion. Her contribution revisits a critique of trade which argued that demand-based market forces cause structural limitations on the abilities of low-income countries to benefit from international trade as a source of growth and development. Her paper suggests several substantive areas of work that would enable UNCTAD to move forward in realizing its commitment to gender mainstreaming.

J. Goodson Foerde's paper examines the current neoliberal development model and describes the links between economic growth, trade, sustainable development and gender. It provides an overview of current trends in NGO activity on these issues, including a review of current literature and suggested readings. The contribution by *P. Bifani-Richard* examines current development orientations with regard to the Workshop themes; the gender effects of the internationalization of production, and the nexus between globalization and its impact on gender and between trade and gender. It finally presents some conclusions on what could be done to merge the results of relevant research with decision-making.

The paper prepared by *D. H. Koné* describes Côte d'Ivoire's responses to gender aspects of trade and sustainable development. It discusses the country's trade policy and trade performance, the role of Ivoirian women in commercial activities and current perspectives for female entrepreneurs within the new policies and programmes established by the Government. *R. D. Samonte-Limjuco* presents in her paper the example of how a developing country - the Philippines - has been consistently implementing the recommendations for gender mainstreaming resulting from different United Nations fora, more recently, the Beijing Platform of Action and regional agreements of the Asia-Pacific Economic Cooperation (APEC) and of the Association of Southeast Asian nations (ASEAN).

Specific recommendations for action are set out in the paper by *J. Dudik-Gayoso* and *E. Tsai*, including policy proposals for discussion at the Expert Workshop. These relate to given development sectors, gender; equity in science and technology for development; and the

strengthening of UNCTAD's capacity to mainstream gender in its policy research and technical cooperation work.

In *Part II*, on globalization and gender aspects, the paper by *P. Mallampally* provides a background to the links between globalization, international investment and gender and examines some gender aspects related to foreign direct investment in developing countries. The paper concludes with an analysis of the crucial role for governments in these areas. In her contribution, *J. Ghosh* outlines the general economic background on which much of the discussion on gender and sustainable development is taking place, emphasizing an Asian perspective. This paper is followed by a contribution by *M. Carr* and *M. A. Chen*, which takes up main issues of an action-research agenda for home-based workers, that developed from original efforts and networking undertaken by the Self-Employed Women's Association (SEWA) in India.

The paper by *E. Ruminska-Zimny* provides an analysis of the post-1989 opening of economies in Eastern Europe and in the former Soviet Union with regard to globalization and gender. Her paper highlights the fact that becoming part of the global economy has differed greatly from country to country in transition economies, and that it has also differed by gender. *M.A. Knothe's* contribution focuses on some aspects of economic and social change in Poland, which have had the most significant impact on the situation of women. It draws information from a case study of a non-governmental organization supporting women in solving problems resulting from the transition period. The paper by *R. Balniene* reviews the situation of women in Lithuania with particular attention to their participation in the public and private sectors. To achieve sustainable economic growth such participation should be exploited to a much greater extent; the paper accordingly presents some recommendations for action.

A contribution by *C. Ortíz* briefly describes how the private sector and employers' organizations should act together in an emerging economy, such as Chile, in order to bring about social and cultural changes which could improve the participation of women in formal employment. The note by *Z. Alanes Bravo* describes the impact of structural adjustment policies on the liberalization of markets in Bolivia, and their impact on the most vulnerable sectors, including women. Capital, technical know-how and managerial skills are lacking. Priority is being given, however, to vocational training to meet the demands of the informal sector where women represent 60 per cent of the workforce.

In *Part III*, on trade-related aspects and gender, a first paper by *M. I. Terra* presents the case of Uruguay against the background of the dramatic opening to international trade initiated in the 1990s. The country's women seem to have been favoured by the process. Some empirical papers are reviewed, leading to the conclusion that a definitive causal relationship can not yet be established.

The paper by *S. Barrientos* defines the notion of "ethical trade", explores "non-traditional" horticultural exports, including examples from South Africa and Chile, and reports on specific research projects on gender and codes of conduct. It finally argues that while trade liberalization has had both negative and positive effects, it has opened new opportunities.

The study by *D. Bhattacharya* analyses extensively the threats and opportunities in the textile sector of developing countries in the present context of globalization and liberalization and examines its differentiated impact on the employment situation of men and women. The contribution also develops proposals for policy measures to deal with this impact. The contribution by *S. R. Khan, M. A. Khwaja, A. M. Khan, S. Kazmi, and H. G. Mian*, deals with the expansion of Pakistan's cloth and leather exports in response to the international trade-creating influences of

liberalization and globalization. It also examines the environmental aspects of production and likely future mitigation costs – therefore dealing with important trade and sustainable development issues.

M. Kaosa-ard in her paper examines trade and sustainable development issues of Thailand's fisheries sector, and identifies the particular contribution made by women. She identifies various problems and makes a number of recommendations to deal with them. A note by *A. Taporaie* analyses the gender and renewable resources nexus in the South Pacific. It identifies gender-based discrimination against women and suggests that globalization may increase the productive value for women's contribution and provide them with the means to achieve societal standing, both individually and collectively.

In an attempt to relate the discussions on trade, sustainable development and gender in the forestry sector, the paper by *S. Twarog* outlines the goods and services derived from forests, examines the current situation with regard to international trade in forest products, looks at deforestation and possible linkages with trade in forest products, and discusses sustainable forest management, and women as the main forest-user group in local communities. The paper finally identifies areas for future research.

The contribution by *B. P. Del Rosario* analyses efforts and lessons learned in the Philippine agriculture and forestry sector with respect to mainstreaming gender concerns; discusses in detail the role of women, and finally presents a set of policy recommendations and measures for action, particularly with regard to training, advocacy and capability-building activities.

The note by *S. M. Brisighello* sets forth the need to promote an increased participation of women in Brazil's cooperative research and development projects, which facilitate cooperation between research institutions and enterprises, sharing the high costs and risks of research and development and questions related to market behaviour and size. *G. Koehler* identifies gender issues for research in the areas of agriculture and commodities which include matters with regard to the Uruguay Round Agreements (URAs), structural adjustment measures, changing market structures and supply channels and commodity price declines.

The paper by *C. Eisenring* examines international trade in health services, setting out the case of the nursing profession. Trade in health services offers countries the opportunity to enhance their health systems through the generation of additional financial resources and the acquirement of new medical skills and methods. The globalization and structural adjustment policies, it is submitted, intensify the movements of nurses, which is an important issue for the profession itself, but also for governments, employers, policy makers, the public in general, and other provider groups.

A South African perspective is presented by *N. Magau*, in a paper which highlights challenges, progress achieved and emergent solutions in charting out new paths toward integrating women into the economy and thus promoting trade and sustainable development. The contribution by *M. Riba* presents the Technology for Women in Business (TWIB) programme in South Africa, conceived as a network broker for technology support services. TWIB promotes strategic cooperation amongst women small, micro and medium sized enterprises (SMMEs) and between SMMEs and large business, parastatals and research and technology organizations.

The paper by *P. Pouédogo* examines trade, sustainable development and gender issues in Cameroon with special emphasis on economic indicators and indicators of political participation. The author also examines the gender issue in Cameroon with regard to the equality of opportunity gulf between women and men and actions taken in this respect by the Government.

L. Khaiat analyses the advancement of gender equality and female entrepreneurial activity in Tunisia, then, barriers and impediments to female entrepreneurship from an African perspective and existing obstacles to the development and advancement of women-owned SMEs. It finally proposes policy and programme recommendations to advance such SMEs in Africa.

The access to financial services for women entrepreneurs is examined in the paper by *M. Sahami-Malmberg*. The author observes that recent experiences with micro-credit have proven that women are not only good borrowers, but also good entrepreneurs. Access to productive resources is critical to enhancing women's economic choices. One important policy challenge is how to ensure that low-income women have access to financial services from the formal financial system, and in this context, what policies have to be adopted with regard to interest rates and taxes.

L. Ruffing and G. Fischer present an overview of the work done by UNCTAD during the past years towards the promotion of enterprise development. The paper highlights specific challenges and impediments that are faced by women entrepreneurs and provides an outlook of future work that needs to be done in this area. *S. Meitzel* briefly reviews the activities of the International Trade Center (ITC) with regard to gender and trade development. On the basis of lessons learned from ITC experience in this area, international experts are to now review, together with stakeholders such as business women from developing and transition economies, representatives from donor governments and international organizations, further related in ITC work

Part IV opens with the paper by *M. Kaihuizi* identifying the special problems faced by least developed countries (LDCs) in a globalizing world economy. The paper describes setting out the marginalization which characterizes the position of LDCs in an intensified global economy. It then analyses the situation of women in these countries, situation constituting an ultimate development challenge. The author then suggests what is to be done for LDC women to effectively participate in trade, and discusses a strategy for the sustainable development of LDCs with a gender balance. This includes policies and measures to address internal, external and exogenous constraints. The role of UNCTAD in support of such a strategy is discussed, and main conclusions drawn from the analysis undertaken.

The following paper by *N. Haile* describes the situation in Ethiopia with regard to major trade and gender issues. Following an analysis of these issues, in particular of the impact of globalization on women workers, the author presents detailed recommendations on how to promote the overall development of women in Ethiopia's trade activities in order to attain sustainable development.

S. Kitakule, in her paper on women and trade in Uganda, presents an analysis of internal and external trade, including a discussion of regional and international trade agreements and of trade and industrial policy. She then discusses related enterprise development and women and identifies a number of constraints on women traders and investors. The author concludes with a number of recommendations for promoting the participation of women in Uganda.

The contribution by *N. T. Dendere* is focused on SMEs and cross-border informal trade. In examining the constraints impeding the development of SMEs in Zimbabwe, she advocates the need for an SME policy and for necessary financial and information resources. Special reference is made to training needs and improvements in quality production and marketing. She also highlights the need to provide infrastructure and funds for the improvement of cross-border trade which is dominated by women.

The paper by *G. W. Kahyarara* examines the main subjects of the Expert Workshop with regard to the United Republic of Tanzania. It particularly analyses selected policy implications of

the current resource use and development sustainability in the country with special reference to gender aspects of the overall economy and of the pattern and structure of Tanzania's trade. Following a sectoral analysis focused on gender, the author draws policy implications and recommendations focused on the harmonization of environmental management, on strategies for improving gender representation in Tanzania's economy and for improving the knowledge and training of women.

M. Marealle, in a highly personal paper, presents a business women's perspective on issues related to the Workshop's themes. The paper proposes a number of measures to be undertaken by UNCTAD in order to facilitate the efforts of women at all levels to be assisted in raising their production and incomes.

Although mainly focused on Zambia, the paper by *P. Mlewa* also extends her review to Southern Africa and argues in favour of developing appropriate strategies with respect to finance, trade, and the use of technology and human resources. The author stresses the need to make full use of women's labour and skills in order to achieve sustainable development.

The case of export-oriented shrimp culture in Bangladesh constitutes the core of the paper by *R. Rahman*. Following an analysis of the evolution of the exports of shrimps, the author outlines specific policy concerns and choices with regard to related sustainable development and social welfare aspects. The author recommends that all stakeholders be closely involved in the conceptualization, design and implementation of a comprehensive policy for an environmentally sustainable shrimp sector in Bangladesh.

A. Fälth examines the impact of globalization on the development efforts of LDCs and concludes that there is a need for these countries to diversify their economies. In this respect she argues in favour of tourism as one possible tool to do this. She examines the advantages and disadvantages of tourism development drawing upon a number of case studies, and in the process reviews the relevant gender aspects. She recommends that LDCs wishing to embrace tourism as a means of diversification should develop niche marketing, and the exploration of the country's comparative advantage in order to reach sustainable development, involving both men and women in the process.

A Nepalese view of the Workshop themes is presented by *M. K. Agrawal*. Following a review of development policies, resources and sectoral developments, he strongly emphasizes the country's need for substantial foreign investment to raise employment and income, in order to mitigate the widespread poverty. He examines gender in relation to economic development and recommends improvements in the training of women, facilitation of bank loans/credit to women entrepreneurs and improved government resource allocation to women's development programmes, which to date have not proved effective.

The strong consistent thread running through these papers is the universality of gender issues interwoven with globalization, trade and development, in varying degrees, in many countries at different levels of development. The task of resolving these issues is long overdue and of considerable magnitude, requiring strong and sustained efforts of many participants: Governments, the United Nations system, NGOs, private sector and other civil society actors. The role of UNCTAD in responding to this task, within its mandate, may focus on providing policy leadership together with a range of selected technical cooperation activities, including those related to aspects of capacity-building, organization and management.

A GENDER-ANALYTICAL PERSPECTIVE ON TRADE AND SUSTAINABLE DEVELOPMENT

by
Susan Joeques
Fellow
Institute of Development Studies (IDS)
University of Sussex
Brighton, United Kingdom

I. INTRODUCTION

Work on the gender dimension of international trade in developing countries has mostly concentrated on its *impact* in terms of the employment, income and welfare effects. This paper presents the main findings of this work. But it also argues that social relations of gender have been a *driving force* in the evolution of the international economy and, more specifically, that gender discrimination has been a contributory factor to some long-standing concerns about trade and development which have received renewed impetus in recent years¹².

The first of these concerns about the developmental effects of trade expansion in the contemporary period is that international trade may have strongly unequalizing tendencies, both between and within nations. This puts into doubt the particular promise that trade seemed to bring, as a possible way of bringing about convergence in incomes between industrializing and developing countries, improving labour incomes and reducing poverty in developing countries.

The second concern is a revisit of a critique of trade which argued that demand-based market forces cause structural limitations on low-income countries' ability to draw on international trade as a source of growth and development. In its contemporary version, known as the "immization" thesis, the critique draws attention to price and income trends which are unfavourable to development not only in primary commodities (as in the original thesis) but also in basic manufactured products.¹³

Until now, neither of these propositions has been discussed in relation to gender, but this paper argues that this can be done. The key factor in both cases is the gender discriminatory pattern of rewards to workers in the labour market - a phenomenon which obtains worldwide, but with particular severity in developing countries. Thus the elimination of gender bias in the labour market should be a central objective of public policy, not only for equity reasons, but also because it is necessary for the development gains from trade to be maximized.

¹² This paper draws in part on material presented in "Major World Trends. Globalization of Trade and Finance". Draft contribution by UNCTAD to the 1999 World Survey on the Role of Women in Development, prepared by Susan Joeques in consultation with UNCTAD's internal Task Force on Gender, 1998. The scope of the present paper does not discuss the nature of trade and globalization in the contemporary period, and only refers to the gender impact of instability in private capital flows and of foreign direct investment. In other respects, it attempts to enlarge the analysis by relating gender to some contemporary critiques of trade.

¹³ The original critique is known as the 'Prebisch-Singer thesis'; its latter day extension was anticipated by Singer himself.

II. THE GENDER IMPACT OF TRADE

The increase in international trade, which now accounts for 13.5 per cent of world output compared to 7 per cent in 1950, has been one of the most striking economic changes in the modern world. The study of the gender impact of trade expansion has been characterized by two special features.

First, while the employment effects of trade are certainly acknowledged to be one of the main dimensions in which trade impacts should be assessed, the gender literature largely concentrates on changes in employment in the manufacturing sector. While manufactures have indeed, until recently, been the fastest growing source of traded goods, and manufactures currently account for about 60 per cent of all world trade, this focus is perhaps too narrow, given that manufacturing is certainly not the largest economic sector in developing (or even industrialized) economies, in terms of output or employment. Even in the East Asian economies, which had industrialized their economies most intensively, manufacturing contributes in aggregate no more than 33 per cent of output. The reason for the focus on this sector is that the issues are most easily researched and the data availability is extremely good in this field, so it has yielded the most reliable, empirically based analysis of outcomes.

Second, the literature contains a rich debate on how the impact of trade (in manufacturing) is to be interpreted from a gender perspective, that is, discussion of the effects of trade on social relations of gender. This entails, in the first instance, an evaluation of changes in the composition of employment by gender. But gender analysis then takes a special interest in the income dimension of this employment, considering not only the amount of the wage payment, but whether and under what conditions the wage payment is converted into discretionary money in hand for women, what effect earning money incomes has on women's social relations with other members of their households and with the broader community, and the differential developmental consequences of money incomes earned by men and women. By distinguishing between the employment and income effects of trade in this way, the gender literature adds a new dimension to development analysis.

A. Employment effects of trade expansion: manufacturing sector

It is a strong prediction of standard trade theory that, in the circumstances of many developing countries, greater engagement in the international economy through increased exports will be, in net terms, employment creating. The prediction applies to low-income, labour surplus countries whose resource endowment of human labour and skills relative to land confers on them a comparative advantage in the production of basic manufactures. Not all low-income countries, however, have such a pattern of comparative advantage. In regional terms, Asia has the highest ratio of labour (especially basic skilled labour) to land of all regions, while Africa has the lowest ratio, and Latin America presents a hybrid picture which in aggregate falls between the other two (Berge and Wood, 1994). Thus, for example, trade theory suggests that African producers are unlikely to attain international competitiveness in manufactures but, by the same token, generates no clear prediction about employment effects in that case, even though this may be said to be the single most important item of concern to poor countries interested in how trade expansion might affect people's livelihoods.

Worldwide, many developing countries, of initially low but now widely varied income levels, did indeed increase their involvement in international markets through the deployment of labour in manufacturing as they diversified exports away from primary commodities. These countries, most but not all of which were in Asia, then experienced rapid growth of employment and low levels of

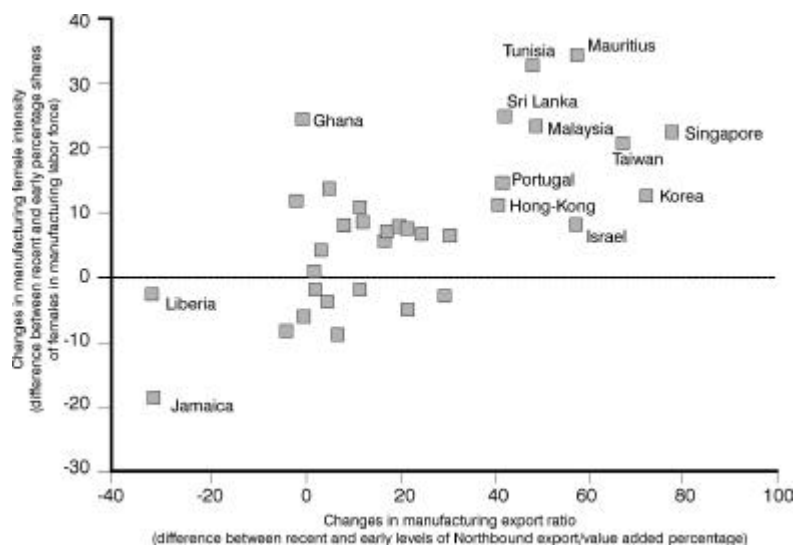
unemployment. Even so, it may be problematic to attribute such employment growth to the properties of international markets. ‘The good outward-looking performers ... had a good employment record not necessarily because of a preference for exports. ...Most likely they did better because their general macroeconomic policy stance and other policy conditions (e.g. foreign exchange availability) helped them grow more rapidly and thus absorb their labour force’ (Bruno, 1988, cited in UNCTAD, 1997, p. 124).

Nevertheless, the increased exports of manufactures by developing countries has been characterized by another feature. By contrast with the problems inherent in isolating the overall growth and employment consequences of trade, this phenomenon is of such an unequivocal nature that it has given rise to a new stylized fact of recent development experience. Trade expansion is strongly associated with a specific demand for female labour in production. Industrialization in developing countries under contemporary international conditions has been dependent on the use of female labour.

Figure 1 demonstrates that, for a very large number of countries (all those for which data are available) over a 25 year period, as the share of exports in manufacturing production has risen, so too has the share of women in the manufacturing sector workforce.

Figure 1

*Changes in female intensity and export orientation of southern manufacturing (1960-1985)**



Source: Wood, 1991, p.175.

* Note: Each observation on the graph expresses the situation in a particular country over the period in question 1960-1985). The data is used in incremental form, that is it relates increases in the share of exports in manufacturing output to increases in the share of women workers in the workforce in that sector.

In effect, in developing countries, new job openings for women have been dependent on the expansion of production for exports, and formal sector manufacturing employment opportunities for women in developing countries are now concentrated in production for exports. Table 1 gives comparative data for selected countries of the percentage share of women employed in export processing zones (EPZs) (which, as the name implies, produce goods almost entirely for export) and in the manufacturing sector as a whole, which demonstrates this clearly. Within the formal labour

market, women's employment share is much greater in the manufacturing sector than in the economy as a whole and, within manufacturing, their jobs are concentrated in the export sector¹⁴. However, the concentration of women's employment in EPZs is evidently becoming relatively weaker. This feature is discussed below. Even so, the experience in open, low-income countries until now has clearly been that industrialization has been female-dependent as well as export-led, and many women in outward-oriented developing countries owe their livelihoods to international trade expansion.

Table 1

***Share of women in employment, manufacturing and export processing zones (EPZs)
(percentage)***

	Year	National Economy %	EPZ Manufacturing %	All other Manufacturing %
Korea, Republic of	1987	40.4	77.0	41.7
	1990	40.8	70.1	42.1
Malaysia	1980	33.4	75.0	35.6
	1990	35.5	53.5	47.2
Mauritius	1984	30.7	78.9	N.A.
	1987	34.4	66.2	N.A.
Philippines	1980	37.1	74.0	N.A.
	1994	36.5	73.9	45.2
Sri Lanka	1981	36.0	86.3	29.8
	1992	46.4	84.8	46.0

Source: Takayoshi Kusago and Zafiris Tzannatos (1998), *Export Processing Zones: A review in need of an update*, in *Discussion Paper Series*, No. 9802, World Bank, Washington D.C.: January 1998, pp.6-7.

Export-related employment is not of course limited to production in EPZs.¹⁵ In some outward-oriented countries, whether or not heavily dependent on EPZ production, the growth of export capacity in manufacturing represents a huge leap forward in women's access to the money economy. Bangladesh is the most cited example. There were four garment factories in the country in 1978; by 1995, there were 2,400, employing 1.2 million workers, 90 per cent of them women under the age of 25 years. The garment industry employs 70 per cent of all women in wage employment in the country (Bhattacharya, 1997 and his contribution to the present volume, under Part III. Trade-Related Aspects and Gender). Bangladesh is the extreme case but many other countries, such as the Dominican Republic, Indonesia, Mauritius, Philippines, Republic of Korea, Taiwan, and Tunisia have had similar experiences.

Trade-related demand for female labour has also grown within the informal sector, through subcontracting links with the formal sector. The size and importance of the informal sector in total economic activity in all developing countries is only recently becoming appreciated (Mead, 1998, Charnes, 1998). For women the issue is particularly important. Even in countries that have a large

¹⁴ Note that this discussion refers only to formal wage employment, which covers a much smaller part of employment for women than for men. In response to pressure from gender analysts (such as the WIEGO network), labour statisticians are increasingly including wage employment outside the formal sector in these data. But the data never includes unpaid work within the household or in family enterprise, which takes up much more of women's than men's labour. Nevertheless, wage employment has a particular significance to women, as discussed below, and examination of specific trends in the formal sector is warranted from a gender perspective.

¹⁵ The size of EPZs relative to the rest of the economy and to non-EPZ export capacity varies greatly from country to country (see Joeke, 1999).

modern sector, a significant percentage of women workers are in non-contractual employment (e.g. 43 per cent of all women workers in the Republic of Korea and 79 per cent in Indonesia (World Bank, 1995). The scale of links between the formal and informal sectors is poorly understood. Factory production is often supplemented, in peak times and for certain ancillary operations, by production in small-scale workshops or by domestic outwork, i.e. piecework in intermediate or, most commonly, in finishing operations, carried out off the premises by individuals working in their own homes. In the nature of the case, estimating the scale of such activity is difficult, and it probably varies over time, by industry and by season. Certainly there is good evidence that production subcontracting of this kind is extensive in certain industries, producing for both domestic and foreign markets, and that it often falls outside of the official record of paid employment. It has been amply documented for the garments industry, in which the percentage of all workers who are homeworkers is estimated at 38 per cent in Thailand, 25-39 per cent in the Philippines, 30 per cent in one area in Mexico, 30-60 per cent (depending on product) in Chile and 45 per cent in Venezuela (Chen, Sebstad and O'Connell, 1998; see also ILO, 1996). Clothing is the second most important export product category by value among developing country manufactured exports after electronics components, including memory chips and microprocessors (Joekes, 1995).

It is not clear how employment gains of this kind in subcontracting in manufactures compare with the employment displacement effects of trade which are likely to occur among small producers.¹⁶ When import duties are reduced under trade liberalization, local producers face intensified price competition from goods imported into the local market. Women are overrepresented among small and micro-entrepreneurs (Charmes, 1998). Some observers believe that these negative effects have been on a major scale, but they have not been studied systematically either for any individual country or sector, nor in aggregate. Trade theory would predict that negative effects on small producers are likely to be most pronounced in countries without comparative advantage in manufacturing. Most of the documented cases of employment displacement indeed relate to the African context, such as the loss of local market share in baskets and other artisanal products by Kenyan small producers.

B. The income and empowering effects of trade expansion

Paid employment for women has, on balance, beneficial effects on women's bargaining position within the household (World Bank, 1995). This is so, whether employment is trade-related or not. But it is known that the 'empowerment' effect is especially marked in relation to contractual, wage employment at rates of pay that are relatively high compared to those of male workers in the same household. By extension, casual, irregular low-wage earning opportunities modify power relations within households to a much lesser degree, if at all. Insofar as trade promotes more regular, contractual and better paid work than is otherwise available to women, it contributes to the empowerment effect for women.

In the household context, women's empowerment is associated with increases in proportional household expenditure on or investment in women's and children's health and education, which in turns enhances human resource development in later generations (Joshi, 1999; World Bank, 1993, and 1995).

Above and beyond its effects on household expenditure patterns, contractual wage employment also widens women's social options in various ways. It can relieve young women of some domestic

¹⁶ In cases where employment in small scale subcontracted enterprises or in domestic outwork is not covered in the official statistics. Where such employment *is* included, the effect is netted out.

labour obligations; an independent income can increase women's autonomy in personal matters, such as choice of spouse, or decision to remain unmarried; access to employment can reduce the level of domestic violence to which women are exposed; and access to employment can shift the societal perception of girls away from being a liability and towards being an asset to their families (Beneria and Roldan, 1987; Kabeer, 1995; Sainsbury, 1997). Women in all countries, while certainly disliking the arduousness of their work and the low valuation of their labour effort, do tend to report enhancement of self-esteem and appreciation of the expanded social opportunities and life choices that wage employment in the manufacturing export sector brings (Lim, 1996; Tiano and Fialo, 1991; Amin et al 1998). These arguments lead to a generally positive assessment of the impact of trade expansion on equitable and sustainable development at the micro-level, by way of its gender effects.

The wages paid in export manufacturing are nearly always considerably higher than the previous alternatives for women - agricultural wages, wages in the domestic service sector and earnings in small-scale commerce. Usually export factories in the formal sector conform to the local minimum wage (ILO, 1998) and in many cases pay women workers higher wages than the level of wages of men in many low-paid occupations. Export expansion has thus probably helped to raise the national average wage for women and thereby the share of the national wage bill going to women.

But new trade-related employment opportunities have not always given rise to commensurate increases in the income that women themselves *control*, or to straightforward improvements in their social status. Certain configurations of gender systems can inhibit the empowering effect of wage employment for women. Women are liable to find their own in-pocket earnings greatly reduced by deductions from their earnings taken by interested parties. Young women are vulnerable to the exorbitant rents imposed (often by employers themselves) for residential accommodation supplied to the workers (ILO, 1998). There are often 'social' obligations on young Asian women to hand over their earnings to parents and husbands and these remittances are often used to reinforce existing gender inequalities, for example, by supporting the advanced education of younger brothers (Sainsbury, 1997). Women can face increased social tensions and disparagement as a result of stepping outside traditional norms and taking paid work (Kabeer, 1995). These aspects of women's experience tended to dominate interpretations of the gender impact of trade within the early gender literature more than they do now.

Case studies seem to suggest that the gender effect of expansion of production of manufactures for export is strongest in the lowest income countries, where growth of trade brings a sudden expansion in women's employment on relatively good, empowering terms. In middle income countries, trade expansion also gives women access to more income earning opportunities. But it does so at a lower point in the wage structure (the economic structure by then generates higher paid opportunities in other jobs, which are generally taken by men); and new trade-related jobs do not, in that context, herald such a marked transition for women out of unpaid work into paid work.

C. Gendered effects of trade expansion outside the manufacturing sector: agriculture

Outside the manufacturing sector, the employment and income effects of trade for women are even more complex. In agriculture, the sector includes both large-scale commercial and small-scale farming (family, often largely subsistence), with family farming being proportionally more important in the lowest income countries. The gender effects of trade seem to vary systematically with type of farm and by region, since regional variations in gender relations are manifested in a

pronounced way in the agricultural sector. As a very broad generalization, in Asia and Latin America, women have few or no rights within the agriculture system. In Africa, the gender system is much more complex, and women have some land use and other rights, which come into play with changes in agricultural production (Boserup, 1970). However, in all regions a new type of farming is emerging for production of high value non-traditional horticulture crops that is important from a gender perspective. This activity is well established in Latin America (mainly serving the North American market), is growing very rapidly in Africa, and it is also beginning to be established in South Asia, notably in India.

In traditional small farm agriculture, the disjunction between (heavy) employment demands on women and (minimal) paid returns to their labour is most extreme and the increased profitability of some cash crops in international markets can lead in some places to intensification of the exploitation of women's labour. In Asian and Latin American agriculture systems, where women's labour is used on a completely unpaid basis on family farms, the emergence of international trading opportunities is not perhaps particularly disruptive. In Africa, however, intricate gendered systems exist in which men's and women's land use and labour mobilization rights and income claims for labour effort are intricate and intertwined, but in an asymmetrical way biased against women. The opportunity for farmers to engage in new and relatively profitable export opportunities provokes a conflictual process of extortion and or renegotiation by gender groups in this context, where the outcome tends, in the nature of the case, to be biased against women. Studies in both East and West Africa have shown that in family farms which increased their revenue from export sales of traditional cereals and sugar, household incomes rose. But at the same time, the nutritional status of women (and children) within those households deteriorated. This resulted because, with the expanded cultivation of export crops, the demands on women's labour rose, but their ability to claim a return for their labour was not strong enough for them to secure a rise in their labour returns. Thus their share of household income fell. (See UNCTAD, 1998). In such cases, the expansion of trade has clearly unequalizing tendencies by gender and, moreover, it compromises broad developmental objectives.

Nevertheless, women are able to resist these demands if they have access to other productive resources and to other local market opportunities. In those cases, the output mix cannot be switched to optimize returns at the farm level and, in aggregate – as a function of unequal gender relations – the supply response to international markets is held back (World Bank, 1999b). Thus, in Africa, where the flexibility in gender relations is lacking to reward women more equitably for their labour, trade expansion then has negative gender and/or developmental consequences for family farm agriculture.

Another group of women has been studied in this connection. In most African countries, many women farm in their own right as heads of household. They may seem to be similarly placed as male farmers in terms of their ability to take advantage of international market opportunities on their own account, although perhaps disadvantaged by the much smaller size of their land holdings on average. But, as has been demonstrated among coffee farmers in Kenya, women farmers adapt to new export opportunities to a much lesser extent than male farmers are able to do. The weight of evidence points to a gender system-based explanation. Women farmers have greatly restricted access to credit, inputs and marketing channels, compared to male farmers, which impedes their ability to move into higher return product areas (Quisumbung, 1996). Moreover, in some circumstances, such factors are overlaid by absolute legalistic obstacles. Again in Kenya, for instance, only male farmers were able to be licensed as tea producers by the state marketing board (Ongile, 1998, cited in Elson, 1999).

Changes are underway, however, in the structure of agricultural production worldwide, provoked by increased trade integration. In many countries, in response to international market opportunities, the “industrialization” of agriculture is proceeding apace in some high value-added product areas. This especially concerns horticultural products (flowers and luxury fruit and vegetables, fresh or frozen). Gains to women may be emerging, as all the evidence indicates that they are the preferred source of wage labour in these activities (just as in manufacturing). For instance, women comprise about 90 per cent of the workforce in these enterprises and, in stark contrast to the situation on family farms, they are paid cash in direct exchange for their labour. In these instances the cash-in-hand returns to women’s labour are far greater than for work on the farm or in local off-farm activities.

Despite the quasi-industrial production methods used in horticultural production, and the reliance on female labour, the employment and income gains to women may be much more circumscribed than they have been in manufacturing. The sector pays a very low share of value added to wages and has more severe health hazards associated with it (Thrupp, Bergeron and Waters, 1995). As before, the gender impact of this type of trade-related activity will depend, not only on the scale of expansion, but also on its quality, i.e. whether the employment is more or less regular, safe and long-lasting. The seasonality of production may often compromise the quality of employment in this respect. Its anti-poverty potential may nevertheless perhaps be greater than in other sectors, in that production is necessarily located in rural areas where the incidence of poverty is greater. If, in addition, employers exercise less stringent age- and education-screening on women workers than in other sectors, women from the poorest groups will not be excluded. But the scale of non-traditional agricultural production is still very limited. For the majority of women in low-income countries, subsistence farming remains their sole agricultural activity, with little possibility of engagement of any kind in the money economy (local or international) either on their own account or as providers of wage labour.

D. The gender dimension in the services sector

The early years of trade expansion in the Bretton Woods era rested on extremely rapid growth of trade in manufactures. By contrast, one of the most striking manifestations of global integration in recent years has been the spread of internationally oriented ‘services’ activity. Some parts of the services sector are beginning to catch up with manufacturing in terms of the extent of cross-border provision, in a development very clearly related to the growth of telecommunications and information technology.

The services sector comprises a hugely heterogeneous array of activities (ranging from domestic service to small-scale commerce to government administration to social sector (health and education) provision and to information processing and business services, such as law, accountancy and management consultancy). In terms of both output and employment, the services sector is the largest sector in national economies of all types (except for the very lowest income agrarian countries).

There is little information about the employment and income effects for women of trade expansion in any part of the services sector. Services in the informal sector, particularly small-scale commerce and catering, are generally by far the single most important source of income for poor women (Charmes, 1998). The effects of trade policy liberalization and expansion on the services sector (formal and informal) have not been systematically examined either in general or in gender

terms.¹⁷ In principle, in the informal sector, opportunities for commerce may be increased by cheaper imports, whereas the market for prepared foods and other such goods and services is probably in the first instance a function of the impact of trade on local incomes and the demand that this generates. Where there is recession such opportunities are restricted, and where there is growth, demand will strengthen – unless trade policy is liberalized to allow cheaper imports, in which case there may be some substitution of expenditure towards increased imports (for example, importation of spare parts may displace ‘patch and mend’ activities by local repairshops and there may be a shift of demand away from street foods to imported processed foodstuffs). On the other hand, in countries in West Africa and the Caribbean, where women are particularly active in commerce, women traders have increased their incomes by scaling up to cross-border trading as tariffs and other trade restrictions have been lowered.

Expansion of trade in “modern” services such as information processing, accountancy, legal services, and management consultancy, accompanies and supports changes in the geographical organization of production. There has been increased spatial dispersion of the different functional departments of multinational enterprises and many “brand name” intermediary firms have emerged in international markets, owning no manufacturing capacity, but organizing and marketing the manufacturing output of others, particularly of developing countries’ producers. Thus, for example, such famous producers of basic consumer goods as Nike are properly classified as “service” firms, since they do not conduct any manufacturing activity on their own account, but instead coordinate and specify the outputs of the producers of the goods they sell (Joeke, 1995). Another example is the distinctive structure of the clothing industry in Asia which (unlike other regions) includes a large number of intermediary buying agents.)

The gender dimension of changes in the modern traded services sector has not been systematically examined. Nevertheless, the evidence strongly suggests that in the fast growing information processing sector, ranging from simple data entry to software programming, employers specifically demand female labour (just as in export manufacturing), to the point that recruitment is almost exclusively of women workers in the data entry segments. Since at least the mid-1980s, data-reliant service corporations, such as credit card providers, mail order businesses, airlines and rail systems, have sent transactions data abroad to be processed in low-wage locations. The Caribbean and Southeast Asian countries are established centres for this kind of business, and others, notably India, are entering the field. The workforce has at least as high a proportion of women workers as the export manufacturing sector – in the Caribbean the workforce is 100 per cent female. Interestingly, other customized, higher skill-using business services such as software design, computer programming and financial services, as well as high-income personal services such as banking and insurance, are also increasingly relocated to developing countries and employ relatively high proportions of women in the workforce, even at higher grades and, where the employer is a foreign-owned enterprise, at relatively good wages (Mitter and Rowbotham, 1995; Pearson and Mitter, 1993; Joeke, 1995). There is not enough consolidated data on employment in this sector to establish its worldwide importance or trends. But it is clear that in some countries new forms of services employment are echoing the gender impact of expansion in the export sector manufacturing, perhaps at a higher point in the wage scale. A negative aspect may be that the employment opportunities for women from poor families, with little education, are probably less in this case than in manufacturing and certainly than in agriculture.

¹⁷ Editor’s note: see also the contributions by Eisenring, C. and Fäth, A. respectively in Part III and Part IV of this volume.

E. Review of gender employment effects of trade expansion

In the light of all these complexities, it is difficult to summarize the impact of trade expansion on women in developing countries. Clearly the effects are very mixed, differing by economic sector, geographical region, and among women themselves (by age, household situation and education). But some features stand out.

The evidence suggests that, in the manufacturing sector, the extremely rapid growth of export capacity in developing countries has been particularly beneficial to women. Women have, overall, gained increased access to the formal wage labour market as a consequence of employers' preference for women workers in this sector - notwithstanding the fact that in Asia and to a lesser extent in Latin America this preference has largely been directed at young, better educated women.

The quantitative evidence, however, is lacking for it to be possible to assess the probably counteracting effects of trade expansion in manufacturing on women's employment and income levels in the informal sector. The informal sector has substantially increased in size in recent years in Latin America and Africa and is far larger than the formal sector in most low-income countries. It is the main source of paid employment for the majority of women in many cases. On the one hand, there will have been a positive indirect multiplier effect related to the growth of exports from the formal sector, since many factory-based enterprises producing basic manufactured products also use off-site, casual or non-contract workers to some degree. It is known that women predominate among this part of the employed labour force in developing countries. On the other hand, there may well have been negative effects on women small-scale, own account producers: their ability to sell profitably in local markets may be undermined as policy changes lead developing countries to reduce duties on competing, cheap mass produced imports.

In other economic sectors, the evidence allows fewer conclusions. In agriculture, the negative effects of trade expansion have perhaps been manifested most clearly, but need to be considered on a regional basis. In Africa, trade expansion in the recent period has been associated, in the family farm sector, with intensification of the exploitation of women's labour, as demand for female labour has increased without commensurate reward. Where women farm on their own account, their access to profitable international markets is much more constrained than is the men's. On both counts, increased exports are associated with a shift in the distribution of income against women. That is to say, even where trade increases aggregate earnings from agriculture, the biased system of gender relations undermines the developmental gains that may follow. In Asia and Latin America the scope for external changes, such as increased international integration, to cause a further deterioration of the women's position is less, because their initial socio-economic rights and claims in the family farming sector are much less relative to those of men, than is the case in Africa.

In all three regions, however, starting in Latin America, then in Africa and latterly in Asia, the production of non-traditional agricultural exports has heralded the emergence of a new type of rural labour market. This market has proven accessible to women, indeed – just as in manufacturing assembly, women are overwhelmingly the preferred source of labour. Whether the wages offered, and the quality of employment in terms of the regularity and security of the work, are adequate seriously to challenge gender inequalities among agrarian populations is more doubtful than in the case of urban export manufacturing, but any effect is likely to be in the direction of women's empowerment rather than the reverse, and the developmental effects will be better than from increased exports by family farms, because women receive direct payment for their labour.

In the modern services sector, trade expansion heralds similarly gendered employment changes as in basic manufacturing, by way of a specific new demand for women workers in certain activities. A few well-defined occupations, such as offshore data entry, in fact provide the archetypal examples of employers' absolute preference for female workers in trade-related activities. Unlike in manufacturing, 100 per cent female workforces are the norm in this case. In some other areas of modern traded services, in which professional levels of skill are needed in the workforce, the scarce information that exists suggests that women are also relatively well represented in employment. But tracing the employment effects of the internationalization of economic activity should not be confined, in respect of services, to consideration of trade activity in the narrow sense. The influence of globalization is much more pervasive in this case: it extends to greatly increased entry of foreign investment into the business and financial services sector and to the expansion of such activities by local producers under the influence of international norms, practices and information flows, even where output is to supply local users, to a greater extent than in other sectors.

Geographically, modern service activities are more prevalent in middle-income than in low-income countries (although certainly not absolutely limited to them: India's rapidly growing information processing and computer software design industry being a case in point). Within countries, there is probably highly selective recruitment among women, in favour of those with relatively high levels of education. Given strongly increasing supplies of educated female labour, associated with falls in fertility and rising educational trends among women in most middle-income countries, the demand for women workers of higher educational attainment will need to be very strong, and the success of female labour-reliant export activity will have to serve as an incentive to other producers to loosen gender stereotyping against women in other occupations, if women are to see continued economic gains. The importance, from a gender perspective, of monitoring the characteristics of employment in the modern services sector is clear.

F. The gender dimension in the relationship between trade and poverty reduction

Gender analysis brings in some new considerations to the assessment of the impact of trade expansion on changes in poverty. The first relates to the aggregate level, and considers the pattern of growth associated with trade and its relation to poverty. This brings back the issue of the employment impact of trade, since labour intensity is the most important characteristic of a "pro-poor" pattern of growth. Whether this is the reason or not, poverty reduction has been shown empirically to be more rapid in countries that are more open in their trade and economic policy (Hanmer and Naschold, 1999).¹⁸

By drawing women into the paid labour force, trade expansion creates a new segment of the population which, through newly earned income, directly benefits from growth. Shifting the internal distribution of income by gender towards women does not show up in the standard statistics on income distribution, because these are based on inter-household income distributions. But, as discussed above, it is significant, not only from a gender equity perspective, but for development, because it modifies consumption patterns in ways which lead to improvements in human resources. By virtue of its gendered character, trade may be credited in some places with generating a pattern of growth which has a specific additional welfare impact. But in other places, as noted, for example, in many parts of rural Africa, it has the reverse effect. Where there is any shifting in the

¹⁸ Global cross-country data for the early 1990s show that, at given rates of growth, the rate of poverty reduction (by the standard poverty headcount measure) is more rapid among more open countries, categorized according to the Sachs-Warner index of openness.

distribution of money income away from women, the developmental impact of revenues from trade need to be heavily discounted.

New ways of measuring and monitoring poverty through participatory poverty assessments are increasingly influential in policy circles. These give greater weight to the qualitative and equity aspects of employment than do conventional household income measures. Vulnerability and powerlessness are increasingly being recognized as key elements in the poor's own perception of their situation. Women who perceive their jobs in the export sector as exploitative and as not empowering within the prevailing structure of gender relations will give less positive reports of the effects for them of trade-related employment. The application of these ideas is usually in the rural context and could provide a handle on the poverty impact of new forms of trade-related employment for women in this context. There seems to be no valid reason why they should not also be applied in the urban industrial setting and be particularly pertinent to the women's situation.

III. THE SUSTAINABILITY OF WOMEN'S GAINS FROM TRADE

This assessment of the gender impact of trade expansion in developing countries has an a historical flavour. But it is increasingly looking as if the mobilization of female labour into the export sector, the most readily identifiable feature of the gender impact of trade expansion, may have been limited in time. It may turn out to have been a characteristic only of a certain defined period of development in the 1970s and 1980s. That is to say, the *sustainability* of the trade-related employment for women, as discussed above, is open to doubt. Both dimensions of employment are in question, namely access to jobs and the quality of that employment, particularly the wage payment.

A. "High road" and "low road" growth strategies

Future prospects for women's employment can be analysed in relation to the two, distinct and contrasting open economy growth strategies for low-income economies that have been identified in the development literature (see, for example, UNCTAD, 1997). The first strategy is referred to as the 'high road' strategy, which, on the East Asian model, involves rapid, continual change in production structure and in output composition on the part of firms which are in search of continuous productivity enhancement. The second strategy is the 'low road' strategy, in which export producers concentrate on one given product type. Entrepreneurs seek to maximize their international market share for this product, under increasingly competitive market conditions. The liberalization of trade policy by increasing numbers of countries ushers in rising numbers of rival producers into international markets, as more and more countries look to exporting as a source of economic growth. All share a tendency to begin exporting relatively technologically simple products of the kind which historically provided the starting point for the fast growing East Asian economies.¹⁹ This process is certain to continue. The implementation of trade agreements concluded within the Uruguay Round negotiations (end of 1994) is phased in slowly in many areas; for instance it will not be complete in the large clothing sector until the year 2005.

The prospects for women to be able to maintain their employment position in export production do not look good on either of these two growth paths. First, women workers are clearly being squeezed out of the development 'high road' scenario. There has been a marked downturn over the

¹⁹ And continued to do so, to a surprising extent in some cases: for instance, in 1987, clothing and footwear still generated about one-third of export earnings in the Republic of Korea (Joekes, 1999).

past 10-15 years in women's share of jobs in EPZs (which are the leading edge of the export sector) in some rapidly developing middle-income countries, notably in Mexico and Singapore (Joekes, 1995). The downturn is general in Asia, with falls in the share of women in the EPZ workforce in Malaysia from 75 per cent in 1980 to 54 per cent in 1990, in Mauritius from 79 per cent in 1984 to 66 per cent in 1987, and in the Republic of Korea from 77 per cent in 1987 to 70 per cent in 1990 (see table 1 above). The use of a largely female workforce in production in clothing and electronics, which are (in varying proportions) the main initial export product areas in many developing countries, is not replicated by increased demand for female labour in other product areas, even for exports. As the composition of output of an EPZ changes towards more technologically sophisticated goods (such as automobiles, in the case of Mexico) the share of women workers in EPZs falls (ILO, 1998).

In Mexico, the share of women in the machinery industry as a whole (including but not limited to EPZ production) fell from 38 to 29 per cent between 1987 and 1993, at the same time as the export share of the sector increased (Ghiara, 1999) and the share of women in the export sector as a whole fell sharply from 45.0 per cent in 1991 to 35.4 per cent in 1993 (*ibid*). The gender stereotyping of jobs such as automobile assembly, and limitations on women's access to the technical and scientific education necessary for acquiring the skills that are required in new jobs, impede women's ability to maintain their position within the industrial workforce. Being unable to find jobs in increasingly important technology-intensive production activities in the same proportion as in basic manufacturing operations, women are unable to consolidate the foothold in that sector that trade expansion initially brought to them by drawing them into the workforce.²⁰

The second thesis relates to the 'low road' strategy. It is suggested that in countries following the 'low road' strategy, enterprises seek to maintain market share by driving down the costs of production, instead of seeking to enhance productivity (through reorganizing production, adopting new technology or shifting into more profitable market niches, or some combination of these). It is a reasonable presumption that pressure to reduce costs is focused on labour costs because in labour-intensive basic manufactures labour is usually the single largest element of production costs. Two things follow. The concentration of women in labour intensive industry may be increased (given that female labour is cheaper than male) and the concern of enterprises will be to hold down payments to women. Employers may bring this about either by driving down the women's wage rate, or by "casualizing" employment, by increasing the share of 'irregular' workers in their workforce in jobs on low unit wages, or on a weak or no contract basis, without security and with minimal non-wage employment benefits; or by a combination of the two. Although this thesis need not apply only to the low road strategy, it would be most pronounced in this context.

Little empirical evidence is available to test either part of this proposition at a general level, given the limitations of standard labour statistics. Some observers believe that globalization is increasing the insecurity of employment, through employers' greater recourse to short-term contracts and to use of non-contract temporary or cheap 'apprentice' labour, under pressure of international competition, and this would tend to undermine the empowering effect of wage earning (Standing 1996). However, evidence in support of the thesis is only available for the industrialized countries and countries in transition in East and Central Europe. Data from special labour surveys from these countries certainly do show such a tendency. A large scale analysis of employment data for an earlier period (from around the early 1960s to the late 1970s) indicated that the share of women in the workforce who were wage earners rose strongly (twice as fast as among men) (Schultz, 1989, p. 16). The effect was due primarily to changes in the employment status of women

²⁰ As noted above, this decline in women's access to employment in industry might be offset, at the national level, by a female-intensive pattern of expansion of internationalized modern services.

working in industry and services. Even if these data could be updated, they would not provide a test of the casualization thesis because the category ‘wage earners’ refers to the share of women in the workforce who were paid employees rather than unpaid family workers or in self-employment. It does not distinguish, among wage earners, between those on regular and those on irregular terms. The present hypothesis suggests that, on the “low road” scenario, whatever the subsequent course of the ‘wage earners’ trend, the share of irregular wage employment rises.²¹

B. Trade expansion and women’s earnings

What evidence is there about changes in women’s earnings in relation to men’s in the context of trade expansion? Comparative international data are even more problematical in this connection. As a broad generalization, it is known that in developing countries women’s wages amount to around 70 per cent of men’s wages on average (Standing, 1996). But information on changes in this ratio is sparse.

Data on changes in relative female to male wages in manufacturing for twelve countries for the period mid-1970s to early 1990s show no clear trend in the ratio (see table 2).

Table 2

*Female earnings as a percentage of male earnings in manufacturing, 1975, 1980-1994)
(selected developing countries)*

<i>Country</i>	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Africa																
Egypt	68	NA	NA	66	NA	NA	73	74	72	72	71	68	72	75	NA	NA
Kenya	66	63	59	76	80	77	76	73	65	68	69	73	73	NA	NA	NA
United Republic of Tanzania	71	79	78	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Swaziland	NA	81	82	81	61	55	72	73	82	78	81	88	90	82	NA	NA
Latin America																
Costa Rica	NA	NA	NA	NA	NA	73	74	75	78	67	73	74	72	72	72	72
El Salvador	90	81	86	89	77	84	82	85	90	90	91	94	NA	NA	NA	NA
Netherlands Antilles	NA	NA	51	66	65	67	68	64	NA	65	NA	NA	NA	NA	NA	NA
Paraguay	NA	NA	NA	NA	79	79	87	91	NA	89	72	66	67	52	73	77
Asia																
Burma	89	86	89	91	92	94	99	86	NA	59	58	58	60	61	NA	NA
Cyprus	47	50	54	56	55	56	56	56	58	59	58	58	60	60	57	NA
Hong Kong SAR	NA	NA	NA	78	79	81	79	78	76	74	73	69	69	69	66	68
Jordan	NA	58	58	64	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Republic of Korea	47	45	45	45	46	47	47	49	50	51	50	50	51	52	52	NA
Malaysia	NA	NA	NA	NA	NA	NA	49	47	48	46	49	50	52	54	NA	NA
Singapore	NA	62	62	63	64	65	63	56	58	NA	54	55	56	56	57	57
Sri Lanka	NA	81	87	82	71	69	72	78	71	71	69	66	75	85	88	86

Source: *ILO Yearbook of Labour Statistics*, table 17, various years; data compiled by Standing, 1996.

Note: NA = no data available. Figures are rounded.

²¹ Standing’s related argument that employment is becoming increasingly “feminized” under the influence of structural reforms and international economic openness, as the share of women in the workforce has risen and, with it, the prevalence of irregular forms of employment, rests on the assumption that the ‘casualization’ thesis applies generally (Standing, 1996).

Another dataset, giving information on female: male relative wages (economy wide) in a different set of 12 countries (3 countries appear in both sets), shows a different picture, with an upward trend in the female male wage ratio (see table 3).

Table 3
Female relative earnings in selected countries and their change over time
(percentage)

Country	Year	F/M wage	Year	F/M wage	Annual change
Côte d'Ivoire	1985	75.7	1988	81.4	2.4
Brazil	1981	50.2	1990	53.6	0.7
Colombia	1984	67.2	1990	70.2	0.7
Philippines	1978	70.9	1988	80.0	1.2
Thailand	1980	73.5	1990	79.8	0.8
Indonesia	1986	55.6	1992	60.0	1.3
Chile	1980	68.0	1987	71.0	0.6
Costa Rica	1980	90.0	1989	97.0	0.8
Honduras	1986	65.0	1990	68.0	1.1
Malaysia	1973	56.8	1984	69.3	1.8
Republic of Korea	1984	41.9	1988	51.0	5.0
Venezuela	1981	87.0	1990	93.0	0.7

Source: Tzannatos, 1998.

Note: Relative earnings are not usually comparable between countries.

On the basis of this finding, Tzannatos, 1998, argues that, in developing countries, approximately over the last twenty years, there has been faster convergence between women's and men's wages than was experienced historically in industrialized countries. The relative increase in women's earnings is attributed to the increased representation of women in relatively higher paying occupations,²² rather than to rises in women's relative earnings within given occupations. However, it is doubtful whether the rate of increase has been commensurate with the improvements in women's education levels over the period. These came first (between 1960 and 1975) in the high performing Asian countries, then in Latin America (from 1970 onwards), then finally in South Asia (Barro and Lee, 1993). In some countries (Chile, Jamaica, and the Philippines) women's educational attainments now in fact exceed men's attainments overall. In properly functioning labour markets, this gain in women's relative human capital would probably have been translated into more robust wage and income improvements than the small changes generally evident in the earnings data.

The possible influence of trade expansion on women's relative wages is a complex matter which needs to be considered in detail at country level. Women's wages relative to men's are determined by a large set of factors, including changes in demand relative to supply of female labour, women's wage demands, the wage offers made by firms, the nature of labour market institutions affecting wage determination, and the strength of discrimination against women in the local labour market. Moreover, the analysis needs to be disaggregated by educational level, since

²² This is consistent with the generalized decline in occupational segregation by gender noted by Anker (1998).

labour markets are segmented in this respect and the overall outcome will depend on the relative size of different segments.

Trade theory only has a prediction to offer related to one of these elements within one specific section of the labour market. In low-income countries, trade expansion would be expected to result, other things being the same, in a rise in demand for one particular type of female labour (low-skill labour, as opposed to completely unskilled or higher skilled labour)²³ and a rise in the relative female wage for this category of labour.

Yet, even within the low-skill segment of the labour market, such constancy is extremely unlikely. No single variable among the determinants of the female wage is necessarily constant. Export expansion may not result in a net increase in the demand for female labour, if the share of women in employment in other activities declines at the same time as it rises in the export sector. Female labour supply may rise, offsetting any demand-driven tendency for women's wages to rise. There has long been a general trend for female labour supply to rise in developing countries (Standing, 1996); in low-income countries outside Africa, the rise in the activity rate has been most pronounced among educated women, who constitute an increasing share of the total female population, as general rates of educational attainment have risen. In field situations, it has been shown that trade expansion may accelerate this tendency. For example, in the Dominican Republic in the mid-1980s employers newly setting up in EPZs were able to galvanize huge numbers of young urban women, previously economically inactive, into applying for the new jobs (Joeke, 1995).

Another factor relates to women's wage expectations or demands, which is likely to be related to the demographic composition of the female population. The wage rate at which women's labour is offered is likely to vary across sub-groups of the population and thus to vary in aggregate over time, if the relative weight of the subgroups in the total changes. For instance, it has been suggested that women heads of households may be prepared to work for much lower wages than unmarried daughters of male-headed patriarchal households (Braunstein and Epstein, 1999). In many countries, the prevalence of female-headed households is high and has been rising. Indeed, it has been shown that in the urban labour market in Morocco, other things being equal, women who are heads of households earn lower wages than other women (Belghazi, 1997). The willingness of firms to offer higher wage offers may be modified in open trading economies. For example, exporting firms may hold down their wage offers citing constraints set by product and factor prices in international markets, rather than referring only to conditions in the local labour market (Seguino, 1997).

Finally, there is no reason to suppose that the degree of discrimination against women (i.e. the use of different pay scales for men and women) may not change over time in developing country labour markets, although very little is understood about the determinants of discrimination from case to case. The degree of discrimination against women has been shown to be on average about one-third higher in developing countries than in developed country labour markets (although estimates are only possible for a small number of developing countries), as indicated in table 4.

²³ Such a three-way categorization of labour is proposed by Wood, 1991, who argues that unskilled workers are excluded from employment export manufacturing, since employers require at least a basic level of education in all members of the workforce.

Table 4

Causes of earnings differentials by sex, formal sector in urban areas, selected countries.

Country	Year	Female-male earnings ratio	% of earnings differential explained by	
			Human capital endowments	Discrimination
Industrialized				
Canada	1981	0.64	35.3	64.7
US – manufacturing	1980	0.59	31.3	68.7
US – services	1981	0.75	39.5	60.5
Latin America and Caribbean				
Argentina	1985	0.65	22.0	78.0
Chile	1987	0.47	-14.9	114.9
Colombia	1988	0.85	12.3	87.7
Haiti	1987	0.87	4.1	95.9
Venezuela	1989	0.78	14.0	86.0
Other developing countries				
Taiwan, RoC	1981	0.64	35.3	64.7
Malaysia	1979	0.71	14.4	85.6
Cyprus	1979	0.55	37.5	62.5
Tanzania	1977	0.76	102.9	-2.9

Source: Terrell, K. (1992), 'Female-male earnings differentials and earnings structure' *International Labour Review*, Vol. 131, Nos. 4-5.

Discrimination is defined, in this context, as that part of the wage gap of male and female labour that remains after differences in human capital characteristics (education and experience) are accounted for. Thus, for example, nearly two-thirds of the wage gap in Canada, and more than three-quarters in Argentina, was not explained by differences in workers' human capital characteristics. (In those countries, the implication is that women workers on average have lower human capital – whereas in Chile, the implication is that women in the labour market are more educated and experienced than men). It is also notable that Taiwan Republic of China, the only high performing Asian country in the list, was evidently not penalized in macro-terms by having a relatively low level of discrimination practised against women in the urban labour market who, as elsewhere, were drawn disproportionately into the export manufacturing labour force.

Since discrimination accounts for such a high proportion – the major part - of the difference between women's and men's wages in developing countries, even a small change in degree might be significant to the women's relative wage. Greater exposure to more egalitarian practices in other countries might be an influence for change as pressures for internationalization of employment practices have grown, as a consequence of increased foreign direct investment and the widespread adoption of company codes of conduct, which are routinely including a labour 'non-discrimination' clause.²⁴ Unfortunately, no time series data are available on changes in the discrimination component in any one country.

²⁴ Gereffi reports improvements in labour standards in clothing factories in Mexico since the liberalization of trade with the United States under the NAFTA of 1994. This is a consequence of closer ties between Mexican producers and large foreign brand buyers which are sensitive to pressure from civil society organisations in this respect. (Presentation to IDS Workshop on Spreading the Gains from Globalization, IDS, Brighton, 15-17 September 1999).

Given all these complications, it is not surprising that relatively few country studies address the question of the link between female: male wages and export production. Their findings, though hardly conclusive, are highly suggestive. In Morocco, which exemplifies a country in the relatively early stage of export-oriented industrialization, trade expansion has led to increased paid employment opportunities for women, particularly in the clothing industry. In this case, both employment and the wage level have increased more rapidly in clothing than in any other part of industry, and moreover the level of discrimination in wages against women was less in that sector than elsewhere (Belghazi, 1997). Bangladesh developed export capacity in clothing in an extraordinarily rapid way. It similarly showed a very low level of wage discrimination against women in the export clothing industry in the early stages (Joeke, 1995), although this is now changing (Bhattacharya, 1999). Indonesia is an even more recent arrival in international markets. During the period 1986 to 1992 female relative wages in that country rose from 55 to 60 per cent, an effect mostly due to increases in women's relative pay within sectors (rather than movements of female labour between sectors) (Tzannatos, 1995). The Republic of Korea developed export capacity in manufacturing at a much earlier stage than Morocco and Bangladesh and subsequently followed a "high road" growth strategy. The shares of women in the EPZ export sector workforce fell sharply at the end of the 1980s (Kusago and Tzannatos, 1998), as did the proportion of women among manufacturing employees (to a lesser extent) (Standing, 1996). In this case there has been no increase in the recent period in the female to male earnings ratio in the manufacturing export sector (Seguino, 1997). The gender pay gap remains extremely high in the Republic of Korea, compared to other countries.

Mexico presents perhaps the most intriguing case of all. Like the Republic of Korea, it presents features of the 'high road' case, with a recent fall in the share of women in EPZs (Kusago and Tzannatos, 1998) and in export industry overall (Ghiara, 1999).²⁵ Here the data indicate that in the manufacturing sector over the period 1987-1993 which is quite late in Mexico's export oriented industrialization growth path, low-skilled women workers did not gain in wage terms from trade liberalization.²⁶ By contrast, more skilled and, particularly professionally educated, women saw a substantial increase in their wages both inside manufacturing, and, particularly, in the services sector, where the female share of employment rose. This lends support to the argument above that, for middle-income countries, in the current phase of trade expansion and globalization, events in the services sector warrant much greater attention from a gender perspective. The employment gains for women realized in the early stages are unlikely to be sustained in the manufacturing export sector, whatever growth strategy is pursued in international markets. But the internationalization of activity in modern services may subsequently help women to maintain and improve their overall employment position.

IV. THE GENDER IMPACT OF INSTABILITY IN THE AFTERMATH OF THE ASIAN CRISIS

The sustainability of women's employment gains from trade in developing countries also risks being undermined in the aftermath of the world financial crisis which began in Thailand in July 1997. The period since then has been an extraordinary one in the international economy. From about 1995, there had been huge surges of private short-term capital flows (portfolio investments, bond holdings and hedge fund transactions, all of a greater or lesser speculative nature) into several developing countries. Then, as the 'herd mentality' took hold and as money managers' assessments

²⁵ In this case, the data covers paid employment in both the formal and informal sector so gives a more complete picture than data on manufacturing employees alone.

²⁶ It is not possible to know from this study whether women gained in the previous period, when Mexico's situation was more comparable to that of Morocco at this time.

of risk swung against Thailand and other countries, the flows were precipitately reversed. During the year 1997 as a whole there was a net outflow of private funds from Asia of US\$ 20 billion, compared to net inflows of US\$ 80 billion in 1997 and US\$ 70 billion in 1995. The crisis then spread to Brazil and Russia, and later threatened at one point to affect the major industrialized economies.

The effects of the currency devaluations, loan defaults, banking collapses, corporate bankruptcies and restructurings which followed the financial crisis led to recession and sharp falls in incomes and employment in several East Asian countries, with immediate and dramatic effects on poverty levels. Although the need for controls on short-term financial flows is now generally accepted, and many proposals for curbing the volatility of financial flows are being discussed, no control mechanisms are yet in place. The long history of financial crises in developed economies suggests the likelihood of crisis recurrence unless policy action is taken.

Even though the affected Asian economies seem mostly to have been quite resilient, with levels of foreign direct investment little affected by the crisis, and recovery taking place more quickly than many observers had expected, the risks to poor countries of engaging in the world economy certainly now look far greater than before. Businessmen, as well as policy makers in the public sector, must now expect to face the probability of large fluctuations in exchange rates and in the availability of short-term external finance, adding to the operational difficulties for identifying or creating high value-added activities presented by the intense competitiveness and ever changing conditions of world product markets.

From a gender perspective, there is concern that the social costs of engagement with disruptive and turbulent international markets will bear down disproportionately on women. This fear is based on experiences of periods of recession and austerity associated with the introduction of structural adjustment programmes in many developing countries from the mid-1980s. Research in respect of this period in many different developing countries suggests that women bore the brunt of the costs of economic downturns. Reduced household incomes drove more women into the labour market as a matter of necessity, and thus at a very low reserve price for their labour. Most could only find employment in ill-paid, casual work in the informal sector.²⁷ Research into women's employment trajectories in Brazil and elsewhere has shown that, when they lose their jobs in recessionary conditions, women are much less likely than men to regain employment at wages and on conditions comparable to or better than those obtained in their previous job. In the contemporary period, in economies that have become much more open, pressures on the labour supply side would now exacerbate the tendency for employers to "casualize" the terms of employment and would facilitate downward movements on women's wages.

At the same time, in a scissors effect, falls in income meant that household labour demands, which fall to women under the gender division of labour, were intensified. For instance, reduced household budgets meant that raw rather than semi-processed foods had to be purchased, and that the health status of household members declined; demands on women's labour time were increased in both cases. Local level studies showed that, as a result of women's time pressures under these conditions, levels of adolescent violence and disaffection increased in urban areas and, in Africa particularly, rates of school enrolment declined, for both girls and boys. (United Nations, 1995).

²⁷ The rapid growth of the informal sector in Latin America and Africa throughout the past 20 years was noted above (Charmes, 1998); gender analysis suggests that macroeconomic policy changes under adjustment accounted for much of the influx of female labour during this period.

Countries, particularly in Asia, have not in the interim devoted much public expenditure to develop social protection measures or to fund safety net schemes to support workers and households in the face of retrenchments and fluctuations in income. Thus uncertainty and volatility in the economy may again in future impact on women disproportionately - both in the short term, in respect of their workloads, and in the long term, in respect of life-time employment prospects and earning capacity.

V. CONTEMPORARY PROBLEMS IN TRADE AND DEVELOPMENT AND SOCIAL RELATIONS OF GENDER AS A DRIVING FORCE

The events of the past year have also given new prominence to some long-standing doubts about and qualifications of the potential of international trade to contribute to sustainable development. Two related critiques of international trade have been developed. The first raises the alleged “unequalizing” tendency of international trade and the second the problem of “immiserizing growth” within the world economy. There is a strong gender dimension with respect to both of these problems, and in both cases a particular manifestation of gender inequality is to be seen as a driving force of the process. The analytical challenge here is to consider the consequences for developmental processes of social relations of gender, rather than, as before, to consider the impact of exogenous developments on women and on gender relations.

A. Trade as a motivator of unequalizing growth?

The first critique concerns the alleged unequalizing tendencies of international trade both within and between countries. There is a voluminous debate on this topic in the technical literature on trade, which is divided between concern about the widening distribution of income between countries, on the one hand, and concern about the distribution of income within countries (rich and poor), among individuals or social groups, on the other. This is not the place to explore all these issues.

The first point at issue for the present paper is the possibility that trade expansion may have unequalizing tendencies within the developing countries. The question could *inter alia* be considered explicitly in gender terms. There is no straightforward answer, certainly not from aggregate national income, poverty or employment statistics, which do not deal with the gender distribution of income as such.²⁸ We have argued however, by implication, that in some sectors trade does change the distribution of money income by gender – in favour of women in the early stages of export-oriented industrialization in developing countries, against women in low-income country agriculture (Asia, insofar as women have no claim on any incremental revenues, and Africa, working through the dynamics of intra-household relations as discussed). But the effect in particular countries and overall is indeterminate.

The general debate on the distributional consequences of trade has focused on the relation between trade expansion and increases in functional income inequality, i.e. the distribution of income between different skill types of workers and as between labour in aggregate and capital. According to this measure, there have been widespread increases in functional inequality in developing countries over the past twenty years, with the most thorough (but not only) evidence relating to Latin America. In the 1980s, some but not all Asian countries experienced increases in

²⁸ Although we may note that the UNDP’s gender development index includes a simple measure of income distribution by gender as one of its components; this information is not presented separately and is estimated as a function of the share of the workforce that is female.

real wages, whereas countries outside Asia suffered “staggering” decreases in real wages (UNCTAD, 1997). It has been argued that the growth-inequality relationship changed in the 1980s in ways that suggest growth is now more unequalizing than before. Some observers believe that structural adjustment policies have played a key role by facilitating the unfettered operation of market forces in developing countries. The argument is that the recessionary conditions, which were the immediate consequence of adjustment policies, meant that inefficient industrial enterprises were eliminated, rather than being able to adapt to the new policy environment. State governance structures and budgetary restraints did not support the establishment of redistributive and social protection measures of the kind that exist to smooth out labour income fluctuations in industrialized countries. Thus the inherently unequalizing tendencies of markets had full play and little ex-post redistribution took place to moderate the emergence of inequality (Amsden and van der Hoeven, 1996). Recent research examining the effects of emerging labour markets in China shows a widening distribution of wage incomes as between different categories of labour, notably in unskilled relative to skilled labour incomes, and for women relative to men (to women’s disadvantage) (Knight and Sung, 1999). Although the export share of Chinese industrial output has grown rapidly, it still represents quite a small share of total output, and engagement with international markets is not thought to be significant in this case.

More exactly, as noted above, in respect of trade, standard trade theory predicts that in low-income countries, which met certain resource endowment conditions, trade expansion would be labour intensive and thus tend to enhance labour incomes. This simple model overlooks a feature which was intrinsic to classical models of development, such as the Lewis model. Whereas some of the earlier Asian export industrializers quickly exhausted their labour surplus and saw secular rises in real wages in manufacturing thereafter, contemporary low-wage economies may in fact be in a surplus labour world. That is to say, they may have a highly elastic supply of labour, counteracting any tendency for wages to rise, whatever the growth rate. It has also been argued that the recent liberalization of trade policy in China and India, the two most populous countries in the world, in effect constitutes a major new addition to the amount of low-skilled surplus labour in low-income countries, which will serve greatly to delay the point at which basic wage rates can begin to rise under the influence of trade (Kaplinsky, 1999). Meanwhile other categories of labour (skilled labour) and the profit share may rise, resulting in increased inequality of income distribution between these groups.

Increases in the female labour force participation rate, in which we have suggested that trade expansion has played a part, would also prolong the period of surplus labour within this scenario. But the effect is not so pronounced as a focus on the female labour force alone suggests. The rise has been partially offset by falls in male labour force participation worldwide, in a combination of earlier retirements and longer periods in education. The effect is not as strong in developing as in developed countries but, nevertheless, between 1975 and 1995, in 66 per cent of developing countries the male labour force participation rate decreased. Overall, however, the total labour force participation rate increased (Standing, 1996). And during the 1980s, in all developing countries for which data exist, the share of women in the employed non-agricultural labour force increased (*ibid*). Thus gender and economic-demographic effects have indeed contributed to increases in total labour supply over previous levels.

The female labour supply factor is significant to income inequality in another way. Given the lower wage rates paid to women, as noted above, a higher proportion of women in the workforce would, in a comparative static sense, reduce the average wage. The dynamic effects are probably more important and pervasive. The tendency to undervalue skills which women bring to the workplace is pervasive (Lim, 1996) and must be associated with downward pressure on women’s (and thus on total) wages. The increased supply of lower cost female labour would also have

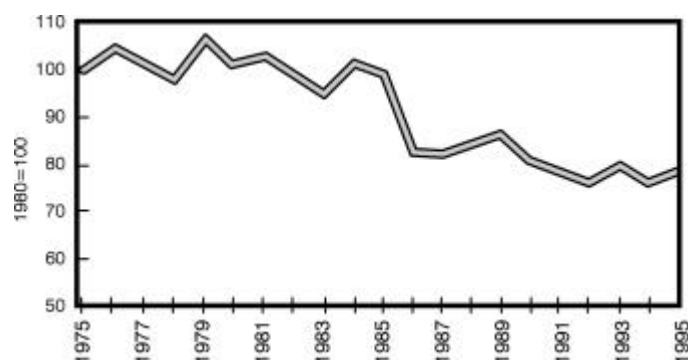
influenced processes of wage determination on a continuing basis, undercutting male demands for wage increases. The diminution of occupational segregation by gender that has been observed worldwide in recent years (Anker, 1998), suggests that the possibility (or at least the plausibility of the threat) of substitution between male and female labour will have been growing in many situations and thus reduced male workers' bargaining powers. The increased share of women would also (given the lower rate of unionization typical of women workers) have contributed to a general dilution of institutions for collective bargaining, which has also been a feature of recent years.

B. Immiserizing growth?

The second developmental critique of trade, which points to the phenomenon of "immiserizing growth", is analytically quite close to the argument for the unequalizing effects of trade, but is better specified. In response to the threat of a secular decline in the barter terms of trade in primary commodities, developing countries have diversified into exports of manufactures. For some decades, the most successful of them enjoyed extraordinarily rapid growth and development on that basis. But in the event many countries did not manage thereby to escape the structural problem. In recent years it has become clear that the problem of declining terms of trade, experienced initially by low-income countries in respect of primary commodity exports, has also begun to affect developing countries in respect of exports of basic manufactures, as a function in this instance of technological progress, excessive competition and overinvestment in productive capacity on the world scale. As figure 2 shows, the prices realized by least developed country exporters for their products relative to the price of a set of core imports of manufactures has fallen steadily since the mid-1970s, with an acceleration of the downward trend evident from the mid-1980s.²⁹

Figure 2

Price of LDC manufactured exports relative to industrial advanced countries' manufactured exports of machinery, transport equipment and services



Source: Wood, 1997.

Export earnings from basic manufactures have fallen in spite of increased export production and sales. In effect, basic manufactured products have become "commoditized". This factor highlights the dangers of the 'low road' export strategy for developing countries, and it is worth

²⁹ Which may be related to the fact that China's exports increased dramatically from around this time: e.g. they multiplied more than fourfold as a percentage of GDP between 1980 and 1990 (World Bank, *World Development Report* 1993).

noting that the category of 'basic manufactures' is not at all limited to low technology intensive products like clothing or shoes, but also extends to memory chips. Overinvestment in capacity in this particular product category was one of the triggers (on the real economy side) of the Asian financial crisis (Kaplinsky, 1998).

The relevance of gender discrimination is plain in this context also. Basic manufactures (especially garments, electronics microprocessors, which have suffered extreme excess capacity and wildly fluctuating business cycles in recent years, and other labour-intensive products) are the most female-intensive in terms of the gender composition of the workforce. In these sectors, the low wages paid to women workers have allowed the final product prices to be lower than they would otherwise have been (without compromising the profits share). For the countries concerned, this has minimized the national value added generated in international markets over what would have been possible if women's relative wages were not so low.

VI. CONCLUSIONS: THE IMPLICATIONS FOR UNCTAD

The arguments in this paper suggest several lines of work for UNCTAD if it is to move forward in its commitment to gender mainstreaming. Some of these suggestions relate to work to be done internally within the organization, in its research and policy analysis functions; some relate to its operational and technical assistance work; and some relate to issues of dialogue between UNCTAD and its States member governments and partner agencies within the United Nations system. In sum:

- (i) There is a need for further analysis and understanding of the economic significance of social relations of gender to the relation between international trade and development, both in the past and prospectively;
- (ii) UNCTAD could develop the case that, in the circumstances of many developing countries, the gendered pattern of growth associated with trade may have contributed to women's empowerment in many situations and for that reason has had important pro-poor characteristics;
- (iii) Whatever the position on the alleged contribution of trade to unequalizing growth in developing countries, in terms of the distribution of income between wages and capital, there is a counter argument that in many circumstances trade has had a beneficial impact on the distribution of income by gender. This argument needs to be examined more closely and, if supported, should be actively promoted in policy dialogue as a counterweight to protectionist sentiment;
- (iv) By extension, UNCTAD would need to examine the circumstances in which the gender impact of trade is negative, and consider policy changes needed to address this problem;
- (v) The argument in this paper that discrimination against women in labour markets exacerbates the negative consequences of trade expansion suggests that UNCTAD could work to promote public action against such discrimination in international fora and in dialogue with member country governments, in order to promote the sustainability and enhancement of women's employment gains from trade; and
- (vi) In general, UNCTAD should adopt the goal of seeking to promote the full participation of women in trade-related market activities on equitable terms at all levels, as a guiding principle for all its operational and technical assistance work.

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CURRENT CONCERNS ON THE INTERRELATIONSHIP BETWEEN TRADE, SUSTAINABLE DEVELOPMENT AND GENDER

by
Janice Goodson Foerde
International Coalition for Development Action (ICDA)
Brussels, Belgium
 and
KULU (Women and Development)
Copenhagen, Denmark

I. INTRODUCTION

Women and men are drawn into the global and domestic markets in many ways, as consumers, sellers, traders, workers, self-employed producers, and in decision-making functions. As globalization intensifies and the nature and rules of international trade change, subsequently the global and domestic markets change; and this implies new relationships and roles for men and women in the market. Trade liberalization involves a whole set of policies that revolve around maintaining a competitive market structure, eliminating barriers to foreign capital, and relaxing government control of the market. Consequently, trade policy and liberalization strongly impact upon governments' macroeconomic and social policies. Therefore, the interconnections among the cross-cutting, so-called non-trade concerns of gender, economic and social rights with trade and development are a set of relationships or links that must be dealt with in order to ensure that international trade and liberalization is beneficial for people, for both men and women, and that the harmful effects of trade liberalization are minimized, prevented and eliminated.

This paper looks at the current neo-liberalistic development model and describes the links between economic growth, trade and sustainable development, and gender. It also gives an overview of a few current trends in NGO activity concerning the trade, sustainable development and gender links, including the background and status of international "gender action focus" on international trade as expressed in the international network, Informal Working Group on Gender and Trade (IWGGT). Finally it includes a small sample of important literature with a longer list of references and suggested reading attached.

II. ECONOMIC GROWTH, TRADE AND SUSTAINABLE DEVELOPMENT

During the last 50 years, global economic liberalization has been spearheaded by trade liberalization and foreign investment as a means to advance global economic growth and economic development without understanding or considering the potential for violating the economic and social rights of the poor. This neo-liberal economic development model is the current dominant development model. Liberalization of trade and capital flows and export-oriented production are the dynamos for this model. In addition, many industrialized countries have cut official aid flows without even attaining the 0.7 per cent of GNP target for national development assistance, which conveniently leaves a larger and unguided space for the role of private/commercial capital.

This economic model seems to have replaced sustainable human growth and development as a development model. Proponents of the model have assumed that the benefits of the expected economic growth and economic development will automatically alleviate poverty and benefit human development by trickling down to the developing and least developed countries and to the poorest of the poor, 70 per cent of which are estimated to be women and girls. The trickle-down method has been the social justification for economic liberalization and this model of development, and has actually generated a tremendous increase in wealth and prosperity and reduced poverty dramatically in some of the largest and strongest industrialized and developing economies. However, it has also led to rising social inequalities and a decline in living standards, even in richer countries.³⁰

Authoritative studies such as the UNCTAD *Trade and Development Report, 1997*, and the UNDP *Human Development Report 1997*, have convincingly shown that this trickle-down method is not functioning. There has been a widespread increase in poverty gaps, increased social exclusion and rising inequality in income distribution between winners and losers, both between and within countries.³¹ The income share of the richest 20 per cent has risen almost everywhere while the income shares of both the poorest 20 per cent and the middle class have fallen.³² This has in particular been the case in many less and least developed countries. The more recent global financial crises, which were centred on some of the strong south-east Asian economies and in Russia and were followed by some severe economic and social repercussions, are a reflection of the problems of this kind of unguided globalization. This kind of economic liberalization and development model has not secured sustainable growth and human development.

International trade and trade liberalization is used as a vital building block and policy component of this current development model. The World Trade Organization and its financial counterparts, the International Monetary Fund and the World Bank, employ the principle and policy of trade liberalization as the means and solution to advance global economic growth and economic development which at the same time is the policy objective for trade liberalization. However, this globalization model and its trade liberalization policy has not taken into consideration their potential and probability for violating the economic and social rights of the poor.

In 1996 The World Bank and the UNDP discussed and analysed economic growth and development trends in two reports: The World Bank's report *Global Economic Prospects and the Developing Countries*,³³ described international trade as "the main engine driving global economic integration". Almost two years after the finalization of the Uruguay Round negotiations with the Marrakech Agreement and the establishment of the WTO, the status of international trade agreements was described as "... well along in the process of implementation ..." and the report pronounced "that world trade at the end of the 20th Century (was) as healthy as at any time in the postwar era". On developing countries the report said that "many developing countries had lagged behind in opening up to world trade". However, in the report's summary it is assumed that as long as trade reform is implemented properly with the appropriate complementary macroeconomic and regulatory policies, for example structural adjustment programmes (SAPs), the transition costs of liberalization could be low or minimized. The report also conceded that there are some considerable costs and serious obstacles for many developing countries and discussed and analysed how these

³⁰ José Benoga, special rapporteur for the Human Rights Sub-commission (19998). In *Roundup 30*. New York: United Nations, (November).

³¹ UNDP (1997). *Human Development Report 1997*. New York: Oxford University Press for UNDP.

³² UNCTAD (1997). *Trade and Development Report, 1997*. Geneva and New York: United Nations Publications, Sales No. E.97.II-D.8.

³³ World Bank (1999). *Global Economic Prospects and the Developing Countries, 1999*. Washington D.C.: The World Bank, pp.34-36.

might be dealt with. The assumption is of course that the problems can be solved within the existing framework of international trade policy and rule.

In UNDP's *Human Development Report 1996*, human development was presented as the focus for development and economic growth was the means to attain a sustainable development. The purpose of growth should be to enrich people's lives. The report concluded that the last 50 years of economic growth and development have shown that there is no automatic link between economic growth and sustainable development. Even when links are established, they might "erode - unless (they are) regularly strengthened by skilful and intelligent policy management". Two of the report's conclusions were:

1. Over much of the past 15 years, growth has been failing in about 100 countries containing almost a third of the world's people.
2. The links between growth and human development are failing people in many countries with lopsided development, i.e. countries with either good growth and little human development or good human development and little or no growth.

The Report's main conclusion was that more attention must be paid to the structure and quality of growth in order to ensure that growth is directed towards supporting human development, reducing poverty, protecting the environment, and ensuring sustainability.

The World Bank report assumes that economic growth and global integration constitute positive development, and trade is analysed as being an important dynamo in economic integration and growth. Trade is therefore a vital factor in development. However, the UNDP report concludes that economic growth is not automatically linked to sustainable development. It is a means that can achieve sustainable development with intelligent policy management.

The structure and quality of economic growth, which relies on trade policy as a tool, must be analysed and monitored carefully in order to support and ensure sustainable human development. It then follows that the structure and quality of international trade be analysed and monitored carefully in order to ensure that trade supports and advances human development, reduces poverty, protects the environment, and ensures sustainability.

III. THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS AND THE INTERNATIONAL ECONOMIC ORDER

When a policy objective of trade is sustainable growth and development, the realization of economic, social, and cultural rights should be a fundamental framework for and goal of all multilateral and bilateral trade, investment and financial agreements and rules. The point of departure for analysing and monitoring the structure and quality of trade should be a rights-based approach to mainstreaming the cross-cutting concern of gender and women in development(WID) into international trade work and rules and the institutions that deal with them, such as UNCTAD, the ITC, and WTO. Although they are not successfully operationalized yet, the basis and instruments of a human rights framework are well established: they are the international rights instruments and conventions and plans of action from United Nations conferences.

The Platform of Action (PFA) adopted at the Fourth World Conference on Women in Beijing, September 1995, made it quite clear that macroeconomic issues are women's issues and that women's economic rights are a part of these economic issues. Paragraph 14 encourages governments to "ensure that all members of society benefit from economic growth based on a

holistic approach to all aspects of development: growth, equality between women and men, social justice, conservation and protection of the environment, sustainability, solidarity, participation, peace and respect for human rights." Strategic objective A.1.³⁴ urges actors to "review, adopt and maintain macroeconomic policies and development strategies that address the needs and efforts of women in poverty." The PFA further calls on governments to "ensure that national policies related to international and regional trade agreements do not adversely impact women's new and traditional economic activities" (paragraph 165k) and to "devise mechanisms and take positive action to enable women to gain access to full and equal participation in the formulation of policies and definition of structures through such bodies...(on various levels)...(dealing with)...finance and trade (paragraph 165d). The PFA encourages specialized agencies and other organizations of the United Nations system, and international institutions and organizations, to review and revise policies, procedures and staffing to ensure that investments and programmes benefit women and thereby contribute to sustainable development(paragraphs 335-342), just as it invited "the WTO to consider how it might contribute to the implementation of the PFA, including activities in cooperation with the United Nations system" (paragraph 343).

The Sub-Commission on Prevention of Discrimination and Protection of Minorities adopted a significant resolution in August 1998 titled "Human rights as the primary objective of trade, investment and financial policy".³⁵ This resolution underlines the *"need to re-emphasize the centrality and primacy of human rights obligations in all areas of development and governance, including international and regional trade, investment and financial policies, agreements and practices"*. It *"emphasizes that the realization of the human rights and fundamental freedoms described in"* international and regional human rights instruments is the *"first and most fundamental responsibility and objective of States in all areas of governance and development"*. It also notes that the *"statement on globalization and its impact on the enjoyment of economic, social and cultural rights made by the UN Committee on Economic, Social and Cultural Rights during its 18th session in May, 1998, in which the Committee declared that the realms of trade, finance and investment are in no way exempt from human rights obligations and principles, and that the international organizations with specific responsibilities in these areas should play a positive and constructive role in relation to human rights..."*

The resolution is strongly focused on the OECD's draft text of the Multilateral Agreement on Investment (MAI), which was being negotiated at the time, but is now removed from the OECD's agenda, in part due to civil society campaigns against the MAI. It mentions directly UN agencies, the World Bank and International Monetary Fund and urges them to "at all times be conscious of and respect the human rights obligations of the countries with which they work". It also "asks the Committee on Economic, Social and Cultural Rights, and other treaty bodies as appropriate, to include consideration of the human rights impact of international and regional trade, investment and financial measures in their State reporting."

The significance of this resolution lies in its emphasis on:

1. Economic, social and cultural rights as objectives in macroeconomic policy areas, in policies, agreements and practices.
2. Obligations of States and international bodies to respect these principles.

³⁴ United Nations (1995). *Fourth World Conference on Women: Beijing Platform for Action*, New York: United Nations, Chapter 4.A., Strategic Objective A-1., 4A, p.23.

³⁵ Resolution 1998/12 adopted by the Sub-Commission of the United Nations Commission on Human Rights at its 50th session in August 1998.

3. The need to study and report on the impacts of trade, investment and financial measures on (peoples') enjoyment of economic, social and cultural rights, and its focus on the primacy of these rights in all areas of development and in all areas of governance.

Economic, social and cultural rights as policy objectives and concerns are not limited to the areas of development assistance, technical assistance, personnel assistance, etc. but are pronounced relevant for all areas of governance, including macroeconomic policies, agreements and practices.

These principles have profound implications for multilateral and regional trade policy and for UNCTAD and other bodies dealing with the realm of trade and trade-related finance and, most importantly, provide a strong framework for working with gender and women in development (WID) as a cross-cutting concern and policy objective in trade and trade-related issues. The realization of peoples' economic, social and cultural rights in relation to trade policies, agreements, and practices requires a people-centred approach; and this requires giving trade a human face.

IV. TRADE AS A MEANS, NOT AN END: THE HUMAN FACE OF TRADE

The lack of coherence between the dominant international economic agenda on the one hand and the international legal obligations and policy objectives contained in the various proposed human rights instruments and plans of action resulting from recent United Nations Conferences and Summits on the other hand, has been obvious from the civil society perspective of many development, women's, environmental, social, trade union and consumer NGOs in the North and the South and from experiences in the South and the North. The current economic development model is faulty due to this fundamental lack of coherence and convergence.

With specific regard to the cross-cutting concern and policy objective of gender and women in development (WID), a fundamental problem of the model is that it does not take into account the meso- and micro-levels where gender biases operate and totally disregards it on the macro-level. The model is gender blind, not gender neutral; but it does contain gender assumptions that reflect current inequalities, among others, the unequal distribution of trade gains.

The general faults of the economic liberalization model are increasingly being acknowledged by international economic policy fora. Sustainable human development commensurate with economic growth is not occurring. The necessity of sustainable human (people-oriented) development and the realization that it is not an automatic result of economic growth is increasingly gaining official recognition. Philip Alston, Chairperson of the Committee on Economic, Social and Cultural Rights, said: "It is unacceptable that the international system has the IMF, the WTO and other 'giant entities' whose powers are growing daily, but continue to neglect social dimensions. These social dimensions are left to other agencies whose powers are conversely diminishing daily, and to governments whose functions and resources are consistently shrinking."³⁶ It is now the turn of WTO to internalize these "lessons learned" and recognize the need to establish a trading system with a human face.

In the WTO system, efforts to give the WTO institution and its policies a human face have been aired by the WTO secretariat and some WTO members. One component of a human face is transparency. Especially since the Second WTO Ministerial Conference in Geneva, May 1998, the

³⁶ Philip Alston, chair of the Committee on Economic, Social and Cultural Rights of the United Nations Commission on Human Rights, 54th session, 11 May 1998, cited in NGLS *Roundup*, (November).

principle of transparency has been one of the "buzz words" in the WTO's outreach to member countries' civil society and the general public. From an NGO perspective, civil society's access to information and to give inputs to the WTO system has seen some improvement; and informal dialogues and information exchanges with civil society representatives have been initiated in an effort to improve the WTO's legitimacy and public relations.

The former Director-General of WTO, Renato Ruggiero, who recently ended his term of office, introduced the concept, the "human face of trade", in these exchanges with civil society representatives and at a High Level Symposia on Trade and Environment and on Trade and Development in Geneva, March 1999. He focused on this concept, which calls attention to the fact that the WTO embodies objectives other than just neo-liberalism's economic growth and trade liberalization. In the WTO's preamble, it is recognized that sustainable development is an objective in conducting relations in the "field of trade and economic endeavour", as is raising living standards, ensuring full employment, increasing the volume of real income and effective demand, expanding the production of and trade in goods and services, while protecting and preserving the environment in a manner consistent with members' respective needs and concerns, and ensuring that developing and least developed countries secure a share in the growth of international trade commensurate with the needs of their economic development.

At the WTO's Symposia, the international NGO network on trade and development, International Coalition for Development Action/ICDA, welcomed what appears to be a growing realization from some member states that trade is not an end in itself, that it is not an automatic panacea for solving the problem of economic growth and development and the challenge of sustainable development, and that it is therefore necessary to mainstream a number of cross-cutting concerns and policy objectives into trade policy and agreements in order to achieve sustainable development for and by developing and industrialized member countries.³⁷ In this manner trade could be turned "from an end in itself to a means to achieving sustainable human and social development which provides net benefits for poor people, women and men, and the environment."³⁸

This kind of development is at the same time an opportunity for UNCTAD to assert and utilize the advantage that its function as a focal point for trade and development analysis and monitoring and technical assistance in this area provides. The increasing receptiveness of government representatives and trade officials to consider the validity of the critical links between trade, sustainable development and non-trade concerns should be taken into serious consideration when formulating and negotiating UNCTAD's future work programme. However, the acknowledgement of a concept and active support and work for the same are two quite different matters. Understanding the processes and components of the globalization process and mainstreaming economic, social and cultural rights concerns into trade, investment and financial policies to secure convergence between human rights and economic growth and development is a critically challenging task for UNCTAD, the WTO and other trade-related bodies and their members, as well as for civil society NGOs.

³⁷ ICDA Statement at High Level Symposium on Trade and Development, 17 March 1999, made on behalf of the IWGGT, ICDA members, and a number of other NGOs and NGO-networks, in *ICDA Journal: Focus on Trade and Development*, Vol. 8, No. 1/1999, pp.71-72.

³⁸ Joint Civil Society Statement at the WTO High-Level Symposia, March 1999.

V. GENDER, TRADE AND SUSTAINABLE DEVELOPMENT LINKS

It is crucial to factor women and gender into an understanding, analysis, monitoring and policy formulation of trade and sustainable development, as argued above. There are equity-equality arguments and efficiency arguments for understanding these links. Reducing gender disparities is a crucial development issue in terms of social justice and of effectiveness in trade policies and practices. The basis for the equity-equality argument is explained in the "realization of rights" section of this paper. Both gender equality and the right to development are universal rights for women and men, girls and boys. That in itself is a valid and more than sufficient argument.

Gender is also an efficiency issue. Trade liberalization has gendered impacts on developing and industrialized countries, and effects the supply-side response of these economies. Research has shown that improved gender equality is more economically efficient, as the following examples illustrate:³⁹

- (a) Reducing gender inequality could significantly increase agricultural productivity in Africa, for example by giving women farmers in Kenya the same agricultural inputs and education as men farmers.
- (b) Failing to invest in gender-balanced primary and secondary education lowers GNP.
- (c) Eliminating gender discrimination in occupation and pay levels would increase both women's income and national income.
- (d) Maintaining gender inequality hampers a positive supply response to structural adjustment measures by reducing women's incentives to produce tradable goods and increasing women's time burdens.
- (e) Maintaining gender inequality reduces the productivity of the next generation because improved gender-balance contributes to women's well-being by yielding productivity gains in the future, as the probability of children being enrolled in school increases with their mother's educational level and since improved or extra incomes going to the mother tend to have a more positive impact on household investment in nutrition, health, and education of the children than extra income going to the father.

Gender disparities also have an impact on people's health and environment.⁴⁰ The impacts of environmental damage on people, men and women, and the poverty prone location of this impact must be factored into trade liberalization policies because:⁴¹

- (a) It has serious consequences for human health, livelihoods and human security.

³⁹ Diane Elsen, Barbara Evers and Jasmine Gideon (1998). "Whys and Hows of Gender Aware Country Economic Reports", in *ICDA Journal*, Vol. 6, No.1/19988, p.26.

⁴⁰ UNDP (1998). *Human Development Report 1998*. New York: Oxford University Press for UNDP, pp.79-80.

⁴¹ *ICDA Journal*, *Focus on Trade and Development*, Vol. 8, No.1/1999. See also the "Conference on Trade, Gender and Environment", Brussels, 5-6 November 1998, Report 1, and the "Conference on Social, Gender and Environmental Assessments of the WTO Negotiations", Brussels, 6-7 February 1999, Report II, which contains the two statements: 2.a. Statement to the EU-Commission DG I: "The Sustainability Impact Assessment of WTO Trade Liberalisation, March 1999, and 2.b. Statement to the WTO and the High-Level Symposia on Trade and Environment and Trade and Development: "Joint Civil Society Statement on the WTO High-Level Symposia", March 1999.

- (b) The poor bear the brunt in loss of lives and risks to health from pollution; and among the poor, women face greater risks, largely because of their social and economic roles. Women in developing countries are doubly affected by environmental deterioration because of poverty and because they are women, i.e. largely because of their different social and economic roles and rights in their society.
- (c) It threatens both the earth's carrying capacity and the people's coping capacities.

To achieve sustainable development, the gender and women in development/WID perspective must be taken into account together and in coherence with social and environmental concerns. Environmental and social issues, including core labour standards, need to be linked with gender equity-equality issues, and gender analysis needs to be integrated into environmental and social assessments in order to provide an accurate assessment and understanding of the potential impacts of trade liberalization on sustainable development. To do otherwise would ignore the interface between patterns of gender equality and the achievement of sustainable growth and human development. Gender inequality is both a social issue, an environmental issue, and an obstacle to achieving a well-balanced development. Therefore, if the objectives are sustainable growth, human development, and poverty reduction, a gender analysis and a WID perspective are necessary and critical.

Many governments have gradually realized that they must eliminate the barriers facing women. The signing of the Beijing Platform for Action in 1995 emphasized this. Some governments have for example begun to redress the gender imbalances in women's economic rights such as lacking control over productive assets like land and credit, lacking access to appropriate training and to equal pay for equivalent jobs and occupations.

VI. CIVIL SOCIETY AND THE INTERNATIONAL ECONOMIC ORDER – CURRENT TRENDS IN THE WORK OF NGOs

Grassroots organizations and NGOs have taken up the challenge. A great deal of NGO networking and campaigning is taking place. One example has been the NGOs networking on protests and campaigns, first, against the OECD-version of the MAI and now the "no round, turn around" campaign against adding the multilateral investment issue to the WTO agenda and no new issues added to the WTO's negotiating agenda before impact assessments of trade liberalization are carried out. Another is the network coordination of the International NGO Committee on Human Rights in Trade and Investment that uses a rights-based approach to macroeconomic issues, which is expressed in the arguments above.⁴² Yet another network coordination is the civil society "WTO Impact List" server coordination facilitated by ICDA, which focuses on general trade issues, the coming WTO negotiations, and impact assessments and analyses of trade liberalization that integrate the cross-cutting non-trade concerns and priorities.⁴³

⁴² See the campaign booklet of the International NGO Committee on Human Rights in Trade and Investment *Investment, Trade and Finance: The Human Rights Framework*, published in 1998.

⁴³ The ICDA Secretariat facilitates NGO's general e-mail/internet networking on trade and related financial issues, titled the general "WTO Impact List", and can link NGOs and research institutes to more specific issue NGO networking. For information contact the Secretariat, Rue Stevin 115, B-1000 Brussels, Belgium, Phone: +32 2 230 04 30, Facsimile: +32 2 230 52 37, <http://www.icda.be>, e-mail: icda@skynet.be.

A. Putting gender on the international trade agenda: the IWGGT

The Informal Working Group on Gender and Trade (IWGGT) is an international NGO network that has taken up the gender and women in development/WID challenge of engendering trade policy in general with a special focus on the WTO. This is a complex task because gender- and WID is a cross-cutting concern and economic globalization and multilateral trade liberalization is taking place on many fronts at once.

The IWGGT developed from the Singapore Women's Caucus that was formed at the First WTO Ministerial Conference (WTOMC) in December 1996, in order to promote an awareness of the gender, women, and development dimension of international trade and to advocate the integration of the gender dimension into international trade rules and the WTO as an institution. Therefore this area of gender and trade does have a prominent focus on the WTO as an institution, but its focus on analysis, policy formulation, and trade rules makes it generally relevant for all gender and trade work and an obvious cooperation and sparring-partner with UNCTAD.

The founding participants were women activists representing different types of NGOs and NGO-networks from the North and the South, and the common point of departure was giving a high priority to putting gender on the international trade agenda and the WTO's agenda. Engendering the WTO and trade rules continues to be a major objective, although the network also works with gender and trade in general as its name indicates.

In addition to agreeing upon a common purpose, the Singapore Women's Caucus also formulated an initial, joint set of priorities and a long-term plan of action to:

- (a) Promote gender-awareness in trade issues.
- (b) Integrate a gender and WID perspective into all levels of WTO work.
- (c) Promote the availability of disaggregated data for trade analysis.
- (d) Start with the Trade Policy Review Mechanism (TPRM) as a concrete entry point for engendering WTO policy and processes.
- (e) Work for the integration of a gender impact analysis in the PRM.
- (f) Exemplify and make visible the gender-trade links in trade policy and analysis.

The Trade Policy Review Division (TPRD) was selected as a concrete entry point to the WTO because of its function of evaluating or reporting on member countries' implementation of WTO rules. As a result of lobbying in Singapore, a series of meetings was organized in Geneva in March 1997 with the staff of TPRD and other WTO officers; and internal meetings to further organize and coordinate the work were also held. Initially ICDA and the Network Women in Development Europe(WIDE) jointly coordinated the working group's activities, using existing resources while fund-raising was initiated by individual member organizations of the IWGGT network.

In 1997, other international meetings were convened and documentation and case studies were published by ICDA and partners, such as the ICDA-Global Publications Foundation "Workshop on Women and Sustainability in International Trade" in Brussels, June 1997 which was accompanied by the issue of the book *Women and Sustainability in International Trade*.

Some members of the IWGGT were able to participate in the WTO/UNCTAD/NGO Symposium on Integrated Initiatives for Support to LDCs' Trade and Development". The IWGGT objective was to make gender more visible in the resulting NGO statement that was included as documentation in the subsequent High Level Meeting on Integrated Initiatives. However, the efforts were not particularly visible in the final result, probably because IWGGT members were too far removed from the final editing of the statement.

B. Gearing up for the second WTO Ministerial Conference, 1998

1998 focused on preparations for and then follow-up to the Second WTO Ministerial Conference, and the "Policy Forum On Gender and Trade: Advocacy and Strategy Planning for the second WTO Ministerial Conference" jointly hosted by ICDA and ICDA-member Global Publications Foundation-Sweden in Brussels in February 1998 assisted in highlighting the gender-trade-and-development link as a critical area of concern, analysis, and advocacy; providing a forum for issue analysis and disseminating information about the IWGGT; and coordinating and facilitating the strategizing and lobby-process leading up to the Second WTOMC.

The work programme and plan of action for 1998 consisted of the following:

- (a) The formulation of a joint-statement and platform for the informal working group and its wide dissemination as the IWGGT's mission statement: "Briefing Statement on Gender and Trade: Gender and Trade. Some Conceptual and Policy Links", 1998, in order to gather support for the issue and comments for the further development of the working group's platform. It was also produced in the form of a hand-out as an advocacy and lobby instrument at the May WTOMC.
- (b) Launch of an IWGGT membership campaign to enlarge and broaden participation of the working group.
- (c) Production of analysis, documentation, and case studies illustrating gender and trade liberalization links.
- (d) A name change to its present name, the "IWGGT", to underline that the WTO focus is only one part of the group's work. The focus is gender and trade in general. The targets are the WTO, UNCTAD, other macroeconomic policy institutions, governments, and NGOs/civil society.
- (e) Facilitation of the IWGGT remained at ICDA as the sole focal point following the second WTOMC due to staff changes at WIDE.

The results achieved by the time the Second WTOMC was convened on 18 May were the wide distribution of the Briefing Statement, additional support for the Statement, new members in the working group, and the following production of documentation and analysis.⁴⁴

⁴⁴ These are: (a) a booklet presenting the IWGGT, the Briefing Statement, and case studies illustrating the effects of international trade on women at the micro- and macro levels, *Trade Myths and Gender Reality – Trade Liberalisation and Women's Lives*, (ed.) Angela Hale, Global Publications Foundation(GPF) and ICDA. A second edition was issued in Spring 1999; (b) the ICDA Journal. *Focus on Trade and Development*, Vol.6., No.1-1998, focusing mainly on gender, trade, and the WTO; the MAI; and the GATT 50 years (c) a report on "ICDA's and Global Publications Foundation's Policy Forum on Gender and Trade: Advocacy and Strategy Planning for the Second WTO Ministerial Conference, Brussels, 6-7 February 1998", GPF and ICDA was distributed before the Second WTOMC; (d) the IWGGT commissioned a case study on gender and trade in Ghana in order to initiate the development of a gender analysis of trade liberalization and implementation and to use the case study as a lobby instrument towards the WTO's

The Gender Action at the Second WTOMC included:

- (a) A booklet presenting the IWGGT, the Briefing Statement, and case studies illustrating the effects of international trade on women at the micro- and macro-levels, Hale, Angela (ed.) *Trade Myths and Gender Reality – Trade Liberalization and Women's Lives*. Global Publications (GPF) and ICDA. A second edition was issued in Spring 1999.
- (b) ICDA Journal, *Focus on Trade and Development*. Vol. 6, No. 1, 1998, focusing mainly on gender, trade and the WTO, the MAI, and the GATT 50 years.
- (c) A report on *ICDA's and Global Publications Foundation's Policy Forum on Gender and Trade: Advocacy and Strategy Planning for the Second WTOMC*, Brussels, 6-7 February 1998, published by GPF and ICDA was distributed before the second WTOMC.
- (d) The IWGGT commissioned a case study on gender and trade in Ghana in order to initiate the development of a gender analysis of trade liberalization and implementation and to use the case study as a lobby instrument towards the WTO's Trade Policy Review Mechanism and among NGOs and trade officials.
- (e) A summary of the first draft of the case study *The Need for a Gender Analysis of the WTO – Ghana Case Study* was used as information and disseminated at the Second WTOMC.
- (f) The first draft *Gender, Trade and the WTO: A Ghana Case Study. Draft Report for the IWGGT*, produced by Myriam Vander Stichele, was discussed by involved IWGGT members at the Second WTOMC and a final version was issued early in 1999.
- (g) ICDA Update, No. 27, January-March 1998, on trade and trade-related news and events leading up to the Second WTOMC was made available for distribution.
- (h) The daily convening of Geneva Women's Caucus meetings for information sharing and coordination purposes.
- (i) A "Seminar: Gender Action on the WTO - Current Results and Strategies" to launch the IWGGT, the IWGGT's Briefing Statement, the Summary of the Ghana case study, the ICDA Journal, Vol.6, No.1-1998, and *Trade Myths and Gender Reality: Trade Liberalisation and Women's Lives*.
- (j) A IWGGT strategy and future planning of a Workshop on Gender Action on the WTO - Strategizing for Future Gender Action, Goals, and Visions" was then convened to discuss ongoing events, including the Second WTOMC Declaration and press releases, the IWGGT work on the Trade Policy Review Mechanism and the Ghana case study, future strategies and work, and IWGGT coordination and funding.

Trade Policy Review Mechanism and among NGOs and trade officials (e) a summary of the first draft of the case study, "The Need for a Gender Analysis of the WTO - Ghana Case Study" was used as information and dis-seminated at the Second WTOMC, (f) the first draft, "Gender, Trade and the WTO: A Ghana Case Study. Draft Report for the IWGGT" produced by Myriam Vander Stichele, was discussed by involved IWGGT members at the Second WTOMC and a final version was issued in the beginning of 1999, (g) ICDA Update, no.27, January-March 1998, on trade and trade-related news and events up to the WTOMC was made available for distribution.

C. Lessons learned in Geneva

In general considerable interest was shown in the complex issue of incorporating gender- and WID in international trade. The Geneva Women's Caucus and the Gender Action on the WTO meetings were lively and well-attended. There was great interest in the data and information presented; a large number of publications were distributed in Geneva; and subsequently there was a considerable demand for launched materials following the Second WTOMC. Especially the easily accessible booklet *Trade Myths and Gender Reality - Trade Liberalisation and Women's Lives* has been in popular demand and subsequently a new edition was produced in 1999.

At the second WTOMC there was considerable interest shown by new and old NGO and NGO-network contacts and partners in establishing and/or strengthening links to the Gender Action project and the IWGGT. It should be noted that the IWGGT's eurocentric tendency of participants and meetings stems from the geography of trade-related meetings and lack of sufficient funding and is not due to variability of intentions. Better funding would rectify some of the imbalance.

D. Focus for future action: building up to the third WTOMC

The many ideas fielded for the IWGGT's future work programme, linkage development, and coordination envisage an extremely ambitious and intensive that would require good funding, even if only a fraction of the ideas were implemented. The potential and probable agenda for the Third WTOMC in Seattle, November-December 1999: the built-in agenda including the Trade Policy Reviews and process; and a possible new round of negotiations on increased Liberalization; the possibility of introducing gender into the future work of the WTO constitute one peg on which to hang IWGGT activity, while UNCTAD's future work programme to be decided at UNCTAD X offers another such peg.

With these possibilities and potentials in mind, in May 1999 the IWGGT agreed to continue the work initiated in Singapore and ambitiously proposed a large number of action points and these generally were to:

- (a) Promote gender-awareness in trade issues.
- (b) Lobby and work for gender balance in the WTO by integrating a gender- and WID perspective into all levels of WTO work.
- (c) Promote the collection, availability, and use of sex disaggregated data for trade analysis.

More specifically, some of the action points were designed to:

- (a) Continue to target the WTO's Trade Policy Review Mechanism as a concrete point of entry for engendering the WTO through the introduction of gender analysis and assessments.
- (b) Continue the development of a gender analysis and the WID-perspective of the implementation of WTO rules with focus on the impact in developing countries.
- (c) Further development of the Ghana case study and commissioning new case studies, impact studies, and trade policy reviews.

- (d) Introduce impact assessments of trade liberalization and WTO rules on people and sustainable development to the WTO system.
- (e) Promote transparency and improved information access to the WTO system and processes for women's NGOs and networks and other NGO, trade union, and civil society groups and networks.

A number of new issues and further development of ongoing issues were also proposed to:

- (a) Identify the most appropriate form for putting gender and WID on the WTO agenda and work and to lobby for its mainstreaming.
- (b) Monitor the Roundtable process initiated by the High Level Meeting on integrated initiatives to advance LDCs' trade opportunities and development with a focus on mainstreaming gender analysis and WID-perspectives into the initiatives and for promoting women's participation in this process.
- (c) Set the issue on OECD's Development Assistance Committee (DAC) agenda.
- (d) Produce checklists as practical tools for integrating WID and gender into various parts of the WTO and UNCTAD work programmes.
- (e) Renew cooperation on gender and trade work with UNIFEM.
- (f) Further examine policy coherence between trade, women's rights, and human rights.
- (g) Target international bodies others than UNCTAD, as information, advocacy and lobby points, in spite of the continued emphasis on the WTO.
- (h) Target the coming preparations and coordination for UNCTAD X in February 2000.
- (i) Target regional trade blocs and economic cooperations, such as the EU, NAFTA, APEC and ASEM, in order to develop NGO gender contacts.

Developing the IWGGT network and linkages to other networks and participating in electronic communication and conferencing is a necessary function of networking. Therefore, the establishment of contact points in the different regions was proposed.

E. Electronic networking and conferencing

Electronic communication and conferencing is an extremely important trend in gender and trade work and greatly increases the volume of available literature and documentation on gender and trade issues, but only a very few of the existing networks can be mentioned here.⁴⁵

- (a) CLADEM (Latin American and Caribbean Committee for the Defence of Women's Rights) has a website and campaigns to integrate gender into the human rights discourse.

⁴⁵ See ICDA Journal, Vol. 6, No.1, 1998.

- (b) The International Network for Engendering Macro-Economics and Trade (INEMET) is a network for academics.
- (c) The GREAT Network is an electronic mailing list managed by the Gender Research and Training group at the School of Development Studies, University of East Anglia, Norwich, United Kingdom. It brings together gender and development researchers and development practitioners and individuals at dispersed institutions and facilitates better contacts between them. It disseminates research results to development agencies and academics, informs subscribers of relevant debates and information on the Web, manages topical debates, keeps members up to date with current network news.⁴⁶
- (d) IAFFE-Europe, a network of European feminist economists which was established at the first European Feminist Economics Seminar, Brussels, February 1998, is initiating a number of e-mail working groups, some of which deal with gender auditing of national budgets; EU economic policy and its gender impact; living standards, unpaid work and sustainability; and distribution intra- and inter-households.
- (e) The women's global project to prepare for a "Women's Strategic Planning Seminar on Trade and Gender" to be held in Grenada in December 1999, is coordinated by the Center of Concern, Washington D.C. in collaboration with Peggy Antrobus. The Seminar will address questions such as: (a) how to strengthen gender and trade research and analysis, (b) how to advance the advocacy of feminist trade policies in key trade and NGO fora, and (c) how to increase women's capacity to inform the discourse on trade with a feminist perspective at the local, regional, national and international level among other NGOs. In preparation for the Seminar there are electronic seminars currently running and focused on gender and trade issues: textiles, intellectual property rights, investment, agriculture, services, gender and trade networking and campaigns, electronic commerce, and possibly, a later one on networking, campaigns and trade literacy.

F. Impact assessments: social, gender and environment assessments of trade liberalization

Another important trend is the NGO lobby for impact assessments of existing trade liberalization rules and of any new negotiations. In November 1998 a Conference on Trade, Gender and Environment was convened by ICDA and WWF-International. The objectives were to ensure convergence and integration between gender and environmental concerns; to stimulate and improve NGO coordination in North and South in preparation for the at-the-time foreseen high level symposia on trade, environment and development; to discuss the possibility and contents of a sustainability impact assessment of WTO negotiations; to clarify what the gender perspective of international trade is, and to emphasize the necessity of including a gender analysis in any impact assessment of the sustainability of trade liberalization.

There is a tendency to lump gender, core labour standards and rights, human rights, and other non-trade concerns together under the term "social dimension". The danger in this is that the term is too general and imprecise. Unless one is already gender-aware, gender and women concerns do not automatically become integrated into the analysis of trade rules and are therefore omitted.⁴⁷ However, there was broad support for ensuring the inclusion of the gender dimension into impact assessments and this is reflected in the reporting from the conference and the resulting statements.

⁴⁶ At <gender@uea.ac.uk>, <development-gender@mailbase.ac.uk>, and <http://www.uea.ac.uk/dev/greatnet>.

⁴⁷ See ICDA Journal, Vol. 6, No.1, 1998.

A second “Conference on Social, Gender and Environment Assessments of the WTO Negotiations”, convened by ICDA-WWF-Oxfam-Greenpeace in February 1999 continued the work with impact assessments and the preparations for the High Level Symposia. Efforts continued to make gender visible and concrete in the NGO statements both to the European Union (EU) concerning the EU-DG I’s planned sustainability impact assessment and the programme and contents of the High Level Symposia.

VII. SELECTED LITERATURE ON GENDER AND TRADE

As indicated earlier, there is a growing body of literature and research on the gender dimensions of international trade that has developed over the past two decades, and a number of studies are underway. Its precursor was the focus on Third World debt problems and the examination of the gendered effects of structural adjustment. In the 1990s the focus on gender, women and trade has really taken off. Feminist economists have successfully criticised traditional economic analysis as being gender blind, i.e. making no gender distinctions and assuming that economic analysis is gender neutral; and the need for gender-differentiated analysis in macroeconomic fields has therefore been established. The focus here will be on a very few titles, which represent only a tiny portion of the relevant and interesting literature available, but may be considered as key contributions for varying substantive and essential reasons.

UNIFEM published *Women and the New Trade Agenda* by Susan Joeke and Ann Weston in 1994, which can be considered the first handbook on the links between trade liberalization and gender, explaining in accessible terms how trade effects men and women differently, and touching upon the different aspects of trade policy formulation, decision-making, and implementation and the roles for women, gendered employment and labour markets, transnational corporations and export processing zones. At the same time the publication has been critiqued for its overly optimistic view of the positive opportunities afforded women by trade liberalization and its downplaying of the obstacles and negative aspects of trade liberalization.

Trade Myths and Gender Reality - Trade Liberalisation and Women's Lives is a little publication edited by Angela Hale and published by ICDA and Global Publications Foundation in 1998 with a second edition in 1999. It contains an introduction to the Informal Working Group on Gender and Trade, the Working Group’s platform and objectives called the “IWGGT Briefing Statement. Gender and Trade: Some Conceptual Policy Links”, and case studies on the effect of trade liberalization on women and their situations. It is a popular publication and a good membership campaign and lobby tool.

Gender, Trade and the WTO - A Ghana Case Study researched and written by Myriam Vander Stichele for the IWGGT/ICDA and produced by Women Working Worldwide, United Kingdom, is important with regard to the integration of gender analysis into the trade policy review process of the WTO. It is an initial study indicating how a gender analysis can be integrated/mainstreamed into international trade, selected WTO policy areas, and the Trade Policy Review Mechanism (TPRM) of the WTO. It is used as an educational and lobby tool to introduce trade and gender links and analysis to NGO networks and governmental bodies such as the EU, trade officials, and Southern embassies and trade missions in Geneva in order to inform and lobby about the gender perspective of trade in preparation for the Third WTOMC on national, regional and international levels. A Ghana Trade Policy Review (TPR) was scheduled for 1999 but has apparently since been postponed. The perspective is to develop a cooperation with the Ghanaian NGOs and resource persons who contributed to the case study and to encourage and promote NGO contributions and to lobby in

regard to both the Ghanaian Government's and the WTO Secretariat's TPR reports, in order to advance a gender analysis in these TPRs.

A review of the TPRM is to be held by year 2000, which is an important target for action for the IWGGT work programme. This initial case study can be used as an example or proposal of how a gender analysis can be integrated. At the same time, the gender analysis of the TPR needs to be further refined by improving the indicators of gender equity in trade, the gender analysis of specific sectors, and refining the gender and trade checklist.

The Gender-Aware Country Economic Reports produced by D. Elson, B. Evers and J. Gideon for the DAC/WID Task Force on Gender Guidelines for Programme Aid and Other Forms of Economic Policy-Related Assistance, are important reports in understanding how a gender analysis can be integrated into traditional economic analysis. The Working Paper 1. concepts and sources. Genecon Unit, Graduate School of Social Sciences, University of Manchester, United Kingdom was written by the authors to support the DAC/WID Task Force.

The ICDA Journal. *Focus on Trade and Development* which is edited by E. Haxton and C. Olsson for ICDA has included articles, reports, and documentation on gender and trade issues, trends, events and activities since its inception in 1994, in addition to covering the other focal areas of the ICDA programme. The last two editions are Vol. 6, No.1. 1998 dealing with gender, trade and WTO issues together with articles on the multilateral agreement on investment, and Vol.8, No.1. 1999 that focuses on the WTO, UNCTAD, gender and environment, the ACP-EU negotiations, and a report from the IWGGT. The ICDA Journal monitors and presents gender and trade developments and topics in each issue.

The *WIDE Bulletin* published by the Network Women and Development Europe (WIDE) is usually published twice a year and contains articles on women in development (WID). WIDE is an EU-based and focused NGO network that cooperates with Southern women's NGOs and networks. Since May 1995, WIDE has been working on gender, trade and an economic literacy project which has mainly focused on EU trade policy and strategies, and this work is covered in the *Bulletins*.

Gender Focus on the WTO edited by E. Haxton and Claes Olsson for ICDA and GPF, June 1999, is probably the most recent publication on gender and trade issues. It contains nine contributions on trade and gender research in East Africa, women and human rights, the impact of the new trade agenda on women, the gender and environment link's implications for trade, textiles, the Trade Policy Review Mechanism, etc. It was published in connection with a Policy Forum of the same title "Gender Focus on the WTO – Advocacy and Strategy Planning for the Third WTO Ministerial Conference" in June 1999.

This very selective listing has presented only a few key literature entries, but the examples of gender and trade or economic networks yield a great deal of information, research, and literature.

VIII. CONCLUSIONS

An overview of the links between trade, sustainable development and gender established on a rights-based approach has been presented in this paper. Gender and trade networking and organization in the form of the international network IWGGT, electronic information sharing, communication and conferencing; and the NGO lobbying to advance the use of impact assessments of trade liberalization at international, regional, and national levels has been singled out as an important trend in NGO campaigns and activities. Finally, a few gender and trade literature titles

have been selected for presentation. The references for this paper also provide suggested reading titles. Mainstreaming gender and rendering operational the links between trade, sustainable development and gender will be critical in achieving gender equity, equality, sustainable human development and sustainable economic growth. It is absolutely essential to have a conscious, genderized trade policy formulation and execution, to subsequently monitor the developments, and to evaluate the impacts of trade liberalization.

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NOTES ON TRADE, SUSTAINABLE DEVELOPMENT AND GENDER

by
Patricia Bifani-Richard
International Consultant on Gender and Development
Instituto de Estudios Políticos para América Latina y Africa (IEPALA)
Madrid, Spain

I. INTRODUCTION

The link between trade, sustainable development and gender is a rather new issue, involving extremely complex parameters. The preliminary methodological steps to be taken in considering this issue within a broader outline can be as follows:

- (a) To assess the present situation in terms of major parameters and causal interrelationships and to identify the main problem areas.
- (b) To determine medium- and long-term desirable goals, policy orientations and viable strategies, and to define relevant actions and their likely gender impacts.

It seems useful to start by posing some key questions in order to orient the debate and the scope of further research, so as to open up the field of enquiry. Among such questions that could be raised during this Expert Workshop, the following may be suggested (i) is gender affected by trade and development orientations; (ii) has trade some gender characteristics; (iii) what are the gender effects of internationalization of production, and (iv) why does globalization have a gender impact, negative for the poor, and particularly for women?

II. DEVELOPMENT ORIENTATIONS

Diverse empirical facts related to national/international experiences of recent decades, such as the differential impact on men and women of development policies, the world crisis and changing trade orientations, provide an interesting basis for Workshop discussion. For example:

- (a) *Structural adjustment policies.* Conceived at a macroeconomic level, and globally promoted, these policies have been implemented throughout most of the developing regions with evident gender impact. Several studies show that recession and adjustment policies have resulted in an economic decline at the household level. Decrease in the purchasing power of the household and welfare losses have strained women's time and effort beyond acceptable limits.^{48 49}
- (b) *Internationalization of production and liberalization of trade.* These are among the main characteristics of globalization, and as noted by the Ninth Session of UNCTAD,⁵⁰ are supposed to result in "considerable gains in productivity and wealth creation". Yet, to date, they have not

⁴⁸ Commonwealth Secretariat (1989). *Engendering Adjustment for the 1990s*. London: Commonwealth Secretariat.

⁴⁹ Andrea Cornia, G., Jolly Richard, and Stewart, Frances (eds). (1987). *Adjustment with a Human Face*. Oxford: Clarendon Press.

⁵⁰ UNCTAD. (1996) A Partnership for Growth and Development, TD/L 359.

benefited equally all strata of the world population. It has been noted that globalization is discriminatory, both among countries and within them. Indeed, both of these processes have had a particularly negative effect on women.

- (c) *Growing interdependence resulting in greater risks of instability and marginalization.* The increasing poverty gap between regions, between social groups and between men and women seems to confirm this trend. One of the most striking facts is the phenomenon labelled as “feminization of poverty”, which has become a global phenomena. The number of women living below the poverty line has duplicated in the last 20 years. According to UNIFEM,⁵¹ women constitute 60 per cent of the world’s poor, while the UNDP speaks of 70 per cent.⁵² The representation of women among the poor is increasing, a fact showing that we are facing a process and not a conjunctural situation.⁵³ Female-headed households, which constitute around one-quarter to one-third of all households in the developing countries are among the poorest of the poor.
- (d) *Social problems stemming from the globalization process.* Among these must be mentioned the degradation of human beings, particularly women and children, resulting in a slave-like traffic, which is already a growing concern at international and national levels.
- (e) *Poverty associated with internationalization of information and tourism.* This is creating in world markets a new commodity, maybe not so new, but increasing on an unprecedented scale: these are women and children for the sex industry. As UNFPA has pointed out, sexual exploitation and trafficking is a global problem. Tens of million of children are already in the sex market, and each year two million girls between the ages of 4 and 15 years are introduced to the commercial sex market.⁵⁴ The flux of negative, degrading and violent images provided by world television contribute to this sex exploitation.
- (f) *Migration is another effect of unequal development.* People are moving, among other reasons, in search of better working opportunities or fleeing from areas of conflict, etc. Of the current total of some 20 million displaced persons or refugees, 80 per cent are women and children.

III. GENDER EFFECTS OF THE INTERNATIONALIZATION OF PRODUCTION

This aspect has been examined in “Impacto de la globalización sobre la Mujer en América Latina y Africa,”⁵⁵ which noted that one of best known effects is the casualization and feminization of employment in the new export activities. This study also examined how industrial restructuring and the fragmentation of the production processes into separate elements has been accompanied by the *feminization of employment*.⁵⁶

⁵¹ UNIFEM (1995). *The Human Cost of Women’s Poverty. Perspectives from Latin America and the Caribbean*. Mexico City.

⁵² UNDP (1995). *Human Development Report 1995*. New York: Oxford University Press.

⁵³ Anderson, Jeanine. (1994). *Feminización de la Pobreza. Red Entre Mujeres*. Lima.

⁵⁴ UNFPA (1997). *The State of the World Population*. United States of America: Prographics.

⁵⁵ Bifani, Patricia. (1997). *Impacto de la globalización sobre la Mujer en América Latina y Africa, en Género, Clase y Etnia en los nuevos Procesos de Globalización*. Madrid: Ediciones Universidad Autónoma de Madrid.

⁵⁶ See: (a) Mitter, Swasti. (1986). *Common Fate, Common Bond. Woman in the Global Economy*. London: Pluto Press; (b) Abramo, Lais. (1995). *La inserción de la mujer en los nuevos paradigmas productivos*. Santiago de Chile: ILPES; (c) Eisold. (1984). *Young Women Workers in Exports: The Case of the Semi-Conductor Industry in South-East Asia*. ILO Working Paper, Geneva: ILO; (d) Garnsey, E. and Paukert, L. (1987). *Industrial Change and Women Employment Trends in the New International Division of Labour*. International Institute of Labour Studies No. 86. Geneva: ILO; (e) Nash, June and Fernandez-Kelly, Patricia. (1983). *Women, Men and the International Division of Labour*. Albany: State

In connection with these considerations it is pertinent to mention the relationship between globalization and peasant women in Costa Rica. Central American countries have reoriented the productive sector in order to become more competitive in the international market. Costa Rica's agricultural sector provides 65 per cent of the country's export earnings based on the traditional tropical agricultural exports, such as bananas, coffee, sugar and beef. The Plan of Productive Reconversion attempts stimulate exploitation of the world market of non-traditional products, such as flowers, fruits, ornamental plants, roots, shellfish, tubers and vegetables. This conversion implies a change of the technological pattern and the modernization of the agricultural sector. Both processes, conversion and change of the agrotechnological pattern, deeply affects the situation of small-scale producers, among them women, creating a large demand for female labour, in activities such as reaping, harvesting, processing and packing.

One of the main characteristics of the new agro-industrial export-oriented activities is the growth of precarious employment, with an increased temporary labour force and the decrease of permanent working contracts. Women, who are seen as secondary wage-earners within the family, constitute an ideal temporary workforce. In the Chilean fruit sector, 84 per cent of the workers employed during the peak season are casual labourers. Women represent 52 per cent of these casual workers. In 56 per cent of the cases, female workers labour no more than four months per year. The permanent workforce is a little over 40.000 people, of which only 5 per cent are women. It should be noted that the total workforce in the fruit sector is about 300.000 people, representing more than one-third of the country's total agricultural workforce and nearly 60 per cent of the wage-paid people of the sector.⁵⁷

For Latin America as a whole, the orientation towards non-traditional products results in a dynamization of the agricultural sector and the increase of its contribution to the GNP. Some scholars are of the opinion that it is through such production and trade of non-traditional products that Latin America incorporates into the globalization process. It is also to be noted that in Latin America the participation of women in agriculture follows three different modalities (i) working in plantations, most usually as unpaid family labour; (ii) working in non-traditional agricultural production, in the context of industrial organization, as wage labourers, and (iii) working in small-farm production, usually for subsistence production and petty trade.⁵⁸

Studies carried out in Costa Rica also show two interesting phenomena:

- (a) First, a more dynamic generation of employment in non-traditional productive activities, which grew from 2,563 workers employed in 1986 to 6,187 in 1989, although concentrated on only two products: fruits and ornamental flowers. This concentration entails an enormous vulnerability, since any slowdown of the global market demand is likely to provoke a catastrophic impact on employment.
- (b) Second, new working relationships in the non-traditional agricultural export sector have resulted in a major proletarianization of the peasantry: non-traditional activities render wage labour

University of New York University Press; (f) Grummett, Angeles. (1988). *Rural Women and Industrial Home Work in Latin America: Research Review and Agenda*. Geneva: ILO, (g) Sen, G. and Gulati, J. (1987). *Women Workers in Kerala Electronic Industry*. Geneva: ILO; and (h) Safa, Hellen. (1981). "Runaway Shops and Female Employment: The Search for Cheap Labour" in "Development and Sexual Division of Labour", in Safa, H. and Leacock, E., *Signs*, Vol. 7, No. 2.

⁵⁷ Venegas, Sylvia. (1995). "Las Temporeras de la fruta en Chile" in *Mujeres, relaciones de género en la agricultura*. Santiago: Centro de Estudios para el desarrollo de la Mujer.

⁵⁸ Campaña, Pilar. (1990). "Mujer y Agricultura en América Latina", in *Estudios Rurales Latinoamericanos*, Vo. 13, No. 3.

advantageous over own-account work and family work. While at the national level, employment in the agricultural sector provides work for 40 per cent of own-account workers and 60 per cent of wage labourers, in the non-traditional agricultural activities the first category accounts for only 23 per cent, with the wage labour category accounting for 77 per cent. As regards female employment in non-traditional agricultural production, it attains 36 per cent, compared with only 6,3 per cent in the overall agricultural labour force. However, it must be noted that women's employment is contingent and their salaries are consistently lower than men's salaries.

Since the investment in non-traditional agricultural activities has been mainly foreign and mixed capital, national capital is being oriented to other activities, and the new pattern of working relationships is being established between foreign firms and peasants. This fact could lead to an increasing vulnerability, as foreign capital in its search for major rentability, can easily move away to other countries, regions or economic sectors.⁵⁹

The programme of agricultural modernization initiated in Panama in 1990, reoriented credit to the most 'productive' sectors of the economy to the detriment of small-scale producers, to which category the large majority of peasant women belong. On the other hand, basic grains policies that include liberalization of prices, reduction or elimination of subsidies and of tariff protection have also adversely affected small producers, mostly women, unable to compete in world markets.

In sub-Saharan Africa, export-oriented policies with an emphasis on tradables together with producer incentives, such as increases in agricultural producer prices and easier access to credit and subsidized agricultural inputs, have been devised ignoring gender perspective. It is a well-known fact that in this region agricultural work is characterized *inter alia* by: (i) a strict division of labour between men and women, the latter being responsible for food production and food purchase; (ii) subsistence activities are performed by women while export-oriented activities are dominated by males; and (iii) women and men manage separate and independent budgets; furthermore, "women farmers suffer from an unequal access to the modern yield increasing inputs that an intensification or turnaround of African agriculture will demand."⁶⁰

Thus, while some large-scale producers have benefited from measures aimed to dynamize the export sector, small producers, of which women constitute a majority, could not improve their productivity and in many cases have lost some of their former prerogatives: for example, the best and larger areas of land being allocated to export activities, reducing the yield and the production of food crops. Overall, the allocation and reallocation of factors of production is less flexible in the case of rural women, for *inter alia* they have no property rights, and much less access to credit and extension services and programmes, not to mention various cultural restrictions.

IV. GLOBALIZATION AND ITS GENDER IMPACT

This theme is deserving of careful reflection on how vulnerable groups in developing countries can integrate themselves into an increasingly competitive world economy. To participate in a competitive market requires assets and endowments, information and communication facilities, capital, technology, human resources, infrastructures, access to markets, and capacity of association etc. Access to and control of all these factors has traditionally been biased in favour of men. This

⁵⁹ Carrera, Fernando. (1995). *Exportaciones no Tradicionales en Costa Rica: Mitos y Realidades*. San Jose/Costa Rica: Fundación Friedrich Ebert.

⁶⁰ Gladwin, Christina. (1991). Introduction in *Structural Adjustment and African Women Farmers*. United States of America: University of Florida Press.

means that most women cannot compete in the market on an equal basis with men, and this problem is further accentuated for women in the case of developing countries, due to the recognized inferior competitiveness of developing countries vis-à-vis the developed countries. Thus, as developing countries lag behind developed countries in terms of competitiveness, the possibilities for enhancing the opportunities and economic status of women in the developing countries are further restricted.

This suggests that any discussion on gender should be focused on gender analysis and operationalized in an integrated manner with socio-economic analysis.⁶¹ Because it must be recognized that issues that affect women, such as poverty or non-competitiveness, are not only partly attributable to women's inequality, but also related to the social and economic factors that affect poor or non-competitive men. The following reflections are of relevance to these issues.

Historically there has been a specialization within the world market. Originally, many developing countries provided raw materials and bought manufactures, but they provide cheap labour for the export-oriented industrialization controlled by the North. Patterns of specialization always involve advantages for the regions, countries, social groups and gender that orient and control the world development process.

An aspect enlightened by some authors is the lack of alternatives of choice that go with poverty. As the late Sir Arthur Lewis put it, the advantages of economic growth are not that wealth brings happiness, but that it increases the range of alternatives of choice. Economic growth gives to people a greater control over their environment and, therefore, increases their freedom. In this context, poverty tends to be seen in a much more comprehensive dimension, that explains the poor's backwardness in relation to competitiveness: they suffer from material deprivation, isolation, alienation, dependence, lack of freedom of choice, or of assets, vulnerability and insecurity.⁶² Similarly, the concept of sustainable development emphasizes the need to ensure that the needs of present generations are met without compromising the abilities of future generations to meet their own wants.⁶³

Employers' markets are segregated on the base of sex; inequality of earnings between male and female workers; differences in recruitment, hiring, firing and promotion practices for men and women, the effect of family responsibility on career development and worker productivity.⁶⁴ So the segmentation of the labour market creates additional disadvantages for women which coupled with the difficulties of access to and control over productive resources are conducive to poverty.

There exist deeply internalized beliefs and social expectations about what males and females should be and should do. This "ideal model", in a major or minor degree, forms part of everyone's identity and conforms people's behaviour to acquiring a normative character. There exist, with cultural variations, gender assignments of social roles; males and females spaces; a gender organization of work and social activities; a distribution of time of the complete life cycle, sex-specific and power relationships between men and women stretch from the household to the wider society, constraining the female decision-making sphere. In a century of overwhelming and rapid changes, gender stereotypes create socio-cultural gender discrimination hampering integration into

⁶¹ FAO. (1997). "Socio Economic and Gender Analysis (SEAGA). A Conceptual approach to Development Planning, Implementation, Monitoring and Evaluation", Draft. Rome: FAO.

⁶² Jazairy, Idriss, et al. (1992). *The State of the World Rural Poverty*. New York: IFAD New York University Press.

⁶³ The World Commission on Environment and Development. (1987). *Our Common Future*. New York: Oxford University Press.

⁶⁴ Anker, R. and Hein, C. (1986). *Sex Inequalities in Urban Employment in the Third World*. London: The Macmillan Series of ILO Studies.

the mainstream of development and diminishing the choice of responses to demanding challenges created by globalization.⁶⁵

V. TRADE AND GENDER CHARACTERISTICS

This theme, that is usually focused on the specific problems of small traders, has acquired paramount importance in the light of the incommensurate growth of the informal sector in many countries, fuelled by recession and structural adjustment policies. Enterprises in this sector, that *“are to be considered as part of the enterprise entity which contributes to the development process”* according to the Ninth session of UNCTAD⁶⁶ assume a primordial role in survival strategies when employment and income generation decline.

In Africa and Latin America, women constitute a large part of the workforce in the informal sector. In urban Tanzania, for example, about 80 per cent of the female workforce is self-employed, and 53 per cent of all informal sector workers are women. In Peru, 40 per cent of the labour force in the informal sector are women, compared with 18 per cent in the formal sector.⁶⁷

Average earnings in the informal sector, where women predominate, are considerably lower than in the formal sector. They are also lower than men's earnings in the same situation. Informal sector workers, particularly women, virtually do not have stalls or any type of infrastructure to protect themselves against sun or rain or to stock their produce. They do not have any social security and in many cases their activity is considered illegal, with street vendors often being harassed by the police. They offer a non-diversified merchandise, an important part of which is highly perishable. The informal sector is organized around small production units, most of the time utilizing traditional technologies and small capital.

It is interesting to note the different character of men and women working in the informal sector. While women tend to concentrate in trade and service activities, the men tend to undertake transformation processes and create small industries in the context of small-scale, labour-intensive and low-profile skill enterprises, which characterize the informal sector. This female-male differentiation of labour and working possibilities within the informal sector - meaning a marginalization within the already marginalized - is another matter which deserves both further research and appropriate action.⁶⁸

The liberalization of credit inhibits small demanders, and specially women, in favour of big enterprises. Regarding this fact, an interesting experience has been observed in Abidjan: since the formal banking system rejects workers from the informal sector, informal credit systems have been created by these same workers. These are mobile banks that visit workers at their working places and collect the money they can freely deposit, of a minimum monthly amount. Mobile banks, in their turn, deposit the collected money twice a week in the formal banking system. In this way, self-employed workers, at the end of the month, dispose of a capital in the form of their savings. The most conspicuous users of these banks are women supplying the “maquis” or popular restaurants with home-made dishes.⁶⁹ Along the same line of such “informal” saving systems can be mentioned

⁶⁵ Bifani, Patricia. (1999). Propuesta Modular de Capacitación. FAO (Proyecto), TCP/PAN/16611 (T).

⁶⁶ UNCTAD, op. cit.

⁶⁷ Commonwealth Secretariat. (1989). Engendering Adjustment for the 1990s. London: Commonwealth Secretariat.

⁶⁸ Bifani, Patricia and Adagala, Kavetsa. (1995). *Self-employed Women in the Peri-Urban Setting: Petty Traders in Nairobi*. Nairobi: Derika Associates.

⁶⁹ Toure, Abdou. (1992). “Lifestyles and evolving Cultural values”, in *Voices from Africa*, Issue No. 4, Geneva: NGLS.

the savings “clubs” or “savings cooperatives” like the “tontines” of Cameroon,⁷⁰ the COWAN of Nigeria, the “Esusu” among the Yoruba etc.^{71 72}

The analysis of trade at the level of small business, reveals some striking gender differences. Reviewing studies undertaken in Mali,⁷³ which do not constitute an isolated example, but share most of the characteristics of other market traders in Africa, it is possible to see that female activity is almost marginal in the markets, where they offer small quantities of a few selected products: a calabash full of cereals, a basket of smoked fish, some tomatoes and peanuts and some balls of unspun cotton. Men, on the contrary, dispose of bigger stocks, have storage location and a place to display their products. While women transport their products by themselves, the men have cars, bicycles or other means of transport. Even if the men’s capital is not enormous, they manage their enterprises in a more professional way and make use of credit facilities. They combine retailing with wholesales and by the end of the day their volume of sales largely exceeds those of women.

Geographical mobility is an additional clamp-down on women’s trade: with high fertility rates, scarce help and resources and strenuous domestic chores, mobility in search of faraway and more rewarding markets seems forbidden. Lack of mobility affects both the purchase of stocks and the sale of products. On this point, it is interesting to note that in many African societies a female’s mobility is linked to her life cycle. While she is able to procreate she must stay near home and near her children, but when she attains menopause, her area of displacement increases and so do her trading possibilities.⁷⁴

West African women have a strong reputation and longer tradition as traders, than women in Central and East Africa. Available studies show that business activities by women present great disparities. While the vast majority struggle to survive in small-scale activities, a few women traders traditionally dominate regional and interregional trade in items such as clothes, cigarettes, whisky and other imported goods. These few women, known as “market queens” or “mamas Benz”, have received a disproportionate attention, often generalizing their success to embrace the rest of West African women traders, which is not the case.⁷⁵

In spite of the precariousness and hardship of petty trading, a study of women petty traders in Nairobi shows that they believe the advantages of self-employment outweigh the disadvantages. Among advantages they mention are: more freedom and independence, more time to do other business, the possibility to stay at home in case of children’s illness; freer disposition of time; ability to capture all the profits; not being answerable to others; power of decision, control; money return depends on initiative and hard work; and is good, if prosperous. The disadvantages stated are insecurity, lack of salary at the month’s end, more risk; need of working capital to start a business; difficulties in planning due to the lack of a regular salary.⁷⁶

⁷⁰ Trager and Osinulu, in “El Impacto de los Programas de Ajuste Estructural en las Mujeres Africanas”, in de Villota, P. (ed.). *Globalización y Género*. Madrid: Universidad Complutense de Madrid.

⁷¹ Bifani, Patricia. (1995). “La Mujer en el Africa Subsahariana”, in *Africa Internacional*. Madrid: IEPALA.

⁷² Warnier Jean Pierre. (1993). *L’esprit d’entreprise au Caméroun*. Paris: Ed. Karthala.

⁷³ Harts-Broekhuis, E.J.A., and Verkoren, O. (1987). *Gender Differentiation among Market Traders in Central Mali*. Utrecht: University of Utrecht, Department of Geography.

⁷⁴ Kuiper, Marja. (1991). *Women Entrepreneurs in Africa*. Geneva: ILO Training Policy Branch.

⁷⁵ Ibid.

⁷⁶ Bifani, P. and Adagala, K., op. cit.

Research on women traders in the Caribbean (ECLAC) shows that in countries where women predominate in informal sector trade activities,⁷⁷ they either trade in wearing apparel and light goods (known as “suitcase trade”) or in fresh agricultural produce.

Small business operations of women face a number of constraints. Lack of capital, lack of access to other productive assets and sometimes lack of control over existing assets; overburden of household chores, poor mobility and limited access to markets. Women’s education lag is also a barrier to women’s trade (around a half of the female population in the developing world is illiterate), further limiting their access to credit institutions. Inability of women to access credit is reinforced by the lack of guarantees to back their demands, since usually they do not have any land or other assets of their own. It also hampers women’s access to more efficient technology, to information and communication and to the acquisition of new skills. Illiteracy makes it difficult to keep a record of business movements. Informal sector workers are not protected by any type of legislation, including the ILO Labour Standards embodied in Conventions.

The emphasis on gender differences at the small-scale and micro-levels should not obscure the fact that these differences are but part of the more global and striking asymmetric situation between the North and South firms. Hence gender differences situations must be examined in the systemic context of the unequal situation that characterize North–South relations. The understanding of this systemic perspective is a *sine qua non* in order to avoid piecemeal approaches.

VI. CONCLUSIONS: WHERE DO WE WANT TO GO AND WHAT CAN BE DONE?

With respect to the first question raised here, the broad answer is that we wish to move toward a human and sustainable pattern of development. The inclusion of gender in this objectives is self-evident. Human and sustainable development must centre on human beings, as a resource to be developed and empowered in order to reach both individual and collective well-being. These objectives cannot be attained leaving aside half of the world’s population. The gender dimension must permeate the four essential components of the human development paradigm - productivity, equity, sustainability and empowerment. The enlargement of opportunities and equitable access to them with the full participation of people should allow both women and men to be effective decision-makers and agents of development. Trade, science, technology, investment, commercial agreements, etc, are all but means to attain human sustainable development, therefore they should be reoriented accordingly.

The notion of sustainable development has two important dimensions:

- (a) *A time dimension*: the long term is explicitly emphasized so that gains and losses considerations should go beyond the short-term approach that has dominated decision-making.
- (b) *A systemic dimension*: that focuses attention on the inextricable web of relationships that governs world dynamics and performance.⁷⁸

To deal with gender, trade and sustainable development is an extremely complex task that requires their translation into operative concepts through different methodological approaches

⁷⁷ ECLAC (1998). Women in the Inter-Island Trade in Agricultural Produce in the Eastern Caribbean. LC/L. 465 (CRM.4/9).

⁷⁸ Bifani, Paolo. (1999). *Medio Ambiente y Desarrollo Sostenible*. Madrid: Universidad Autónoma de Madrid.

within the frame of the main development goal. In undertaking this task, some suggested steps are the following:

- (a) Each of the terms of the *trade, sustainable development* and *gender* trilogy have already been the subject of research and reflections by United Nations agencies and bodies, and by other international organizations, universities and research institutions. Therefore, a body of evidence exists that needs to be traced and analysed from the perspective of the interrelationships among them. As an example, the ILO has researched in the field of globalization, gender and employment and has also focused on gender and trade in the context of informal sector concerns. The FAO has collected evidence on the gender impact of modernization of the agricultural sector, incorporation of non-traditional exports, etc. Through a carefully designed questionnaire to these and other different agencies, information leading to the definition of the state of the art in respect of major areas of concern related to the involved parameters could be established. A further analysis of the findings of these agencies may also help to define working orientations and lines of policy.
- (b) Another likely approach, that can be used in a complementary way, would be to induce some experts on the issues to envision one or more ideal models or views of the situation we want to achieve. As Donella Meadows has written: "Vision is necessary to the policy process. If we have not specified where we want to go, it is hard to set our compass, to muster enthusiasm, or to measure our progress."⁷⁹ Scenario building has demonstrated that it can be a fruitful approach if we want to have global views of a situation, which has led to comprehensive policy recommendations, thus avoiding piecemeal approaches. Considering scenarios as being either "an outline of one conceivable state of affairs, given certain assumptions" or as "a hypothetical sequence of events constructed for the purpose of focusing the attention on causal processes and decision points", the question of "where we want to go" can explore alternative possible futures.⁸⁰
- (c) A monitoring mechanism, should be implemented on a regular basis in order to assess the following (i) the gender/social/environmental outcomes of the globalization process, and (ii) the effects of policy orientation aimed to redress inequality and fight against poverty within an environmentally sound perspective.

This monitoring mechanism should feedback the results into policy orientation and policy-making. Thus, the answers to the "what can be done" question should constitute the outcome of the whole preceding exercise and exceeds the limits of these reflections.

⁷⁹ Meadows, Donella. (1994). "Envisioning a Sustainable World", in *Getting Down to Earth*. United States of America: International Society for Ecological Economics. Washington D.C.: Island Press.

⁸⁰ Wilson, Ian. on Scenarios; and Huber, Bettina. on Images of the Future, in Fowles, Jim (ed). *Handbook of Futures Research*. (1978). London: Greenwood Press.

CÔTE D'IVOIRE: RESPONDING TO GENDER ASPECTS OF TRADE AND SUSTAINABLE DEVELOPMENT

by

Diblété Helène Koné

Deputy Director of Economic and Foreign Investment Promotion

Ministry of Industrial Development and Small and Medium-sized Enterprises

Abidjan, Côte d'Ivoire

I. INTRODUCTION

Côte d'Ivoire with approximately 15 million people is highly urbanized: some eight million inhabitants live in its major cities. Some 30 per cent of the total population are foreigners who play an important, and even an essential role in the country's commerce and foreign trade. Côte d'Ivoire has boundaries with five other countries: Burkina Faso, Ghana, Guinea, Liberia and Mali, and has a coastline on the Atlantic Ocean. This geographic situation has enabled Côte d'Ivoire to become a privileged centre for trade, the harvesting of natural resources and the distribution of goods and services in western Africa.

The importance of this role as an economic centre in the region has increased further since the West African Currency, the CFA Franc, was devalued in January 1994. This change of parity has stimulated demand for local products as well as for exports from the Côte d'Ivoire.

In view of the new economic situation, Mr. Henri Konan Bedie, Head of State, reorganized the country's production and its exploitation of the natural resources by creating two ministries responsible for the trade of Côte d'Ivoire: the Ministry of Promotion of Domestic Trade and the Ministry of Promotion of Foreign Trade. However, these institutional developments do not fully reflect the current situation, as the very dynamic trade of the country is not fully controlled by Ivoirians, although women play a frontline role in national distribution and trade in foodstuff. The priorities of these two ministries are to develop trade promotion within and beyond Côte d'Ivoire, and to stimulate the interest of a maximum number of Ivoirians in increasing and strengthening the country's trading activities.

II. THE ENVIRONMENT OF TRADE IN CÔTE D'IVOIRE

Trade as a whole, and particularly foreign trade, is very critical for the economic growth and development of Côte d'Ivoire. Export revenues contributed 47 per cent of GNP between 1975 and 1985, then fell to 30.5 per cent by 1990 and, since the CFA Franc devaluation, has now risen again to some 42 per cent of GNP.

The particular strategic geographic situation occupied by Côte d'Ivoire, makes the country a logical supply source of various products for neighbouring countries and for many other countries of Western Africa. Thus, foreign trade is a main feature of the Ivoirian economy, contributing strongly to the fight against poverty, allowing the Government to implement its plans for achieving sustainable development.

Since 1960, the country's international trade has been dependent upon the export of cash crops, such as bananas, cacao, coffee and pineapples. These industrialized cultivations and associated exports contribute to a large extent to a regular surplus in the trade balance. As well as these agricultural exports, Côte d'Ivoire has also been working to promote non-traditional exports. It has relied to this end to a large extent on the efforts of two government bodies aimed at the promotion of foreign trade. They had been known as the Centre Ivoirien de Commerce Extérieur (CICE) and the Centre de Commerce International d'Abidjan (CCIA) respectively, before their merger into the Association for Export Promotion, Côte d'Ivoire (APEX-CI).

A. Trade policy and trade performance

It is important to underline that Côte d'Ivoire has opted for a liberal trade policy. Following its independence, the country adopted a liberal trade regime, and since 1994, this policy has been further strengthened in all sectors of the economy as prices and commercial structures were deregulated in order to encourage competition. This liberal economic policy has been aggressively pursued in international markets, since it aims at enhancing the competitiveness of Côte d'Ivoire products, and the strengthening of Ivoirian export-oriented enterprises.

Following devaluation, the export revenues resulting from agricultural produce and transformation activities rose from 1,230 milliards of CFA Francs in 1994 to 1,440 milliards of CFA Francs in 1995. The volume of exchange with the other countries of the CEDEAO (Economic Community of West African States – ECOWAS) rose from 16.4 per cent in 1995 to 18.9 per cent in 1997 and from 9.5 per cent in 1995 to 11 per cent in 1997 with the West African Economic and Monetary Union countries. Exports to Africa represented 22.8 per cent of the global volume of exports in 1996. Generally speaking the share of export revenues in the GDP for 1997 and 1998 shows that foreign trade continues to occupy an important place in Côte d'Ivoire's economy. In 1997, Côte d'Ivoire exported 7,346 thousands tonnes of products valued at 2,422.2 milliards of CFA Francs, equivalent to 39.2 per cent of the GNP. In 1998, when the volume of exports rose to 7,389 thousand tonnes, the revenue was 2,592.6 milliards CFA Francs, which corresponds to 36.1 per cent of GNP. During this time imports of 7,417 thousand tonnes were valued at 1,606.9 milliards CFA Francs in 1997, and 9,030 thousand tonnes representing 1,764.6 milliards of CFA Francs in 1998. The balance of trade thus showed a surplus of 815.4 milliards CFA Francs in 1997 and 822 milliards CFA Francs in 1998.

B. Goals and incentives

This balance of trade was therefore much enhanced four years after devaluation of the CFA Franc, and the renewed economic growth clearly resulted from dynamized trade and investment. The goals for the year 2000 require the continuation and stimulation of the growth of exports to guarantee profitability of Ivoirian enterprises, to produce more national revenue and to guarantee a global and sustainable development.

Incentives are required to attain this strategic goal, and one of the incentivizing instruments is the newly created APEX-CI formed in collaboration with the World Bank. This Association is engaged in the promotion of export-oriented enterprises. Maintaining the strong increase in external trade and the growth of investments are the two main routes towards achieving the sustainable development of Côte d'Ivoire. The limited national market volume calls for expansive strategies to gain a bigger share of international markets and a strengthened integration leading to global exchanges.

Some of the instruments and strategies envisaged in order to achieve the overall year 2000 objective are the following: (i) creation of a regional export credit insurance system; (ii) constitution of reserve funds which can be deducted from taxable revenue in order to facilitate development of new market opportunities abroad, the reimbursement of export losses and the promotion of foreign investment; and (iii) enhanced price and market-entry liberalization of products.

The increasing diversification of Côte d'Ivoire's network of international commercial partners results from a growing number of promotional Acts signed by the Government with the authorities of African, European, North American and Asian countries.

Côte d'Ivoire's population is growing annually by 3.2 per cent. The GNP of some 70,000 billion CFA Francs increased in 1998 by 6 per cent, with foreign trade contributing to a large part of this GNP. Thus, the national impact of foreign trade is an essential factor in development and a growing number of Ivoirians need to be stimulated to participate in this trade development effort so that more and more Ivoirian nationals can benefit from it.

III COMMERCIAL ACTIVITIES AND SUSTAINABLE DEVELOPMENT

The history of the Ivoirian economy is more or less that of the growth of agriculture which is the origin and substance of the country's productive base. However, it is often forgotten that trade also plays a vital part in the growth and sustainability of agriculture. Growing the product is not enough, for products also have to be traded and for a decent price, so that a substantial revenue can be obtained.

However, commercial activities in the past have often developed without major control by Ivoirians. With the exemption of the Malinké living in the north of the country, the people of Côte d'Ivoire generally do not have a tradition as traders. Successive governments have tried to encourage the people to play an active part in trade, but only with limited success to date, in particular with regard to certain importation/exportation and wholesaling activities.

With regard to national retail sales, the distribution of goods internally has allowed some Ivoirian women to find a place besides foreign trading communities. Now, thanks to a solid road infrastructure, even the tiniest and most isolated villages can benefit from the same quality and level of distribution as that available in Abidjan. This is notably due to a strong and very well-introduced Mauretanian community. Women participate in the trade in textiles and clothing, as well as in the marketing of manioc and maize in which they control the distribution chain. The same can be said about the food sector which is also very dynamic.

With respect to the commercialization of food and the transformation and marketing of basic food: nowadays commercialization of food is almost the exclusive domain of Ivoirian women who control the wholesale and retail markets nearly everywhere in the country. However, in this field of activity and notably in the rice trade, one of the basic foods of Ivoirians and therefore generating much revenue, foreign trading communities are strongly present. Although this yields an important source of revenue to women, success in these activities depends exclusively on their competence, since they must master the various steps of these transformation/marketing processes.

Numerous cooperatives have been created by women to give them the opportunity to constitute a force in marketing since they are aware of its profitability. There are currently 274 cooperatives in existence, 197 of which are specialized in the production and marketing of food products. The Government has launched a programme to fight poverty and, in this context, social funds have been

established. One of them named “Women and Development” is dedicated to stimulate the contribution of women to economic development. This fund, totalling 2 billion CFA Francs has to date allocated 1,610 credits totaling 1.385 billion CFA Francs from 1995 to 1997. The disposition of these credits is structured as follows: (i) commerce: 65 per cent; (ii) services: 25 per cent, and (iii) production: 10 per cent.

The above stated figures have to be complemented by those related to savings by the women members of savings and loan cooperatives (COOPEC). Some 240 cooperatives have so far been established. These are the most easily accessible credit instruments for micro-traders, since 25 per cent of the total amount of 7 billion CFA Francs available within 101 institutions were earmarked for that very purpose by the COOPEC in 1998. These figures clearly show the growing importance of trade within the national economy of Côte d’Ivoire.

It is also noteworthy that women constitute 48.5 per cent of the workforce of the informal sector which is dominated by trade. The majority of these women are illiterate, and their activities are concentrated on popular catering (33 per cent), as well as the textile and clothing trade, foodstuffs and fish distribution.

Although trade is a source of certain revenues, nevertheless, women remaining in the informal sector continue to be exposed to insecurity of employment, and their enterprises are fragile. It is the aim of social funds such as “Women and Development” to enable women to receive training and acquire new skills in order to leave the informal sector. However, the small resources of these various funds (ranging from CFA Francs 500,000 to CFA Francs 2 million) do not really provide promising perspectives for those women who have such ambition.

It is generally agreed that access to credit is very difficult for small- and medium-scale enterprises (SMEs) in developing countries. Barriers are even higher for women working within the informal sector. They are a priori excluded from the financing facilities of traditional banks, since bank procedures are too complicated and the requirements are stringent for them. Therefore, it is very difficult for women to develop micro-scale enterprises into more conventional and profitable SMEs.

IV. PERSPECTIVES FOR FEMALE ENTREPRENEURS

The Ministry of Industrial Development and SMEs has initiated preparatory work on a support programme for the creation of new enterprises by women in conjunction with the United Nations Development Programme (UNDP). This support programme results from the fact that although women work within the transformation and commercialization processes of foodstuffs, however, the majority of them are active in the informal sector, where some 25 per cent of responsible entrepreneurs are women. But their small revenues resulting from low-paid activities condemn them more or less to a very low standard of living or even to economic exclusion. Even if they manage to move into the formal sectors less than 15 per cent of total credits granted by formal credit institutions are made to women. Therefore, 95 per cent of female entrepreneurs work within the informal sector and only some five per cent of them operate in the modern sectors.

In detail, the participation of women in the Ivoirian economy is as follows: (i) agriculture: 50 to 65 per cent; (ii) retail trade and wholesaling: 30 to 35 per cent, and (iii) industry and services: 5 to 10 per cent.

It is the aim of the “Women’s entrepreneurship promotion programme” to allow women to enhance their situation whatever the sector or the activity, and thus to reduce individual insecurity and global poverty. Women are still the main victims of poverty in the country. Women entrepreneurs therefore need to acquire a set of references and a supply of information of elementary necessity, in order to function effectively, such as:

- (a) Knowledge of the country’s legal and fiscal frameworks.
- (b) Access to commercial information.
- (c) Access to sources of finance.
- (d) Access to technology.
- (e) Access to infrastructural services and hardware (such as telecommunications, computers and office machinery, etc.).

This entrepreneurship programme forms part of the Government’s “General Plan for Industrialization” and shows the priority interest of the Government in SME development. An institutional framework consisting of the “National Enterprise Development Fund” (FIDEN) also gives a high priority to financing enterprise start-ups and the creation of enterprises headed by women.

Furthermore, promotion of self-employment, launching of a special programme aiming at increasing opportunities for women in economic/social activities and the valorization of human resources are priority measures taken by the Government as a means of eliminating poverty. In all of these strategies for stimulating economic growth, a high priority is given to women. They form the least-favoured social group and every action to enable them to leave their situation of insecurity is highly welcome. Differences of earned income between men and women are to be reduced and eliminated, as well as the disadvantages of women in terms of their purchasing power, access to property and other actions for economic development, etc. Other strategies aim at reducing the illiteracy of women. This will allow women better to integrate themselves in the more and more complex economic and social life of the country.

Nevertheless, this programme jointly established by the Ministry and UNDP and currently being implemented, needs the support of more partners if the future decision-making is to be optimized. In fact, many evaluations and case studies will be necessary since similar experiences of other countries, sectors and female entrepreneurs would be very helpful in identifying new and better economic opportunities for women in Côte d’Ivoire.

V. CONCLUSIONS

Economic liberalization by Côte d’Ivoire has been accompanied by measures to strengthen the private sector by giving it a more important role to play. The State plans to disengage from productive sectors, and the Ivoirian population, notably the women and the young, need therefore to be “prepared” for taking their chances in the development of the private sector. Trade represents an excellent springboard for this dynamic minority of the population, since trade is generally identified in the country as being an activity capable of generating and guaranteeing high revenues.

The main indicators of human development (infantile mortality rates, life expectancy levels, schooling and literacy rates, etc.) show that there is much to do to overcome the negative impact of the social deficit resulting from the years of the economic slowdown, when inequalities between men and women were accentuated. The measures undertaken with a view to reducing these inequalities have to be accompanied by an active policy of integration of women and the young into

structures of production and the commercialization of basic products, which enable a growing number of Ivoirians to obtain an income.

The fight against poverty, which is a key target of the “National Plan”, forms the centrepiece of the national effort Côte d’Ivoire itself and of its partners interested in development, and relies on taking into account the ambitions of the concerned populations, which means helping them to find their place within the production and distribution of the national assets and wealth.

Furthermore, access to financial services has to be eased, projects for enterprise development by women and the young have to be assisted and, as far as commercial activities are concerned, these have to be inserted within the traditional import-export cycle and taken out of the informal sector. In this field, UNCTAD may play a vital role in launching and strengthening programmes aiming at the conversion of those activities of women, which currently form part of the informal sector, into more established functions within the formal sector. This may best be done by promoting the creation of a range of micro-enterprises specialized in international trade.

THE PHILIPPINE EXPERIENCE IN INTEGRATING TRADE, SUSTAINABLE DEVELOPMENT AND GENDER

by
Ruth D. Samonte-Limjuco
Ambassador
Special Assistant to the Undersecretary for International Economic Relations
Department of Foreign Affairs
Manila, Philippines

I. INTRODUCTION

The Economic and Social Council (ECOSOC) in a resolution adopted at its 1997 summer Session, defined mainstreaming a gender perspective as the “process of assessing” the implications for women and men of any planned actions, including legislation, policies or program in any area and at all levels. It is a strategy for making women's as well as men concerns and experiences an integral-dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.

II. UNITED NATIONS FORA

A. Vienna World Conference on Human Rights

Equality is the bedrock upon which are anchored our aspirations for social justice and human rights. The United Nations Charter in its Preamble reaffirms faith in the equal rights of men and women. The Vienna World Conference on Human Rights determined that the human rights of women and the girl child are an inalienable, integral and indivisible part of universal human rights, and that the full and equal participation of women in all aspects and levels of life, and the eradication of all forms of discrimination on grounds of sex are priority objectives of the international community. Inequality, therefore, violates the human rights of women.

But equality is not only about human rights. It is also the upliftment of the individual woman from a state of want and dependency to that of economic independence. It is empowerment through education; through participation and sharing in all spheres of life wider terms that respect individual rights, as well as the inherent dignity and worth of the human person.

B. Rio Conference on Environment and Development

Agenda 21, which was crafted by the Rio Conference on Environment and Development, has as one of its objectives the formulation and implementation of clear governmental policies and national guidelines, strategies and plans for the achievement of equality in all aspects of society, including the promotion of women's literacy, education, training, nutrition and health and the participation of women in key decision-making positions and in management of the environment.

C. Copenhagen World Summit on Social Development

At the Copenhagen World Summit on Social Development, 117 Heads of State or Government acknowledged that social and economic development cannot be secured in a sustainable way without the full participation of women. Declaring their determination to strengthen policies and programmes that improve, ensure and broaden the participation of women in all aspects of political, economic, social and cultural life, as equal partners, they resolved to improve women's access to all resources needed for the full exercise of their fundamental rights.

D. Beijing Fourth World Conference on Women

In Beijing during the Fourth World Conference on Women, participating Governments, recognizing that women's contributions and concerns were too often ignored in economic structures, committed themselves to promoting women's rights by ensuring gender perspective in all their policies and programmes so that before decisions are taken, an analysis is first made of their effects on men and women, respectively. The Beijing Platform of Action calls for, among others, the promotion of women's economic independence through equal access to productive resources, opportunities and public services.

III. OTHER INTERNATIONAL FORA

A. Asia-Pacific Economic Cooperation

In fora other than those wider the United Nations, in particular the Asia-Pacific Economic Cooperation (APEC), gender has been recognized as a cross-cutting theme. The Joint Ministerial Statement that emanated from the APEC Ministerial Meeting on Women, which was held in Manila on 15-16 October 1998 reflecting the concern felt by the participants over the economic and financial crisis in the region, stressed that women have a crucial role in the successful planning, design and implementation of economic recovery programmes, not only as beneficiaries but also as decision-makers.

The Meeting examined the impact of women on trade and investment and concluded that women's participation in these areas as workers, entrepreneurs and investors contributed to the achievement of sustained economic growth. However, it was pointed out that as a result of gender biases in institutions, women workers and women in business were often less able to take advantage of the economic opportunities that may be created by trade and investment liberalization.

In the context of the current economic and financial crisis affecting many economies in the region, the Meeting concluded that greater effort was needed to enhance the contribution of women in their respective economics and to explicitly integrate women's participation and concerns in economic recovery programmes. The Meeting recommended that measures were also needed to minimize the burden of the crisis on women.

To accelerate progress toward the integration of women in the mainstream of APEC processes and activities, the participating Ministers called for the development, in Consultation with other APEC fora, of a Framework for the Integration of Women in APEC. A draft Framework is in the process of being finalized.

B. Association of Southeast Asian Nations

The 1997 Declaration of the Association of Southeast Asian nations (ASEAN), the Member Governments committed themselves (a) to the promotion and implementation of the "equitable and effective participation of women whenever possible in all fields and at various levels of the political, economic, social and cultural life of society at the national, regional and international levels"; (b) to "enable women in the region to undertake their important role as active agents and beneficiaries of national and regional development"; (c) to "integrate into national plans the specific concerns of women and their roles as active agents in and beneficiaries of development, specifically considering their role as a productive force."

IV. PHILIPPINE POLICY ON GENDER EQUALITY AND DEVELOPMENT

The country's development policies have been supportive of its international commitments with respect to the advancement of women. The highest law of the land, the Philippine Constitution of 1987, recognizes the role of women in nation-building and ensures the fundamental equality before the law of women and men. This primary policy on the role of the Filipino women in the nation's life has been concretized through legislation, policy and programme measures designed to strengthen women's rights, enhance their opportunities for participation and facilitate their access to the benefits of development.

V. THE PHILIPPINE DEVELOPMENT PLAN FOR WOMEN (PDPW)

The Philippine Development Plan for Women for the period 1989 to 1992 was adopted in pursuance of this constitutional mandate. The PDPW:

- (a) Guided the efforts of the National Commission on the Role of Filipino Women (NCRFW) and other advocates to: (i) create a planning environment that is sensitive to gender concerns; (ii) promote greater participation of women in politics and decision-making, and (iii) promote wider participation of women in economic and social development and its benefits.
- (b) Committed the Government to the following goals: (i) widening the prospective roles of women; ensuring equity in access to basic welfare and social services; (ii) ensuring equity in access to basic welfare and social services; (iii) making services responsive to the special needs and concerns of women, and (iv) mitigating the difficulties faced by women associated with migration, prostitution and violence.
- (c) Called for the development of statistical indicators relevant to the involvement of women in programmes and projects.

Six years after its adoption in 1989, the PDPW was able to:

- (a) Establish a sex-disaggregated database in a number of agencies and programmes.
- (b) Conduct gender training and advocacy activities in most of the government departments and their attached offices.
- (c) Secure stronger legal mandates for gender advocacy in government, including: (i) R.A. 7192, or the *Women in Development and Nation-Building Act*, which protects women's interests and

participation in development; and mandated the formulation of a Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025, and (ii) *General Appropriations Act for 1995*, which instructed government agencies to set aside at least five per cent of their total appropriations for women/gender and development activities;

- (d) Establish focal points in various government offices.
- (e) Set up three pilot regions for the regional implementation of PDPW.
- (f) Install a systematic monitoring scheme for PDM implementation.

The MW was the initial blueprint of the Government for integrating women in the development process, both in the planning and implementing stages. It was a benchmark in the struggle for the advancement of women in the country and was reflective of various relevant international conventions and treaties, as well as Philippine Law. It was a precursor to the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025.

VI. R.A. 7192: THE WOMEN IN DEVELOPMENT AND NATION-BUILDING ACT

The *Women in Development and Nation-Building Act* of 1992 was one of the landmark laws adopted to render operational the national policy on gender and development. The following are some of its salient features:

- (a) Providing women with equal rights and opportunities as men in entering into contracts and loan agreements; and equal rights to join social and cultural clubs;
- (b) Providing full-time household managers with social security services through the working spouses;
- (c) Assuring equal opportunities for appointment, admission, training, graduation and commissioning in all military or similar schools of the Armed Forces of the Philippines and the Philippine National Police;
- (d) Securing 5-30 per cent of total official development assistance (ODA) for programmes and projects or components on women; and
- (e) Requiring all government departments and agencies to review and revise their regulations, circulars and procedures to remove gender biases therein.

VII. THE PHILIPPINE PLAN FOR GENDER-RESPONSIVE DEVELOPMENT (PPGD)

The Philippine Plan for Gender-Responsive Development (1995-2025) was formulated through the cooperative effort of government and non-governmental organizations (NGOs). It envisions development that is “equitable, sustainable, free from violence, respectful of human rights, supportive of self-determination and the actualization of human potentials, and participatory and empowering.” While recognizing that discrimination exists on the basis of gender, class and ethnicity, it places people at the centre of development, following the theme of the Social Summit, and aims to make development work for all groups, putting greater emphasis on women as a disadvantaged group.

The PPGD took over where PDPW left off after the expiration of the latter's mandate in 1992. The PPGD looks at women as partners for development and as untapped resources, in addition to being beneficiaries. It institutionalizes gender and development (GAD) concerns in the planning, programming and budgeting processes of the Government. It was given a 30 year time frame to ensure sufficient time or it to take root, to wear down all forms of resistance and stereotypical thinking, to reshape policies and to carve out a culture where gender issues become mainstream issues.

A separate plan for women was deemed necessary because, despite the strides made in the Philippines towards women's empowerment, there is a continuing low level of consciousness among bureaucrats and technocrats in government. Moreover, most of the concessions that women won were the results of years of struggle, of intense lobbying work, information campaigns, etc. None was given on a silver platter. It was the perception of the framers that there must always be conscious, well-planned and organized strategies for women to receive their just due.

VIII. DEVELOPMENT WITH A WOMAN'S FACE

The PPOD was linked to the Medium-Term Philippine Development Plan (MTPDP), 1993-1993, and its strategies for investment in education and in building human capacities through skills training and poverty alleviation programmes; promotion of global competitiveness, including export expansion, liberalization of markets and foreign exchange; fiscal and monetary reform; and industrialization, including development of growth and tourism centres, and promotion of cash crops and raw materials for industries. These strategies will have to be adjusted in the future to accommodate changes in markets and patterns of growth; the information revolution, advances in technology; movements of capital and labour and the new international division of labour "the feminization of labour", socio-political changes; population changes, including in the family and in the growth of megacities due to migration; women's health and reproductive technologies; and changes in the physical environment and biodiversity. (A summary of trends, effects, strategies and the PPGD vision for the future is attached as annex I).

The PPGD is a "rolling plan" that is designed to be updated every-six years. Its macro context, which takes into account possible scenarios and trends, makes the PPGI relevant amid changing times.

The PPGD characterizes development as follows:

- (a) Women have a positive self-concept, are free from gender stereotypes and are able to achieve their full human potential.
- (b) Women's rights are respected as human rights. Basic needs - the right to food, shelter and a decent life are affordable and accessible to all.
- (c) There is both *de jure* and *de facto* equality and equity. Women and men participate and benefit equally from development processes and the fruits of development. Women enjoy equitable representation in sectoral bodies, employment, fields of studies and politics, while men share in home management. A 40-60 per cent representation of either men and women in any sector would be ideal.
- (d) The legal system affords women and men full protection of the law and guarantees equal rights between them.

- (e) Women are active participants in sustainable development in the care of the environment and in the country's economy.

IX. PPGD PROGRAMMES AND STRATEGIES

The following programmes and strategies were formulated by Sectoral Working Teams composed of relevant government authorities (the National Commission on the Role of Filipino Women and the National Economic and Development Authority) and non-governmental organizations (NGOs).

- (a) Mainstream gender concerns in sectoral development plans, policies and programmes.
- (b) Intensify awareness-raising campaigns on gender issues and concerns especially among policy makers and extension workers.
- (c) Strengthen Government-NGO cooperation to maximize the effectiveness of programmes and services addressing gender and development concerns
- (d) Promote a selective overseas employment programme that stresses decent wages and low risk placements in priority countries with established mechanisms for protection of women migrant workers.
- (e) Support and expand the participation of grassroots women in the planning, implementation, monitoring and evaluation of development programmes and projects.
- (f) Revise textbooks and curricula at all school levels to ensure gender sensitivity.
- (g) Provide gender-responsive relief and rehabilitation programmes with special focus on women's needs.
- (h) Involve men in family planning programmes and in health, child-care and nutrition concerns, and engage them in projects that enhance the well-being of the family.
- (i) Set up crisis intervention centres and shelters in each municipality and upgrade existing crisis centres or shelters for victims of violence against women and other social conflicts.
- (j) Promote gender sensitivity in media and advertising and make media practitioners aware of the harmful effects transmitted by stereotyped messages.
- (k) Review pending bills on women's concerns, including those on rape, domestic violence and prostitution.
- (l) Increase the number of women in policy-making positions in both elective, and appointive positions through capability building.
- (m) Review counter-insurgency policies, strategies and tactics, as well as military selection and training from a gender perspective.
- (n) Encourage women's entry in non-traditional fields and professions.

- (o) Establish the necessary mechanisms to enable indigenous women to participate in development programmes and gain access to non-traditional sources of livelihood, credit, productive skills and labour-saving technologies.

Over the years, a body of legal and administrative measures have been adopted for the promotion and protection of women's human rights and for their integration in the country's development processes. Annex II provides a list of such measures.

X. BARRIERS TO WOMEN'S FULLER PARTICIPATION IN DEVELOPMENT

Putting gender into the mainstream of development, despite these institutional mechanisms, is a herculean task. The traditional roles played by or forced upon women demands not only government intervention, but has to start from within the national psyche. The following are some of the historical, cultural and social factors that hinder the advancement of women, particularly in terms of their economic and political participation:

- (a) *Gender stereotyping*: Societal perception and value systems ingrain an image of a woman as weak, dependent, subordinate, emotional and submissive. Women's functions, roles and abilities are primarily tied to the home.
- (b) *Violence against women*: Because of their "lower" status in society, many women experience a variety of verbal, psychological, and physical abuse by men, including rape, sexual harassment, and domestic violence.
- (c) *Multiple burdens*: The employment of women in factories and offices does not mean that they are free from their traditional domestic role. Women work outside the home to earn an income, and also perform functions in the home as wives, mothers and caregivers.
- (d) *Sexual discrimination*: The enduring notion that women are indeed the "weaker" sex hinders their advancement, and sometimes forbids their entry, in certain jobs, particularly in high level positions. This also means wide discrepancies in the salary or wage. Up to this day, in many instances, in the Philippines, for every peso that a man earns, a woman gets only 37 centavos.⁸¹
- (e) *Economic marginalization*: The tasks that are related to housework, child-rearing, and family care are largely taken for granted and are perceived as minor functions, therefore, have no direct contribution to economic development. Development does not automatically mean the upliftment of the status of women. In some cases, development has impacted on women negatively. The Asian financial mid economic crisis affected women disproportionately and more adversely than men, since women are often the first to be laid-off during recessions, and the micro- and small businesses, where women play a huge role, suffer the most.
- (f) *Political subordination*: The female's subordinate status in the family translates into the larger political structures. While there has been increased participation of women from the local to the national government in the Philippines and, in fact, in most parts of the world, it is far from being balanced. In the Philippine Congress there are less than 21 women of the 200

⁸¹ National Commission on the Role of Filipino Women (NCRFW) (1996). *Philippine Plan for Gender-Responsive Development 1995-2025*. Manila, p. 164.

representatives,⁸² and four women out of 24 senators.⁸³ In the government sectors, women comprise 59.16 per cent in the second level positions,⁸⁴ while only 28.84 per cent are in the third level of decision-making/policy-making positions.⁸⁵

XI. PHILIPPINE CONTRIBUTIONS IN INTERNATIONAL FORA ON WOMEN'S CONCERNS

In the international scene, the Philippines has made meaningful contributions toward the integration into the United Nations system of important human rights issues concerning women. Foremost among these are the resolutions on the promotion and protection of the rights of women migrant workers and those against the trafficking of women and children. Initiatives have also been taken with respect to persons with disabilities, including women with disabilities and the rights of children with disabilities. At the last session of the Commission on the Status of Women, the Philippine Delegation tabled a resolution on *Women and mental health, with emphasis on special groups*, which addresses the mental health problems arising from violence against women and other psycho-social causes. It was adopted with 23 Member States as co-sponsors.

Reflective of the national perception that economic upliftment is a sine-qua non to women's empowerment, the Philippines has actively cooperated with other member economies of the Asia-Pacific Economic Cooperation (APEC) in the recognition of gender as a cross-cutting theme in APEC fora and processes, and in the crafting of a Framework for the integration of Women in APEC. These were some of the achievements of the First APEC Ministerial Meeting on Women, which was held in Manila in October 1998.

XII. RECOMMENDATIONS

Hereunder are recommendations culled from the Philippine experience in mainstreaming a gender perspective in various government departments, relevant to trade and sustainable development:

- (a) Conduct Gender Analysis in every development project. The United Nations Division on the Advancement of Women should provide a methodology for the conduct of this Analysis.
- (b) Collect sex-disaggregated data and use them in the development of policies, programmes and projects, needs analysis and the monitoring of the effects of previous actions in all agencies.
- (c) Raise the awareness and acceptance of the importance of the issue of gender and development among policy and decision-makers, who are mostly men.
- (d) Provide access to training and hiring of women in traditional work or work associated with men (i.e. technical field work in the S&T sector and industrial work in the trade sector). This will broaden opportunities for women and help to break down barriers in the job market.

⁸² National Commission on the Role of Filipino Women (NCRFW) (1996). *Philippine Plan for Gender-Responsive Development 1995-2025*. Manila, p. 392.

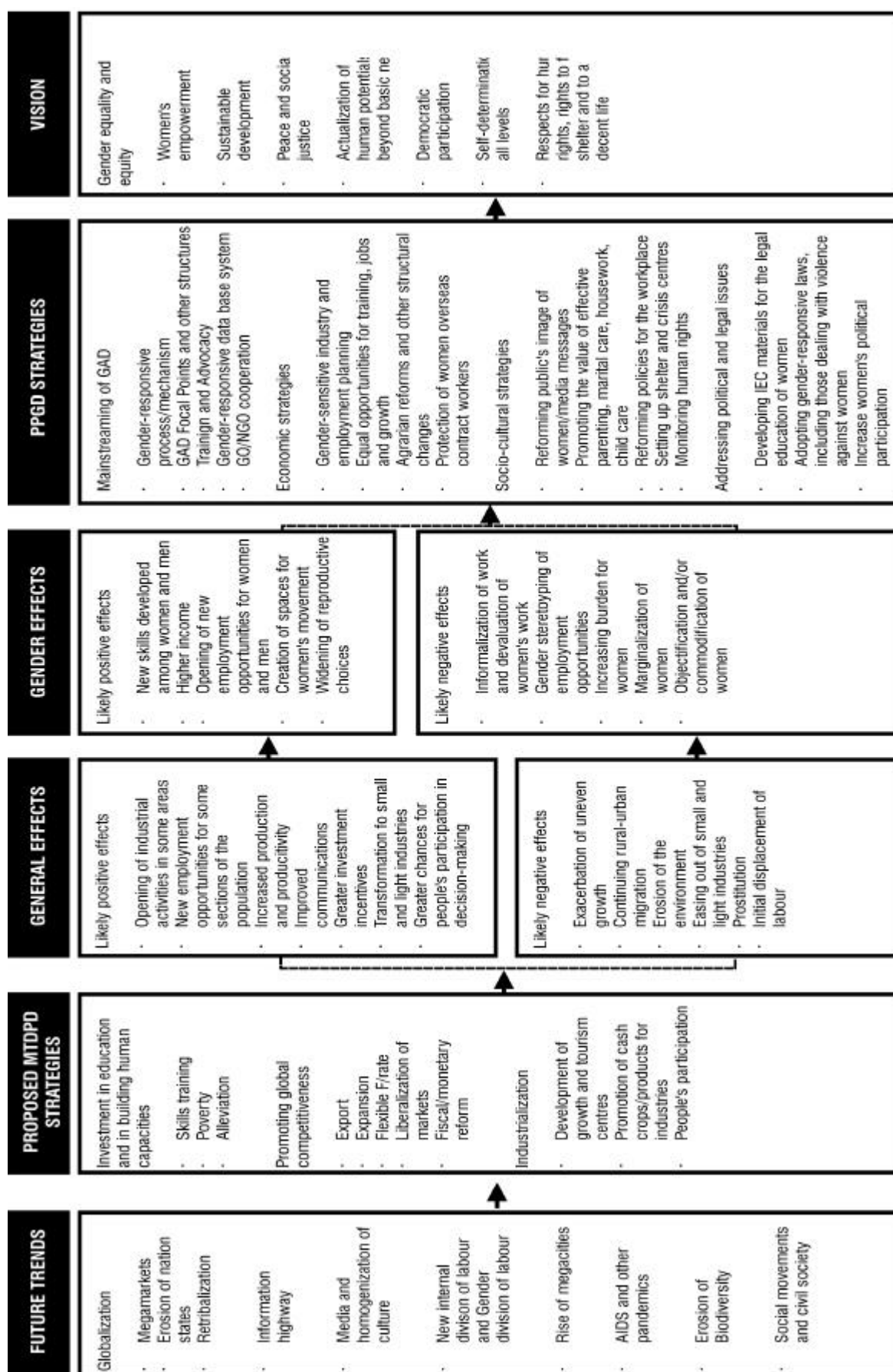
⁸³ Ibid.

⁸⁴ NCRFW, op.cit., p. 394.

⁸⁵ Ibid.

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- (e) Give technical support, financial access and training on micro-, cottage and small industries to women, especially in the rural areas, to utilize women's natural business acumen and enable them to work according to their special needs and time availability.
 - (f) Promote networking and consultations between the Government and NGOs and other community/civic organizations, especially women's, in identifying needs and issues of women in the different sectors.
 - (g) Institutionalize a more “engendered” working environment, i.e. providing facilities for the needs of working mothers and pregnant or nursing mothers.
 - (h) Stop the inappropriate use of images of women in various media for promotional and other purposes, i.e. Internet, print, television, tourism brochures, posters and other publicity.
 - (i) Eliminate sexual discrimination and sexual harassment in all aspects of employment.
 - (j) Provide incentives for equal opportunity employers.
 - (k) Expand social security to the informal sector, i.e. legislative provision giving housewives access to membership in the social security system on the basis of their husbands' income.
 - (l) Review, update and enforce existing laws that relate to women.
 - (m) Encourage women's participation and their holding of positions at high levels in all sectors.
 - (n) Introduce women to new technologies.
 - (o) Involve women in the actual management of natural resources.
 - (p) Institutionalize a methodology for counting women's unwaged work.
 - (q) Continue to identify and monitor constraints to the greater involvement of women in trade and sustainable development with the view to their correction.
 - (r) Use time-bound goals to hasten the mainstreaming of a gender perspective in all sectors of the economy.

Various case studies on the engendering of Philippine Departments are contained in annex III.



ANNEX II

Legislation on gender and equality

In addition to RA 7192, major laws and policies were passed in support of gender equality. These laws include the following:

1. The *Comprehensive Agrarian Reform Law (RA 6657)* was aimed at instituting a Comprehensive Agrarian Reform Program which will promote social justice and industrialization in the countryside. The law also mandated concerned government entities to guarantee and assure equal rights to ownership of land, equal share of the farm's produce and representation in advisory or appropriate decision-making bodies.
2. The *Act Strengthening the Prohibition on Discrimination Against Women (RA 6725)* mandated the prohibition on discrimination against women with respect to terms and conditions of employment. Under this law, women are also entitled to compensation, promotion, training, employment and study opportunities as those given to men.
3. The *Anti-Sexual Harassment Act (RA 7877)* declared sexual harassment as unlawful in the employment, education or training environments. Sexual harassment is committed when sexual favour is made its a condition of the hiring, continued employment, or granting of compensation to an employee, or if the refusal to grant the sexual favour would result in depriving employment opportunities or otherwise adversely affecting said employee.
4. The *Act Giving Representation to Women in the Social Security System*.
5. The *Paternity Leave Act*.

Furthermore, the Civil Service Commission (CSC) in partnership with the National Commission on the Role of Filipino Women (NCRFW), adopted a Memorandum Circular (MC) on Equal Representation of Women and Men in Third-Level Positions in government service. The CSC MC is a major policy issuance for the career advancement of women in government service. Its objectives include the following: (a) promotion, nomination and appointment of both women and men nominees to third level positions; (b) maintenance of a pool of qualified women and men nominees for every vacant third-level position in government service, and (c) encouragement of a 50-54 per cent representation of either sex in third-level positions, as deemed practicable.

Other notable policy developments include the Philippines' commitment on women in various international treaties. Presently, the Philippine Government is a signatory to 22 international treaties. The country's involvement in international conferences (1994 in Vienna on Human Rights and in Cairo on Population, 1995 in Beijing on Women and Development and in Copenhagen on Social Development, and in 1996 in Istanbul on Habitat) has also helped to shape policy directions and programme implementation on gender equality and mainstreaming.

ANNEX III ***Case studies***

A. Department of Trade and Industry and Department of Tourism

1. Overview

The Department of Trade and Industry (DTI) and the Department of Tourism (DOT) both play pivotal roles in sustaining the economic growth of the Philippines. Their priority activities increase investments and visitors arrival that generate foreign revenues, and fast track regional growth centres that spur regional development and promote exports and tourism in general.

The majority of the players in the income-earning activities of these sectors are women. Based on Philippine Trade Training Center (PTTC) data, more women are in the export business, particularly in the manufacturing of housewares, basketwares, toys and giftwares, processed food, home and Christmas decors and garments, and in managing the business. There is even an increasing trend of women occupying managerial positions. PTTC reports that 56 per cent of its participants in the Trade Business Management Programmes for 1993 are women. As workers in export-oriented companies, the majority of those employed by subcontractors are women. In 1993, 40 per cent of employees in tourism establishments were women and nine out of 25 tourism organizations were chaired by women. It is therefore of great importance that gender-responsiveness be institutionalized in these industries and their gender and development (GAD) issues be addressed.

In both the trade and tourism sectors, there is a need for an exhaustive review of the macroeconomic policies and their impact on women. This is hampered by the lack of a comprehensive, sex-differentiated data that would adequately show the extent of women's participation in the sectors, reveal the needs and forms of assistance that would best benefit women, and equip planners and policy makers with data to evaluate and quantify the impact of the sectors' programmes on women. Another deterrent to the institutionalization of a gender responsive database is the lack of appreciation among planners regarding this data as inputs for planning and the preparation of programmes. Project planners lack awareness of GAD issues, particularly those of rural women.

Change in the traditional perceptions of the value of women's contribution is needed and women should be taught their rights, to avoid exploitation that occurs in unstable, employment conditions such as that of the export industry. Women's financial and technical needs should also be given priority since they make up most of the workers in micro-, cottage and small industries.

The effects of tourism is more likely felt by women and children. Interaction with tourists have indirectly led young women and children to disease and the breakdown of community values because of easy money in sex tourism. There are unfair labour practices, low pay, discrimination in hiring and promotion and sexual threats and harassment. The Department must learn if women are discriminated against through stereotyping and give them skills upgrading to improve their work opportunities. A thorough study of tourist projects should be made to ascertain that they take the needs of the environment and the community into account. Even tourism materials and advertisements must be reviewed to prevent further damage to the image of Filipino women.

These issues relating to gender and sustainable development are just the tip of the iceberg, considering the extent of scope, reach and influence of both trade and tourism. Recognizing the critical role that women play in achieving the country's goal of sustainable economic development in the light of the Global Competitiveness theme under the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO), DTI plans to fully and actively integrate women's participation in the areas of export development, investment promotion, industry and market expansion, countryside development, consumer welfare and other productive and gainful activities. It has four GAD mainstreaming objectives: (a) to gain knowledge and understanding of basic concepts on gender analysis, thereby raising the level of consciousness on women's issues at all levels in DTI and to address those issues affecting themselves and their workers; (b) to use gender analysis in reviewing the programme directions of DTI and develop skills in undertaking gender responsive planning as an important tool for DTI's planning process; (c) to address key GAD concerns/issues concentrating on DTI's mandate and thrust; and (d) to effectively formulate and integrate timely and relevant gender perspective in the policies, plans and programmes of DTI.

DOT's objectives, on the other hand, are: (a) to maximize women's contribution to economic development by promoting their involvement in tourism planning, development, decision-making and implementation of tourism projects both at the national and regional levels; (b) to minimize adverse negative socio-cultural and environmental impact of tourism development and activities on the host communities, especially in the informal sector, women and children; (c) to provide opportunities for women to develop their skills and identify alternative livelihood in order to raise their standard of living; and (d) to ensure that women are not deliberately used as come-ons on tourism promotional materials.

2. *Strategies and Programmes*

Aside from agency-fit strategies, the DTI and DOT formulated a joint set of strategies, numbering seven, and they are:

- (a) The integration of gender perspective in all major programmes and projects.
- (b) The generation of sex-disaggregated statistical data to reflect women's participation in the sector, which could be used as inputs in measuring the gender-differentiated impact of trade and tourism policies.
- (c) The strengthening of the sectors' focal points down to the provincial and municipal levels.
- (d) The mobilization of local and foreign resources for gender and development programmes.
- (e) The development and promotion of small indigenous industries that generate employment for women, especially in the rural areas.
- (f) The promotion of women's greater participation in industrial and tourism development.
- (g) The involvement of women both as project implementors and as target beneficiaries of government and private sector projects. They will be encouraged to exercise their capabilities and to gain confidence in handling projects.

The DTI's training programmes will reinforce gender sensitivity training for project implementors and beneficiaries to advance gender equity, in particular to make women realize their potentials. As contributors to development and to make men accept and adapt to women's changing roles in society, particularly in the trade and industry sector. They will also organize skills training programmes on product development, quality control and pricing to ensure that advances in technology will be matched by skills upgrading of women and neither displace labour nor hamper the growth of small enterprises. They will also continue to encourage women to enrol in non-traditional skills training, providing an after-training placement service in coordination with prospective employer companies. In all the various training courses they will conduct, the GAD Framework will be integrated.

The Department is also implementing a project with NCRFW-UNIFEM, Strengthening Institutional Mechanisms for Gender and Development Mainstreaming, which includes training programmes and seminars aimed at raising the consciousness of the DTI management and workforce on gender issues and the creation of a women's desk. Like the above, as part of its programmes, DTI will establish tie-ups between government agencies undertaking gender-specific projects, especially those agencies which offer entrepreneurial development and livelihood projects such as the Department of Labour and Employment (DOLE), Department of Social Welfare and Development (DSWD), Department of Science and Technology (DOST), Department of Agriculture (DA) and others. They will also strengthen non-governmental organization (NGO) linkages to ensure that micro-, cottage and small enterprise development is sustained and further encouraged. NGOs will continue to be conduits or financial and technical resources for small enterprises. From its coordination with various bureaux, attached agencies and clientele, DTI will gather data and develop a gender-responsive database for the industry and trade subsector.

DTI will also formulate specific GAD/WG guidelines in planning, implementing, monitoring and evaluating programmes and projects. Regular information campaigns to inform the public, particularly women, will be mounted on programmes and support services such as entrepreneurship, business development and management training, market situation, price acts and fair trade laws. As part of these information campaigns, profiles of successful women entrepreneurs will be developed, which may also include women in non-traditional trades.

The support services DTI will provide for women includes the provision of financial and technical resources and access to funding agencies for income-generating projects and small-scale industries. With the increasing participation of women in achieving and maintaining harmonious labour-management relations, they will support women's involvement in decision-making, especially in matters directly affecting their welfare. An example of this support is the creation of a project called Pro-Active Program for Industrial Peace and Harmony. Another service, is the extension of assistance to female workers in subcontracting arrangements.

Like DTI, one of DOT's programmes is to coordinate and consult with other agencies, to address the various GAD issues of the Department. To identify these gender/women issues that need to be addressed they will consult and hold dialogues with local government units (LGUs), NGOs, the National Commission on the Role of Filipino Women (NCRFW), women's groups and industry associations. Together with these entities, the DOT will also start the review of tourism promotional materials. DOT will also coordinate with, LGUs for the cancellation of business permits of tourism establishments promoting sex tourism; DOH to address the health needs of workers in tourism industry, and DOLE to enforce strict sanctions against tourism establishments found to be violating the wage law and promoting unfair labour practices.

DOT will evaluate and assess its existing projects to determine their present and future impact on women. They will also develop social tourism programmes and projects that will promote greater awareness and appreciation, among women of Philippine culture and heritage such as the restoration of war memorials and monuments, the development of tourist attractions, and the holding of socio-cultural shows and educational and familiarization tours. Regular inspection of tourism establishments are to be undertaken to determine if they are operating in accordance with prescribed standards and working environment or are acting as fronts for prostitution. Adherence to tourism development standard guidelines, particularly in areas where environmental conservation is paramount, will be strictly enforced.

In the identified tourism development areas, host communities will be organized to prepare them for the probable effects of the presence of tourism in the area. Policies will be implemented to promote joint venture programmes that will enable women in rural areas to become partners or stakeholders in these tourism projects. To equip women, DOT will undertake: training needs assessments and surveys. They will also implement a legal literacy programme on labour legislation using appropriate forms of media.

3. Problems/Successes

On 29 June 1992, the DTI set up its Focal Point for Women's Concerns through a Department Order which designated a focal point head, the Secretary or his/her appointed representative, and one DTI functional group as members. A technical working group composed of representatives from key DTI offices was also organized.

DTI also noted successes in the area of training. It has reported that women outnumber men in the micro- and small-business entrepreneurship training programme of the National Manpower and Youth Council (NMYC). An externally funded "Women in Non-Traditional Trades" programme trains out-of school young women in occupational skills such as welding, carpentry, plumbing and other kinds of work usually associated with men, and all 17 of the participants of the Construction Manpower Development Foundation's Electrical System for Heavy Equipment Training in 1994 were women. For industrial and skills training programmes that help women to get alternative jobs and develop micro-, cottage and small businesses in the countryside, DTI has developed a partnership with the private sector to provide this. There is even a proposal for a Saturday training session for housewives and employed women.

DTI also has a credit programme "Tulong sa Tao-NGO Micro-Credit Program (TST/NGO-MCP), with a component activity for women called "Tulong sa Kababaihan," designed to address the existing needs and potential micro-entrepreneurs with NGOs as conduits for lending and technical assistance. Thirteen of the 14 women NGO beneficiaries in August 1994 were listed outside of NCR. This programme establishes linkages with regional, provincial and national levels of women's organizations.

International assistance also came to DTIs aid. The Canadian International Development Agency (CIDA) Entrepreneur Support Project (ESP) is currently being implemented in three regions, with the Bureau of Small and Medium Business Development (BSMBD) as head agency. It aims to strengthen the delivery capability of a range of public and private institutions supporting micro-, cottage and small enterprise development. It also cultivates gender and environment consciousness through seminars for the programme beneficiaries and implementors.

Another positive development is the Government's policy to promote the Philippines as a source of educated and highly-trainable workforce and not of cheap labour. This benefits women who dominate the workforce in the export processing zones. DTI's CIDA-Institutional Strengthening Programme's accomplishments are listed below.

Input	Output	Outcome
National Training of Trainers	Gender sensitive pool of GAD trainers trained to focus on gender issues at the bureau/office levels	Identified and organized the GAD Technical Working Group (TWG) to become GAD advocate movers in their respective office
Regional Training of Trainers	Gender sensitive pool of GAD trainers trained to focus on gender issues at the regional/provincial levels	Identified and organized the GAD TWG to become active GAD advocates in their regions
Hiring of GAD Consultant	The availability of a point person who would handle all GAD-related activities	A GAD project for the entire agency would eventually mainstream GAD in the DTI policies, plans and programmes
Conduct of re-echo in Process Documentation	Gained knowledge on the application of the process documentation in matrix required by NCRFW Documentation report	Systematized documentation of all activities. Serves as a guide for other GAD-related activities. Also used as a learning tool since this highlights the milestones and issues encountered and how these were managed
Formed the GAD Focal Point System	Identified the members of the GAD top level focal point, TWG and the secretariat	Cleared roles and responsibilities of the members and therefore got the commitment of each team as regard GAD activities
Signature and approval of Department order No. 43, Mainstreaming Gender and Development and Focal Point System by the DTI Secretariat	GAD TWG members assured of the support of the top management to the project	Support of all concerned bureaux/offices to the implementation of the project "Mainstreaming Gender and Development in DTI towards Gender Responsive Planning
Conduct of a GST for male TWG and the newly identified female TWG member who failed to attend the first schedule	Participants being aware and understand the concepts of GAD	More DTI staff becoming gender sensitive and therefore it is easier to integrate gender concerns in DTI projects
Top level Focal Point Organization Meeting	Support of the top management to the projects of GAD	Identification of GAD sponsors
GAD TWG Planning-cum Team Building National Level	Identification of GAD entry plans from their offices/bureaux existing regular projects	Identified the needs to be able to mainstream gender in the regions

In the tourism sector, the Tourism Master Plan (TMP), the blueprint of sustainable development in the tourism industry adopted in June 1993, gave particular attention to women's concerns for the first time. The primary goal of the TNT is to ensure the orderly, rational and sustainable development of the tourism industry with efforts on ensuring that the impact of tourism development on women are properly addressed.

An inter-agency Committee on Women in Development (COWID) was also created, chaired by the Undersecretary for Planning and Development and assisted by an inter-agency technical

working group tasked to formulate policies and implement programmes for gender responsive development in the industry. They have lined up a series of GAD orientation seminars for both its clientele and Dar personnel.

In the tourism sector, the rise in the number of women assuming important roles in tourism organizations and establishments is also observed, and a shift from being beneficiaries to a more active role as planners and developers of tourism organizations and establishments has also been noted.

B. Department of Labor and Employment (DOLE)

1. Overview

Since the end of the Second World War, the number of women joining the country's labour force has been increasing. In 1993, the total number had reached 9.97 million and 44.1 per cent of employed women were in the formal sector (e.g. factories, offices) while the rest were in the informal sector. In 1998, the female labour force exhibited a higher rate of increase over the period of five years at 7.53 per cent compared with 2.99 per cent for the male group. The unemployment rate for women was also lower than for men.

Women have also dominated certain industries such as wholesale and retail industries, and community, social and personal services. In manufacturing, they comprise 46.6 per cent of the total workforce. Other sectors, particularly agriculture, are still dominated by men.

In the bureaucracy, women occupy 42 per cent of personnel in the first-level positions (clerks, secretaries, and those in the support staff), 41 per cent in the second-level positions (technical and professional workers), and a low 29 per cent in the third-level position (executives, administrators, directors).

In terms of source of income the majority (or 46 per cent) are wage and salary workers, 3.1 per cent are account workers, and a mere 1.8 per cent are employers. The remaining number are unpaid family workers.

While these statistics show an increase in the participation by women, certain conditions, whether cultural, economic or political, continue to plague women in the labour force. The fact that in many establishments, for every peso a male earns, a woman receives only 37 centavos, is a glaring proof of this.

Some of the problems are the following: marginal membership and participation in trade unions; inadequate training in non-traditional skills for women; sexual harassment in the workplace; gender-based discrimination; multiple burdens; limited skills, capital and access to credit; difficulty in organizing, and legal and administrative impediments; inadequate protective laws; poor working conditions of women homeworkers.

2. *Strategies/Programmes*

Employment as a major development strategy requires policy reforms and long-term strategies, including solid guarantees for women's equal access to employment as spelled out in the National Employment Plan, a long-range action plan developed by the Department of Labour and Employment (DOLE).

With Philippine ratification of the WTO Agreements, adjustment measures will be needed to implement and cushion the possible temporary displacement of workers, to help sectors affected to favourably respond to increased demand for qualified women. Training for affirmative employment of those displaced or likely to be displaced, upgrading of skills and skills-training for new technologies and industries are some of the means by which the labour force, particularly women, will avoid being severely affected by global economic changes.

The signing of the Anti-Sexual harassment Act of 1995 compelled the Government and private sector to develop their implementing Rules and Regulations. The Bureau of Women and Young Workers of the DOLE in coordination with the International Labour Organization, likewise developed an advocacy plan on the elimination of sexual harassment in the workplace.

In addressing the issue of multiple burdens, DOLE will create new employment models/flexible work arrangements, which will enable both the men and women to combine career with family commitments.

The inadequate training in non-traditional skills for women perpetuates gender-based labour segregation. Education and training policies, and human resource development planning must be gender-responsive. DOLE and other concerned agencies and training institutions will develop a programme that would promote the training of women in non-traditional trades, newly-emerging trades and entrepreneurship. Managerial skills training for women will likewise be promoted.

The *Republic Act 7192* or the *Women in Development and Nation Building Act*, which provides women the capacity to borrow, obtain loans and execute security and credit arrangements under the same conditions as men, proved to be a watershed for women in the informal sector, one of which is the Women Workers Employment and Entrepreneurship Development (WEED). This programme seeks to support women in the areas of self-employment, entrepreneurship and cooperative endeavour through training. Another is the Promotion of Rural Employment through Self-Employment and Entrepreneurship Development (PRESEED), aimed at enhancing the capability of rural workers, particularly women, for self-reliance through employment creation and technical assistance and entrepreneurship training workshops. DOLE has also developed training packages and programme guides on rural workers' education for use by programme implementors and workers' groups.

Furthermore, DOLE is committed to pursue a wide array of strategies and programmes to improve the labour situation for women. These include affirmative action on education, training and access to credit; provision of incentives for equal-employment opportunity employers; providing support services such as day care and breast-feeding centres; and conducting gender sensitivity training for workers and managers. In addition, the Department will launch an advocacy and information campaign, formulate an employment equity plan, and continue its review, update and enforcement of existing laws that relate to women and work.

C. Department of Agriculture (DA)

1. Overview

The agriculture and fisheries sector contributes one-fourth of the gross domestic product and employs half of the labour force, it could very well be the foundation and springboard to full economic development. The Estrada administration has also made agriculture the key priority in its resolve to improve the living standards of the farmers and fisherfolk. The Medium-Term Agricultural Development Plan seeks to improve the infrastructure and support services to facilitate agricultural productivity. This is combined with development of human resources and providing interventions designed to lead to a fully empowered citizenry and a globally competitive economy in the agricultural sector. In order to reach this goal, greater involvement of women in this sector has to be realized. At present, women participation in this sector is only 25 per cent.

2. Strategies/Programmes

The Department of Agriculture (DA) is fully aware of the need to increase and optimize the participation of women in agriculture. In fact, it has defined its objectives and strategies toward this end. The Department aims: (a) to raise the level of consciousness of rural population on the important roles of both men and women; (b) to institutionalize mechanisms necessary to expand the participation of women in agricultural mid fisheries development; (c) to provide gainful employment and entrepreneurial opportunities for women; and (d) to enhance the access of women to agricultural and fisheries development.

DA has also created a Gender and Development Focal Point in the Department to ensure that gender mainstreaming within the Department and beyond is given attention. Thus far, the Department has already formulated the Guidelines for Integrating Gender Concerns in the DA Planning System. Moreover, the Department launched the Pilot Testing of the Required Processes and Mechanisms for PDPW Implementation to develop guidelines for institutional structures and processes that will ensure the effective integration of gender concerns in agricultural development processes.

In pursuance of the above mentioned objectives, DA has a sound record of accomplishments. One of these is the integration of gender concerns in the training modules on Farm Systems. The Department also created a Technical Working Group to formulate a strategic plan for mainstreaming Gender concerns in the generation of selected agricultural data. Regional development plans have likewise been revised and modified to focus on activities that would expand the participation and opportunities for women. In addition, Gender Sensitivity Training has been conducted among DA's top officials, middle management, and rank-and-file.

Sex-disaggregated data is required in order to assess the role of women in agriculture. DA has begun collecting such data on trainees under the Fisheries Sector Program and the Agricultural Training Institute. The Bureau of Agriculture Statistics has also produced the Statistical Handbook on the Role of Women in Agriculture with indicators reflecting the extent of female labour participation and absorption in agriculture.

Several projects and programmes designed to support women in agriculture have been or are being undertaken. One of these is the Grameen Bank Replication Programme which provides credit access to rural women, and promotes savings mobilization and capital build up formation.

There are also several post-harvest projects aimed at improving the role and efficiency of household members with emphasis on women in post-harvest activities, and training rural women in harvest loss prevention. DA has also initiated the Small Engineering Technologies for Women, a pilot community project for women fisherfolk on fish processing and other alternative livelihood activities. Aside from these, DA conducted a national integrated pest management programme and guaranteed the participation of at least 30 women farmers/technicians nationwide.

The International Labour Organization has also lent its support to the National Network of Homeworkers, which provides credit extension and technical assistance including training and marketing. This Network has an estimated 3,000 homeworkers-members organized into 150 cooperatives.

3. Problems/Challenges

There is a lack of awareness of both rural men and women on the importance of their roles/participation in agricultural and fisheries development. In order to overcome this, nation-wide information campaign and advocacy must be implemented. Sex-disaggregated data will enable policy planners recognize areas where women's involvement needs reinforcing. While women are involved in planting, weeding, harvesting, processing, netmaking, catch preservation and marketing, little recognition is given to them.

Another big factor which limits participation of women is their involvement in multiple roles. Women have to divide their time between domestic responsibilities and farming and, because of this, their involvement in the decision-making process and structures is also limited. Farmers' cooperatives are male dominated. Encouraging women's membership and holding of key positions in cooperatives must be integrated in the advocacy. Forming alternative organizations, including cooperatives, for women must also be encouraged.

With regard to women's limited access to agricultural support services such as farm inputs, credit, training, technology and infrastructure, public and private sector partnership must be emphasized. Training/seminar activities where new technologies are introduced must target, or at least achieve the significant involvement of women.

Specific Projects to Integrate Rural Women in National Development Processes:

A. Placing a higher priority on budgetary allocation related to the interests of rural women.

- (a) In the formulation of the Agriculture and Fisheries Modernization Plan (AFMP), which will serve as the blueprint for developing the sector in the medium-term, women are among the priority concerns.
- (b) In research, the Bureau of Post Harvest Research and Extension (BPRE) integrated and analysed the different cultural management practices on selected high-value crops utilizing a gender perspective.

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- (c) In the budgetary allocation for 1998, the DA programmed around P 1.2 billion for various GAD initiatives on mainstreaming, institutional mechanisms, and women focused projects, aside from funds for a credit programme that can be accessed by women.
- B. Investing in the human resources of rural women, particularly through health and literacy programmes and social support systems.
- (a) Launched the National Milk Feeding Program and Pan de Bida Program which motivates bakers to use vitamin A fortified flour in making pan de sal.
 - (b) Continued to promote the Sangkap Pinoy Program which advocates the fortification of food products with one or more of these micronutrients: vitamin A, iron, iodine.
 - (c) Conducted 17 skills development training events for Gintong Ani programmes involving 444 participants (375 female), which resulted in the establishment of 16 projects.
 - (d) Provided training to 32 female and 25 male applicants in Quedancor's integrated livelihood programme.
 - (e) Conducted 45 training events for Rural Improvement Clubs (RICs), an organization of women, involving 1,467 participants.
- C. Promoting and strengthening micro-financing policies and programmes cooperatives and employment opportunities.
- (a) Implemented the following projects for rural women: a P 120,000 swine-raising project; which is a P 75,000 broiler production project; and two Bigasin ng Bayan projects valued at P 1,000,000 each.
 - (b) Granted a P 444,444 rice production loan benefiting 350 RIC members.
 - (c) Provided credit assistance worth P 53.317 million through various Quedancor programmes, which benefited 1,322 women borrowers.
 - (d) Established 5 livelihood projects involving 107 RICs.
 - (e) Hired 68 female workers in the plant nursery and sweet potato farm maintained by Region VIII.
- D. Ensuring that women's unpaid work and contributions to farm and off-farm production, including income generated in the informal sector, are visible and recorded in economic surveys and statistics at the national level.
- (a) Conducted two Agricultural Labour Surveys for palay and corn for the Bureau of Agricultural Statistics (BAS).
 - (b) Generated 19 final statistical tables on women's participation in agricultural activities (BAS).
 - (c) Updated and disseminated two statistical handbooks: *Trends in Agricultural Wages and Development Indicators for Philippine Agriculture* (BAS).

D. Department of Environment and Natural Resources (DENR)

1. Overview

Since the formulation and adoption of the Philippine Strategy for Sustainable Development in 1989, and the Agenda 21, which was based on the Rio Declaration, the Government has redirected its development goals towards sustainable development. One of the principles of sustainable development is recognizing the important role that women have played, and will play in economic and social development.

In the past, women received little recognition in this aspect. Their voices were often ignored with respect to national economic goals. But with the Philippine Plan for Gender Responsive Development (PPGD), specific programmes that address this problem are given priority by the Department of Environment and Natural Resources (DENR), the agency responsible for the protection of the environment and sustainable development.

2. Objectives

Pursuant to Agenda 21 and RA 7192, the DENR pursues five objectives: (a) to institutionalize the mainstreaming of gender concerns in the whole cycle of environment and natural resources management, development, planning, implementation, monitoring and evaluation; (b) to promote and enhance the participation of women, both as agents and beneficiaries, in the development and management of natural resources; (c) to ensure women's enjoyment of their equitable share of benefits from sustainable resource use and quality environment; (d) to improve living conditions of women and their families in upland/forest/mining areas; and (e) to raise the level of awareness and skills of environment and development agents and beneficiaries on gender concerns.

3. Programmes/Projects

The Department has implemented several projects and revised policies aimed at promoting the role of women in sustainable development. It began by holding training sessions on gender sensitivity and gender-responsive planning among key officials and staff, to familiarize them with fundamental gender issues.

One very important measure undertaken by DENR was the reformulation of the policy on the issuance of Certificates of Stewardship Contracts (CSC) to include women beneficiaries/awardees. The CSC grants an individual security of land tenure for 25 years.

DENR also conducted a study which resulted in policy recommendations on (a) the integration gender-consciousness into environmental concerns, review, and modification of laws and regulations for gender-responsiveness; (b) establishment of mechanisms to ensure proportionate representation of women in natural resources management governing bodies; and (c) ensuring compliance with directives for gender-responsiveness. The study also recommended enhancing women's participation in environment management, as reflected in a case study of a freshwater lake ecosystem, a gender framework for conservation and resource management, and a guidebook for the planning/review/evaluation of environment programmes and projects.

The Department has also begun conducting gender analysis on several environment projects, including the Comprehensive Agrarian Reform Program, Integrated Social Forestry (CARP-ISF) Program, Research and Development Program, and the Reforestation R&D Program; a sustainability assessment of livelihood projects within the CARP-ISF areas; and the DENR-Caltex project on multipurpose tree species, wood use and farming systems research.

DENR has also developed tools to mainstream gender and development for Community- Based Forest Management, and has conducted a pilot testing of the Stakeholders' Analysis Tool, and the Participatory Project Impact Analysis Tool in different communities and regions in the country.

Furthermore, the Department conducted research studies on women's situation and participation in community forestry, mangrove conservation and management and rattan and bamboo production projects.

E. Department of Science and Technology (DOST)

1. Overview

Over the years, the Philippines has experienced a significant increase in the participation of women in the Science and Technology (S&T) sector, especially in research and development. However, there is still the existence of gender-tracking that fits women into pre-determined areas of specialization, i.e. scientists, educators and in R&D. Traditional attitudes, such as fieldwork and technical tasks are for men, and perceptions regarding the disadvantages of women's biological difference with that of men, continue to hinder women's access to S&T education, hiring and promotions. With the onset of high-level technology and mechanization, the marginalization of women in economic and productive work might increase if their need to have access to S&T is not addressed.

As beneficiaries of advances in S&T, there has been inadequate research on appropriate technologies that respond to the needs of women in the areas of reproductive health, domestic productivity and non-traditional income-earning skills. This is partly due to the low level of awareness on women's specific S&T needs in both the domestic and economic area. per cent among the Department of Science and Technology (DOST) agencies and non-governmental organizations (NGOs). There is also limited participation of women in exploring, evaluating and popularizing the appropriate technology for women.

The DOST also lacks a gender-differentiated database system, institutional mechanisms to measure the impact of S&T in women and S&T planning at the national levels and inputs on women's technological needs. Engendering of S&T in the Philippines does have a long way to go. To begin with, the Department had four major objectives: (a) to promote women's active participation in S&T; (b) to develop technologies which will respond to Filipino women's needs and help them to be more economically productive and ease housework for the poor; (c) to provide S&T structures for appropriate support and incentives to enable women to be active agents in S&T developments; and (d) to develop educational systems that inculcate popular literacy in S&T.

2. Strategies and Programmes

As part of DOST's efforts to fulfil its objectives, it has formulated strategies to help in developing programmes and projects. At the decision-making level, one of the strategies is the integration of gender perspective in formulating, implementing and evaluating S&T plans, policies, strategies and programmes and the promotion of women's participation in these aspects. Hand in hand with this is the development of gender-sensitive decision makers and workers.

To help promote women's participation in S&T activities at all levels, the Department will provide training on leadership, assertiveness and managerial skills development as well as scholarships for women. It will also encourage women's re-entry into non-traditional fields of S&T and remove gender-related career restrictions to enable women to make full use of such education. The S&T sector will help in projecting women as indispensable partners of men in the country's development starting from the schools. It will develop public education materials to break down stereotypes. This will be complemented by revisions in the syllabi and course contents, innovative use of media and the sensitization of teachers and parents.

To strengthen equal opportunities for professional growth in the sector, DOST will also promote gender-sensitive human resource development and management policies, such as flexible work hours, retraining, job-sharing and child care leave in S&T public and private sectors. The Department will explore alternative livelihood activities and generate employment, particularly for women in low-income brackets and those displaced by mechanization and technological change.

DOST will institutionalize mechanisms for gender and development (GAD) within S&T agencies, including strengthening GAD focal points in decision-making committees and other relevant organizational structures, and the creation of GAD focal points up to the provincial levels. It will also review its existing data/information management systems.

In R&D development, the Department will promote the use of technological knowledge in designing low-cost equipment to reduce the drudgery of housework and ensure that all researches comply with ethical standards.

To fuel the implementation of these strategies, DOST is mobilizing local and foreign resources for its gender and development activities. It is also enjoining women's groups to lobby for an increase in the Government's budget for research and development on women's S&T needs.

From the above strategies, DOST had developed programmes/projects to actualize their objectives. To promote the active participation of women in S&T, DOST started with a programme to generate sex-specific databases and gender-responsive indicators on women's participation and concerns in S&T to serve as inputs for gender-responsive planning and programming. They will also formulate mid use sector or agency-specific GAD guidelines in planning, implementation, and evaluation of S&T programmes.

To develop technologies that will respond to Filipino women's needs and help them to be more economically productive, DOST will undertake systematic inventories, massive information dissemination and popularization of appropriate technologies for women. They will also study the total agricultural plan to consider displacement due to technological changes at all levels mid determine alternatives for displaced labour. They will also expand S&T opportunities for women through active linkages between industries and schools.

With women's ingrained affinity to nature and deep concern for their children, the future generation, DOST also has a programme to promote development and utilization of clean technologies by formulating policies, medium and long-term plans, establishing regional networks for technology transfer and creating a Clean Technology Development Center that will research, develop, assess impacts of and disseminate information on *clean technology*. This programme aims to promote sustainable development and strengthen the competitiveness of Philippine industries by providing technical information, decision-making support, and implementation assistance to small and medium-sized enterprises (SMEs), where women are increasingly taking an active part, in adopting cleaner production technologies and waste minimization/pollution prevention techniques.

To provide support structures and incentives for women to be active in the development of S&T, DOST will do policy studies on the status of women in S&T, such as a compensation and incentive package for women workers in S&T, and promote the provision of gender-sensitive infrastructures, i.e. crèches or nursing stations in work areas, to allow women to be more active in S&T agencies. They will encourage the development and support for occupational health and safety measures especially for pregnant and lactating women. The Department will also disseminate and enforce the code of ethics for bio-medical research using women. Dissemination and enforcement of women's concerns will also be included in reviewing the compliance of research projects according to institutional and scientific declaration.

To develop educational systems that encourage popular S&T literacy, the Department has the following programmes/projects: (a) reorientation of career and guidance counsellors; (b) review of S&T curriculum to make it gender sensitive; (c) development of female role models, especially in the non-traditional fields, through active dissemination of public education materials and the adoption of non-traditional methods of training and information campaigns; and (d) development and integration of gender-sensitizing materials and training Modules into S&T programmes for beneficiaries and clients.

3. *Problems/Successes*

In the period 1989-1994, an S&T Women in Development, Gender and Development (WID/GAD) Focal Point was established. The WID focal point was constituted in May 1989, resulting from gender-sensitivity and gender-responsive development planning seminars, with 21 women representatives from different attached agencies and councils. Its efforts then led to the formulation of policies, strategies, programmes and projects that benefit both women beneficiaries and workers. Also among the Government's accomplishments is the Philippine Council for Health Research and Development (PCHRD)'s contribution to the creation of the National Health Ethics Committee, which reviews research projects before they are implemented.

Three NGOs were created as counterparts in the government sectors: (a) Women Inventor's Association in the Philippines, Inc. (WIAPI), (b) Women's Association of Scientists in the Philippines (WASP), which aims to activate women scientists in researches geared towards national development, facilitate networking and incorporate them into different S&T programmes; and (c) Women in Science and Technology Development Foundation, Inc. (WISTDF), which aims to sponsor, promote and conduct S&T programmes and projects in support of women's concerns and contribute to the country's economic upliftment.

In July 1994, the Philippines hosted an ASEAN symposium on "Women's Empowerment Through Science and Technology, "to identify opportunities and constraints in the active

involvement of women in scientific activities for regional development. It was also at that time that DOST hosted a technology fair entitled "Women inventors, Technologists and Scientists Techno Fair and Bazaar (WINTech '93)", in which the WISTDF participated.

In the area of information, the Department established a sex-disaggregated database system to provide a basis for more gender-responsive S&T programmes, policies and projects. They have also completed four research and development projects: (a) The Role of Filipino Women in the Comprehensive Agrarian Reform Program (CARP) in Improving the Nutrition of Children; (b) Development of a Model Integrating the Promotion of Breast-feeding and Weaning Practices in the Maternity Care Service in a Peri-Urban Community; (c) Socio-Cultural Determinants of Weaning Decision of Mothers in Selected Philippine Communities; and (d) Analysis of Factors Associated with Variations in Breast-feeding Duration and Some Weaning Practices of Mothers in a Depressed Community: Implications for Nutrition Intervention.

SOME ACTIONS FOR CONSIDERATION: A DISCUSSION PAPER

by
Joan Dudik-Gayoso
Senior Advisor, Science, Technology and Development Policy
and
Elly Tsai
Research Assistant
Office of Science and Technology Cooperation
Bureau for Oceans and Environmental and Scientific Affairs
United States Department of State
Washington, United States of America

I. INTRODUCTION

As a contribution to the Expert Workshop to brainstorm on trade, sustainable development and gender, this paper proposes a number of policy proposals for discussion, including recommendations:

- (a) related to specific development sectors;
- (b) related to gender equity in science and technology for development; and
- (c) related to the strengthening of UNCTAD's institutional capacity to take gender into account.

The ideas underlying these recommendations are by no means exhaustive. They are meant to stimulate discussion on some of the major issues related to the Workshop's theme and to suggest some appropriate areas for action by UNCTAD in its analytical and policy work and technical cooperation activities.

The recommendations may have resource implications, but this paper implies no expectations as to resources. On the contrary, it assumes (i) that given current resource constraints across the multilateral system, and declining overall levels of Official Development Assistance, additional resources are unlikely to be forthcoming; (ii) proposed new activities may well have to be funded from savings achieved by reducing funding for lower priority and less effective activities, and (iii) in view of the importance of some of the activities and analyses proposed, UNCTAD would recognize their importance if its work is to be effective in furthering the development process.

II. BACKGROUND

In more than 40 years of development practice, thinking and approaches to the challenges faced by the governments, institutions and peoples of the developing world have evolved, not so much in a strictly linear way, but rather as a rising spiral. At each turn, accumulating experience, the need to respond to new developments and issues previously unrecognized or ignored, and the engagement of new actors with new perspectives have all contributed to building increasingly comprehensive, complex and integrated development policies and approaches to the implementation of development activities.

At the end of the 1990s, most approaches to development involve a synthesis of objectives and mechanisms, which include economic growth, achievement of greater equity, and reduction in poverty, citizens' participation in the political process and development decision-making, identification of the appropriate role for government, accountability in public institutions, recognition of the importance of private business as a development agent, creation of an enabling economic policy environment that encourages investment and savings, development and protection of human resources through effective health and education programmes, building of effective, sustainable institutional capacity in economic, political and social systems and the protection and responsible management of natural resources.

About midway (twenty years) into this period, many of those engaged in the development process began to recognize the importance of assuring attention to two cross-cutting concerns in all aspects of development work: the impact of gender on development outcomes and the impact of human activity on the local and the global environment.

By the early 1990s "sustainable" development had become the objective. This term has many definitions, but usually refers to meeting the needs of the present without compromising the ability of future generations to meet their own needs. It requires meeting the needs of all, and extending to all the opportunity to satisfy their aspirations for a better life.⁸⁶ In addition to effective protection and responsible use of the planet's resources, including its air and oceans, (or in order to achieve these goals), "sustainable development" requires a stable political environment, economic and financial viability, and human and institutional capacity.

Following the ending of a polarized international political system, regional steps toward economic integration, and global financial and economic relationships facilitated by new information technologies, have spurred global economic integration, bringing the advantages and opportunities of greater access to the global economy and knowledge base, but also the risks of vulnerability to instability in the international economy and financial system, the homogenization of cultures, and the loss of local knowledge.

The issue of gender cuts across all aspects of development, since women in general participate differently from men, and often unequally in political, economic and social systems. Furthermore, it is women's *access, or rather, inherent limitations on women's access that fundamentally affect their ability to participate equitably in and benefit equitably from opportunities for economic and social progress. These same limitations also make women more vulnerable to the risks related to global economic integration and hinder women's ability to respond effectively to them. Women in developed, developing and transition countries, all share many of the same problems of access in different degrees.*

⁸⁶ See The World Commission on Environment and Development. (1987). *Our Common Future*. New York: Oxford University Press.

III. POLICY RECOMMENDATIONS FOR DISCUSSION

A. Programme issues

1. Access to education

Ultimately, the solutions to virtually all development questions, at the national, local and personal level, and irrespective of whether we are speaking of food production, personal health or the creation of an economic environment conducive to trade and investment, depend on education.

The attainment of basic literacy and numeracy skills has been identified repeatedly as the most significant factor in reducing poverty and increasing participation by individuals in the economic, political and cultural life of their societies. Investment in education for girls has been shown similarly to be one of the most important determinants of development, with positive implications for all other measures of progress.⁸⁷

Girls continue to lag in basic literacy and numeracy in developing countries and a smaller proportion of girls than boys have access to advanced education.⁸⁸ In both developed and developing countries, girls still lag behind boys in advanced education in the sciences and engineering.⁸⁹ Yet, capacity in the sciences and engineering is the foundation of innovation, productivity and economic growth at the national level, and at the individual level can be the basis for access to the opportunities of global economic integration.

The 1990 World Conference on Education for All (held in Jomtien, Thailand) set a goal of universal primary education for all by 2015, which the Copenhagen Summit on Social Development and the Beijing Fourth World Conference on Women both endorsed in 1995. Similarly, the Cairo, Beijing and Copenhagen Conferences recommended that the gender gap in primary and secondary education be closed by 2005.

Recommendations

- (a) UNCTAD's activities should explicitly take into account the importance of basic education as a foundation for development, even though implementing programmes for basic education falls outside of UNCTAD's mandate.
- (b) Working with UNDP, UNESCO, UNICEF and UNIFEM, the World Bank, regional development banks and other relevant international organizations, in keeping with national plans of action and UNCTAD's particular role, UNCTAD should integrate attention to basic education, training in mathematics, science and engineering, and building the capacity for lifelong learning into its programmes and policies. In so doing, UNCTAD should take into account the need to achieve gender equality in education at all levels.

⁸⁷ OECD/DAC (1996). *Shaping the 21st Century: The Contribution of Development Cooperation*, Paris: OECD, p.10.

⁸⁸ UNDP (1995). *Human Development Report*.

⁸⁹ IDRC (1995). *Missing Links*, Geneva and New York: UNCSD Gender Working Group, Intermediate Technology Publications and UNIFEM.

2. *Access to financial resources*

In both the developed and developing world, women have proportionately less access than men to financial resources, which limits their ability to undertake productive activities or make other investments in improving their own lives and those of their families.

In developing countries, for example, women represent the majority of the rural poor (often as much as 70 per cent). Women tend to remain on the margin, without access to critical resources, yet women carry most of the responsibility for household food security.⁹⁰

Women's access to credit and capital is limited not just because resources are scarce. But also because of laws of inheritance and property ownership, women's legal status, lack of information about credit availability, lack of security. for loans, lack of complementary financial and business services (such as savings mechanisms), and even more limited credit provision for non-agricultural rural activities often constrains women's income and productivity. At the same time, there is evidence that women use credit as effectively as men when it is available. Their repayment rates are generally much higher.⁹¹ They tend use more of their earnings to benefit the family.

At the other end of the spectrum, in the United States, self-employment by women is growing at an unprecedented pace. According to a 1997 report of the National Foundation for Women Business Owners (NFWBO), during the last decade, women-owned firms, particularly in the small, home-based service industry, grew at double the overall business growth rate in the United States, yet American women also face unequal access to capital. (U.S. Department of Labor.)

In both developed and developing countries, over the past 10-15 years, innovative micro-enterprise programmes have successfully assisted women in getting access to capital and making the investments in businesses or other productive activities which give them the income to improve their lives. The United States Agency for International Development is now supporting a multi-year research programme to assess the impact of micro-enterprise services to gain a better understanding of how and why micro-enterprise activities strengthen small businesses and improve the welfare of households.

Recommendations

- (a) UNCTAD should foster data collection and analysis that examines the facts of women's access to credit for trade oriented enterprises and the relationship between women's access to credit and their involvement in trade-related enterprises.
- (b) Especially in LDCs, UNCTAD should assist in the identification of successful models and best practices linking sources of capital and financial services to women engaged in trade-related enterprises.
- (c) UNCTAD should foster educational and public awareness activities which build understanding about the factors which encourage (or discourage) investment, how communities can assess the true costs and benefits of particular investments, and how to build an environment which attracts investment. In so doing, UNCTAD should assure that women have equitable opportunities to participate in these activities.

⁹⁰ IFAD (1998). *Rural Women in IFAD's Projects*.

⁹¹ Fong, Monica S., and Bhushan, Anjana (1996). "Toolkit on Gender in Agriculture", in *Gender Toolkit Series*, No. 1, Washington D.C.: The World Bank.

3. *Access to institutions of the legal system*

Women's legal status, and restrictions on women's right to own property as indicated above, as well as restrictions on women's ability to exercise civil and political rights, often make it difficult for women to function in the formal economy, denying them economic opportunities, education and the freedom of action to improve their lives. Improving women's access to these opportunities will require more equal relationships between men and women, based on a redefinition of the rights and responsibilities of women and men in all spheres, including the family, the workplace and society at large.⁹²

Recommendation

In conjunction with UNIFEM, the UN Commission on the Status of Women, and other appropriate organizations, such as the International Development Law institute, UNCTAD should organize activities that will identify and build awareness among policy makers of factors that limit women's access to the institutions and processes of the legal system, and limit their ability to participate in the formal economy.

4. *Women's workload and time constraints*

Even if women had the education and the resources to take advantage of opportunities to improve their welfare and that of their families, the daily basic demands on women's time - food production, preparation, provision of fuel and water, caring for children, and other household responsibilities in and of themselves limit women's opportunities. Most poor rural women, and particularly women farmers, are overworked. They tend to work longer hours than men and on a more continuous basis throughout the year. Studies in many countries find that rural women work 16 hours a day or even longer.⁹³ Women in developing countries have very few margins for changing their work patterns because they are already so heavily overburdened.⁹⁴

In industrialized countries, as more women move into the paid workforce, similar issues arise, and are often described in terms of the "balance" between "family" and "work". In the United States, assuring the proper care of children as most women enter the workforce has become a particularly prominent issue.

The OECD/DAC suggests that a useful approach would be for programmes to recognize the multiple roles and interests that women have and the interrelationships between them, rather than seeing each role separately. Without careful consideration of gender dynamics, and sound economic planning, 'income generating' projects may unintentionally add to women's work burden without significant compensation (emphasis added).⁹⁵

If most women cannot acid to their daily workload, they must make some sort of trade-off in terms of time if they wish to engage, in new activities, whether those are evening literacy classes, cultivating a vegetable garden to improve their family's diet or starting a home-based enterprise.

⁹² OECD/DAC (1998). *Sourcebook on Concepts and Approaches linked to Gender Equality*, Paris: OECD; and OECD (1998). *DAC Guidelines for Gender Equality and Women's Empowerment in Development Cooperation*, Paris: OECD.

⁹³ IFAD (1991). *IFAD's Strategies for the Economic Advancement of Poor Rural Women*, Geneva: p. 9.

⁹⁴ INSTRAW (1994). *Women, the Environment and Sustainable Development*, Geneva: INSTRAW.

⁹⁵ OECD/DAC (1998). *Source Book on Concepts and Approaches Linked to Gender Equality*, Paris: OECD, pp.11 and 26.

In industrialized countries, technology has to some extent but not entirely, reduced the burden of women's "traditional" work in the home. Access to improved technologies could have a similar effect in developing countries, and could also reduce the isolation of homebound women in both developed and developing countries.

In the end, however, an inequitable division of labour and responsibility for household tasks including child-rearing, between men and women will be a factor that leads to unequal access to opportunities for women both inside and outside the home. The difficulty of finding the available time in a woman's day in the specific instance and the complexity of changing the male-female division of labour within the household, community and society, must not be underestimated and should bring a sobering note of realism to the optimism that enters discussions of new possibilities and opportunities for women.

Recommendation

In its policies and programme activities, UNCTAD should analyse and take into account the trade-offs and opportunity costs of alternative uses of women's time.

B. Gender equity in science and technology (S&T)

In the early 1990's the UN Commission for Science and Technology for Development, with support from Canada, the Netherlands and the United States undertook an examination of the issue of gender as it relates to science and technology. This section is largely based on that work.⁹⁶

"In most developing countries, there are serious obstacles to girls and women receiving science and technology education and in pursuing scientific and technical careers. Similar obstacles also exist for women in developed countries, particularly with regard to advanced science and technology training and education. These obstacles, which extend beyond those faced by boys and men, prevent women from contributing to scientific advances including ones that could better meet women's basic needs and support their hopes for the future."

This is a crucial issue at a time when technology-based industries and firms are major forces in the growth and development of the international economy. In the United States, estimates indicate that technology and innovation have been responsible for at least a half of the increase in growth of productivity over the past half-century. As the role of technology in the economy increases, it is essential for women to have access to the knowledge and skills needed to participate in a technology based workforce. Yet, the opportunities for women to receive technological training and advance in scientific careers are limited.

To work in a setting where use of advanced technology is required, a woman must first be exposed to, trained in, and become comfortable with the technology. Put, as technology continues to improve and change rapidly, it is not enough to give workers one-time access to technology training. Essential skills for work must be continuously upgraded. This necessary training is often unavailable to women. In developing countries, on-the-job training in new technology is offered to men but not to women, on the basis of the false assumptions that women are "not technical", and do not want the training because it is "unfeminine" and "too difficult".⁹⁷ Without the necessary training, it is virtually impossible for women workers to be competitive in the workforce.

⁹⁶ IDRC (1995). *Missing Links*. Canada: IDRC, Intermediate Technology Publications and UNIFEM.

⁹⁷ See *Missing Links*, op. cit.

Even for educated women with technological training, careers in science and technology-oriented fields are restricted, or difficult to maintain given lack of institutional and social support, whether the country under discussion is India, Japan, Russia, South Africa or the United States.⁹⁸ Of the small percentage of women who are educated in scientific or technological fields, the majority are worse off than men of the same skill level. For example, in the United States, female scientists are more likely to be unemployed or underemployed than their male counterparts.⁹⁹ On average, a female scientist is paid less than a male of equal qualifications. Female scientists are also less likely to be promoted to management positions.¹⁰⁰

Finding a suitable job is also more difficult for a female scientist. Recruitment and hiring practices for industrial jobs in science and engineering often make use of traditional networks that overlook the available pool of women. Once on the job, many women face paternalism, sexual harassment and allegations of reverse discrimination.¹⁰¹ In addition, women studying science often lack role models, mentors and support in achieving their professional goals.

Nonetheless, although women remain underrepresented, current statistics show a positive trend with increasing numbers of women working in science and technology. There is also more encouragement for young females to enter the fields of science. Special programmes have been established to promote women in scientific and technological fields, including programmes to help women balance their private lives, domestic and professional responsibilities.

Recommendation

UNCTAD, in its capacity as the Secretariat for the UN Commission for Science and Technology for Development, should review the recommendations of the UNCSTD Gender Working Group as well as those outcomes of the Beijing Conference, which dealt specifically with science and technology, and identify areas where UNCTAD could take a leadership role in fostering awareness of the need for greater gender equity in science and technology as part of the development process.

For example:

- (a) UNCTAD could take the initiative to support increased networking and sharing of information across the United Nations system on gender, science and technology issues.
- (b) Working with UNESCO and building on the work of UNIFEM, UNCTAD could assist United Nations agencies in developing accessible and practical guidelines for incorporating gender analysis and assessment into the design of science and technology policies, programmes and projects.
- (c) UNCTAD could serve as a catalyst for the establishment of procedures to research, document, monitor and evaluate the gender impact of science and technology, including regular reporting to the governing councils of United Nations organizations of results achieved and lessons learned.

⁹⁸ See *Association for Women in Science Magazine*, Vol. 26, No. 1, January/February 1997.

⁹⁹ See *Missing Links*, op. cit.

¹⁰⁰ United States, House of Representatives, Resolution, No. 3007, September 1998.

¹⁰¹ Op.cit.

C. Strengthening UNCTAD's institutional capacity to take gender into account

Early analyses of “women in development” focused on women and their relation to the economy and development processes, and initiatives focused on compensatory measures to enable women to participate more fully in the development process. Further research resulted in the development of an analytical framework that focused on the processes and relations that recreate and reinforce inequalities between women and men.¹⁰²

The result according to the OECD/DAC has been an evolution in conceptualizing development agencies' programmes and approaches to the 'gender in development' issue. It is now understood that programme approaches should include:

- (a) an emphasis on reshaping of mainstream development activities to ensure that they provide an equitable distribution of opportunities and benefits to women and men and reduce gender disparities;
- (b) a focus on equality as an objective rather than on women as a target group;
- (c) a focus on the broader policy and institutional context as well as on project initiatives;
- (d) a move beyond responding to gender differences and increasing attention to reducing gender disparities;
- (e) more attention to women/s organizations and networks and the forces for change in partner countries; and
- (f) more attention to men including a recognition that male and female gender identities, activities and behaviour are highly interdependent. The gender identities of men affect women and the achievement of development goals.

Many development organizations have developed detailed plans and strategies for including gender analysis in programme/project design, and for increasing awareness of gender issues among the staff.

Drawing on expert resources and members' experience the OECD Development Assistance Committee Working Party on Gender Equality drew together a set of practical guidelines to advance the goals of the DAC and the Platform of Action of the 1995 Beijing Conference.¹⁰³

The Working Party stressed the importance of consistent, high level leadership, including commitment of resources, and follow through in implementation by mid-level management. It emphasized that policies to encourage gender sensitivity will not be credible in environments where other policies are not enforced. It warned that policy commitments often "evaporate" or fade in the formulation and implementation of programmes.

The report of the Working Party recommends that each institution analyse the relationship of its own mandate to the overall goal of gender equity as a basis for the institutions future work. It suggests that agencies should carefully distinguish between means and ends and suggests three

¹⁰² OECD/DAC (1998)., op.cit.

¹⁰³ Ibid.

"target" areas for action - promoting changes in a partner country, the cooperation programme, or the development agency itself.

The Working Party identified five main components of institutional capacity, each of which may be needed in different proportions depending on the agency. These components are:

- (a) understanding and commitment: clarity about the goal of women's equality at both senior decision-making and working levels;
- (b) structures and mechanisms: to ensure that gender issues are raised in planning and decision-making;
- (c) information, data and research: the availability of necessary inputs such as gender-disaggregated data to support policy and programme formulation;
- (d) analytic, planning and management skills: to identify and respond to issues of women's development related to the agency's mandate; and
- (e) participatory mechanisms: through which women and women's development advocates can participate in decision-making about policy and programme formulation and evaluation.

The Working Group also found that general staff training is less useful and effective than training based specifically on an analysis of staff skills and requirements.

Recommendations

- (a) UNCTAD should assess the degree to which its programme of activities related to trade and sustainable development includes attention to reducing gender inequalities.
- (b) UNCTAD should develop a plan to assure that attention to reducing gender inequalities is a core part of each of its activities. This plan might include for example, an assessment of the data available to support UNCTAD's policy and technical cooperation work, identification of data gaps, and/or an analysis of the degree to which women participate in UNCTAD programmes and decisions regarding these programmes.
- (c) To support this effort, UNCTAD should undertake an analysis of staff skills and awareness of the importance of gender in the development process, and identify opportunities for training and staff development in this area. In so doing, UNCTAD should become familiar with and build on the experience of other organizations, for example, even mounting joint training programmes in areas' of common interest.
- (d) UNCTAD should prepare a special report on its own institutional progress in supporting gender equality for review by UNCTAD X.

PART II

GLOBALIZATION AND GENDER

GLOBALIZATION, INTERNATIONAL INVESTMENT AND GENDER

by

Padma Mallampally

Senior Project Expert on Foreign Direct Investment

International Investment, Transnationals and Technology Branch

Division on Investment, Technology and Enterprise Development

UNCTAD

I. INTRODUCTION

Globalization involves increased international flows of capital, technology, people and information, and increased international economic relationships of many kinds and at several levels. Foreign direct investment (FDI), or investment made directly in production enterprises in one country by firms based in others, plays an important role in these flows and relationships and in the process of globalization. Foreign direct investment comprises investment made by transnational corporations (or multinational enterprises) with a view to acquiring a long-term interest and voice in the management of production activities abroad in addition to those in their home countries. The establishment of enterprises in different countries under the common governance of a transnational corporation (TNC) creates links at the enterprise or production level between countries.

Foreign direct investment has been increasing steadily in recent decades. As FDI rises in importance, the nature and strength of the linkages that it generates between home and host countries and the related impact and influence of TNCs on various aspects of host economies and their development are of considerable interest, especially for developing countries. One of the key areas of interest relates to how human resources, that are still largely location-bound, are combined with the mobile production assets — capital, technology, organizational and managerial practices, and marketing knowhow — that TNCs bring to their affiliates in host countries. From the perspective of integrating gender into the development process, an obvious area of interest relates to the effects on the productive participation of women in the economy and their economic and social empowerment through employment in TNCs and their foreign affiliates and the influence that these might have on the role of women in other enterprises and the wider economies in which TNCs operate.

II. THE BACKGROUND: THE GROWTH OF FDI AND INTERNATIONAL PRODUCTION

World FDI flows have grown rapidly since the early 1980s, more rapidly than world output or trade (table 1). This increase in FDI flows has laid the foundations for a marked expansion of international production by transnational corporations. These corporations are now estimated to number some 54,000 firms with 449,000 foreign affiliates throughout the world, with investments of US\$ 3.4 trillion in foreign affiliates and sales by affiliates in 1997 of US\$ 9.5 billion, exceeding the value of world exports.

Table 1
Selected Indicators of FDI and international production

Item	Value at current prices (Billion US\$)		Annual Growth Rate (Percentage)			
	1996	1997	1986-1990	1991-1995	1996	1997
FDI inflows	338	400	23.6	20.1	1.9	18.6
FDI outflows	333	424	27.1	15.1	-0.5	27.1
FDI inward stock	3,065	3,456	18.2	9.7	12.2	12.7
FDI outward stock	3,115	3,541	21.0	10.3	11.5	13.7
Cross-border M&As ^a	163	236	21.0 ^b	30.2	15.5	45.2
Sales of foreign affiliates	8,851 ^c	9,500 ^c	16.3	13.4	6.0 ^c	7.3 ^c
Gross product of foreign affiliates	1,950 ^c	2,100 ^c	16.6	6.2	7.7 ^c	7.7 ^c
Total assets of foreign affiliates	11,156 ^c	12,606 ^c	18.3	24.4	12.0 ^c	13.0 ^c
Memorandum:						
GDP at factor cost	28,882	30,551 ^d	12.1	5.5	0.8	6.0 ^d
Gross fixed capital formation	5,136	5,393 ^d	12.5	2.6	-0.1	5.0 ^d
Royalties and fees receipts	53	61 ^d	21.9	12.4	8.2	15.0 ^d
Exports of goods and non-factor services	6,245	6,432 ^d	14.6	8.99	2.9	3.0 ^d

Source: UNCTAD, *World Investment Report 1998: Trends and Determinants*, Geneva and New York: United Nations Publications, 1998, p. 2.

(a) Majority-held investments only; (b) 1987-1990 only; (c) Projection on the basis of 1995 figures; (d) Estimates.

Note: Not included in this table are the values of worldwide sales by foreign affiliates associated with their parent firms through non-equity relationships and the sales of the parent firms themselves. Worldwide sales, gross product and total assets of foreign affiliates are estimated by extrapolating the worldwide data of foreign affiliates of TNCs from France, Germany, Italy, Japan and the United States (for sales), those from the United States (for gross product) and those from Germany and the United States (for assets) on the basis of the shares of those countries in the worldwide inward FDI stock.

The growth of FDI flows has been accompanied by a wider dispersion of FDI among home and host countries (table 2). Developed countries are still the principal home countries, but FDI originating in developing countries has grown, especially in the 1990s. The share of developing countries in world *outward* FDI flows rose from 3 per cent in 1980 to 14 per cent in 1997 (UNCTAD, 1998), and their share in world *outward* FDI stock reached 10 per cent in 1997. Developed countries are also the major recipients of *inward* FDI, but developing countries already accounted for 26 per cent of world FDI inflows in 1980 and increased their share further to 37 per cent in 1997 (UNCTAD, 1998). The share of developing countries in world FDI stock rose from 28 per cent in 1985 to 30 per cent in 1997. Within the developing regions, however, the distribution of FDI is highly uneven, with Asia accounting for over a half and Latin America, for one-third of FDI stock in 1997, and Africa for a mere 2 per cent.

Table 2
Regional Distribution of Inward and Outward FDI stock, 1985, 1990, 1995 and 1997
(Percentage)

Region/Country	Inward FDI stock				Outward FDI stock			
	1985	1990	1995	1997	1985	1990	1995	1997
Developed Countries	72.3	79.3	70.6	68.0	95.7	95.6	91.5	90.2
Western Europe	33.6	44.1	39.1	36.99	44.4	50.8	51.1	50.4
European Union	31.2	41.5	36.3	34.6	40.6	46.3	45.1	45.1
Other Western Europe	2.3	2.7	2.8	2.3	3.8	4.5	5.9	5.3
United States	24.4	22.7	20.5	20.9	36.4	25.5	25.6	25.6
Japan	0.6	0.6	1.2	1.0	6.4	11.8	8.5	8.0
Developing Countries	27.7	20.6	28.1	30.2	4.3	4.4	8.4	9.7
Africa	3.1	2.22	2.1	1.9	0.9	0.7	0.5	0.5
Latin American/Caribbean	10.1	7.1	10.2	10.9	1.1	0.7	0.9	1.0
Developing Europe	0.1	0.1	0.1	0.1	-	-	-	-
Asia	14.3	11.1	15.6	17.2	2.3	2.9	6.9	8.2
West Asia	5.77	2.8	2.1	1.7	0.3	0.4	0.3	0.3
Central Asia	0.1	0.2	-	-	-	-
South, East, South-East Asia	8.6	8.3	13.4	15.3	2.0	2.6	6.4	7.9
The Pacific	0.2	0.1	0.1	0.1	-	-	-	-
Central and Eastern Europe	-	0.1	1.3	1.8	-	-	0.1	0.1
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: UNCTAD, *World Investment Report 1998: Trends and Determinants*, Geneva and New York: United Nations Publications, 1998, p.5.

Foreign direct investment has become an important source of private external finance for developing countries. Together with other private financial flows, it assumes particular importance for the more advanced and middle-income developing economies, which receive limited official development assistance. It is, moreover, different from other major types of external private capital flows in that it is motivated largely by long-term profit prospects in production activities that investors directly control, and hence it is less prone to be influenced by short-term considerations or sudden changes and less likely to display herd behaviour. FDI flows to the group of five Asian economies stricken by financial turmoil for example remained positive or declined only slightly in 1997, while there were sharp decreases in foreign bank lending and foreign portfolio equity investment to that group of countries (UNCTAD, 1998).

However, the significance of FDI for developing countries goes beyond investment in production facilities to complement domestic investment. It is also a means of transferring production technology, skills, innovatory capacities, and organizational and managerial practices between locations, as well as of accessing international marketing networks. These transfers of tangible and intangible assets and market access become available, in the first instance, to the enterprises that are part of the transnational corporate networks or systems (each comprising a parent firm and affiliates). They are also available, to some extent, to unrelated firms that are linked to TNC systems through non-equity arrangements such as licensing, franchising and subcontracting. But many of these assets can also be transferred to domestic firms and the wider economies of host countries, if linkages are established between foreign affiliates and domestic firms. The greater the supply and distribution links established, and the stronger the capabilities of domestic firms, the greater the likelihood that spillovers or indirect effects from the presence of and competition from foreign affiliates will enhance the productivity and competitiveness of domestic firms in a host country. In these respects, as well as in inducing FDI in the first place, government policies play an important role.

The growth of FDI reflects, among others, the liberalization of FDI laws and regulations by an increasing number of developing economies and economies in transition. During the past decade or so, policies of developing countries have increasingly converged towards establishing a hospitable regulatory framework for FDI by relaxing rules regarding market entry and foreign ownership, improving standards of treatment accorded to foreign firms, and improving the functioning of markets. Since liberalization of FDI policies or greater openness to the entry of foreign firms is a necessary but not sufficient condition for attracting FDI inflows, countries have also taken a number of other steps to facilitate and induce foreign investment. In this context, countries are paying greater attention to coherence between FDI policies and trade policies; negotiating bilateral investment treaties and double taxation treaties with other countries; and implementing measures, such as investment promotion, investment incentives, and after-investment services, and measures to reduce the “hassle cost” of doing business.

The most important determinants of inward FDI are, of course, the economic factors that firms take into account when deciding upon the location of investment. These fall into three broad groups: those related to the size of markets for goods and services; those related to the availability of location-bound resources or assets; and those related to cost advantages in production (UNCTAD, 1998, p. 91). Although the factors that have traditionally attracted investment to particular locations, such as large host country markets, abundant natural resources and low-cost flexible labour, continue to remain important, their relative importance is changing. As globalization leads to a convergence of buyers’ tastes and standards, liberalization to increased access to markets and resources for firms, and technological progress to lowered costs of transportation and communication (facilitating, among others, the coordination of international production networks), TNCs find it both profitable and necessary to pursue new strategies to retain and enhance their competitiveness. For example, they may move from stand-alone strategies for exploiting host country markets, or simple integration strategies to outsource a limited number of activities along their value chain, to complex integration strategies that split the production process into a number of activities or functions and perform them in different locations. In general, international production based on these strategies involves a closer interrelationship between FDI and trade. Foreign direct investment based on such strategies increasingly seeks host country locations with “created assets”, especially educated and competent human resources, well-developed infrastructure and access to regional or global markets.

III. FDI IN DEVELOPING COUNTRIES: SOME ASPECTS AND ISSUES RELATED TO GENDER

Men and women influence and are influenced by investment activity within a country in several ways, as consumers, producers, workers and income earners. The decisions of households with regard to savings influence the supply of resources available for investment. These decisions are, in principle, made by individual income-earners that are single, or by families; the role played by persons according to gender depends upon the extent to which earnings are distributed among men and women, the extent to which opportunities for decision-making regarding the disposal of income are open equally to income-earners regardless of gender, and the extent to which women and men within a family each assume responsibility for household decision-making in the economic sphere. Indeed, the different roles played by women in these respects in different societies may explain, in part, the differences observed in savings rates in different countries.

Investment decisions, for their part, are made, in principle, by enterprises. The gender dimension here is indirect; it depends upon the extent to which the ownership and decision-making at the highest levels of production enterprises is distributed between men and women. That distribution, in turn, may have a bearing upon the level of investment and the structure of

investment by industries and activities. When it comes to FDI, the decisions with regard to generating or mobilizing resources for investments abroad and with regard to undertaking the investment itself are made simultaneously, by firms (or by decision makers within firms) and their gender dimension is the gender distribution of decision makers within TNCs that may play a role in determining the extent and pattern of investments.

The gender dimension of investment, domestic or foreign, in terms of what role men and women play in making decisions that influence investment, why, and especially, how their respective roles affect the size and distribution of investment, does not seem to have attracted much attention, possibly because of a presumption that men and women are likely to be influenced by the same economic rationale and the same factors when it comes to such decisions. The key FDI-related issues - like investment-related issues generally - in the consideration of which a gender perspective has been incorporated relate to employment and human resource development, that is, to the roles of men and women in the income-generating activities to which FDI gives rise directly or indirectly, taking into account any activities that it might displace. The extent to which TNCs generate employment, influence employment quality in terms of wages and working conditions, and provide opportunities for or induce skills - and knowledge upgrading - by workers and managerial staff directly in their foreign affiliates, and indirectly in other enterprises is a matter of considerable interest to host developing countries. Employment promotion in gainful economic activity is one of the objectives underlying the efforts of countries to increase investment, including by attracting FDI. At the same time, because of the general concentration of TNC activities in capital, technology and/or marketing-intensive industries, it is expected that FDI contributes to enhancing the quality of employment and to human resource development. In this context, the question of the extent to which women are incorporated into the employment generated directly and indirectly by TNC activities in host countries, the terms, conditions and levels of their employment, and the opportunities offered to women for further development have attracted considerable attention.

Studies show that the impact of FDI on the employment of men as well as women at the aggregate level is quite limited. However, in overall employment as well as the employment of women, there are considerable disparities by sector, industry and country. In the developing regions, FDI has provided women in some developing countries with substantial employment opportunities in manufacturing, strengthening their economic positions through income generation and offering superior working conditions than many alternative employment opportunities available to them. The jobs women hold in manufacturing in foreign affiliates and in enterprises linked to TNCs through non-equity arrangements have mainly been low-skill jobs, especially in export-oriented industries, including in export processing zones. In service industries, women's employment has been as helpers, cleaners, waitresses, and sales persons in hotels, offices and retail establishments (UNCTC/UNCTAD, 1985) and in data processing. Judging from the experience of developed countries, it seems, however, that the expansion of the services sector, in which FDI has grown rapidly, may increase both the quantity and quality of employment opportunities for women. Higher-skill-using services, such as software and financial services, are also increasingly being located in developing countries, and employ relatively large proportions of women at higher levels. The sustainability of employment in low skill jobs as economies develop and restructure and the opportunities available for training and skills upgrading for moving to higher quality jobs are issues that need special attention from a gender perspective.

The role of women in management or decision-making within TNCs is another issue that has aroused interest. In developed countries, a variety of factors, related to economic forces as well as political and legal changes have led to a significant increase in women managers worldwide (Israeli and Adler, 1994). Most of the increase has, however, been concentrated at the lower and middle levels. The participation of women in managerial positions at the highest levels in the private

organized sector continues to be tiny. Within this pattern, there are signs that TNCs that pursue globally integrated strategies structured around activities directed towards serving markets worldwide may include women in management in ways that other firms do not. This is because first, these TNCs operate in an extremely competitive environment that forces them to select the best people available for a job; second, they have greater flexibility in defining selection and promotion criteria, because they each usually have a corporate culture of their own; and third, they are increasingly characterized by network structures in human resource management, for which women are better equipped (Izraeli and Adler, 1994). To the extent that these observations are well-grounded, they suggest that TNCs, at least those that are global and integrated, provide greater opportunities for women to enter managerial positions and advance further, and a role model that could catalyze firms in host countries, including developing countries, that have not seriously considered promoting women in numbers to managerial positions. More needs to be known, however, about the managerial positions and decision making responsibilities that firms, including TNCs, assign to women, the presence of women on the boards of directors of private corporations, and the reasons for the roles women play in these respects. It should be noted that individual firms, both national and transnational are discovering that the career development needs of women often require special attention, and are devising special policies and practices to take gender considerations into account (Mallampally and Mugione, 1996). These include, for example, sponsorship and mentoring and training programmes geared to women's needs, flexible work-time, dual career accommodation, recognition of the importance of women as consumers, and affirming principles and goals with respect to the advancement of women.

The crucial role for governments in the sphere of employment and empowerment of women in foreign affiliates as well as domestic firms lies in creating an enabling environment in this regard by ensuring equal access to education at all levels to women as well as men, adopting principles of equal opportunity in employment for persons of equal ability regardless of gender, and drawing the attention of private enterprises - TNCs as well as domestic firms - to these principles, as well as to other regionally or internationally accepted principles (such as the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy) that call for non-discrimination by gender. In addition, individual governments and/or the international community could consider, if sufficient consensus exists, drawing up an agenda or guidelines for the employment and advancement of women in private enterprises, including TNCs, to be implemented on a voluntary basis. Such guidelines could be usefully developed in consultation with enterprises, individually or through business associations, given that many firms already recognize the potential that women have to contribute towards sustaining their competitiveness.

AN ASIAN VIEW OF GLOBALIZATION, EMPLOYMENT, ENVIRONMENT AND GENDER

by

Jayati Ghosh

Associate Professor, Centre for Economic Studies and Planning

School of Social Sciences, Jawaharlal Nehru University

New Delhi, India

I. INTRODUCTION

The sustainability of international trade and development patterns has become of much general concern in the context of recent experience in both "emerging markets" and within the industrial world. It has increasingly become clear that economic expansion, however rapid and impressive it may appear for a short period, needs to be sustainable over the medium and long term if it is to promote a transformation of the economies concerned. Two types of sustainability need to be emphasized in this context : first, that relating to the preservation and renewal of the environment and natural resources; second, that relating to employment generation, which must be such as to continue to absorb the expected increases in the labour force.

Recent trends in economic growth, especially in the high-growth Asian region, have proved to be unsustainable in both of these aspects. The Asian crises, and similar crises in other emerging markets, have been the most obvious manifestation of this, but not the only such manifestation. Indeed, evidence of lack of sustainability comes even from those developing countries which have not experienced overt "crises", such as in South Asia as well as many countries of Latin America and Africa.

This has much to do with the pattern of globalization that has been experienced over the last two decades in the world economy. This is briefly discussed below in the context of recent Asian experience. This provides an important entry point into reviewing the issues, simply because the major processes involved, while present in most parts of the developing world, have been so much sharper and more extreme in the Asian case.

II. THE NATURE OF GLOBALIZATION

Three broad phases of relevance to developing countries can be identified in the globalization process since 1980. These are: the phase of trade and investment-based integration, which was followed by the phase of financial integration and, most recently, by the current phase of crisis and adjustment.

A. The phase of trade and investment-based integration

In this phase, which extended from the early 1980s to early 1990s, a rapid rate of export expansion was typically seen as the engine of growth in developing countries, especially those in the Asia-Pacific region. Such exports in turn were increasingly reliant on female labour absorption.

High exports were related to a high rate of expansion of economic activity, such that import volumes also grew significantly faster in developing Asia than in the rest of the world, and even more rapidly than export volumes. Consequently, many of the high-growth Asian economies actually had continuing current account deficits despite the emphasis on exports. The ability to attract capital inflows was thus significant in explaining both high GDP growth and balance of payments "stability". In fact, much of the expansion of exporting industries in South-East Asia, especially in manufacturing, was based on export-oriented relocative Foreign Direct Investment (FDI).

One of the more significant changes brought about by this process of export-led industrialization of the last two decades was the diversification of domestic production into manufacturing away from primary activities in the more dynamic exporting economies. This diversification was no small achievement, compressing into the short time-span of two decades what had taken even the developed countries almost a century to reach in the course of their own industrialization. It is now increasingly accepted that this was due in no small measure to the positive role played by industrial policy in all of these countries, which systematically directed investments, both public and private, into manufacturing activity.

South Asia is both more diversified internally and harder to classify in the terms described above. This subregion is dominated by the Indian economy, in which movements in the domestic market have remained the most significant. There have been shifts towards more emphasis on exports, which did grow rapidly in some years, but overall the thrust has been on production for the domestic market, and foreign investment also remained low by the standards of the East Asian countries.

There were several features of the dramatic economic expansion in East and South-East Asia, which subsequently gave rise to problems. First, despite the high domestic savings rates in the boom countries, the investment rates were so high that there was a heavy reliance on external capital inflows, to the extent that these economies have been described as becoming "addicted to capital". Second, the mercantilist reliance on high rates of export growth, which required continuously increasing international market shares, led to protectionist pressures in the importing countries as well as problems of market saturation, which meant that exports would eventually have to decelerate. Ultimately, the decline in export growth not only reduced profitability of domestic exporters and employment in export-oriented industries, it also adversely affected investor confidence, and this proved to be the catalytic factor in terms of the subsequent financial debacle. Third, the very rapid rates of accumulation created patterns of investment and consumption that were highly destructive of the environment as well as wasteful in terms of excessive use of natural resources. Fourth, since the emphasis was on increasing employment rather than on its conditions, much of the employment expansion was in the form of short-term or casual contracts without adequate protection for labour or provision for security in the face of job loss, and with little regard for worker safety or other hazards. Thus, all of these aspects contributed to the unsustainable nature of the boom.

B. The phase of financial integration

While the first phase of globalization in the period since 1980 in Asia was characterized by significant changes in real flows, such as trade in goods and services and productive FDI, the second phase reflected major changes both in financial regimes in these countries and in financial flows. This was as much the result of international economic processes as of developments internal

to these economies. In recent years, as a result of a range of developments in the OECD countries, banks, pension funds and international institutional investors have been awash with liquidity. With such agents in search of avenues for investment yielding quick returns, financial capital has proved unusually mobile, seeking out new areas of investment in 'emerging markets' and withdrawing in herd-like fashion at the slightest hint of uncertainty. To benefit from this situation, which gave them an unprecedented degree of access to international finance, most developing countries liberalized their financial markets in the 1990s.

This was very marked in the East and South-East Asian region, where (barring the exceptional cases of Malaysia and Indonesia) most countries had relatively controlled and state directed financial systems with definite limits on the cross-border mobility of financial capital. This liberalization of capital account transactions around 1993 resulted in a surge in external commercial borrowings and portfolio capital inflows in many of the countries which had been exhibiting high rates of growth, as this region rapidly became the focus of the bullish interest in "emerging markets".

This resulted in one commonality in all the East and South-East Asian countries, namely, their growing exposure to highly mobile international finance in the wake of financial liberalization. This greater financial integration was associated, in the period 1991-1995, with continued rapid rates of growth of output and employment in several of the more dynamic economies. But especially after 1993, such expansion was fed by investment financed through financial flows rather than FDI. As long as the boom continued, the fragile nature of such financing was ignored, by both investors and the recipients of these funds. This is what allowed a degree of profligacy (typically on the part of the private sector in these countries and not simply governments as has been usually supposed) that eventually became unsustainable.

C. The phase of crisis and adjustment

As is now only too clear, this shift in the pattern of external financing had its own problems, which have been most evident in East and South-East Asia, but are also potentially significant in other Asian countries. Reliance on mobile foreign finance means that even a small or transient factor, and not just changed perceptions of economic "fundamentals", can trigger an outflow of capital. The last two years have witnessed a number of developments which constituted such a setback. International trade growth has decelerated, especially in product areas like semiconductors, office automation and consumer electronics, which were important exports from the South-East Asian region. This has been aggravated by new signs of protectionism in their principal developed country markets in the form of non-tariff barriers erected on grounds such as "dumping". And an end to the property market boom in the region has triggered a collapse of property prices adversely affecting banks that had financed the construction boom.

The loss of investor confidence and the tendency towards capital flight began in the weakest link, Thailand, in early 1997, but soon the 'contagion' spread to other countries with far stronger economies and larger foreign reserves. Even weak and transient signals of adverse economic performance were enough to set off speculative attacks on the currency in the context of open capital accounts. Currency volatility became the common symptom of widely varying economic difficulties. And the continued dependence on external finance even after the crisis broke has had important implications for the subsequent pattern of adjustment.

Post-crisis adjustment in the region has been dominated by the IMF, which has actually guided policy in three of the most severely-hit countries: Thailand, South Korea and Indonesia. The explicit aim of the International Monetary Fund's (IMF) strategy has been to restore foreign investor confidence, in the hope that a renewed inflow of foreign capital will allow economic growth to resume. However, the strategy of fiscal contraction and monetary stringency only served to worsen the real economic problems in the early stages of crisis, and to push the entire region into recession if not into severe depression. Subsequently, some of the more stringent requirements have been relaxed and more fiscal expansion has been allowed, but the real economies in the region still remain far from recovery.

Post-crisis adjustment has been very rapid at one level, with very large current account surpluses being generated by the economies of the region. However, this has occurred not through increasing exports (which have continued to fall or remained stagnant despite very large devaluations of the currencies of several of the countries) but through sharply falling imports. This has involved very large contractions in economic activity. Furthermore, the full negative multiplier effects of this process are yet to be felt, as the impact of the proposed economic restructuring and reforms will be further to increase unemployment. As in most such instances of markets structural adjustment, it is clear that a substantial burden is falling on women (especially through the greater reliance on unpaid labour) and on other less powerful groups in society.

Given this background, it is clear that there will be no easy return to the high growth trajectory of the past. The problem remains of insufficient and more protectionist markets for the region's exports. In addition, since the countries of the region are so closely integrated through trade and investment, a downturn in one or more countries exerts strong downward pressure on the others. The rapid transmission of economic impulses across East and South-East Asia, resulting from enhanced integration, played such a very strong role in the period of boom, but now means that the slump is likely to be both wider and more prolonged unless alternative macroeconomic policies are systematically adopted across most of the countries of the region.

Consequently, it is likely that some of the material improvements that South-East Asian citizens have come to take for granted in the recent past may be halted or even reversed. The effects of this most recent process on workers in the region in general, and women in particular, need to be systematically explored. This is a major issue because of the role of female labour in the earlier expansion. To a far greater extent than is generally recognized, the Asian export boom was driven by the paid and unpaid labour of women in these countries. While the boom's economic and social effects on women in these countries were mixed, with some clear advantages for women from the growing feminization of work in many countries, the consequences of the newly enforced recession are likely to be more clearly negative. Just as the expansionary processes were not managed adequately to ensure that the period of economic boom benefited as many women in as many ways as possible, so there are now dangers that the costs of the contraction will fall disproportionately upon women in a variety of ways. Therefore, it is necessary to identify quickly the likely fallout for women workers in the region, and to suggest policies that will mitigate the adverse effects and ensure that the process of reducing discrimination against women does not move into reverse.

Similarly, just as the expansion in East Asia was highly female employment-intensive, it was also environment-intensive in the sense of overusing natural resources and allowing the very rapid expansion of polluting and congesting economic activities. And here too, the subsequent slump may mean continued over-exploitation of this particular factor, as the need to generate more exports to achieve some degree of balance of payments stability forces more economies to rely on resource-based and environmentally damaging industries.

III. SOME ISSUES FOR FUTURE RESEARCH AND POLICY DISCUSSION

1. It is now clear that that the particular export-driven foreign capital-based accumulation model is now dead, not only for the East Asian countries themselves, but also for other developing countries as a source of emulation. So the possible future paths of industrialisation and development in the context of the more globally integrated, but less dynamic, world economy necessarily provoke some urgent research questions, which in turn point to certain related questions.
2. One of the most critical current questions in the entire Asian region, is how to maintain or increase employment in the face of decelerating world exports and a secular trend of declining employment elasticities of output in most economic activities. The need here is to work out paths of employment generation which will be sustainable in the medium term, rather than leading to transient boom and bust cycles.
3. In this context a related question is that of female employment, which is likely to suffer disproportionately in those countries where the export boom involved substantial feminization of employment in both export-oriented and service sectors. This has led to fears of the growing feminization of unemployment especially, but not exclusively, in the crisis-ridden Asian countries. The problem here is how to ensure continued work opportunities for women without implying inferior and even deteriorating conditions of work and pay, especially given the adjustment policies currently in operation.
4. It is now commonplace that international trade may tend to stimulate a downward harmonization of labour standards without countervailing measures, because of pressures to maintain external competitiveness. But using trade policy as a device to regulate this, as in the various proposals relating to a "social clause" is both blunt and inefficient in terms of achieving the desired goals of protecting labour in all countries. So an important issue on both research and policy agendas is that of reconciling the need to ensure certain minimally required degrees of labour protection with more open and export-oriented trade regimes.
5. It is now widely accepted that most developing countries, including those in Asia, do not use their resources and the environment optimally because the markets involved simply do not function efficiently, whether because of the fuzzy nature of property rights in these areas, or because of the public goods nature of certain commodities and services, or because of externalities. In this context, more open trade with fewer domestic restrictions actually operates to worsen the scenario and leads to more unsustainable patterns of production in developing countries, because of the inter-country and interregional variations in relative prices. Therefore, one issue that is likely to become pressing is how to manage international trade so as to ensure that environmental concerns are adequately addressed, at both national and international levels.
6. One unfortunate feature of the recent past is the focus on these concerns, that is those relating to the environment and labour conditions, to justify protectionist policies in the industrial countries vis-à-vis developing country exports. There is need for much more research on how exactly such protectionism works and its implications in terms of both overall trade patterns and actual effects on the sectors concerned; also into the ways and means of motivating public opinion to question protectionism as a strategy in the developed countries.
7. These aspects also call into question the functioning of the WTO and the effectiveness of the Uruguay Round in furthering trade as an engine of growth in developing countries. The causes of the deceleration of world trade need to be explored in much more detail, and there needs to

be disaggregative work on the country and commodity composition of such trade, to make such inputs useful for formulating national and international policy.

8. Certain features of the TRIPS agreement of the Uruguay Round need to be reconsidered in the light of experience and concerns regarding sustainability. This is especially important because the TRIPS agreement does leave open the possibility of international monopolies or oligopolies emerging for certain technologies.
9. The role of international capital flows in creating these pattern of unsustainable and iniquitous development cannot be denied. Both FDI and other forms of capital inflow have been critical in encouraging excessive resource use and environmental damage through the high rates of accumulation they have engineered. And, by showing large and rapid outflows as well, they have forced adjustment procedures which put a disproportionate burden on both women (especially through the growing reliance on unpaid labour) and on the largely unprotected environment. Thus, the need to establish effective ways of regulating international flows of capital is also evident.

RESPONDING TO GLOBALIZATION: AN ACTION-RESEARCH AGENDA FOR HOME-BASED WORKERS¹⁰⁴

by

Marilyn Carr

Senior Research Fellow, Programmes Branch

International Development Research Centre (IDRC)

Ottawa, Canada

and

Martha Alter Chen

Harvard University

Cambridge, MA, United States of America

I. WHAT IS BEING DONE

The Self-Employed Women's Association (SEWA) of India is the oldest trade union of women working in the informal sector. Since its foundation in 1972, SEWA has organized women engaged in home-based work, street vending, and casual work and has provided a range of services (financial, health, childcare, and training) to its members. Today, it has a membership of over 250,000 women. For the past two decades, SEWA has also led an international movement to increase the visibility and voice of women working in the informal sector. Since the early 1980s, SEWA has negotiated with the international trade union federations and the International Labour Organization (ILO) to recognize informal sector workers. In the late 1980s, in recognition of its efforts, SEWA was invited by the Government of India to lead a commission on women in the informal sector and requested by the ILO to nominate representatives to serve an Expert Committee on Homeworkers.

Meanwhile, during the 1980s, various grassroots organizations and non-governmental organizations working with home-based workers and street vendors – in both the North and the South – had begun to establish linkages. In the mid-1990s, at two separate meetings in Europe, these organizations came together to form two international alliances of women in the informal sector: one of home-based workers, HomeNet; the other of street vendors, StreetNet. At the first HomeNet meeting in 1994, the founding members planned a global campaign for an international convention that would recognize and promote home-based workers. The culmination of that campaign was the June 1996 vote at the Annual General Conference of the ILO in favour of organizing an international convention on homework. At the first StreetNet meeting in 1995, the founding members drafted an International Declaration that sets forth a plan to create national policies to promote and protect the rights of street vendors. A longer-term objective of StreetNet is to build the case and mobilize support for an ILO convention on the rights of street vendors.

¹⁰⁴ Adapted by the authors from Carr, Marilyn, and Chen, Martha Alter. (1999). "Globalization and Home-based Workers", WIEGO Working Paper No. 12, Ottawa: IDRC, and Cambridge, MA: Harvard University.

In building the case and mobilizing support for the ILO convention on homeworkers, HomeNet needed data and statistics on the size and contribution of the home-based workforce. In 1995, during the preliminary discussions on the proposed homework convention, the employer's group, which together with government and worker groups form the tripartite system of the ILO, asked for statistics on homeworkers. During the final year of the campaign, HomeNet commissioned researchers to compile available statistics on homework for dissemination at the 1996 ILO Annual Conference and requested the United Nations Development Fund for Women (UNIFEM) to convene a policy dialogue in Asia with government delegations to the ILO Convention. These initiatives contributed to a complicated negotiation process leading finally to the ratification in 1996 of the ILO Convention on Homework.

Recognizing the power of statistics (and research findings in general) in raising the visibility of the informal sector, SEWA, HomeNet, UNIFEM, and the researchers involved in the homeworker campaign established a global action-research coalition to promote better statistics, research, programmes, and policies in support of women in the informal sector. Founded in early 1997 this coalition, Women in Informal Employment: Globalizing and Organizing (WIEGO), is comprised of grassroots organizations, research institutions, and international development agencies concerned with improving the conditions and advancing the status of women in the informal sector of the economy.

These three international alliances - HomeNet, StreetNet, and WIEGO – are part of a fast-expanding international movement of women who work in the informal sector. This international movement seeks to implement the four-fold strategy outlined above in support of home-based workers, street vendors, and other women who work in the informal sector worldwide.

II. WHAT NEEDS TO BE DONE

In order for home-based women workers to respond effectively to the new opportunities – as well as the negative impacts – associated with global trade and investment, four interrelated strategies are required focused on:

1. *Action Programmes*: to help home-based women workers gain access to, and bargain effectively within labour and product markets (both local and global).
2. *Research and Statistical Studies*: to document the number, contribution, and working conditions of home-based women workers; and to assess the impact of globalization on them.
3. *Policy Dialogues*: to promote an enabling work and policy environment for home-based women workers.
4. *Organizations*: to increase the visibility and voice of women workers and most importantly, home-based women workers, and other women working in the informal sector, needing their own grassroots.

GLOBALIZATION AND GENDER IN TRANSITION ECONOMIES

by
Ewa Ruminska-Zimny
Associate Professor
Warsaw School of Economics
Warsaw, Poland

I. INTRODUCTION

Post-1989 opening of economies in eastern Europe and in the former Soviet Union was part of systemic changes in the region. The balance of risks and opportunities of becoming part of the global economy has differed greatly from country to country. It also differed by gender. Women in transition economies benefited less from the opportunities related to the opening and suffered disproportionally from its risks. The latter related especially to those countries, where becoming part of the global economy revealed substantive structural and institutional weaknesses, and was associated with downward adjustments in the value of the national currency and government spending, resulting in further decline in GDP, employment and real wages. Gender effects of the opening, however, have to be seen in a broader context of systemic changes and a drastic decline in job security.

II. FEATURES OF OPENING INTO THE WORLD ECONOMY

During the 1990s, the former centrally planned economies radically changed their ties with the world economy. The opening was steep, and within a few years these countries had abolished state monopoly of foreign trade, lifted quantitative restrictions and licensing and introduced currency convertibility. Liberalization resulted in an increase of international trade, its reorientation towards western countries and a fast growth of capital inflows into transition countries.

Between 1991 and 1997 the share of eastern European countries in world trade rose from 1.6 per cent to 2 per cent of world exports and from 1.7 per cent to 2.5 per cent of world imports. At the same time the share of western countries increased by over one-third in eastern European trade, up to 66 per cent of exports and 68 per cent of imports. Russia turned to the west, the share of western countries in Russian foreign trade increased up to around 60 per cent of exports and 68 per cent of the Russian imports. The CIS economies, other than Russia, however, remained less exposed to the global trade (UNECE, 1998).

Transition economies also became part of the world capital markets. Foreign direct investment (FDI) flows to these countries increased from US\$ 658 million (1986-1991, annual average) to US\$ 21,747 million (including all CIS countries). The average share of FDI in capital formation in economies in transition is now the same as in developing countries, around 8 per cent (1996), although the accumulated stock of FDI is still lower on average. Transition economies also attracted portfolio investments in equities, bonds and money market instruments. Since 1990, portfolio investments have increased from zero level to over US\$ 10 billion of annual inflows (Lankes and Stern, 1998).

FDI and portfolio investments were concentrated, however, in few countries. Until mid-1998, about a half of portfolio investments was made in Russia. By the end of 1997 close to three-quarters of FDI flows were concentrated in only five of 27 transition economies: the Czech Republic, Hungary, Poland, Kazakhstan and Russia (see table 1).

Table 1
Geographical distribution of FDI flows into transition countries in 1997

Country	US\$ million	Percentage
Russia	6,241	29
Poland	5,000	23
Hungary	2,085	10
Czech Republic	1,301	6
Kazakhstan	1,320	6
Total above countries	15,947	74
All transition countries (27)	21,474	100

Source: UNCTAD (1998).

The pattern of FDI inflows indicates that foreign investors are attracted primarily by the conditions existing in most advanced reformers - political and economic stability, progress in institution building, large privatization programmes, positive growth rates and prospects for European Union (EU) membership. Interest in slower reformers in eastern Europe, and in particular in the CIS countries remains low, except for countries rich in natural resources (oil and gas), where even restrictions on capital flows does not discourage investors. Between 1994 and 1997 in oil rich Azerbaijan, which still maintains restrictions, FDI increased from US\$ 22 to US\$ 872 millions. This contrasts with the smaller foreign investments in Kyrgyzstan, which had liberalized capital accounts in 1995, but where FDI declined from US\$ 519 to US\$ 83 millions during the same time (UNCTAD, 1998).

Countries in eastern, and especially central, Europe, gained better access to the EU and world market. Three central European countries - the Czech Republic, Hungary and Poland are OECD members, and together with Slovenia are currently negotiating membership in EU. These countries also benefited most from FDI flows and handled risks relatively well related to the global financial crisis. This contrasts with the opening in Russia and other CIS countries which were hard hit by the fall of oil prices and cuts in export earnings as well as by sudden shifts in portfolio investments, which triggered the Russian financial crisis. Generally, in advanced reformers, the opportunities outnumbered risks, while the opposite was true for slow and/or inconsistent reformers (de Mello, 1998; Ruminska-Zimny, 1999). Market economy opening, which was not protected by well-functioning and transparent institutions, as in Russia, magnified the risks related to globalization (Kozul-Wright and Rayment, 1997).

III. NEW SITUATION IN THE LABOUR MARKET

Women adapted less well than men to the new competitive environment in the labour market. The female labour force and employment shrank in all eight countries for which there are data. This may have been due not only to the perception that labour was expensive, but probably also to changes in labour market policies.

Between 1985 and 1997 the female labour force in Hungary fell by over one-third and in Latvia by nearly one-fourth. It declined even in those countries where the male labour force remained stable, such as in Estonia and Poland, or even increased, as in the Czech Republic, Lithuania and Russia. Not only did the proportion of women in the labour force fall, but so did their share in employment. The largest cut in female employment, by 40 per cent, was in Hungary. Even the smallest cut in female employment (in the Czech Republic), was still nearly 10 times larger than that for male employment. Only in one country - Slovenia – were employment cuts similar for men and women (see table 2).

Table 2

*Growth rates of labour force and employment in selected transition countries, by sex 1985-1997
(Cumulative percentage)*

	Labour force		Employment	
	Female	Male	Female	Male
Hungary	-35	-22	-40	-30
Estonia	-23	0	-31	-11
Latvia	-22	-1	-33	-16
Lithuania	-11	8	-24	-7
Russian Federation	-11	6	-21	-6
Slovenia	-10	-9	-16	-16
Czech Republic	-5	3	-12	-1
Poland	-2	0	-13	-8

Source: UNECE (1999).

Female participation in the labour market is now lower than in 1985 in all transition countries, and everywhere the decline in female activity rates has been deeper than in male rates. The largest fall was in Hungary, Slovenia and Latvia. However, while in Hungary, and especially in Slovenia the decline in female activity was accompanied by the fall in men's rates, in Latvia male rates remained at pre-transition level. Similar pattern of the gender bias in economic participation is seen in the other two Baltic States, Estonia and Lithuania, where female activity rates declined and male activity rates increased by 3 and 2 points respectively. Despite these unfavourable changes, the Baltic States have the highest levels of female economic activity, and Hungary and Bulgaria the lowest (see table 3).

True, there is no clear pattern of female bias according to the available unemployment data. In 1997 only in 5 of 11 transition countries were female unemployment rates higher than men's rates. Female unemployment rates are lower than are men's, for example, in Hungary, Latvia, Slovenia and Russia and higher in the Czech Republic, Poland and Romania (UNECE, 1999b).

Table 3
Activity rates and female share in labour force in selected transition countries
(1985-1997)

	Changes in activity rates 1985-1997 Percentage points		Female activity rate 1997	Percentage of women in labour force 1997
	Female	Male		
Hungary	-18	-13	43	43
Latvia	-14	No change	54	49
Slovenia	-12	-17	53	46
Estonia	-10	+ 3	58	48
Russian Federation	-10	-2	54	47
Lithuania	-9	+ 2	56	47
Czech Rep.	-7	-4	52	44
Poland	-5	-4	50	46

Source: UNECE (1999a).

Note: Working age population used to calculate the activity rate is: 15 years and over except for Hungary and Estonia (15-74 years).

The lack of a clear regional pattern of high female unemployment in transition countries is no reason for optimism. Women tend to register less frequently than men as unemployed, especially when unemployment benefits are low as in Russia or Latvia. They also often choose extended maternity/paternal leaves as an alternative to unemployment, especially in countries where these benefits are relatively high, such as in Hungary. Official unemployment figures may thus largely underestimate female unemployment. But most important is, the fact that, in the context of large decline of female activity rates, relatively low unemployment rates simply reflect massive withdrawal of women from the formal labour market and not the existence of better work opportunities.

The deterioration of women's position in the labour market in transition countries is primarily explained by structural changes during the transition process and labour market policies (UNECE, 1999b). Women were hurt more than men by employment cuts in agriculture and industry. And their share in total employment in agriculture and industry declined, with few exceptions (see table 4). Cuts of female jobs in industry were related to the restructuring of light industries, such as textiles, which lost state support already in the early phase of transition (as opposed to male-dominated heavy industry) and to the shedding of clerical positions in industrial enterprises (Nesporova, 1999; Paukert, 1995). Job losses in industry and agriculture were not compensated by the increase of the female share in employment in services.

A. Women's employment losses in the services sector

Except Estonia and Slovakia, women's share in total employment in services declined by as much as 5 percentage points in Lithuania, and at best remained unchanged, such as in Romania and Slovenia. Women lost jobs in transport and communications and in many countries did not benefit from the development of the most dynamic branches of the service sector related to the process of market building (see tables 4 and 5).

Systemic changes created well-paid jobs in rapidly expanding branches of the service sector such as banking, insurance or real estate. But data indicate that women were losing rather than

gaining ground in these services and moved towards low-paid public services, such as education and health.

Table 4

***Share of women in total employment by industry in selected transition countries
(1992-1997)***

	Agriculture		Industry		Services	
	1993	1997	1993	1997	1993	1997
Czech Republic	36	33	39	37	55	54
Hungary	31	25	41	39	54	53
Poland	46	44	34	35	56	55
Romania	52	51	41	40	49	49
Slovakia	31	31	39	38	56	57
Slovenia	44	48	41	39	56	56
Estonia	37	37	46	41	59	57
Latvia	34	37	46	45	59	58
Lithuania	41	37	52	42	67	62
Russian Federation	36	31	45	39	62	59

Source: UNECE (1999a).

Prior to 1989 financial services in all transition countries were highly feminized, with 70-90 per cent of women's share in total employment. These jobs were also underpaid, as compared to male-dominated heavy industry jobs. During transition financial services were rapidly "catching up", expanding employment and increasing wages. Between 1993 and 1997, however, women's share in financial services declined in all countries with few exceptions. The only country where women's share significantly increased was Poland (but wages in this sector remained relatively low). Some increase was also noticed in the Czech Republic and in Romania.

The decline of female positions in financial services was as much as 24 percentage points loss of employment in Latvia, and 8-14 points in Estonia, Hungary, Lithuania and Russia. At the same time, relative wages in that sector increased in five of eight transition countries for which there are data and in one remained unchanged. Of two countries where the relative wage rate in the financial sector fell, only in one (Lithuania), was the decline substantive. But in all countries wages in financial services remained between one and a half to twice as high as the average wage prevailing in the economy.

During this time the women's share in employment increased in public services such as education (except in Estonia). The increase was between 2 per cent in Latvia, Poland and the Russian Federation, and 10 per cent in Lithuania (the only country, with Slovakia, where relative wages in that sector also increased). In all countries the wage level in education services, except Slovenia, was between 10 per cent to 20 per cent lower than the average wage in the economy (see tables 5 and 6).

Table 5

*Changes in female employment in financial services and education in selected transition countries
(as percentage of females in total employment in respective sector)*

	Financial services			Education		
	1993	1997	Change	1993	1997	Change
Latvia	90	66	-24	78	80	+ 2
Lithuania	86	72	-14	67	77	+10
Russian Federation	86	72	-14	72	74	+2
Hungary	76	66	-10	76	76	None
Estonia	76	68	-8	86	82	-4
Slovakia	77	72	-5	75	79	+4
Slovenia	69	67	-2	74	78	+4
Czech Republic	67	68	+1	72	77	+5
Romania	62	65	+3	69	72	+3
Poland	52	70	+12	74	76	+2

Source: Ruminska-Zimny based on data from UNECE (1999a).

Note: For Latvia, Lithuania and Russian Federation (1992-1997); for Estonia and Hungary (1992-1996), and for Romania and Slovakia (1994-1997).

Vertical segregation of female jobs strengthens the unfavourable changes in female employment within the services sector. In Hungary, a large and increasing wage gap in the financial sector suggests that women are employed at lower level positions, even if some may be promoted. In 1992 women's wages in the Hungarian financial services were about 61 per cent of men's wages and in 1997 only 59 per cent (ILO database). In health and education services the women's share of managerial and top level positions remains very low.

Table 6

*Changes of wages in the financial services and education sector in selected transition countries
(average wage = 100)*

	1993	1997	1993	1995
Lithuania	305	211	78	86
Estonia	196	205	84	78
Hungary	190	199	98	86
Slovakia	187	194	82	84
Czech Republic	178	174	90	88
Romania	151	238	93	83
Poland	150	150	90	89
Slovenia	144	149	141	131

Source: Ruminska-Zimny based on ILO data (Laborstat).

B. Foreign direct investment and female employment

Foreign direct investment (FDI) opened up new job opportunities mainly in the manufacturing and services sectors, but in Russia opportunities in the primary sector were considerable. In manufacturing the FDI role was important, especially in the automotive and electronics industries, engineering, chemicals, food processing and tobacco, for example, Pepsi Cola and Nestlé investments in Poland and Philip Morris investment in Russia.

The distribution of FDI stock in selected countries shows that services accounted for over one-third to over a half of foreign investments in selected transition countries. They were focused on wholesale trade, banking and insurance. The role of foreign capital in modernization of the financial sector was important, particularly in Russia, Poland and Slovenia (see table 7).

Table 7

***Sectoral distribution of total FDI stock to selected transition countries
(1997)***

Sector	Czech Republic	Hungary	Poland	Romania	Russia	Slovenia	Ukraine
Primary		2	2	6	16		2
Secondary	38	39	61	53	23	30	50
<i>Food, beverages and tobacco</i>	16	9	21	14	9	2	20
<i>Machinery and equipment</i>	-	12	17	14	4	5	9
Tertiary	45	59	38	35	51	55	40
<i>Wholesale trade</i>	9	12	6	16	11	11	19
<i>Finance, insurance and banking</i>	9	9	21	5	32	17	9
<i>Public administration, health and social services</i>	-	2	0	1	1	-	5
Unspecified	17	-	-	6	10	15	8

Source: UNCTAD (1998).

The evaluation of the impact of FDI on female employment largely relies on anecdotal evidence. The geographical distribution of FDI flows suggests that women in central Europe benefited more from FDI-related job opportunities than women in Russia and in other CIS countries. In several central European countries, the stock of FDI is already high and FDI plays an important role in investment and employment. In Hungary, the share of FDI stock amounted to 33 per cent of GDP in 1996 and foreign-owned companies accounted for over 80 per cent of all investments in manufacturing and over one-third in employment (UNCTAD, 1998 and Hunya, 1998). This contrasts with the low level of FDI in the CIS, including in Russia (when adjustment is made for the size of the labour market). The impact of FDI on female employment in the CIS is further limited by investment concentration in raw materials and energy sectors, which have been traditionally dominated by men.

Many FDI-related jobs were especially attractive for well-educated men and women. For them foreign companies frequently offered good career prospects including high wages and also learning opportunities. Most foreign companies, over 80 per cent in Poland, have on-the-job training programmes, which allow personnel to learn western style management techniques and market skills and include short-term visits to the mother company abroad. This labour market segment is,

however, shallow and very competitive. The best job offers are addressed to young people (25-30 years old) most often with degrees in law or economics and fluent in foreign languages. Women have to adapt to busy work schedules, frequent travel, long working hours and/or work over the weekends. Competitive pressure often means that they have to choose between career and family.

IV. ENTREPRENEURSHIP AND ACCESS TO THE PRIVATE SECTOR

There are success stories of female entrepreneurs in most transition countries. Many of them are related to opening of new markets for exports and imports. But the number of successful female entrepreneurs is very small. Women are generally less confident than men in starting own companies. Some barriers to starting an their own business are similar for men and women. Instability of the tax system and other regulations in the private sector and lack of long-term credits for small- and medium-size enterprises make it difficult to launch a new company in all CIS countries. Other barriers are, however, gender specific.

Gender specific barriers to self-employment and entrepreneurship are linked to two factors. First, time constraints due to more family responsibilities, which limit time for learning and/or exploring business opportunities. Second, less favourable social climate for female entrepreneurship and stereotypes on gender roles in a society. This translates into negative public attitudes towards women entrepreneurs, worse treatment by the state administration and/or discrimination in connection with bank loans. In many countries women are also more vulnerable due to new forms of criminal offence, the so-called racketeering, widespread in Russia and in other CIS countries (Nesporova, 1998).

Though transition accelerated the development of the private sector, which created new jobs for women, it has also opened the way to gender discrimination. Gender discrimination in hiring, employment, career advancement, dismissal and wages, which was confirmed by ILO surveys in several transition countries in 1991-1994 (Paukert, 1996). Women's work in the private sector is largely seen as a way to cut operational costs. They are thus often employed by small enterprises, partly in the "grey economy", at low-level, labour-intensive and low-paid posts, while men get better paid managerial positions in larger companies. Private employers also prefer younger women, including for presentation purposes, and offer only short-term contracts, or casual work to avoid any costs which might arise from maternity and child care. Older women, and women with small children, have difficulties to find a job in the private sector (Lisowska, 1998). The main reasons for discriminatory practice in hiring are claims that women are less available to work under pressure and the longer hours required by many firms in the private sector and the perception that women are more expensive workers (Fong, 1996).

The perception that women are more expensive workers is related to the fact that most social measures in favour of the female labour force have remained on the statute books. In terms of the welfare code women are overpriced, even if those privileges are not observed (Einhorn, 1994). This puts women at a double disadvantage. Working mothers continue to be seen as more expensive and less competitive in the labour market, and at the same time they do not benefit from social protection. Many young women in Eastern Europe and in the CIS countries delay marriage and childbirth in response to more pressure on their time due to increased family responsibilities.

During the 1990s, fertility rates in transition countries moved from a relatively high level, by western standards, centred on replacement (2.1 child per women in 1982) to some of the lowest levels on record. Now, all transition countries have the lowest fertility rates in Europe, and in the world. In 1996 the mean fertility rate for transition economies (1.35) was lower than for market

economies (1.53). And in 1997, five out of seven European countries with fertility rate below 1.25 were transition countries. The decline of fertility rates was accompanied by the departure from the relatively youthful pattern of marriage and childbirth in many transition countries (UNECE, 1999a).

Certainly the decline of fertility rates in transition countries cannot be only attributed to economic factors. It was also affected by at least two other factors: political instability and the spread of western family values. But the impact of job insecurity, lower living standards and less family protection now get more attention. The hypothesis is being tested that these factors may explain a large part of the lowered fertility as women have to strengthen their chances for employment. It brings gender into the very centre of longer-term transition strategy.

A. Atypical employment

Another adjustment that women make to adjust to the new situation in the labour market and to reconcile work with family responsibilities is to look for atypical working arrangements, such as part-time jobs. Under socialism atypical jobs were marginal because everyone had full-time permanent jobs. However, since 1989, the proliferation of atypical jobs has occurred and these have been filled by women.

Data on part-time employment suggest that, compared to western countries, the share of atypical jobs in total employment in transition countries is still relatively low. Part-time jobs are only around 10 per cent of total employment. But in some countries, such as in the Czech Republic, Hungary and, to a lesser degree, in Poland, women have already a higher share in part-time employment than men (UNECE, 1999b).

Countries in Eastern Europe, and especially in the CIS, have to date either no legislation or very limited legislation on atypical employment. Most jobs are created by small enterprises to cut labour costs and/or in the parallel economy (both grey, where work is legal but taxes not paid, and illegal work associated with criminal activity). This often leads to abuse in terms of wage levels, safety/working conditions and social benefits. Atypical jobs are usually low paid and unattractive requiring few skills. In Poland over a half of all those employed in the grey economy work in agriculture (25 per cent) and construction/renovations (26 per cent) (GUS, 1996).

Predicting the feminization of atypical jobs, as it has happened in western countries, women should be interested to ensure regulation of this market segment, minimizing the risks related to the limited duration of a working contract, lower pay, few social benefits and lack of freedom to move between full-time and atypical work arrangements. This may be difficult to achieve as women in Eastern Europe and in the CIS countries have lost their position on the political scene and have a weak negotiating position.

B. Atypicality and young women

The growing number of young women in transition countries find jobs in a specific atypical employment: the sex business. This is not only the case of Russia, Ukraine or CIS countries, or in the poorer eastern European countries, such as Romania, but also in Hungary and Poland. In most countries the sex business is related to organized crime and reaps huge profits along with the drug business. Many young women are “exported” to western countries, and also to Japan, to become “hostesses, singers or dancers”. Many young women do not realize that this is a euphemism for

prostitution. They are victims of their own naiveté but also of poverty and illusions of rapid improvement in their living standards.

V. INCIDENCE OF POVERTY ON WOMEN

Poverty increased substantially during transition. The total number of poor people increased from 14 to 168 million, based on US\$ 4 per day poverty line (Milanovic, 1998). At regional level there is no gender disaggregated data on poverty, but national experience indicates that feminization of poverty was typical for most transition countries. The majority of poor people in transition countries live in Russia and in the CIS countries. Many of them are poor women. The case of Russia also illustrates that women had to bear the largest share of the negative effects of opening to the market economy, being hard hit by the recent financial crisis.

Political and economic instability, institutional weakness, prolonged economic crisis, high inflation and mounting budget deficits characterized the transition process in Russia. In 1997, the Russian GDP was 40 per cent lower than in 1989 and wages were lower by almost 50 per cent (UNECE, 1998). Capital liberalization and high interest rates for the Russian treasury bonds (GKO and OFZs) was seen as a way to attract investors and finance the budget deficit, gaining time for reforms, especially in the fiscal area. By the end of 1997, foreigners held over one-third of the total stock of GKO and OFZs. Such a policy, however, proved extremely risky. After the Asian crisis foreign investors massively started to leave Russia. In August 1998, the Russian Government and the central bank had to announce an effective default and devalue the rouble, thus ending hopes for a growth revival in Russia in the near future.

The uncontrolled opening had a devastating impact on the Russian economy and people. GDP decline is estimated at 5 per cent and 7 per cent respectively for 1998 and 1999. Prices rose and real wages further declined. People also lost over one-third of the real value of their savings and unpaid wages. The number of people living below the official subsistence level (calculated to purchase sufficient caloric content to maintain only physical survival) increased from 21 per cent in 1997 to 30 per cent by September 1998 (Russian Economic Trends, 1998). The negative impact of the crisis should be seen against the background of already very low living standards. In 1997 the minimum wage, used as a base to calculate wages and salaries in the public sector, was only 20 per cent of the subsistence level. And three-quarters of the people in Russia barely survived on an average wage (Russian Economic Trends, 1998).

Women were disproportionally affected by the crisis due to their generally lower level of wages and loss of child-related benefits. During the transition, women's wages declined in terms of men's wages. In 1997, female wages were only about 55 per cent of male wages as compared to about 70 per cent in 1989. Most of the affected were young women aged 20-29 years. The decline in female wages reflected wage differentiation in favour of male-dominated industries and more job opportunities for men in the private sector (NHDR 1999).

The opening of the wage gap translated into the upward trend in poverty among women, while the men's situation stabilized, or even slightly improved. This trend is seen for women, who are economically active (aged 31-54) and for retired women. Together, excluding young adults (aged 16-30), women constitute almost one-third of all people living on incomes below the subsistence level in Russia, as compared to only 21 per cent men (see table 8). This has a policy message for building a new transition strategy in Russia. Clearly, addressing the gender implications of the crisis, and the gender effects of the transition process, should be an integral part of such a strategy.

Table 8

Population with incomes below the subsistence level in Russia, 1992-1997
(Number and percentage of total population)

	1992	1994	1997	1992	1994	1997
	Million			Percentage of total population		
Total population	50.2	33.3	30.7	100	100	100
Females (aged 31-54)	8.7	6.7	6.7	17.4	20.1	21.9
Males (aged 31-59)	8.4	6.6	5.8	16.8	19.7	18.7
Women over 55 years	7.6	3.0	2.4	15.2	9.0	7.9
Men over 60 years	2.3	0.7	0.6	4.6	2.1	2.0

Source: UNDP (1998).

VI. GENDER ASPECTS OF POLICIES

At the policy level little was done to address the gender aspect of the opening and its systemic changes. Policies in fact reflected the traditional male breadwinner approach and were argued on economic, demographic and emotional grounds. Women were encouraged to stay at home to alleviate massive male unemployment, the constraints on social expenditures and the rapid decline in the child-care infrastructure. This was implemented through early retirement policies (the Czech Republic and Poland) and more attractive parental leave schemes (Belarus and Ukraine). Demographic arguments were related to the declining fertility rates seen in some transition countries since the 1970s, and in particular during the 1980s. Emotional arguments embodied many shades. They ranged from views that women should return to their “pre-destination”, most often advanced by the extreme right wing political parties and having strong support of the fundamental wings of organized religions to liberating women from “forced” participation in the labour market under socialism (Ruminska-Zimny, 1995).

How far was the women’s withdrawal from the labour force a free choice? Certainly, full-time housekeeping had some appeal to women, particularly during the early stage of transition. Bad memories of combining the triple load of paid work, child care and household duties under the conditions of shortages of late socialism, and the low quality of and narrowing access to many child care facilities were still fresh. Many women also found their paid work uneconomical due to large cuts in real wages in all transition countries as well as to the rising cost of child-care.

However, the decision to stay at home proved to be costly in terms of living standards and, often, of family survival. Recession, high risk of male unemployment and low wages pushed women back to the labour market. For most women paid work is an economic necessity, as in many countries, even with two-earner families, and especially with a low level of education and with more than one child, they easily fall below the poverty line. This is the situation in Russia, Ukraine and many other CIS countries. But also in fast growing countries, such as in Poland, a family with only one working adult floats around the poverty line (Milanovic, 1998). Paternalistic tendencies in the labour market simply mean that women have to accept the worst and poorly paid jobs, often outside the formal labour market.

VII. CONCLUSIONS

Clearly, there is no automatic or equal distribution of benefits and risks by gender in transition countries. This relates both to successful countries, and to those, which are less advanced, and less successful in integrating with the global economy.

Gender asymmetry in sharing opportunities and risks of globalization is explained by the fact that women, despite a good level of education, are generally doing worse than men under the increased competition in the labour market. This could be explained by the loss of de facto social protection and by discriminatory practices. Some of these privileges are also not adapted to the market economy. The privilege of low female retirement age (55 years), for example, substantially lower the level of women's pensions in the reformed pension system that some transition countries have already adopted.

Although the constitutions of all transition countries ensures equal rights for women and men, the women have in fact no effective means to protect their rights. Fighting discrimination in the labour market is difficult due to the lack of clear definition of such discrimination in labour market codes in all transition countries. In the past, this problem was irrelevant due to the existence of full employment.

Opening to the world economy increases risks to women and requires policies which would ensure them equality of opportunities. These policies should be based on three pillars:

1. Equal access to jobs, including through the adoption of specific anti-discriminatory labour market legislation.
2. Stimulation of self-employment and entrepreneurship, including through better access to credit, information and training.
3. Establishment of effective family support, part of which should be continued state support for pre-school child care, but also of innovative ways of child care.

Certainly, gender sensitive policies could not be introduced without a change of social climate and especially the strengthening of women's organizations, lobbying and increase of political representation in the state executive and legislative bodies.

UNCTAD and other international organizations could play an important role in raising awareness of the gender aspects of transition and in supporting the process of establishing gender sensitive policies.

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POLAND'S ECONOMY IN TRANSITION: A GENDER PERSPECTIVE

by

Maria Anna Knothe

*Founder and President of the Center for the Advancement of Women
Warsaw, Poland*

I. INTRODUCTION

In a brief presentation it is clearly not possible to present a full and deep analysis of challenges, problems and opportunities in the economic transformation of Poland, concentrating on a gender perspective. Therefore, in the following text the focus will be placed on some aspects of economic and social changes, which have had the most significant impact on the situation of women in Poland during the past ten years. For some explanations, information is drawn from a case study of the Center for the Advancement of Women (CAW), a non-governmental organization established in 1991 in Warsaw, with the mission to support women in solving problems resulting from the transition period. Furthermore, the main social and economic changes in Poland during the years 1989-1999, which are taken into consideration in this paper are: (i) Privatization of the former state sector, and (ii) Establishment and development of the private sector. Opportunities and barriers created by these phenomena for women are briefly analysed below, with major focus on urban areas (the specificity of the Polish agriculture sector requires separate research), but some of the findings and recommendations will also apply to rural areas in Poland.

II. UNEMPLOYMENT AND GENDER

The population of Poland, as of 31 December, 1997, was 38,7 million, of which 19,9 million (51.4 per cent) were women.¹⁰⁵ At the end of November 1998 the working population was 15.3 million, of which 2.5 million (16.4 per cent) worked in agriculture. There were 8.4 million working men and 6.9 million of working women.¹⁰⁶

In the former political system the State and its centrally-driven economy was built on the basis of ideological assumptions and not on realistic economic calculations. Full employment was aimed at regardless of economic cost, in order to provide proof of the superiority of the communist system over capitalism. When the transformation from communism began in Poland, one of the first steps taken to convert to a market economy was to re-establish the real calculation of costs, including costs of labour, at the beginning of the process of privatisation. One of the immediate results of these changes was the emergence of massive unemployment, a phenomenon hitherto unknown in practice in Poland. The data indicated in table 1 reflects the unemployment impact of the privatization of the former State sectors and the establishment and early development of a viable private sector during the period 1990-1998.

¹⁰⁵ *Statistical Yearbook of the Republic of Poland 1998*, Year LVIII, Warsaw: Central Statistical Office, 1999.

¹⁰⁶ "Informacja o stanie i strukturze bezrobocia kobiet w 1998 roku", Krajowy Urz•d Pracy, Departament Informacji o Rynku Pracy, Warsaw, March 1999, p.XLIII.

Table 1
Registered unemployment in Poland
1990-1998
(Thousands)

Period	Total	Males	Females	% of Females
1990	1126,1	552,4	573,7	50.9
1991	2155,6	1021,5	1134,1	52.6
1992	2503,3	1170,5	1338,8	53.4
1993	2889,6	1382,3	1507,3	52.2
1994	2838,0	1343,0	1495,0	52.7
1995	2628,8	1180,2	1448,6	55.1
1996	2359,5	983,9	1375,6	58.3
1997	1826,4	723,2	1103,2	60.4
1998	1831,4	760,1	1071,3	58.5

Source: Registered unemployment in Poland I-IV quarters 1998, Central Statistical Office, *Information and statistical papers*, Warsaw, 1999, table 2.

From the very beginning women prevailed in and later dominated the total of unemployed. This trend reached its peak in 1997, when 60.4 per cent of all unemployed were women. However, after 1994 the unemployment level began to fall (in numbers, but the unemployment rate reflected the decrease a year later), due to a dynamic economic development of Poland, and also partly due to changes in the rules of unemployment registration (see table 2).

Table 2
Unemployment rate, annual average
(Percentage)

Period	LFS	Registered unemployment
1991	-	8.9
1992	-	12.9
1993	14.0	14.9
1994	14.3	16.5
1995	13.2	15.2
1996	12.3	14.3
1997	11.2	11.5
1998 (November)	10.6	9.9

Source: As for table 1, and for 1998: "Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad", Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999, p. XXIII, (using methodology of the Labour Force Survey (LFS)).

There is a marked regional differentiation in the unemployment rate and its incidence on women. For example, the highest percentage of unemployed women among all unemployed are observed in the former Poznań voivodship with 66.5 per cent,¹⁰⁷ and also Katowice with 65 per

¹⁰⁷ The new administrative division of Poland was introduced on 1 January, 1999: 16 so-called voivodships instead of 49. But the data presented in this paper are related to the former division of the country.

cent. Even the Warsaw region, where the unemployment rate is generally the lowest in the country, has nearly 59 per cent of unemployed women. There is no one voivodship with the percentage of unemployed women lower than 50. An interesting phenomenon is that the highest unemployment of women is observed in big urban areas, where it could be expected that job offers would be available for them, and where women have a higher level of education than the national average. Deeper analyses would be necessary to answer the question of which features of the current economic growth are unfavourable for women, and what are the relative impacts of these structural effects and the general discrimination against women.

A. Unemployment by duration, age and education

Paradoxically, when Poland entered a period of dynamic economic growth, women experienced growing unemployment tending to long-term unemployment, and nearly a half of all unemployed women were unable to find a job for more than a year. The percentage of unemployed women eligible for unemployment benefit decreased from 51.8 per cent in 1997 to 44.3 per cent in 1998.¹⁰⁸ After 12 months duration of unemployment (with few exceptions) unemployment benefit is discontinued.¹⁰⁹ Therefore, table 3 is informative not only on the duration of unemployment and the financial situation of unemployed, but also shows the trend of long-term unemployment among women.

Table 3

Unemployed by duration of unemployment (Percentage)

Category	12-24 months	More than 24 months	More than 12 months
Men	14.4	12.7	27.1
Women	18.9	31.0	49.9

Sources: Registered unemployment in Poland I-IV quarter 1998, Central Statistical Office, Information and statistical papers, Warsaw, 1999, Table 7. Data provided by LFS differs and shows 40.8 per cent of long-term unemployment for women in November 1998 "Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad", Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999, table 12.

The majority of unemployed women are young (see table 4). The visible domination of unemployed women in the age group of 25-34 years (30 per cent versus 23 per cent for men) is in accordance with the observed phenomenon of discrimination against women in the labour market. Many employers do not want to employ young women, being afraid of their future family/maternity obligations. At the same time average data on the national level does not reflect many local differences.

¹⁰⁸ "Informacja o stanie i strukturze bezrobocia kobiet w 1998 roku", Krajowy Urząd Pracy, Departament Informacji o Rynku Pracy, Warsaw, March 1999, p. 7.

¹⁰⁹ There are some other conditions entitling to unemployment benefits, therefore the number of those eligible is lower than the number of long-term unemployed.

Table 4
Age structure of unemployed
(Percentage)

Category/Years	up to 24	25-34	35-44	45-54	More than 54
Men	31.3	23.0	25.4	17.0	3.2
Women	30.7	30.0	26.0	12.5	0.7

Source: Registered unemployment in Poland I-IV quarter 1998, Central Statistical Office, Information and statistical papers, Warsaw 1999, table 2.

In Warsaw, for example, which is a dynamic labour market with one of the lowest unemployment rates in the country (3-4 per cent) many women experience very visible age discrimination. In the CAW, which provides various direct services for unemployed women, it was observed that many employers put the age barrier at the level of 35 years in their job offers. Sometimes, when asked for the reason for such a limit, they responded: "because the others do so".

The data shown in table 5 are extremely important because they indicate how much the phenomenon of women's unemployment is responsible for the wastage of human resources capacity. Over 35 per cent of unemployed women have more than a basic vocational education, and they absolutely predominant at the secondary level of education, as compared to men (33.6 per cent women, 15.7 per cent men). The reason for this phenomenon is partly the educational system, especially for the generation which graduated from high school 10 years ago and earlier. But even today not every high school provides its students with the basic skills demanded on the labour market, such as knowledge of foreign languages and computer skills, or with the soft skills related to communication, partnership, team working, leadership or management. The other reason for wastage of the human resources capacity of women is the discrimination against them on the labour market. It has its roots both in traditional attitudes towards women's role in the family and in unfair economic competition.

Table 5
Unemployment by educational attainment
(Percentage)

Educational category	University	Secondary vocational	General secondary	Basic vocational	Primary and lower
Total	1.6	20.2	6.1	38.1	34.1
Men	1.4	13.4	2.3	44.4	38.4
Women	1.8	24.9	8.7	33.6	30.9

Source: Registered unemployment in Poland I-IV quarter 1998, Central Statistical Office, Information and statistical papers, Warsaw 1999, table 3.

Privatization, as well as having a negative impact on the growth of unemployment, also has many positive aspects, that should be the subject of another discussion. The establishment of or the accelerated development of an existing private sector in Poland had the most significant influence on the increase of job opportunities, both for men and for women.

B. Employment structure and gender

Participation in the labour force, as of 31 November 1998, was 15.3 million people, of which 8.4 million were men and 6.9 million were women (45.1 per cent).¹¹⁰ The private sector employed 61.8 per cent of the labour force while the public sector employed 38.2 per cent.

As indicated in table 6, of all persons employed in the public sector the women had a slight majority of some 51 per cent, while in the private sector they constituted 41 per cent. The men predominated in the private sector as hired employees: 58 per cent versus 42 per cent of women. But it is interesting to note that with regard to employers and own-account workers, the women accounted for nearly 37 per cent.

Table 6
Structure of unemployment by sex, employment status and sector
(Percentage)

Category	Women	Men
Total	45.1	54.9
Public sector	51.1	48.9
Private sector	41.4	58.6
Hired employees	46.7	53.3
Public sector	51.1	48.9
Private sector	41.9	58.1
Employers and own-account workers	36.9	63.1
Working family members	59.3	40.7
Working in private farms	47.0	53.0

Source: "Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad", Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999.

From the sectoral point of view, women slightly prevail in the public sector (51.1 per cent some 2,992,000 persons).¹¹¹ Education, health care, social welfare and cultural institutions traditionally employ more women than men. This is a clear reflection of the fact that the women are employed in the public sector mainly due to their very high level of education (see table 7).

Table 8 supports the contention that every level of education women employed in the public sector are better educated than are the men. Some 26 per cent of them have university level education (men in this category constitute 17.5 per cent), 40 per cent have secondary vocation and post secondary level, (men 30.2 per cent) and 10 per cent have general secondary level (men, 3 per cent). In total 75.7 per cent of women employed in the public sector have secondary and higher education, while men reach only 50.6 per cent.¹¹² However, this phenomenon is not reflected in the number of women occupying higher posts in the public sector. For example, in the category embracing parliamentarians, higher executives and managers, women constitute only one third of the total.¹¹³

¹¹⁰ „Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad”, Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999.

¹¹¹ Data in thousands taken from "Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad", Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999, Table 2.1.

¹¹² Op.cit. Table 2.3.

¹¹³ Op.cit., Table 2.9.

Table 7
Structure of employment of men and women by employment status and sectors
(Percentage)

Category	Total	Women	Men
Total	100.0	100.0	100.0
Public sector	38.2	43.3	34.0
Private sector	61.8	56.7	66.0
Hired employees	73.5	76.1	71.4
Public sector	38.2	43.3	34.0
Private sector	35.3	32.8	37.4
Employers and own-account workers	22.0	18.0	25.3
Working family members	4.5	5.9	3.3
<i>Working in private farms^{a)}</i>	<i>16.4</i>	<i>17.1</i>	<i>15.8</i>

Source: "Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad", Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999.

a) This category includes hired employees in private sector, and working family members.

Table 8
Educational structure of public sector employees, excluding basic vocational level
(Percentage)

Gender/Educational level	University	Secondary vocational and post-secondary	General secondary
Women	26.0	40.0	10.0
Men	17.5	30.2	3.0

Source: "Aktywność ekonomiczna ludności Polski w 1998 roku. Listopad", Główny Urząd Statystyczny, Informacje i opracowania statystyczne, Warsaw, 1999, table 2.3.

Some 57 per cent of employed women are in the private sector (men 66 per cent). Analysing their employment status, it is found that more than 76 per cent of them are employed as hired employees. Only 18 per cent of working women belong to the category of employers and own-account workers, while men in this category account for 25 per cent. The 18 per cent of women here referred to constitute 1,245,000 women, of which 181,000 are in the category of employers.

Women employers are mature: some 38.7 per cent of them are in the age group of 35-44 years, and 30.4 per cent in the age group of 45-54 years¹¹⁴ (the majority of men employers is also found in these same age groups). Women employers are also generally well educated: 17.1 per cent have university level of education, while 42.5 per cent have secondary vocational and post secondary levels, and 15 per cent have a general secondary level of education. In total, 74.6 per cent of women employers have secondary and higher education. Men prevail only at the university level with 20.9 per cent. The other groups are less well represented and together 64.1 per cent of men employers have secondary and higher education.¹¹⁵ Most women employers operate companies in trade and related sectors, 49.2 per cent of this group of enterprises. Men feature in 35 per cent of this area of

¹¹⁴ Op.cit., table 2.2.

¹¹⁵ Op.cit., table 2.3.

activity. Some 16.6 per cent of women employers operate in the production sector compared with 20.7 per cent of men.¹¹⁶

III. CONCLUSIONS AND RECOMMENDATIONS

As stated earlier, the subject of the present paper would still require further in-depth analysis. However, this brief presentation of major changes affecting women in the labour market, and of the newly developed private sector, where women visibly participate, already leads to some conclusions. The transformation of the Polish economy has affected women in both negative and positive ways. Women have to face such barriers as unemployment, discrimination in the labour market, restricted opportunities due to lack of modern skills, and their productive capacity is not adequately used having regard to their level of education. All of these factors explain the lower material and social status of women in the society. On the other hand, the developing private sector is opening new opportunities for them, with more potential jobs and increasing possibilities of becoming entrepreneurs.

To overcome these barriers and fully to take advantage of the opportunities created by economic transformation, several public and private actions should be undertaken in Poland as follows:

1. Introducing measures to support the private sector, especially SMEs:
 - (i) training in various areas (for example, human resources management, financial management, marketing, and the application of new technologies);
 - facilitation of access to capital and credit;
 - facilitation of access to new technologies;
 - (ii) support for commercialization of production;
 - facilitation of access to new markets.
2. Identifying/defining partners to participate jointly in working towards overcoming barriers and in stimulating fuller use of the emerging opportunities for men and women, such as:
 - (i) Government and its agencies at national and local levels;
 - (ii) private sector;
 - (iii) sector entities, including trade unions, NGOs, community groups; and
 - (iv) international organizations.
3. Setting of a framework and standards for implementing this cooperation.
4. Encouraging the exchange of information and know-how on best practices throughout the Polish economy.
5. Raising awareness on gender issues in both the public and private sectors.

Finally, UNCTAD with its mission and cross-sectoral approach leading to poverty alleviation and the empowerment of women may play a significant role in partnership for facilitating sustainable development and mainstreaming gender in countries such as Poland.

¹¹⁶ Op.cit., table 2.4.

WOMEN'S PARTICIPATION IN ECONOMIC DEVELOPMENT AND TRADE: THE LITHUANIAN EXPERIENCE

by

Raimonda Balniene

Associate Professor

Deputy Director of International Business School at Vilnius University

Vilnius, Lithuania

I. INTRODUCTION

The proportion of women in the total population of Lithuania has not changed since the end of the 1980s and amounts to 52.8 per cent. Working women constitute 49.2 per cent of the employed population, which means that women in Lithuania are very active and their contribution to the economic growth of the country is substantial. However, analyses of the situation of women in Lithuania during the country's recent transition towards a market economy show that issues of participation of women require attention and special measures.

First, it is necessary to emphasize that the number of females currently unemployed in Lithuania is higher than is the case for males and amounts to 53 per cent of the total. This compares with the similar situation regarding female employment in Russia, the Baltic States and other Eastern European countries. For example, in 1998, women accounted for more than 60 per cent of all unemployed persons in Poland, Russia and Ukraine, and less than 50 per cent in Estonia, Hungary, Romania and Slovenia. Second, it is useful to review the situation of women in Lithuania in their participation in the public and private sectors and to examine the response of women to their opportunities in respect of higher education. The concentration of females in the labour market tends to be higher in the public sector (55.7 per cent) than in the private sector (43.2 per cent). The main reasons why females choose employment in the public sector is the higher degree of security, e.g. the possibility to take sick leave, regular working hours, and regular vacations allowing them to devote more time to their families. On the other hand, the private sector gives preference to female employees without or with reduced family responsibilities, e.g. younger employees without families or women in their forties. Private enterprises are often unwilling to hire women for jobs which require on-the-job training (which would bring higher income) where their withdrawal from the labour market, even for a temporary period (child bearing), is anticipated.

II. WOMEN IN THE PUBLIC SECTOR

The proportional difference in salary level of women vis-à-vis that of men has not changed during the last four years and statistical data indicate that average salaries of females are 29 per cent lower than average male salaries. The data also shows that differences in salaries between male and female are higher among public servants than for workers employed in the private sector. There is no legal basis to discriminate against women. The laws in Lithuania prohibit any salary-based discrimination with respect to sex, age, nationality or for other reasons. Therefore, the main reasons for differentiation in earnings arise from a variety of economic and social conditions such as:

1. More women are employed in those areas of economic activities where wages and salaries are lower.
2. Female-employees are more likely to be assigned to lower skill categories as blue collar workers.
3. Women tend to choose professions which later render lower value added.
4. Women might prefer to avoid occupations or fields of study in which their skills depreciate during their absence from the work.

III. WOMEN IN THE PRIVATE SECTOR

The role of the private sector in Lithuania is growing rapidly. According to official statistics, in 1998, some 68 per cent of GDP was created in the private sector; 60 per cent of all employed persons were in private business; 88 per cent of all registered enterprises were small and medium-scale businesses (however, only half of them were actually operating, due to the unfavourable economic environment, which has deteriorated as a result of economic crises in Asia and Russia); and only 29 per cent of all businesses in Lithuania were controlled by women. Thus, business is generally considered to be a male-oriented activity.

Expert analyses of women having their own businesses in Lithuania show that: 95 per cent of them have at least one university degree; the majority of them are young (in the age group between 35 - 45 years); only half of them are married (55 per cent); whereas 90 per cent of them do have children; half of them are operating in those fields of economic activity which are not related to their formal education. Some 71 per cent of women state that they face or have faced discrimination in their business experience. Among their major concerns are: unstable legal environment, financing problems and bureaucracy.

On the whole, the situation of females in Lithuania is similar to many eastern and central European countries. In the majority of these countries the share of females in total employment is similar (around 50 per cent) while their total earnings equal three-quarters of male earnings. In 1998, differences in salaries were least pronounced in Hungary (90 per cent) and Slovenia (85.4 per cent). In many of these countries, the majority of females is employed in the public sector, contrary to males, the majority of which being employed in the private sector. The exception is Hungary, where this situation is reversed.

Similar tendencies to those dominating in eastern and central European countries could be found in industrial west European countries. Even in Scandinavian countries, considered to be the leaders in gender equality, men on average earn 10-12 per cent more than do women in comparable employment.

IV. WOMEN AND HIGHER EDUCATION

In Lithuania there are 15 universities and university-type schools. The current total enrolment is slightly more than 67,000, of which 57 per cent are female students. Female enrolment dominates in such programmes as education, humanities, medical studies (79 per cent plus) etc; males are predominant in engineering and other technical sciences (70 per cent plus). During recent years there has been a new trend towards more female students choosing to continue their education in

higher studies. In 1993 only 34 per cent of doctoral students were female, but by 1998 some 48 per cent of females remained to pursue doctoral studies, which is also reflected in the number of females awarded the PhD. degree. In 1993 females held 33.9 per cent of the then total number of Ph.D. degrees awarded, and by 1998 this number had increased to 37 per cent. Currently, women hold 28.6 per cent of the associate professorships and 9.5 per cent of full professorships. There is no doubt, therefore, that women are increasingly seeking to achieve the highest educational qualifications and to increase their human capital value in society.

The International Business School (IBS) at Vilnius University was founded in 1989 and is the oldest business school in Lithuania awarding university degrees. Starting with 35 students, during ten years (offering three educational programmes) it has now achieved a total of 1,200 students. IBS offers BA and MBA degree courses in International Trade and postgraduate studies in International Business. The MBA programme started in 1997, but the percentage of female students has rapidly increased, reaching 49 per cent in 1999. Many women graduates of IBS now occupy top management positions in the leading Lithuanian business enterprises.

However, although the role of females since its independence has been changed dramatically in the sphere of international business and trade in Lithuania, problems still remain in equalizing the labour market opportunities for women and men.

V. TRADE DEVELOPMENT AND PARTICIPATION OF WOMEN

To achieve sustainable economic growth, social development and the increased participation of Lithuania in international trade the potential of available female human capital should be exploited to a much greater extent, and the following actions could be taken to achieve this:

- (a) The Government should develop specific policies for promoting the role of women, this could include changing the fiscal policy, maintaining and developing the social programmes and formulating special education and training programmes for women.
- (b) Women should be encouraged to be more active in Lithuania in addressing their concerns.
- (c) Exchange of international experiences between the countries/regions at different stages of development is crucial and should be promoted through various international fora, and assessment/comparison of such experiences should be undertaken to identify which national policies and measures are most successful in promoting the participation of women in national economies and in the international economy.
- (d) Comprehensive statistical indicators should be developed to reflect the contribution of women to Lithuania's economic growth.

These actions, to the extent possible, should also be initiated and promoted through the work of international organizations, such as UNCTAD.

WOMEN IN AN EMERGING ECONOMY¹¹⁷

by
Claudio Ortíz
General Manager, Chamber of Commerce
Santiago, Chile

The advent of new technologies in our daily lives is radically changing business, value-based management and multilateral negotiations. Information is the great commodity of today's world, and its processing, dissemination and storage is a growing economic sector. In fact, we are in an era of de-industrialization; services are becoming the most productive sector of the economy.

For forty years, Chile's economy was closed and protected. The private sector depended largely on the state. When the debt crisis spawned liberalization, fifteen years elapsed before the trade balance improved and growth rates became positive. Employers' organizations promoted business through the collection and dissemination of market intelligence.

Services represent approximately 59 per cent of GDP in Chile, 67 per cent of jobs, 20 per cent of exports and 67 per cent of Chilean investment abroad. The Chamber of Commerce seeks to offer services to the business community, widen opportunity through the free trade area and organize international meetings of service providers.

Electronic commerce is a tremendous opportunity for small economies far from the northern hemisphere. Chile, for example, has 32 Internet providers, ISDN services and optical fibre networks. Electronic commerce can lower prices to the consumer and increase productivity and competitiveness among SMEs.

The de-industrialization of the world economy is an asset for emerging economies in terms of the environment and the role of women in economic development. Developing countries can avoid the mistakes made by the rich, developed world. The era of services reduces pressure on the environment as it is smokeless and does not produce toxic waste. A service-based economy can create job opportunities for women that were scarce and poorly paid in industry and agriculture.

Thus, for the emerging economies, an historic opportunity has arisen in the digital economy, which can increase productivity, reduce costs, broaden markets and eliminate geographic barriers, while at the same time limiting the risk of environmental damage and enhancing gender equality in the workplace. If the developing countries fail to grasp this opportunity, they will remain mere suppliers of raw materials. And the role of employers' organizations is to act with government to bring about the requisite social and cultural changes through education and training, which should improve the participation of women in formal employment in emerging economies.

¹¹⁷ The present text is an English summary made by the UNCTAD secretariat of the document prepared by the author and circulated at the Expert Workshop. See Ortíz, C. *Comercio internacional, desarrollo sostenible y género: perspectiva del sector privado en una economía emergente* (U/EW/TSDG15), July 1999. Copies of the original text can be obtained from the UNCTAD secretariat.

POVERTY AND GLOBALIZATION IN BOLIVIA¹¹⁸

by
Zulema Alanes Bravo
Delegate
Academy of Sciences of Bolivia
La Paz, Bolivia

Bolivia has been implementing structural adjustment policies since the mid-1980s based on the liberalization of markets for goods and services, labour and capital. The impact of this new form of economic development, however, has not been equitable as the most vulnerable sectors in Bolivia, including women, have not yet reaped the fruits of economic growth.

Large numbers of women have entered the workforce, mainly in the informal sectors, to improve family purchasing power. They suffer from high levels of unemployment, underemployment, segregation and wage discrimination. Many are self-employed and therefore live a precarious existence, as their conditions of employment have grown worse. Many women, furthermore, are heads of households and it must be said that poverty increasingly affects women.

Women are paid 50 per cent less than men on an average. Their wages are not only lower for the same work, but they are also confined to the most poorly remunerated jobs. Gender inequalities are acute as the human development, education and income of women fall far short of those of the men.

While progress has been made in formal education in Bolivia, severe shortcomings remain in terms of coverage, standards and vocational training. Illiteracy affects large numbers of rural women. Official statistics show an ever widening gap between men and women in secondary school and university attendance. Girls are still steered towards the professions that are traditionally viewed as feminine.

The informal educational system is being promoted by various private organizations, churches and government entities to remedy the situation, but currently it covers only 2.1 per cent of the population.

Priority is being given to vocational training, particularly to meet the demand in the informal sector where women represent 60 per cent of the workforce. Training is of paramount importance in this area as women tend to work in small family units that are poorly organized. Capital, technical know-how and managerial skills are all severely lacking, which accounts for the poor productivity and low income of women.

¹¹⁸ The present text is an English summary made by the secretariat of the documents prepared by the author and circulated at the Expert Workshop by Alanes Bravo, Z. *Bolivia: pobreza y trabajo femenino en tiempos de globalización, y Formación de recursos humanos femeninos: un desafío de la equidad y del desarrollo sostenible*, (U/EW/TSDG/28) July 1999. Copies of the original texts can be obtained from the UNCTAD secretariat.

PART III

TRADE-RELATED ASPECTS AND GENDER

TRADE OPENNESS, EMPLOYMENT AND WOMEN: THE CASE OF URUGUAY

by
Maria Inés Terra
Faculty of Economics and Administration
University of the Republic (UDELAR)
Montevideo, Uruguay

I. INTRODUCTION

The purpose of this paper is to present some reflections on the relationship between international trade and income distribution, particularly on how the female labour force is affected by changes in the international economic relationships of a given country. The case of Uruguay will be presented.

One of the most dramatic changes in the Uruguayan economy in the 1990s was the deepening of its trade openness, which generated unprecedented growth in international trade, particularly of imports. As a consequence, changes were produced in the structure of consumption, production and employment. The effects of such changes on income distribution have yet not been fully studied, but there exists a body of research that allows us to reflect on the relations between trade openness, employment and its consequences for the female labour force.

This document is centred on three issues. First, some theoretical elements are recalled on the possible impact of international trade on income distribution in general, and the situation of women in particular. Second, the recent experience of Uruguay is analysed, and related to labour market adjustment in the face of the deepening of trade openness. Third, the conclusions of empirical papers are reviewed, with respect to the recent evolution of female employment and wages, in the search for elements that may help to associate such evolution with changes in the international economic relations of the Uruguayan economy.

II. TRADE LIBERALIZATION AND ITS EFFECTS ON INCOME DISTRIBUTION

In principle, a country may benefit from an increase of its international trade and from productive specialization. An economy open to the world may specialize in the production of such goods in which it is relatively more production efficient while other goods are purchased abroad. When this is the case, productive efficiency is increased due to a better resource allocation and, at the same time, welfare increases through an improvement of consumption possibilities. On the other hand, when perfect competition exists, openness may report additional benefits, through the access to a larger variety of differentiated consumption goods, the gains from economies of scale, and the fall in prices induced by diminishing monopoly rents in more competitive markets.

However, international trade leads to changes in the relative prices of goods, in relative demands for productive factors, and as a consequence, in their relative remuneration. Though international trade brings about an improvement in a country's general welfare, it also generates winners and losers through its impact on income distribution.

This helps to explain why the opening processes of involvement in international trade usually mobilize numerous social groups and lobbies who may either favour free trade or demand protectionist policies. It is paradoxical that often, in order to successfully introduce free trade policies and avoid or attenuate political opposition by affected agents, such a process should be accompanied by governmental intervention, implementing domestic policies in order to compensate such groups for the negative effects of the reforms. Rodrik (1997) supports the view that policies should help all sectors in a society to be able to capture the advantages of globalization. However, to implement such policies, a rigorous analysis of their costs and benefits is required, identifying the winning and losing groups, with special attention paid in the latter case, to the most vulnerable.

This discussion has become specially relevant in recent years, due to the restatement of protectionist policies in developed countries, where competition by imports from low-wage countries was presented as leading to a fall in the wages of unskilled workers and in some cases to their unemployment, and hence to a worsening of inequality. In theory, in developing countries (with low-skilled labour force and low wages) the opposite would occur. An increase in trade would lead to an improvement of relative wages of the less-skilled workers and a reduction in wage differentials. However, not all developing countries are affected equally. The impact of trade openness is strongly associated with the pattern of usage of productive resources by the contracting or the expanding sectors.

The impact of trade openness on the situation of women depends on their position in the labour market. If international trade raises the demand for goods in which female labour is employed intensively, then its demand and relative wages will rise. On the contrary, if such demand falls, then female wages and employment may fall as well. The impact of trade openness on female employment depends, then, on the intensity of its usage by export-oriented, non-tradable or import competitive industries, and on its skill level.

III. THE CASE OF URUGUAY: OPENNESS AND CHANGES IN PRODUCTIVE PATTERNS IN THE 1990s

Trade openness in Uruguay has evolved in a gradual manner since the mid-1970s. This process was subject to advances and withdrawals, and was deepened and consolidated in the 1990s when tariff reductions were accelerated, non-tariff barriers eliminated and the MERCOSUR was created. The process was accompanied by stabilizing policies that favoured the exchange rate appreciation and substantial growth in imports. As a consequence, during the last decade important changes were observed in productive and employment structures.

The average tariff rate, which was 27.7 per cent in 1990, fell to 9.9 per cent in 1996 and was established at 12 per cent in 1998, due to a decision of MERCOSUR to increase temporarily its common external tariff. In the region, wider, deeper and less discriminatory integration agreements were introduced. The old (bilateral) partial trade agreements through LAFTA were substituted by MERCOSUR, constituting a customs union in a term of five years. Tariffs applicable to intraregional imports were reduced to zero and a common external tariff was adopted, comprehending most traded goods.

In principle, macroeconomic indicators show a favourable response of the Uruguayan economy. Output and income grew, and there were no substantial modifications in the unemployment and income inequality levels. The estimated Gini coefficients show a stable path in the 1990s: while the average for 1989-1991 was 40.0, an average of 41.6 was estimated in 1995-1997,¹¹⁹ showing a very slight increase.

¹¹⁹ See Buchelli and Furtado (1999a).

However, during that period the Uruguayan economy underwent significant changes in its production and employment patterns. Growth in international trade was accompanied by a resource reallocation across sectors. On the other hand, there were changes in relative factor remunerations. The relative remuneration of labour increased with respect to that of capital; skilled workers' wages increased with respect to those of unskilled, and the gap between female and male wages reduced. In the same period, and through a reform of the Constitution, the share of retired persons in total income grew drastically, which may have compensated the negative effects on income distribution of the widening in wage differentials of the skilled/unskilled.

Trade openness had a strong impact on Uruguay's international trade. Exports grew substantially, and so did imports. The openness coefficient value, the import penetration coefficient value and the share of the region in imports and exports, all grew. The increase in intraregional trade was favoured by regional agreements and by the new regional economic context where higher growth, openness and stabilization was observed in all the countries in MERCOSUR.

Imports only increased, but their composition was also diversified. However, the old specialization patterns, based on comparative advantages associated with the abundance of natural resources in agriculture and cattle, remained. Uruguay continued to be an exporter of food and textiles, and an importer of chemicals, machinery and equipment. Exports of services, particularly tourism, also increased significantly, partially compensating the balance of payments trade account deficit.

During 1990-1996, the Uruguayan economy underwent a structural adjustment process that meant that manufacturing lost its importance in total output and employment. Manufacturing GDP, which represented 26 per cent of total GDP in 1990, had a share of 18 per cent in 1996. Total GDP growth was associated with agriculture and cattle, with construction and with service sectors, such as transportation and communications, retail, hotels and restaurants, most of which would be directly or indirectly linked to exports of goods and services.

Manufacturing also lost its share in the total employment of the economy. While in 1990 manufacturing employment was 21 per cent of the total employment, in 1996 its share was reduced to 16 per cent. The reduction in employment in manufacturing was absorbed by retailing, restaurants and hotels and services provided to enterprises. This can be associated with hiring services by third parties on the part of manufacturing firms.

In summary, during this period a significant adjustment took place in the productive patterns of the Uruguayan economy. Manufacturing lost its weight in total output and employment, and sectors linked to exports of goods and services, such as agriculture and cattle, retail and tourism increased their weight. The increase in exports of services may have partially contributed to reabsorption of employment displaced from manufacturing. At the same time, the changes in relative prices stemming from appreciation of the real exchange rate and growth in domestic demand arising from income growth may have contributed to the increase in employment in the retail, restaurants and hotels, financial services and services to enterprises.

Since the sectors that incorporated the labour force displaced from manufacturing show lower productivity and wage levels, it may be inferred that such restructuring meant a lower quality of the new jobs. However, this conclusion is not clear, due to the fact that the displaced workers seem to be those with lower skills and wages. Even in the case of the migration of workers towards firms in the financial and services sector, in which productivity and wages are the highest in the economy, it is due to the hiring of low-skill and low-productivity workers derived from the practice of hiring services by third parties instead of internally producing them on the part of manufacturing firms.

Consequently, wages and productivity fell in such sectors, while they rose in manufacturing. This does not necessarily imply changes in the quality of jobs.

The loss in the share of manufacturing in total GDP seems to have accompanied the evolution of the trade account of the balance of payments, since as long as competition from imported goods increased and the trade surplus fell, the share of manufacturing in output and employment fell. The simple correlation coefficient between the share of trade surplus in GDP and the share of manufacturing in total GDP is 90 per cent.

The source of such variations in output and employment might be changes in foreign demand, in domestic demand or in productivity. From an accounting decomposition exercise it can be concluded that foreign demand and labour productivity had a negative impact on employment, which was compensated by growth in domestic demand. However, since such methodology does not allow us to analyse the causes of changes in labour productivity, it was not possible to know to what extent the variations may be attributed to competition from imported goods or to increased competition in foreign markets.

Adjustment at the manufacturing industry level was strongly inter-industrial, and it was also markedly import-oriented. However, one-third of total variation in trade consisted of the simultaneous increase (decrease) in exports and imports in the same industry. The only divisions of manufacturing that had an export-oriented adjustment were the food, beverage and tobacco, textile, garment and leather industries. Even though in such industries, in which Uruguay displays comparative advantages, the export-oriented adjustment was limited to a few sectors, while a simultaneous increase of imports of other goods was observed. On the other hand, most of the trade deficit originated in two divisions of manufacturing, in which Uruguay is a strong importer: chemicals, oil products, rubber and plastic (division 35, SITC) and metallic products, machinery and equipment (division 38, SITC). Intra-industry adjustment was limited to three industry divisions with a very small share in total trade: wood products, paper and basic metal industries of lesser significance. Penetration of imports affected all of the industries, even those in which Uruguay has a comparative advantage and is an exporter.

Growth in foreign competition was accompanied in manufacturing by changes in the productive structure, in employment and in technology. Some industries, such as food, beverages and tobacco, non-metallic minerals and basic metal industries increased their shares in output and employment. Chemical and paper industries increased their shares in employment and value added, but their shares in value of output fell. Finally, the metallic products, machinery and equipment and textile industries suffered a decrease in their shares in output and employment.

The textile industry contributed the most to employment loss in manufacturing. In this division, which includes natural resource as well as labour-intensive industries, a decrement in employment was observed in the latter along with an increase of the former. A similar process was observed in the food division: though its share in employment grew, the expanding industries were those very intensive in the use of raw materials.

Growth in demand of the sectors that had an intra-industrial and import-oriented adjustment process is explained by domestic demand, whereas that of sectors that had an export-oriented adjustment is by foreign demand. Domestic expenditure had a tendency to increase in those sectors in which imports increased. Domestic demand and exports had a positive impact on employment, while growth in imports and in labour productivity explain the loss in employment. Thus, 82 per cent of the reduction in employment was generated in those sectors that made an import-oriented

and intra-industrial adjustment, in the former through the displacement of domestic supply by the growth of imports, and in the latter through increases in productivity.

On the other hand, there has been important technical change. Firms, spurred by the need to compete both in the foreign and the domestic markets, introduced new technologies and enhanced their production scales. Technical progress has been significant throughout the world. These changes have all jointly influenced the Uruguayan economy, and it is difficult to assess the direction and magnitude of their impact.

Total factor productivity (TFP) grew significantly in the sectors that show an import-oriented adjustment process and increased their output. In turn, the exporting industries, intensive in the use of natural resources, in which Uruguay displays comparative advantages, increased both their output destined to foreign markets and their productivity. On the other hand, the industries in which productivity fell were those that had a contraction adjustment; those industries non-intensive in natural resources; and exporting industries, which mainly export to the regional markets.

Price signals did encourage the substitution of labour and domestic raw materials by capital. The relative price of machinery and equipment fell, as the labour cost notoriously increased. This led to a more intensive use of capital in all manufacturing activity. On the other hand, a significant part of growth in exports was associated with industries intensive in the use of natural resources, which further intensified their usage (dairy, rice, wool industries).

The increase of the labour cost was accompanied by increases in labour productivity. These two facts must have been closely linked. As unskilled labour was displaced, productivity increased, as well as average wage rates, along with a change in the composition of employment towards more skilled workers. Those industries in which labour productivity and wages were lower were precisely the ones that had a contraction adjustment and explain most of the employment losses. Facing openness, Uruguay had more significant difficulties to compete in the markets of those goods intensive in unskilled labour.

The other sector that made a significant contribution to the fall in manufacturing employment was that of industries that had an expansive export-oriented adjustment process, based on the use of natural resources. In this case, the production of goods with a lesser degree of processing and lower labour and value-added content grew.

IV. THE IMPACT ON FEMALE EMPLOYMENT

There were three main findings of previous studies about gender and labour markets in Uruguay. First, a significant wage gap was found between men and women, adverse to the latter. Second, the wage differences could not be explained by skill differences between males and females, and evidence was found for an explanation based on wage discrimination. This difference is larger in the rest of the urban country than in the capital. Third, the gender composition of employment shows significant differences by sector. Whereas 70 per cent of the females work in personal services and retail sectors, in contrast, only 35 per cent of the males do so. These sectors paid lower wages than the other sectors, and it is concluded that there is significant market segmentation and the women work in the low-wage segment.

A recent study measures the gender discrimination in Uruguay from 1986 to 1990 through the wage difference that cannot be explained once the skill difference between males and females is

considered.¹²⁰ The skill level or human capital is measured by the years of formal education and the experience in the job (number of years). Also the proportion of females in the total labour force of one sector is taken as a proxy variable for the degree of market segmentation. The conclusions of this study are as follows:

1. The average wage gap between males and females falls during the study period in the country, generally from 62 per cent in 1986 to 50 per cent in 1990 and to 24 per cent in 1996. This wage differential was smaller in the capital than in the rest of the urban country. Although in the rest of the urban country the gender wage gap in 1996 continued to be larger than in Montevideo, the differences between the two areas diminishes from 42 points to 9 points. In the 1990s, when the openness of the economy increased, the wage gap decreased quickly.
2. In 1986, on average a male worker had a small advantage over a woman in his skills (formal education plus experience), but most of the wage differential could be explained by discrimination (97 per cent). During the period, the education level of the women grew faster than that of the male. From 1988, females surpass the males. After this year, the wage differential falls, but the proportion explained by discrimination increases. In 1996, all of the differential is explained by discrimination.
3. Notwithstanding, the discrimination indices fall throughout the country, associated with the decrease in the gender wage gap.
4. Throughout the period, years of schooling of women surpass on average those of the men. The education level of women also rises faster than that of men.
5. Labour market segmentation, measured as the share of the female in a sector employment does not appear to be a significant factor in the explanation of the wage gap. In the period under analysis, segmentation in the Uruguayan labour market has increased. Since in the capital the indices remain constant, this change is associated with the rest of the urban country.
6. In 1996, some 88.4 per cent of the employed women were concentrated in four kinds of occupations: personal services, clerical jobs, retailing and professional service. From average wages in each activity, it is concluded that a degree of segregation (concentration in lowest paid jobs) discrimination exists. This tends to be less sizeable in the capital, since a significant proportion of the female workforce is employed in professional and clerical capacities in which wages are above average. The negative relationship between the proportion of women in an occupation and the wages paid attenuated through the period under study.
7. The narrowing of the wage gap may be explained by a number of phenomena, including a weakening of prejudices against the productivity of women on the part of employers. On the other hand, since 1990, a number of government actions were taken in order to reduce discrimination against women in the workplace.
8. Though it shows an important decrease, discrimination continues to be the main factor in explaining the gender wage gap. However, factors such as the higher average cost of the female labour and segmentation in the Uruguayan labour market may be relevant to explain these facts.

¹²⁰ See Furtado and Raffo (1998).

V. CONCLUSIONS

The increase in the degree of openness of the Uruguayan economy generated significant changes in employment and wages. A reallocation of workers took place, from manufacturing to services. The tradable goods sectors lost employment, because their activity level fell, or because labour productivity had to be increased in order to face foreign competition. The industries that decreased their activity levels were those in which wages were lower and labour was generally less skilled than the average in manufacturing. The workers displaced in manufacturing were absorbed by the retailing, restaurants and hotels and services to firms sectors. The first of these, that incorporated a significant part of the displaced workers, is mostly a female employment sector.

Generally speaking, the female labour force seems to have been favoured by the trade openness process. Labour demand shifted towards sectors that intensely use female and skilled work. In the case of Uruguay, the female labour force increased its skill level, surpassing that of the male labour force by the end of the 1980s. The effort made by Uruguayan women to increase their skills seems to have placed them in an improved position to face the new economic conditions. This general conclusion does not, however, preclude the possibility that some groups of women may have been adversely affected. Specifically, the garment industry, one of those that more significantly contributed to the loss of employment in manufacturing, is basically a female labour industry.

However, the studies reviewed do not establish a definitive causal relationship. To draw a conclusion about the future evolution of the condition of women in the labour market, it is necessary to undertake deeper studies. The current research efforts are, however, dispersed in different institutions. The Government does not have a system to monitor the distributive impacts of trade reforms. This seems especially relevant when it is intended to analyse the situation of other developing countries in which women have different patterns of participation in the labour market. Finally, another aspect which seems particularly relevant is the analysis of how female employment may be affected by trade policies that negatively affect the terms of trade in countries where most of the female labour is employed in the agricultural or textile industries.

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ETHICAL TRADE AND GENDER: EXPORTS OF NON-TRADITIONAL HORTICULTURAL PRODUCTS

by
Stephanie Barrientos
Business School, University of Hertfordshire
Hertford, United Kingdom

I. INTRODUCTION

Trade liberalization and labour market deregulation have resulted in changing patterns of trade, rising inequality in labour market opportunity and the expansion of female employment in a number of developing countries. Increased international competition and the use of 'flexible' labour have been associated with deteriorating labour conditions affecting male and female employees. Over the past decade, there has been increased pressure for a reversal of this process through the introduction of international labour standards based on ILO core conventions. One approach is through social clauses in trade agreements, but there is much disagreement over this issue, and to date progress has been slow. A parallel approach, where there has been more recent progress, is introducing labour standards through ethical trade. This is evolving in North America and Europe, and has been stimulated in the United Kingdom by the setting up of the Ethical Trading Initiative. Ethical trade is based on voluntary corporate codes of conduct applied by Northern companies along their supply chains in developing countries. Compared to social clauses, ethical trade is narrower in scope and less binding, but in certain export sectors it could contribute to the improvement of employment conditions. Given rising levels of female employment, and to ensure that both male and female employees benefit, careful consideration needs to be given to the gender implications of ethical trade and how it can make a positive contribution to development.

This paper consists of three parts. First, there is a brief examination of how ethical trade is defined, why it evolved, focusing on the Ethical Trading Initiative in the United Kingdom. Issues relating to gender and ethical trade are raised, with a consideration of the importance and difficulties of integrating gender sensitivity into the process. The second part explores one particular sector with high female employment that will be affected by ethical trade – horticultural or “non-traditional” exports. It examines how this sector has expanded under trade liberalization, and how supermarkets or “multiples” are increasingly dominating commercial supply chains. In this sector, large numbers of female workers are employed on a temporary or seasonal basis, enduring poor conditions of employment and insecurity of work. This type of employment poses a challenge for company codes of conduct that are being introduced within the sector. Section three reports on a specific research project on gender and codes of conduct in South African horticulture, recently completed jointly with Sharon McClenaghan and Liz Orton of Christian Aid. The case study focuses specifically on the introduction of codes of conduct by United Kingdom supermarkets amongst their deciduous fruit suppliers in the Western and Northern Cape. It argues for greater gender sensitivity in the implementation of codes of conduct, and for a flexible process of monitoring and verification of codes to ensure the integration of more marginalized workers (where there is a high concentration of female employment). In conclusion, it is argued that trade liberalization has had both negative and positive effects, but that it has also opened up new opportunities, such as ethical trade, through which the interests of more marginalized workers such as women could be addressed.

II. ETHICAL TRADE AND GENDER

There is no commonly agreed definition of ethical trade, and the term is often used interchangeably with fair trade, but a number of writers stress the importance of distinguishing between the two. Fair trade provides an identity for specific products (such as Café Direct coffee or Maya Gold chocolate) independently of where they are retailed (IDS, 1998). Ethical trade is associated with the mainstream sourcing policies of a large company or supplier and ideally covers all its own brand name products. Ethical trade covers the employment standards under which production takes place (it does not normally include environmental standards, which are covered separately). Companies voluntarily adopt codes of conduct, which apply down their supply chain in developing countries.

Individual company codes vary, as does the process for their implementation, but many use ILO core conventions as a basis (NEF/CIIR, 1997; Ferguson, 1998). Within the United Kingdom the formation of the Ethical Trading Initiative in 1997 brought together a number of companies, NGOs and trade unions to develop a common approach to ethical trade, and is supported by the Department for International Development. The Ethical Trading Initiative developed an agreed base line code of conduct, which individual member companies should use as a minimum standard. The base line code covers: freedom of association, the right to collective bargaining, employment freely chosen, no child labour, no excessive working hours, no discrimination, no inhumane treatment and the payment of living wages (ETI, 1998). The Ethical Trading Initiative believes that companies should not pick and choose suppliers that already have minimum labour standards, but that they should work with existing suppliers to improve their employment conditions. Codes apply as a minimum standard across all countries in the supply chain, and should reduce the incentive to switch suppliers in search of lower prices based on cheap labour. Consequently, it is hoped that codes will reverse the downward spiral in labour conditions arising from increased international export competition.

Ethical trade has come about for a number of reasons. An important factor has been pressure from Non-Governmental Organizations (NGOs) and consumer groups, and companies are keen to avoid adverse media publicity when clear cases of labour abuse have been revealed. Companies increasingly source their supplies directly from specified producers in developing countries rather than wholesale markets. Supply chain connections can be traced by outside parties, facilitated by the expansion of global information flows, increasing the risk of company exposure to NGO campaigns. The Shell Brent Spar campaign provided a salutary lesson to many large Northern companies of the need to address both environmental and social issues.

The changing global business environment has also played a part in stimulating ethical trade. In a competitive global consumer market, where brand name and image have become important in the battle for market share, product quality often takes precedence over price. Quality covers not only the product itself, but is now being extended to how the product is produced – both the environmental and social conditions of production. Companies adopting codes of conduct can enhance their image and market share by appealing to a rising environmental and social awareness amongst consumers.

Improving employment conditions also plays a part in ensuring product quality and minimizing waste. A well-motivated workforce is more likely to meet higher production standards than one that is heavily exploited and demotivated. There is a constant tension between Southern suppliers and Northern companies over price versus quality (now including codes of conduct), but where suppliers are able to raise productivity, they can meet both requirements and remain profitable. In a labour market environment in which government deregulation has facilitated falling employment

standards, company codes of conduct provide a minimum floor and reintroduce an element of employment regulation along global supply chains.

The bringing together of companies, NGOs and trade unions within the United Kingdom Ethical Trading Initiative has facilitated a more collaborative approach to ethical trade. The initial momentum came from the north, with the development of the base line code of conduct. The Ethical Trading Initiative has set up three pilot studies in South Africa (wine), Zimbabwe (horticulture) and China (garments) to examine how processes of monitoring and verification can be developed involving local stakeholders. These pilot studies are due to report at the end of 1999, with more planned for 2000. The pilot studies are examining a number of issues, including how a generic code can be flexibly applied to different sectors, while developing processes for monitoring and verification. Other issues will also need to be addressed such as who bears the cost of implementation, and how producers who do not meet the required standards can be encouraged to do so rather than being dropped as suppliers (leading to potential losses for their employees). Participation by local stakeholders raises issues regarding the independent representation of workers' interests, often in situations where there is little or no formal unionization. But introducing the principal of local participation into the process is an important one, giving workers a potential voice within the trading relations of companies.

Most company codes of conduct (and the Ethical Trading Initiative base line code) contain clauses on discrimination and equality. But there has been little concern with gender as a specific issue within ethical trade, and few have specifically addressed it (for example, Barrientos et al. 1999b; Fontana et al., 1998; Women Working Worldwide, 1998). The adoption of company codes of conduct has been most prevalent in the consumer goods and retail sectors, especially garments and food. Within these sectors there is a high level of female employment amongst developing country suppliers. Evidence based on case studies suggests that gender inequality and discrimination in employment are an important issue within these sectors.

Women are often concentrated into more vulnerable forms of employment (homework, temporary, seasonal and part-time work) in comparison to men. If codes of conduct do not extend to these marginal workers, and only really address the employment conditions of permanent (mainly male) workers, then their effectiveness from a gender perspective will be limited. Where the process of implementing codes of conduct through monitoring and verification involves local stakeholders (such as in the Ethical Trading Initiative), this potentially opens up the possibility of incorporation of the interests of more marginal workers (especially women) into the process. If successful, codes of conduct could help to link gender issues with trade amongst the relevant export suppliers. However, representation by labour organizations is often weakest amongst marginal workers and women, and local stakeholders often reflect traditional gender relations and the dominant interests of male employees through their organizations. In order to address this problem, close attention will need to be paid to the gender aspects of codes of conduct. The challenge for companies, the Ethical Trading Initiative, and all those involved in the monitoring and verification of codes of conduct is how to make ethical trade more gender sensitive?

III. HORTICULTURAL AND NON-TRADITIONAL AGRICULTURAL EXPORTS

Much of the focus on company codes of conduct until recently has centred on the production of manufactures for export, such as clothes and shoes. Another growing sector, where there has been less information or concern, is the horticultural or "non-traditional" agricultural sector. This expanding trade from the southern hemisphere has allowed supermarkets to stock fresh fruit, flowers and vegetables all year round, independent of season or location. Northern consumers have

now developed a taste for high quality produce, grown to meet precise specifications of type, size, colour and shape. Trade liberalization has prompted a growing number of developing countries to enter this type of export production. For some (such as South Africa), the export of horticultural products is not new, but others (such as parts of Africa, Latin America and Asia), have entered this trade more recently, hence the term 'non-traditional' agricultural exports (Barham et al., 1992). The rate of growth in this sector has been very high since the 1980s, especially in parts of Africa and Latin America, and for some countries has been one of their fastest growing export sectors (Jaffee 1993; Thrupp 1995).

A significant percentage of employment in horticulture and "non-traditional" agricultural export is female. Accurate data on employment levels is difficult to obtain, mainly because of the failure of official agencies to collect it (Barrientos, 1997), but a number of case studies provide evidence of a highly feminized work-force in the sector. Research has shown that women tend to be concentrated within temporary and seasonal employment, whereas men tend to dominate more permanent work. A number of reasons account for the "feminization" of this seasonal employment. First, the delicate tasks involved in handling fresh produce at the time of harvest are often deemed by employers to be "feminine" work. Second, monocultivation generates a concentrated demand for seasonal labour, which women meet and return to their "traditional role" in the home during the rest of the year. This provides employers with a reliable seasonal workforce. Finally, the nature of seasonal employment is very insecure, often with poor conditions and low pay or payment by piece rate. Without contracts or security of employment, employers are able to use their female seasonal workforce as a "buffer" against the risk in the sector. Women can be drawn in and out of employment to meet the ebbs and flows of production and market conditions (Barrientos et al., 1999a).

Two countries that exemplify this type of employment are Chile and South Africa. These two countries are the largest southern hemisphere exporters of temperate fruit in the world. In 1994 they jointly accounted for 27 per cent of total world exports in table grapes (Chile 22 per cent and South Africa 5 per cent) and they jointly accounted for 13 per cent of total world exports of apples (Chile 7 per cent and South Africa 6 per cent) (FAO, 1995). In both countries female employment in seasonal fruit work is high, but men constitute the majority of permanent workers. In Chile there are an estimated 287,440 temporary fruit workers, 52 per cent of whom are women (Barrientos et al. 1999a). In South Africa there are an estimated 181,000 temporary and seasonal fruit workers in the Western and Northern Cape, 69 per cent of who are women (Kritzinger and Vorster, 1996). In Chile most temporary workers live off-farm in local towns and even cities, whereas in South Africa most temporary fruit workers live permanently with their families on-farm (with the exception of African migrant labour). As a consequence, women taking temporary work in Chile are employed independently, while in South Africa many women are employed as a condition of the permanent employment of their male partner or relative.

In both of these countries, temporary and seasonal workers tend to endure poorer conditions and greater insecurity of employment compared to permanent workers. They are also the least likely to be covered by employment legislation, and have very low levels of organization or unionization. There are often low levels of health and safety on farms, and women in particular are vulnerable to concentrated levels of chemicals in packing houses, where they constitute the majority of workers. Women have to combine work with domestic responsibilities, and as temporary workers are only partially integrated into the paid labour force. Out of season they remain tied by traditional gender relations that place them in a subordinate position in the household. Consequently, they constitute a marginalized, and often hidden group, even though they constitute a significant proportion of the labour force in a highly visible and successful export sector.

Ethical trade is being introduced to improve the employment conditions of workers in this export sector. The supply chain of fresh produce from producer through to supermarket is becoming increasingly concentrated, and most supermarkets are now able to trace the origin of the produce they sell via designated importers and exporters to particular growers in each country. They can then give growers tight specifications regarding both quantity and quality of the produce they will purchase, and lay down conditions regarding production and hygiene standards. Ethical trade is expanding these conditions of supply to incorporate labour standards, and is a logical extension of the control supermarkets exert over many of their suppliers. Growers still have an alternative option of supplying wholesale markets where there are less stipulations, but the demand is less stable, prices often lower, and wholesale markets are contracting in many Northern countries. In these circumstances if ethical trade continues to take root, many growers will be under pressure to improve their employment conditions in order to stay at the forefront in a competitive international fruit market. The question is, will these improvements only affect a minority of permanent (mainly male) workers, or can they extend to cover the employment conditions of more marginalized (mainly female) seasonal workers? This is an important challenge for ethical trade.

IV. CASE STUDY: HORTICULTURE IN SOUTHERN AFRICA

This section deals with an issue that was the focus of a recent research project carried out in export horticulture in South Africa, and reports on the case study undertaken jointly by NGO and academic researchers at Christian Aid and the University of Hertfordshire (for the full research report on which this section is based see Barrientos, McClenaghan and Orton, 1999b). This was a policy-focused project, aimed at examining the gender dimension of horticultural employment in order to inform decision-makers on policies to improve gender equity in horticultural exports. The study focused on table grape production in South Africa supplying the United Kingdom retail market, where ethical trade has been rapidly taking root.

United Kingdom supermarkets account for over 70 per cent of the retail of fresh produce in the country, with the four main supermarkets selling over 45 per cent of all food, putting them in a strong position in relation to many of their suppliers. Most United Kingdom supermarkets have taken ethical trade seriously since 1998, either joining the Ethical Trading Initiative or independently introducing codes of conduct to cover the labour standards of their suppliers. South Africa is an important supplier of deciduous fruit, especially table grapes, to the United Kingdom during its winter months (December to April each year), and the United Kingdom counts as one of South Africa's main export markets for this produce. This differentiates it from Chile, whose largest single export market is the United States, with only 5 per cent of its exports going direct to the United Kingdom in 1994. Although many United States companies are applying codes of conduct, they have yet to be adopted in the foods sector (Burns, 1999). The implications of the Ethical Trading Initiative are thus much greater for South Africa.

In recent years the South African fruit export sector has been affected by a rapidly changing commercial environment. This included the lifting of sanctions experienced under apartheid, increased international competition (from Chile and other southern hemisphere producers) and the deregulation of Unifruco's monopoly as a single channel exporter in 1997, creating a more competitive internal environment for exporters. It is within this changing commercial framework that supermarket codes of conduct are being introduced to growers in South Africa. Fruit farming has long been run on a commercial basis for export, but there is some divergence between modern efficient farms and those run on a more traditional basis of family farming. Clearly the more efficient producers will be able to implement codes of conduct more easily, while less efficient producers will find codes a much greater challenge. But given the importance of the United

Kingdom supermarkets to the sector, all growers will need to implement codes if they wish to continue supplying the United Kingdom.

Farm employment remains characterized by paternalist relations dating back originally to colonialism, and perpetuated under apartheid. Cape fruit farms have a long tradition of coloured family employment, where a man is given permanent work on condition that his wife or female relatives are available for temporary work on the farm when required. The family lived on the farm, receiving housing and often other non-wage benefits (du Toit, 1992; Marcus, 1989). Migrant African workers were traditionally employed as seasonal labour. Women temporary workers were thus dependent on both the farmer and their male partner or relative for their work. This situation is beginning to change as a result of a combination of factors. Most important is the legislative change that has taken place in South Africa since 1993 (Hamman, 1996). Farm workers are now formally covered by a raft of laws regulating both their employment, and their security of tenure on farms, which has formalized the employment of both permanent and temporary workers. As a result many farmers are changing their employment practices, including the increased employment of local off-farm seasonal workers (a large proportion of them are women) as in Chile.

In our study, we found that conditions of employment varied across farms. On some farms, labour legislation was adhered to and the farmers followed good employment practice. These tended to be modernized farms where managerial employment systems had displaced more paternalist practices. On other farms, employment conditions were poor as well as standards of housing, health and safety, and the farmer played an autocratic role. In general, we found that temporary and seasonal workers (mainly women) fared worse than permanent workers (mainly men) in terms of their employment conditions, security and benefits. Enforcement of legislation was clearly a problem on many isolated farms where traditional employment practices were deeply embedded.

In South Africa, legislation was in many respects more advanced than the Ethical Trading Initiative baseline code of conduct. The Ethical Trading Initiative stipulates that national legislation covering employees must be adhered to, and in this situation supermarket codes of conduct could clearly play a role as a means of enforcement of legislation on farms. Monitoring and verification procedures were still being developed by the Ethical Trading Initiative at the time of writing. The principle of local stakeholder involvement in the process is an important step towards a more inclusive approach which incorporates the interests and needs of workers in establishing minimum labour standards. There is a risk, however, that codes of conduct will tend to improve the employment conditions of permanent workers, and extend less to those of seasonal and temporary workers. This is partly because the rights of permanent workers are more strongly enshrined in legislation, but also because long traditions of gender subordination within South African farming are difficult to dislodge. These problems are aggravated by low levels of literacy amongst farm workers, and lack of union organization or access to information on employment rights, which are particularly prevalent amongst more marginalized temporary and seasonal workers. Local stakeholders also often reflect traditional gender norms, and do not adequately represent the interests of women workers within their organizations.

The research concluded that gendered employment relations are an important determinant of the specific conditions of employment experienced by different groups of workers. In South African horticulture, women constitute approximately half the labour force, and very careful attention needs to be paid to ensuring that codes of conduct are gender sensitive. This applies to both the design and flexible application of codes in local circumstances, and to the monitoring and verification procedures that are put in place, to ensure the conditions of temporary and seasonal workers are also addressed. Commercial agents involved in codes of conduct need to be gender aware, and local

stakeholder participation in the process needs to incorporate the specific interests of women as well as men workers. The participatory approach of the Ethical Trading Initiative should be welcomed, as it opens up opportunities for the interests of women and men workers to be represented in commercial exports, with the potential to improve gender equity in trade and development.

V. CONCLUSION

Trade liberalization and labour market deregulation have resulted in a “race to the bottom” in labour standards over the past two decades. There is now increasing concern that this trend needs to be halted in the interests of economic development and social advance. Ethical trade is more limited in scope and in its ability to improve working conditions than national legislation or social clauses in trade agreements, given that it only applies to producers supplying companies that have adopted codes of conduct. Ethical trade could help to establish principles of good employment practice as an aspect of a producer's competitive advantage in trade, and could contribute to a reversal of the downward trend in labour standards. It might help to stimulate other policies to improve labour conditions and help workers in developing countries gain from participation in international trade.

From the above assessment of ethical trade, and summary of research findings drawn from our Case Study, it can be seen that company codes of conduct have a potential to improve the conditions of employment for both male and female employees amongst the export producers to which they apply. To realize this potential, much greater attention needs to be paid to the gender sensitivity of codes and to their flexible implementation, including the representation of the interests of more marginalized workers, who are mainly female. The incorporation of local stakeholders into the monitoring and verification of company codes of conduct could help in the representation of women's interests. Ethical trade could encourage a positive link between trade and gender, which to date has been largely missing.

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THE POST-MFA CHALLENGES TO THE BANGLADESH TEXTILE AND CLOTHING SECTOR

by
Debapriya Bhattacharya
Executive Director
Centre for Policy Dialogue
Dhaka, Bangladesh

I. INTRODUCTION AND BACKGROUND¹²¹

This paper has been prepared to help to identify issues in which UNCTAD could usefully contribute while addressing the problems and challenges faced by men and women in selected areas of trade. Drawing specifically on the example of Bangladesh's textile and clothing sector, this paper seeks to do the following: (ii) analyse threats and opportunities in the textile sector of developing countries in the present context of globalization and liberalization; (ii) explore the potential impact of the Agreement of Textiles and Clothing (ATC) of the World Trade Organization (WTO) on the export-oriented textile sector of Bangladesh; (iii) examine the differentiated impact of the above development on the employment situation of men and women, with special emphasis on the challenges faced by the latter, and (v) develop proposals for policy measures to deal with this impact, including identification of aspects on which UNCTAD could contribute to gender mainstreaming through its research functions, intergovernmental deliberations and technical assistance.

The paper is essentially based on a review of literature and analysis of information collated from published and unpublished documents of national and international origin.

It reviews in this Section I the basic features of the ATC and highlights its implications for the textiles and clothing sector of the developing countries. The current state of the Bangladesh textile and clothing sector and the major challenges it has to face with the total phase out of the Multi-Fibre Arrangement (MFA) are analysed in Section II. The potential impact which the current trend of globalization and liberalization is going to have on female employment in the sector is discussed in Section III. With a view to maximizing the welfare gains for female workers in the sector, some policy perspectives are then put forward in Section IV.

A. Background

The evolution of trade in textiles and clothing, since the inception of the General Agreement on Tariffs and Trade (GATT) in 1947, starkly exemplifies the discriminatory use of protectionist policies of industrialized countries against the developing countries in international commerce. Trade in textiles and clothing became a matter of concern for the developed countries as the developing countries in the 1960s began to demonstrate their comparative advantage in this sector. The developed countries were concerned about the "market disruptive" consequences of the "low-cost supplies" of developing countries and demanded special arrangements to avoid certain GATT obligations. Thus, one observes that trade liberalization in major export products of interest to developed countries has taken place in successive multilateral trade negotiations (MTNs) until the Uruguay Round, while trade in textiles and

¹²¹ The author is grateful to Rafat Alam for research assistance and to Hamidul Hoque Mondal for word-processing support.

clothing, a sector of increasing export interest to the developing countries, has been frequently subjected to multiple forms of restrictive measures (e.g. import quotas and safeguard actions). This has happened notwithstanding the GATT's most-favoured-nation (MFN) principle that espouses reciprocal and mutually advantageous arrangements and elimination of discriminatory treatment in the global trading regime. The distortionary system that has dominated the global textile trade since the 1960s is finally being dismantled under the Agreement of Textiles and Clothing (ATC) over a 10-years schedule taking effect from 1995.

The visible violations of the founding principles of GATT in the textiles sector were initially institutionalized through the 1961 *Short-Term Arrangement Regarding International Trade in Cotton Textiles*, which paved the way for the 1962 *Long-Term Cotton Textiles Arrangement* (1962-73). These Arrangements eventually culminated in the *Multi-Fibre Arrangement* (MFA) in 1974, which has been extended six times since then. From 1974 until the end of the Uruguay Round, textile trade was governed by the MFA, which provided a framework of quantitative restrictions on textiles and clothing exports of developing countries, either through negotiations or bilateral agreements or on a unilateral basis. The bilateral agreements negotiated between importing and exporting countries under the MFA contained provisions relating to products traded (i.e. volumes of trade to which annual growth rates are applied), but they differed in detailed terms according to the products covered or the countries concerned.

A protracted negotiation took place to bring the textiles and clothing sector back within the GATT regime during the Uruguay Round MTN after its launching in 1986. Indeed, efforts for liberalization of the sector began several years before the Uruguay Round, with developing countries successfully working together for inclusion of the textiles issue on the agenda of the 1982 GATT Ministerial Meeting. Pursuant to the GATT Ministerial Declaration (1982), although a Working Party on Textiles and Clothing (WPTC) was established, it failed to produce an agreed option.

The Ministerial Declaration at Punta del Este in 1987, for the first time, provided a specific mandate to bring the textiles and clothing sector into the MTN. As a result, a Negotiating Group on Textiles and Clothing (NGTC) was established, but it also failed to reach a consensus before the Montreal Ministerial Meeting of 1988.

Negotiations for the integration of textiles and clothing received a new impetus when the Trade Negotiation Committee (TNC) decided that the process should be progressive in character with special treatment provisions for the least developed countries (LDCs) and should commence after the conclusion of the Uruguay Round.

The negotiation gathered pace at the end of 1990, but a final agreement remained illusive due to substantive differences among Contracting Parties on various issues, such as product coverage, share of product coverage to be integrated, stages for integration, growth rates for products not yet integrated and duration of the agreement. Finally, the "Dunkel Draft" of the Final Act of the Uruguay Round in December 1991 put forward a text of the agreement on textiles and clothing containing comprehensive coverage of all outstanding issues.

B. Basic features of the ATC

The Agreement on Textiles and Clothing (ATC), as incorporated in the Final Act consists of a preamble, nine Articles and an Annex. Article 1 captures some of the key consensus elements of the MTN participants, outlines the legal framework guiding the actions of WTO members during the transition period for integration of the sector into GATT 1994. It mentions that the provisions of the

ATC should not affect the rights and obligations of the members under WTO Agreements and the Multilateral Trade Agreement. There are seven basic features of the ATC,¹²² and these are discussed below.

1. Product coverage of the Agreement

The Annex to the Agreement lists the products covered under the ATC which basically includes Section XI (Chapters 50-63) of the Harmonized Commodity Description and Coding System (HS) Nomenclature. In addition, some specific products from HS Chapters 30-49 and 64-96 have been listed. The list in the Annex contains all products which were subject to MFA or MFA-type restraints in at least one importing Member. It is to be noted that in case of raw materials, ATC coverage begins with the first manufacturing process of natural materials and at the earliest stage in case of man-made fibres.

2. Programme for integrating the products

This aspect contained in Article 2, constitutes the essence of the ATC. One of the two key elements of the transitional process relates to notification requirements of all former MFA or MFA-type restraints to the Trade Monitoring Body (TMB) as they will be carried over into the ATC and will be eliminated through their integration. The second element comprises the following *four-stage* integration process.

- (a) *Stage 1.* By 1 January 1995 (date of entry into force of the WTO Agreement), members had to integrate products which accounted for not less than 16 per cent of their total volume of 1990 imports of the listed products.
- (b) *Stage 2.* By 1 January 1998 members had to integrate products which accounted for no less than a further 17 per cent of their total volume of 1990 imports of the listed products.
- (c) *Stage 3.* By 1 January 2002, members had to integrate products which account for not less than a further 18 per cent of the total volume of 1990 imports of the listed products.
- (d) *Stage 4.* By 1 January 2005, the entire textile and clothing sector shall stand integrated as the remaining 49 per cent of the total volume of 1990 imports will be integrated and all restrictions eliminated.

After this 10-year transition period, the ATC terminates as Article 5 provides that "there shall be no extension of this Agreement" and thereafter, the WTO Safeguard Agreement will prevail.

3. Progressive liberalization of the restraints and other flexibilities

Unlike MFA, the ATC provides for progressive and arithmetic increases in growth rates for restrictions under bilateral agreements. Such increases will lead to significant growth increases for countries that currently enjoy relatively higher growth rates. At each of the first three stages of the integration programme, an annual increase of the following established growth rate for the remaining restrictions is provided.

¹²² For a succinct interpretation of ATC, see WTO (1998).

- (a) *Stage 1* (1 January 1995 to 31 December 1997) - the level of each restriction under MFA bilateral agreement in force for the 12 month period prior to the date of entry into force of WTO Agreement should be increased annually by not less than the growth rate established for the respective restrictions, increased by 16 per cent.
- (b) *Stage 2* (1 January 1998 to 31 December 2001) - the growth rate for respective restrictions during *Stage 1* increased by 25 per cent.
- (c) *Stage 3* (1 January 1 2002 to 31 December 2004) - growth rates for respective restrictions during *Stage 2* increased by 27 per cent.

As regards flexibility measures, such as swing, carry over and carry forward, the ATC retains the provisions of the MFA bilateral agreements for the 12 month period prior to the entry into force of the WTO Agreement. Article 2.18 requires that the uplift in the growth rates be advanced by one stage for certain small suppliers.

4. Removal of non-MFA restrictions

The ATC also deals with other non-MFA quantitative restrictions on textiles and clothing products, including all unilateral restrictions, bilateral arrangements and other measures having a similar effect. These non-MFA restrictions belong to the following three groups.

- (a) Non-MFA restrictions imposed by some developed countries, such as Japan and Switzerland, which are also signatories of MFA.
- (b) Restrictions imposed by the MFA signatories against non-MFA signatories.
- (c) Restrictive measures (GATT illegal) maintained by other countries, including developing countries, both MFA and non-MFA signatories.

5. Circumvention

Article 5 of the ATC identifies circumvention by transshipment, rerouting, false declaration concerning country of origin, and falsification of official documents as a major concern for the integration process. The agreement requires the members to establish necessary legal provision and administrative processes to address and take actions against circumvention. In case of allegations of circumvention, the members concerned are required to promptly consult one another with a view to seeking a mutually satisfactory solution. If such a solution is not reached, the matter may be referred to the Trade Monitoring Body (TMB).

6. Transitional safeguard mechanisms

Article 6 of the ATC provides for a special transitional safeguard mechanism, that is distinct from the GATT Article XIX on safeguards which is global in nature being based on non-discrimination. The special provision on safeguard under the ATC is geared to protect members against damaging surges in imports during the transition period with respect to products which have not yet been integrated. As such, this special textiles and clothing safeguard permits selective

measures against specific products from a particular source(s). The duration of such safeguard actions can be up to three years without extension or until the product is fully integrated, whichever comes first.

7. *Supervision, monitoring and reporting*

The ATC established the TMB, consisting of 11 members including a chairman, to supervise the implementation of the ATC and, in the process, to examine all measures taken under its provision and their conformity. The TMB members are required to discharge their functions on an *ad personam* basis and take all their decisions by consensus.

C. Implications for the developing countries

The ATC has removed many of the features of international trade in textiles and clothing which developing countries had long been opposing. But the ATC has also allowed for the singling out of the textile sector to secure a sectoral balance of rights and obligations in contrast to normal WTO practice, which provides for an overall balance of rights and obligations through a single undertaking. Instead of receiving compensation for the loss incurred by the developing countries for the denial of their rightful market access for nearly 25 years, they have been asked to take additional responsibilities in return for the promise by the developed countries to bring textiles back into the normal GATT regime after another 10 years.

1. *Transition period of ATC*

Doubts may also be raised about the provision of the sectoral balance as this may be taken as a plea for continuation of input restraints by the developed countries, if they are unable to discharge their obligations. For example, the ATC required that at least 33 per cent of imports of the products must be excluded from the special restrictive regime and brought back within normal WTO rules by 1 January 1998. In practice, as of that date, such liberalization has been extended by the major developed countries to barely 3 per cent of imports which were previously under restraint. This has been achieved by choosing a certain set of the listed products - both restricted and those not subject to restrictions - for liberalization, as the right to choose is the prerogative of the importing countries. The major developed countries have mostly selected those products that were not under restraint, and thus claim that they have acted in accordance with their obligations. This violation of the ATC spirit has been compounded by deployment of severe import restraints and anti-dumping actions against exports from developing countries (South Centre, 1998a).

The provision for punitive action for perceived circumvention of the restraints on import also raises concern. At present there are no guidelines to determine what would constitute "sufficient evidence" that would establish occurrence of circumvention. Given the seriousness of the counteractions, it has become important for textile exporting developing countries to keep a watch on how the process of investigation regarding circumvention develops in the importing countries (South Centre, 1998b).

The above mentioned aspects only highlight the pitfalls which underpin the transition period of the ATC during which most of the restrictive and discriminatory measures will remain in force. It

may be recalled that 49 per cent of the trade in this sector for integration has been kept for the very last day of the transition period.

2. *Varying risks and benefits*

A brief review of the literature reveals that there are considerable differences of view among textile experts and economists about the nature of the consequences for developing countries of MFA elimination.¹²³ A number of studies suggest that the vast majority of these countries will gain from the removal of trade restrictions on textile and clothing, with some gaining proportionately more than others through increase in market share and the rent transfer effect of bilateral quotas. Conversely, some estimates indicate that the distribution of welfare gains from trade liberalization in textiles and clothing will be very skewed. According to these estimates, China, Indonesia and South Asian countries stand to gain more compared to Latin America and sub-Saharan Africa.

At the same time, the higher-cost exporting countries (e.g. Hong Kong SAR, South Korea and Taiwan, Province of China), which controlled the largest share of exports to developed country markets under the MFA, will definitely cede ground to lower-cost suppliers (e.g. China and India). However, there is an apprehension that the relatively new and lost-cost sources (e.g. Bangladesh and Sri Lanka) may be squeezed out of the market because of their small size, lack of product diversification and low productivity.

It is also reckoned that phasing out MFA may prompt the flow of foreign direct investment from quota restricted to non-quota restricted or less restricted countries. This implies that elimination of MFA may even cause a reverse flow of investment from relatively new suppliers (e.g. Bangladesh) as the sourcing of textiles or clothing products may tend to gravitate back to the larger and more efficient exporters (e.g. Hong Kong SAR, South Korea and Taiwan, Province of China) (Dowlah, 1998).

Notwithstanding these considerations, the broad pattern of results obtained in various studies indicate that developing countries are poised to gain in aggregate terms from the abolition of MFA. Some estimates made by the World Bank are presented in table 1 as an illustration.

Table 1
Input of MFA Abolition in 2005

	India	Rest of South Asia	NIEs	ASEAN	China
Output (change)					
<i>Textiles</i>	15.10	12.50	10.10	39.90	17.20
<i>Apparel</i>	114.10	94.70	-22.90	93.40	54.20
Exports (% change)					
<i>Textiles</i>	66.80	13.00	156.30	19.30	26.00
<i>Apparel</i>	231.70	121.60	-30.80	152.90	74.30
Real income					
US\$ Mill.	1741.20	117.10	-1603.40	1669.30	6550.10
% of 2005 GDP	0.37	0.90	-0.14	0.24	0.72

Source: Pigato et al. (1997).

¹²³ See, for example, Hertel, T. (ed.) (1996) and Yang, Y., Martin, W. and Yanagishima, Y. (1997).

II. THE BANGLADESH TEXTILE AND CLOTHING SECTOR AND EMERGING CHALLENGES

A. Trends in growth

1. Global trend

The Multi-Fibre Arrangement precipitated a repeated pattern of expanding and shifting production as investment in new facilities was made in the economies of the less restricted or unrestricted exporters. The overall growth rates of textiles and clothing were thus very high in the 1980s. However, while remaining robust (6.6 per cent average per annum), these slowed down a little in the 1990s. Table 2 reveals that world trade in textiles and clothing amounted to US\$ 332 billion in 1997 (textiles: US\$ 155 billion and clothing: US\$ 177 billion), representing a 56 per cent increase in value over 1990. This trend compares favourably with the growth of total world merchandise trade, which increased by 52 per cent between 1990 and 1997. However, as between textiles and clothing, the volume of trade in the latter grew at a faster pace (by 63 per cent between 1990 and 1997) in comparison to the former (which grew by 48 per cent during the same period).

Table 2

Growth of global trade in textiles and clothing in the 1990s
(US\$ billion)

	1990	1991	1992	1993	1994	1995	1996	1997
Textiles	105.0	109.3	117.7	113.0	130.2	150.3	150.2	155.3
Change in %		4	7	-4	15	15	0	3
Clothing	108.4	117.3	132.3	128.8	140.4	157.2	163.3	176.6
Change in %		8	13	-3	9	12	4	8
Total	213.4	226.6	250.0	241.8	270.6	307.5	313.5	331.9
Change in %		6	10	-3	12	14	2	6

Source: WTO Annual Report (1997).

The structural shift in sourcing of global exports of textiles and clothing which resulted from MFA is corroborated by the figures presented in table 3, which shows that the share of developing countries in global trade in the textiles sector increased from 38 per cent in 1990 to 48 per cent in 1995, whereas the corresponding increase in the case of clothing was from 52 per cent to 53 per cent. The fall in the share of developing countries in the global clothing trade between 1993 and 1995 from 59.5 per cent to 53 per cent respectively suggests that some developed countries were successful in reclaiming their market share during this period.

Table 3***Share of developing countries in World textiles and clothing exports
(Percentage)***

Sectors	1990	1993	1995
Textiles	38.03	47.56	48.09
Clothing	51.93	59.49	52.93

Source: *WTO Annual Report* (1997).

The other notable trend in sourcing of the global textiles and clothing trade is the increased concentration of supplies among a few developing countries. Table 4 reveals that in 1980 the top five exporting developing countries were controlling 17 per cent of the global textile trade, but in 1996, their share was 32 per cent. During the same period, the share of the top eight exporting developing countries in the world clothing trade increased from 31.5 per cent to 36.6 per cent. The fall in the share of the top clothing exporters among the developing countries between 1990 and 1996 suggests market penetration by new suppliers, one of these was Bangladesh.

Table 4***Share of the Major Exporting Developing Countries in World
Textiles and Clothing Exports (Percentage)***

Sectors	1980	1990	1996
Textile (Top 5)	17.2	25.2	32.0
Clothing (Top 8)	31.5	38.0	36.6

Source: *WTO Annual Report* (1997).

2. The Bangladesh context

In Bangladesh, the *Desh-Daewoo* collaboration of 1980 was crucial in terms of accessing the global apparels markets at an important time, when important restructuring was taking place in this market subsequent to the signing of the MFA in 1974. Quota-hopping, intermediate buyers searching for new suppliers shifted a substantial part of their orders to a number of developing countries where availability of cheap and unskilled/semi-skilled labour provided an ideal opportunity for executing the supply orders. In the case of Bangladesh, such shifts in sourcing provided the buying agents an added advantage. While quotas provided a guaranteed market in the United States and Canada, preferential treatment under the GSP allowed Bangladeshi apparels a zero-tariff access to markets of the European Community. In recent years these two markets, the North American and the European Union (EU), accounted for about 85 per cent of total apparel exports from Bangladesh. Although the number of countries (where ready-made garment (RMG) exports from Bangladesh found markets) increased over the years, nevertheless, the market concentration of Bangladesh products in the above mentioned two regions has also continued to increase in recent years.

Domestic policy reforms and policy changes favouring a more open and export-oriented regime also played a critical role in accessing and realizing such market-driven activity. The overall policy regime with its significant reduction in tariff levels, removal of most quantitative restrictions (QRs) and

dismantling of non-tariff barriers brought about a substantial reduction in the anti-export bias that had existed in the past, and thereby stimulated export-oriented activities in the economy. Thus, the overall policy environment played a conducive role in enabling the domestic apparels sector to develop a medium- to long-term investment perspective.

A number of targeted domestic policy initiatives also played a positive role, particularly in stimulating investment in the RMG sector. These included such provisions as allowing RMG producers to access raw materials at duty free rates through bonded warehouse facilities, imports of fabrics through back-to-back letters of credit (L/Cs), zero duties on capital machinery, subsidized bank credit, duty drawback arrangements and partial convertibility of the currency in the current account favouring the apparel exporters. A number of additional fiscal and financial incentives and institutional facilitating arrangements also contributed to the rapid growth of the sector in Bangladesh.

B. Profile of the Bangladesh textiles and clothing sector

1. Clothing sector

The export-oriented RMG sector in Bangladesh contributed only US\$ 1 million of export revenue in 1970. By fiscal year 1996-97, within a span of two decades, the export income from this industry had increased to more than US\$ 3 billion, registering a phenomenal growth of more than 27 per cent per annum. In fact, this was an exceptional growth rate for any industry anywhere in the world. The sector enjoyed a meteoric rise, from less than 50 factories in 1983 to 2,600 in 1997, and by mid-1996, the level of employment rose to approximately 1.3 million, with its subsectoral share of employment in the manufacturing sector increasing from 2 per cent to 15 per cent (see table 5). About 90 per cent of the workers of the RMG sector in Bangladesh are women, constituting almost 70 per cent of the total female employment in the manufacturing sector. Expansion of the export-oriented RMG sector also contributed to the growth of other activities, such as banking, insurance, hotels and tourism, real estate, linkage and recycling, consumer goods, utility services and transportation. The sector is now supporting nearly US\$ 2 billion worth of economic activities per year.

In 1998, Bangladesh's RMG sector earned more than 73 per cent of the foreign currency of the country, and since its inception until now, it has earned nearly US\$ 22 billion for the country (see table 6). The value-added component being estimated at some US\$ 6.6 billion. The estimated total investment in the sector is about US\$ 0.78 billion, yielding earnings of US\$ 3.26 billion. Prospects for a huge textile industry capable of supplying over 2.7 billion metres of fabrics a year to the RMG sector have also emerged. A large number of ancillary industries have emerged and are growing apace with this industry. Estimates show that about 80 per cent of garment accessories are now produced in the country valued at US\$ 0.5 billion a year.

Table 5

Growth of employment in the RMG sector of Bangladesh (1981-1982 and 1995-1996)

Year	Workers	Supervisors	Managers	Total
1981-1982	4,200	315	28	4,562
1995-1996	-	-	-	1,2994,000

Source: Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Increasing opportunities for exporting apparels led to both an increase in the number of new entrants as well as an expansion in scale of production of existing firms in the sector. This resulted in a substantial increase in the capacity as well as employment in the sector. According to estimates presented in a recent study (Bhattacharya, 1996), knit and woven RMG accounted for 7 per cent of the total number of units, 11 per cent of fixed assets, 21 per cent of annual investment, 30 per cent of employment and wage costs and 23.5 per cent of gross value added and returns on capital attributable to the private manufacturing sector in Bangladesh.

The trend growth of employment was 18 per cent between 1986 and 1996 and 16 per cent over the five years preceding 1996. Preliminary estimates put the figure of current employment in the sector at more than 1.5 million, about 1.2 million of whom are women (Bhattacharya and Rahman, 1998). It should also be noted that more than 95 per cent of the output of Bangladesh RMG units and about 90 per cent of the output of the knitwear units was directed to foreign markets.

Table 6
Share of RMG in Bangladesh's Total Exports, 1985-1998
(Percentage)

Year	Share
1985	12.44
1990	40.96
1995	64.20
1996	65.60
1997	67.90
1998	73.11

Source: Bangladesh Bureau of Statistics.

Diversification in the apparels sector of Bangladesh has so far been relatively narrow. There has been some extension of the product line from T-shirts, pyjamas, ordinary shirts, shorts, caps, women's and children's wear to shirts of complicated designs and jackets, and some *brand* items have emerged where the total value added is substantially higher. However, the sector's captive markets have continued to remain essentially in the relatively lower end of the market segments.

A recent development of some importance is the growing share of knit-RMG exports in the total exports of the sector. During the initial period it was the woven-RMG which dominated the structure of apparels exports. In recent years, the knit-RMG was able to demonstrate a robust performance, which was spurred by growing demand in the EU market and stimulated by domestic incentives in the form of cash compensation schemes and duty drawbacks.¹²⁴ Since the local value addition here is substantially higher than for woven-RMG (on average 50-60 per cent as against 25-30 per cent), the *net* export earnings are in fact higher in the case of knit-RMG. Table 7 provides the relative growth rates of knit and woven RMG over the last decade. The emergence of knit-RMG thus calls for special attention in terms of designing appropriate policies for the apparel sector.

¹²⁴ Cash compensation schemes allow exporters not availing of either the bonded warehouse or duty drawback facilities to receive a cash compensation equivalent to 25 per cent of their realized export value. This incentive have played a key role in stimulating the growth of (particularly knit-RMG) exports from Bangladesh.

Table 7
Trend growth rates of major export product groups
(Percentage)

Commodity	1982-1998	1982-1990	1990-1998	1994-1998
Jute	-0.81	-0.83	-0.2	3.5
RMG	36.30	59.10	21.5	20.8
<i>Of which</i>				
WOV-RMG	34.20	59.00	18.5	17.8
KNIT-RMG	-	-	42.9	32.0
Total	13.2	10.7	15.7	16.6

Source: Computed from EPB data.

2. Textiles sector

In the backdrop of a fast growing export-oriented clothing industry, the textile sector of Bangladesh consists of a fragile spinning subsector, a weak weaving subsector, an even weaker dyeing and finishing subsector, and an emerging knitting subsector. Table 8 presents the basic figures on the size of various segments of the textile sector.

Spinning

As indicated in table 8, in 1997 Bangladesh had 145 ring spinning units, which can produce 251 million kg of yarn. There were 830,000 spindles in the country in 1972. By 1992, the number of spinning mills increased to 113 units, with spindle capacity of 2.12 million. Annual production of yarn in the country in 1995-1996 stood at 113 million kg, which was only 22 per cent of the total demand for yarn estimated at 503 million kg. Although production increased significantly compared with 1993, when the country produced only 63.3 million kg. So did the demand. As a result, *about 80 per cent of the demand for yarn is still met by imports*. The total yarn demand of the country will double by 2005, when 263 million kg will be required for domestic consumption and 554 million kg by the export oriented RMG sector. *Current yarn production capacity is just 13 per cent of the projected demand in 2005*.

Weaving sector

In Bangladesh hand-looms have historically played the dominant role in the weaving sector. In 1997, there were 211,412 hand-loom units in the country with installed capacities of 514.456 looms, capable of producing 925 million metres of fabric annually. The sector has been experiencing stagnating growth since 1990. Moreover, *almost the entire hand-loom products are for domestic consumption*, with the exception of the recently launched "Grameen Check" initiative, which has successfully linked the cottage level enterprises to the export market.

In the specialized textiles sector in 1972 there were only 36 units with 820 power looms, these had increased to 136 in 1982 with 2,351 power looms, and to 1106 units with 34,000 power looms in 1997. The total production of fabrics by the textile industry in Bangladesh increased from 426 million metres in 1972 to 794 million metres in 1982, to 972 million metres in 1992, and to 1,148 million metres in 1997. *Most of the local fabrics are unsuitable for the export-oriented RMG sector, which currently*

meets 86 per cent of its demand from imports. It is estimated that the actual fabric production capacity of Bangladesh would meet less than 15 per cent of the projected requirements of 6.1 billion metres for the year 2005.

In the dyeing and finishing subsector, in 1997, the number of units stood at 250 with an annual production capacity of only 653 million kg, which is *also far from meeting the demand of the RMG industry.*

Table 8
Structure of the textile industry in Bangladesh
(1997)

Subsectors	No. of units	Installed capacity	Annual production capacity
Spinning			
Ring Spinning			
• Private sector	27	604,000 spindles	43.00 mill. kg.
• Public sector	103	2090,000 spindles	200.00 mill. kg.
Subtotal	130	2,694,000 spindles	243 mill. kg.
Rotor Spinning			
• Private sector	15	337,200 Rotors	8.0 mill. kg.
Total	145		251.0 mill. kg.
Weaving			
• Public sector	7	2,337 looms	31.20 mill. metres
• Private sector	13	2,900 looms	78.20 mill. metres
Sub-total	20	5,237 looms	109.40 mill. metres
Specialized textile and power looms			
• Ordinary power loom	119	7,432 looms	141.0 mill. metres
• Specialized looms:			
- Cotton	242	5,250 looms	97.0
- Synthetic	745	21,318 looms	430.0
Sub-total	1,106	34,000	668.0 mill. metres
Hand-loom:	211,421	514,456 looms	925 mill. metres
Hosiery Units:			
• Domestic	334	3,131 body M/C	17.00 mill. kg.
• Export-oriented knitting	254	1,309 Cir. Knit. 4,363 body M/C	37.18 mill. kg.
Dyeing, printing and finishing:			
• Semi-mechanized	175		254.00 mill. kg.
• Mechanized	75	-	399.00 mill. kg.
Subtotal	250	-	653.00 mill. kg.
Export-oriented RMG	2,200	285,000 Sewing M/C	2,270.00 mill. pcs.

Source: Bangladesh Textile Mills Association (BTMA).

C. Challenges and opportunities¹²⁵

A question of critical importance for Bangladesh is whether the country will be able to share in the incremental gain from the expansion of the global apparel market. An important issue here is to ascertain the extent to which the MFA phase out may impact the performance of the textiles and apparels sectors of Bangladesh. *At present, export quota is imposed on Bangladeshi apparels in only two of the nine countries who were signatories to the MFA, United States and Canada.* As far as Bangladesh is concerned market access is restrained on 31 items in the U.S. market and 9 items in the Canadian market. These two markets currently provide about 60 per cent of total RMG exports from Bangladesh. As a matter of fact, the quotas on the above mentioned categories imposed on Bangladesh exports of RMG have played an important role in providing Bangladesh with a guaranteed market in these two countries. Quota utilization in these countries has been on an average 85 per cent and 65 per cent respectively. This would indicate that the quotas did not initially have a restrictive impact on Bangladesh RMG exports (World Bank, 1993). However, recently Bangladesh has been fully utilizing its quotas and also expanding its exports to non-quota areas.

With the phasing out of MFA and elimination of quotas, some of the traditional RMG exporters like Bangladesh are expected to face serious competition from exporting countries that until now were restricted because of the quotas imposed in United States and Canadian markets (Blackhurst et al, 1995). Bangladesh is currently importing the raw materials (grey fabrics) for its RMG factories from countries like India, China and Thailand under back-to-back L/Cs. In a quota free environment these countries will obviously try to export finished apparels to North American markets rather than sell fabrics to countries like Bangladesh. Whether the Bangladesh apparels export sector will be able to withstand the challenge of these countries in the post-MFA phase is an issue of critical significance for the future of its apparels industry. The key issue being be the strength of the Bangladesh textile sector in general and the RMG sector in particular.

If we look at the phase out programme and juxtapose it to the structure of apparel exports from Bangladesh, we find that *most items of export interest to Bangladesh will be integrated into the GATT (WTO) only in the last year of the phase out, i.e. the year 2004.* So Bangladesh has about six years to prepare for the post-MFA regime.

It is also important to identify some other market access problems that may threaten the future performance of the Bangladesh RMG sector. For example, In the EU markets, Bangladesh enjoys preferential access under the European Union Generalized System of Preference (GSP) schemes, which provide Bangladesh access to European Union markets at zero-tariffs. It is to be noted that, although during the Uruguay Round substantial *across the board* reductions in tariff rates were negotiated, the depth of reduction on textiles and apparels was relatively shallow. For example, tariff rates on textiles/apparels imports to EU countries have remained at relatively high levels of about 12.5 per cent. Preferential treatment under the GSP schemes provides EU importers to claim duty drawback (equivalent to the tariff rate of 12.5 per cent) on imports from Bangladesh. In recent years this preferential treatment has contributed to a robust growth of apparels from Bangladesh to the EU markets, which currently account for about 35 per cent of global apparels exports made by Bangladesh (predominantly knit-RMG exports).

However, the recent market access problems faced by Bangladesh indicate that such facilities cannot be expected to continue on a guaranteed basis. For example, access to the European Union GSP is subject to compliance with *rules of origin (ROO)* requirements, whereby in the case of woven-RMG, a two-stage, and in the case of knit-RMG, a three-stage transformation (cotton to yarn, yarn to fabrics,

¹²⁵ This subsection draws on Bhattacharya and Rahman (1998).

fabrics to RMG) is required. Since Bangladesh's indigenous capacity in weaving and spinning is negligible, it is currently not possible for it to comply with the three-stage criterion. At present most of the yarn used by the knit-RMG factories of Bangladesh is imported (mainly from India). Although the EU had generally turned a blind eye on this issue, under pressure from Bangladesh's competitors, in October 1997, the Government of Bangladesh came to an agreement with the EU under which Bangladesh entrepreneurs would pay back the exempted duties (amounting to about US\$ 60 million) to the European Union on the grounds of ROO violation and circumvention. Although the EU has since agreed to a flexible approach as regards this issue,¹²⁶ the incident itself is a pointer to the problems that countries like Bangladesh may be expected to encounter in the global market, in spite of the obvious trends towards liberalization in the post-GATT phase.¹²⁷

As already noted, the wages paid to RMG workers in Bangladesh are the lowest in South Asia. As price is related to the cost of production, which is heavily weighted by labour costs. So in the clothing industry, the major advantage of Bangladesh has been her lower labour cost. The labour costs in the textile industry (compiled by Warner International) show that the average hourly wage rates for Bangladesh, India, Pakistan and Sri Lanka were respectively US\$ 0.23, US\$ 0.56, US\$ 0.49 and US\$ 0.39. The rates were even higher in the ASEAN countries, being US\$ 0.43 for Indonesia, US\$ 1.18 for Malaysia, US\$ 0.78 for the Philippines, US\$ 3.56 for Singapore, and US\$ 1.04 for Thailand. But they were only US\$ 0.35 for China. Future projections also indicate that Bangladesh will be able to maintain this low wage rate advantage in the future (Reza, Rashid and Rahman, 1998).

However, since the backward linkage in the RMG value is almost absent, the local value addition has so far been very small, only 25 per cent to 30 per cent of value of gross exports. Bangladesh can produce locally only 4 per cent of the 2.2 billion square metres of fabrics required for the RMG factories. With quotas being gradually phased out, and the preferential treatments coming under threat, Bangladesh can maintain the current vibrant growth of apparel exports only through enhancement of backward linkage in the textile sector.

In sum, three major factors are potentially undermining the competitiveness of the country's textile and clothing exports. *First, the major drawback of Bangladesh's apparel export lies in the textile sector.* The cotton and spinning subsectors have enormous problems of inefficiency, wastefulness, outdated machinery, lack of modernization, low productivity, low quality, inefficient management etc. The sector also depends heavily on imported cotton from Sudan, United States, Pakistan and India. It thus decreases the competitive edge over these countries (IFC 1998).

Second, a major weakness of the apparel sector is its low value-added contribution (and product diversification). Though the apparel sector provides 73 per cent of Bangladesh value-added contribution to gross exports, it earns only 40 per cent of the total value addition in export earnings (Rahman and Razzaque, 1998). *Currently only 210 million metres of fabrics are supplied by the local textile mills which is around 4 per cent of the total demand.* In the higher value-added knitting industry the value added is lower in comparison to those of prospective competitors as it mainly uses imported yarn.

Third, another major shortcoming of the apparel sector is the low productivity of its workers. Table 9 shows that Bangladesh labour productivity is much lower than that of Sri Lanka, South Korea

¹²⁶ The EU has agreed to a two-stage conversion (the so-called *derogation*). However, such *derogation*, even if agreed, will be time-bound. There is also a possibility that the quota will be imposed on exports exceeding a certain amount. For details see Rahman (1997).

¹²⁷ For example, under the current rules of the SAARC Preferential Trading Agreement (SAPTA), a 40 per cent local value addition is required for availing of the preferential import tariff.

and Hong Kong SAR. Therefore, efforts must be made to enhance productivity to supplement the low labour cost and this will call for new investment in modern technology in the RMG industry (Reza, Rashid and Rahman, 1996).

Table 9

Inter-country comparison of productivity in the RMG industry

Country	Person minutes per basic operation
United States	14.00
Hong Kong SAR	19.75
South Korea	20.75
Sri Lanka	24.00
Bangladesh	25.00

Source: Reza, Rashid and Rahman (1998).

As mentioned earlier, Bangladesh's apparel sector will not be affected until 2005, the last stage of MFA phase out. This puts a challenge to Bangladesh to develop the competitive strength of the apparel sector within the year 2005. Bangladesh gets longer time span to face the challenge. Also this will open up opportunities of enormous increased volume of apparel export which Bangladesh has to meet efficiently in the next five years.

Also, making progress towards building a competitive backward linkage industry by the year 2005, is another short term challenge for Bangladesh. *The total amount of investment needed for this backward linkages will be US\$ 1.5 billion.* Bangladesh will need 242 new spinning mills, 475 new weaving mills of 200 looms each, 475 new dyeing and finishing mills, 1,000 new knitting units and 0.2 million new hand-looms by the year 2005. Attaining this goal is a daunting task for Bangladesh.

D. The long-term perspective

These challenges will mount after the total phase out of the MFA in 2005. The competition will intensify in the apparel sector once all of the quota restrictions are removed. *Bangladesh RMG has to compete more aggressively in the international market on the basis of improved quality, increased efficiency and reduced cost.* Since of the countries now supplying fabrics to Bangladesh, due to inability to export in a quota restricted trade regime, may also become competitors. In the European Union market, after quota and GSP facilities are withdrawn the potential exporters who could not supply earlier will begin to compete with Bangladesh.

In the United States market the main challenge will come from the Mexican apparel industry. Under the North American Free Trade Agreement (NAFTA), Mexico has zero tariff access to United States and Canadian markets. Thus, Bangladesh will be disadvantaged due to tariff differentials. Extension of NAFTA membership to the other Latin American and Caribbean countries may aggravate the situation (Rahman & Razzaque, 1998).

The short-term challenge of extending the backward linkages will continue to persist in the long term. Bangladesh has experienced almost 15 years of phenomenal growth of the RMG sector. During this long period it has developed very good buyer relations and has entered the very quality-conscious United States and EU markets. This relationship and emphasis on product quality may be added

advantages in the post-MFA period. Bangladesh has also recently started to enter the highly quality-conscious Japanese market.

In the knitting sector, Bangladesh has become very competitive due to GSP facilities in the European Union market. According to the Bangladesh Knitwear Management and Exporters Association (BKMEA), the cost of yarn production per kg. in the private sector of Bangladesh is only US\$ 1.48, whereas in India it is US\$ 1.78, in Pakistan US\$ 1.60, in Japan US\$ 2.38, in Korea US\$ 1.73 and in Thailand US\$ 2.74. This competitiveness will help Bangladesh to compete in the post-MFA period (IFC 1998). In the post-MFA period, exports may be further increased by taking advantage of lower tariff rates that will prevail in importing countries as agreed by member countries in the ATC. These rates will be reduced by 10.9 per cent in the United States and 16.5 per cent in the EU countries. Since these two markets account for the lion's share of Bangladesh RMG exports, including knitwear, there is an opportunity for increasing RMG and knitwear exports, provided that Bangladesh products are competitive in terms of price and quality (Reza, Rashid and Rahman, 1996). The present EU market is supplied by some high-cost member countries, but trade liberalization would very likely lead to rapid erosion of the market shares of these countries, which could be replaced by more competitive developing countries like Bangladesh.

The Bangladesh apparel sector still mainly exports low-cost products to the international market. But through diversification of apparel products and by moving into more value-added, high-priced, high-fashionable products, Bangladesh could increase its export earnings substantially. Projections made by the textile ministry show that, if sufficient investment is made in the spinning and weaving subsectors, Bangladesh can build a competitive export-oriented RMG sector with strong backward linkages in the textiles sector, but would need to pursue a pro-active industrial policy, if such investments are to be realized by 2005. If Bangladesh is able to make such investments, opportunities for absorption of additional female workers in the textiles/apparels sector can be expected to improve. But, in the absence of a pro-active policy favouring establishment of backward linkage industries, Bangladesh may be further marginalized in the global apparels trade, with subsequent erosion of the country's current share of the international market. Given that expansion of female employment in other sectors of the economy has not materialized in the recent past, a possible collapse of RMG exports would have a disastrous impact on the female employment situation of the country. This issue is further discussed in the following section.

III. FEMALE INDUSTRIAL EMPLOYMENT IN BANGLADESH AND POTENTIAL IMPACT OF THE MFA PHASE OUT

A. Introduction

Over the last decade and a half Bangladesh has been trying to put in place a macro-economic framework geared to accelerated integration of the country with the global economy. The Bangladesh export performance has been quite robust and the sector registered a real rate of growth of about 14 per cent in the 1990s (compared to 5.5 per cent in the 1980s), which was more than three times the average growth rate of the country's GDP over the corresponding period. However, this impressive export performance is almost exclusively attributable to the phenomenal growth of woven and knit ready-made garment (RMG) enterprises, currently providing 73 per cent of total export accruals and 85 per cent of the incremental exports.

Trade expansion was paralleled by an overall increase in the women's economic activity rate in the Bangladesh economy. Documented evidence on the short-run impact of recent industrialization

efforts of Bangladesh clearly indicates that women constitute the major part of the incremental absorption of labour in the country's export-oriented manufacturing enterprises. Available information also suggests that conventional economic measures of gender bias are less conspicuous in this organized segment of the manufacturing sector (Bhattacharya, 1994). These trends are equally discernible in the units located in the export processing zones (EPZs) as well as in the export-oriented enterprises operating in the domestic tariff area (DTA). Such gender attributes of labour force dynamics remain particularly true for the foreign-owned units, usually operating at the national frontier of the techno-economic processes (Bhattacharya, 1998).

Notwithstanding these ostensibly positive dynamic features of a part of the country's labour market - feminization of the workforce on a relatively equitable basis in the face of liberalization and globalization of the national economy - two sets of questions are being raised about the real nature and sustainability of these trends.

- (a) What are the relative roles of the "push" and "pull" factors in feminization of trade-oriented manufacturing employment in Bangladesh? In the overall context of low opportunity cost of female labour in the country, will female labour remain attractive, since women are paid less than men for similar jobs, even when productivity differentials are accounted for? Is there any scope to underplay the non-wage factors (e.g. social docility and amenability to repetitive process functions) in explaining the entrepreneur's preference for a distinctive type of female labour (young, single and literate)?
- (b) Preferential access to export markets under the MFA and the GSP or the competitiveness of Bangladesh's industry, which of these have been more fundamental in propelling the country's export growth? Whether fluctuating global demand or "footloose" foreign investment will be a perennial source of vulnerability for export-induced female employment? Will the RMG sector still remain viable once the export quotas are abolished with the phasing out of MFA in the year 2005 and when the impact of preferential tariffs becomes fully eroded together with the deepening of trade liberalization measures?

In this context, this section of the paper focuses on two sets of issues. *First*, the evolving scenario of the country's female employment in the industrial sector with special reference to RMG industries. *Second*, the future prospect of female employment in the textile and clothing sector in the face of challenges poised by the integration of the textiles in the WTC regime.

*B. Recent trends in industrial employment*¹²⁸

1. Participation

Similar to the prevailing situation in many other developing countries, the traditional roles played by Bangladesh women within and outside the household, make their contribution to the economy almost *invisible, unrecognized and unaccounted*.¹²⁹ Even in sectors where women's work is statistically accounted for, the women's economic activity rate has remained at a substantially lower level compared to that of their male counterparts. However, due to increasing landlessness, poverty and male outmigration, the traditional roles of women in Bangladesh are undergoing noticeable changes.

¹²⁸ This subsection draws on Bhattacharya (1998b).

¹²⁹ For a discussion of issues relating to the estimating of non-market work of women in Bangladesh, see Hamid (1989).

According to the most recent Labour Force Survey (1995-1996), women's share of the Bangladesh total labour force (i.e. economically active population of 15+ years) is around 38 per cent, which is about 19 million. The labour force participation rate (LFPR) of women is lower in the urban areas (26.1 per cent) vis-à-vis the same in rural areas (40.6 per cent), since women are extensively involved in household-based and agricultural activities in the rural areas. However, between 1990-1991 and 1995-1996, the share of female labour force in the total labour force in urban areas has increased by 3 per cent as against a decline (-2.8 per cent) in rural areas.

It may be observed from table 10, that between the last two Labour Force Surveys (1990-1991 and 1995-1996), the share of female employees in total employment (15 + years) has declined by 1.7 per cent. On the other hand, the table shows that between the two surveys, the share of female employees in female labour force has also registered a marginal fall. A popular explanations in this regard suggests that such a situation is a consequence of expansion of micro-credit programmes in rural Bangladesh which induce women to get into self-employment based activities.

Table 10
Employment participation indicators of women in Bangladesh
(1990-1991 and 1995-1996)

Indicators	1990-1991	1995-1996	Change
Share of female employees in total employment (15+ years)	39.7	38.0	- 1.7
Share of female employees in female labour force	98.2	97.8	- 0.4
Women's share in non-agricultural labour force	17.6	23.4	5.8
Women in non-agricultural activities: share of total employed females	15.1	22.6	7.5
Women in manufacturing: Share in total mfg. labour force	28.4	36.6	8.2
Women in manufacturing: share of total employed females	39.7	57.7	18.0
Female-male gap in mfg labour force (females per 100 males)	8.8	7.2	- 1.6
Women in service/commerce sector: share of total employed persons in service sector	6.1	20.8	14.7
Women in service/commerce: share of total employed females	2.0	14.9	12.9
Women in agricultural sector: share of total employed persons in agriculture	50.3	46.7	- 3.6
Women in agricultural sector: share of total employed females	84.9	77.4	- 7.5
Women in professional-technical positions: share of total professional-technical personnel	22.9	34.7	11.8
Women in administrative-managerial positions: share of total administrative-managerial personnel	9.6	4.9	- 4.7

Source: Labour Force Survey 1990-1991 and 1995-1996, Bangladesh Bureau of Statistics (BBS).

In 1995-1996, less than a quarter of the total number of employed females in Bangladesh was involved in non-agricultural activities. Interestingly, while between 1990-1991 and 1995-1996, a decline, *albeit* marginal, was registered in the share of female employees in total employment (15+ years), and in the female labour force, the female employment in the non-agricultural sector in general and the manufacturing sector in particular, experienced a significant improvement during the matching period. For instance, the inter-temporal rise in women's share of the non-agricultural labour force was 5.8 per cent. The female employment profile also changed in favour of non-agricultural activities during this period registering an increase of 7.5 per cent.

Within non-agricultural activities, the ascendancy of female employment, both in absolute and relative terms, was most prominent in the service/commerce sector. However, in the manufacturing

sector, as table 10 reveals, such improvement was no less impressive. For example, the share of women in the total manufacturing labour force increased by 8.2 per cent between 1990-1991 and 1995-1996. This implies that the number of women per 100 males increased from 39.7 to 57.7 during the corresponding period. Table 10 also shows that the share of female employment in professional-technical positions improved during this period, while such a positive trend is, curiously, not yet apparent in the case of the administrative-managerial category.

In sum, while revealed opportunities for women still remain weak in Bangladesh vis-à-vis their male counterparts, the women's labour force in the country seems to be gradually moving out of the (rural) agricultural sector. Within the non-agricultural sector it seems that the incremental job creation for female workers has taken place in the services sector at a faster pace in comparison to that of manufacturing.

C. Manufacturing employment

The Census of Manufacturing Industries (CMI) indicates that about 0.20 million women were employed in the manufacturing sector of Bangladesh in 1991-1992 (the latest reference year for which information on sectoral aggregates is available from official sources). The CMI essentially covers formal sector registered enterprises having a 10+ employment size and usually those located in the urban areas. However, apart from being quite dated, the so-called Census estimate suffers from serious undercoverage even within its purview. For example, in 1991-1992, the RMG sector alone employed 0.70 million female workers (as noted below), whereas the CMI indicates a comparable figure of only 0.15 million. But, in the absence of more reliable aggregate estimates, we may still analyse the CMI data assuming that it provides a representative set of cross-section information.

According to table 11, women accounted for 15.3 per cent of the total number of persons engaged in the manufacturing sector of Bangladesh in 1991-1992.¹³⁰ More than 88 per cent of women engaged in the sector were regular production workers ("operatives") and another 9.6 per cent were hired casual workers. While less than 1 per cent of the women employees was involved in administrative and clerical activities, about 0.3 per cent was classified in the entrepreneur category.

On an *average*, a manufacturing enterprise in the organized sector of Bangladesh employs seven women. Incidence of female employment is highest in joint ventures (56 female employees per unit), followed by state-owned enterprises (more than 12 female employees per unit). The matching figure for the exclusively locally owned private sector units is a little above seven. The overwhelming majority (98.7 per cent) of women employees are located in private sector enterprises (local and joint ventures taken together).

Table 11 indicates that between 1988-1989 and 1991-1992, women's share in total manufacturing employment increased from 14.1 per cent to 15.3 per cent, whereas the corresponding increase in the case of production workers ("operatives") was from 16.4 per cent to 18.1 per cent. It should be noted that the share of female workers in total manufacturing employment registered a fall between 1990-1991 and 1991-1992. However, it remains to be explained to what extent this is evidence of some stagnation of female employment, or it is a statistical artefact, or to what extent it is a reflection of the reform measures affecting the manufacturing sector.

¹³⁰ Labor Force Survey data shows that in 1995-1996, the share of women in *total* manufacturing employment was about 36.6 per cent. The high estimate of the concerned share is attributable to the inclusion of women involved in small and cottage level processing activities (e.g. hand-loom weaving).

Table 11

Trends in female employment in the Bangladesh manufacturing sector

Indicator	1988-1989	1989-1990	1990-1991	1991-1992
Women's share in total mfg. employment	14.10	14.20	15.72	15.30
Women's share in total production workers	16.41	16.55	17.76	18.06

Source: Census of Manufacturing Industries, BBS, various volumes.

Sectoral distribution

The sectoral distribution of female manufacturing employment in Bangladesh remains highly skewed, as revealed by table 12. The *weaving apparel sector* (categorized under Bangladesh Standard Industrial Code (BSIC) 323), employs about 85 per cent of the female industrial employees (which is 12.9 per cent of total manufacturing employment). This is followed by *textiles manufacturing* including cotton, synthetic and jute textiles (BSIC 321 and 323), accounting for about 6 per cent of female industrial employees, i.e. approximately 1 per cent of total manufacturing employment.

The current state of industrial statistics, unfortunately, does not readily allow us to relate the market orientation of the enterprises with the gender composition of their labour force. Notwithstanding, it is quite evident from the above mentioned data that at least 91 per cent of female manufacturing employment is concentrated in enterprises which are either producing for direct export (e.g. garments and jute) or their outputs are "deemed exports" as they constitute export linkage industries.

Wage differentials

A little more than 8.5 per cent of the total wage bill in Bangladesh's manufacturing sector is attributable to *all* female employees, while the corresponding figure for women production workers is about 11 per cent (see table 12). These shares compare unfavourably with their respective employment shares (15.3 per cent and 17.8 per cent). The divergence between shares of female employment and their wage bill is an explicit indication of the female-male wage differential prevailing in the sector. The compensation packages for female employees are systematically low across the subsectors. The average female-male wage ratio in Bangladesh's manufacturing sector in 1991-1992 was 0.52 for all employees and 0.57 in the case of "operatives", suggesting that the gender differential in wage determination is less among production-related workers. Time series data presented in table 13 indicate that while the female-male wage ratio for "operatives" has somewhat improved between the late 1980s and the early 1990s, the ratio has in effect remained stagnant (if not deteriorating) when all employees are accounted for.

Table 12

Sectoral profile of female industrial employment in Bangladesh

Code	Industry name	Total employees	% of females	Total operative employed	% of females	Total Wage Bill (000 Tk.)	% share of females	Total operative wage bill (000 Tk.)	Share of females %
311	Food mfg.	44,005	0.30	32,609	0.34	774,081	0.12	448,017	0.16
312	Food mfg.	62,099	0.19	42,649	0.19	1,777,793	0.14	1,071,183	0.10
313	Beverage ind.	1,715	0.01	873	0.01	55,071	0.00	20,026	0.01
314	Cigarettes	32,8299	0.22	30,240	0.26	358,954	0.04	2,996,521	0.06
315	Animal feeds	63	0.00	42	0.00	886	0.00	416	0.00
321	Textiles mfg.	563,969	0.80	500,750	0.90	12,634,680	0.49	10,001,408	0.60
322	Textiles mfg.	19,203	0.11	16,390	0.13	348,607	0.04	280,379	0.05
323	Wearing apparel	215,838	12.9	201,074	15.18	2,865,818	6.78	2,428,562	9.45
324	Leather and its products	10,802	0.00	8807	0.00	244,659	0.00	156,023	0.00
325	Footwear except rubber	5,290	0.01	4,224	0.01	281,313	0.00	157,641	0.00
326	Ginning pressing	3,997	0.00	3,188	0.00	63,968	0.00	38,576	0.00
327	Embroidery of textile goods	529	0.04	510	0.05	3,240	0.01	3,156	0.02
331	Wood and cork products	13,252	0.28	11,357	0.32	213,588	0.10	156,371	0.13
332	Furniture mfg.	2304	0.00	1930	0.00	41,841	0.00	30,897	0.00
341	Paper and its products	16743	0.02	11,138	0.01	945,490	0.26	516,360	0.00
342	Printing and publishing	15,447	0.01	10,646	0.00	442,984	0.01	263,093	0.00
351	Drugs and pharma.	18,103	0.09	7847	0.09	913,031	0.19	316,354	0.22
352	Industrial chemicals	9,766	0.03	5,609	0.01	572,957	0.16	266,581	0.02
353	Other chem. Products	15,306	0.03	11,794	0.03	688,702	0.05	363,504	0.04
354	Petroleum refining	889	0.00	620	0.00	150,157	0.00	98,366	0.00
355	Misc. petroleum prod.	204	0.00	113	0.00	5,019	0.00	2,243	0.00
356	Rubber products	3,663	0.00	3,057	0.00	6,904	0.00	54,466	0.00
357	Plastic products	3,214	0.00	2,391	0.00	90,918	0.00	59,752	0.00
361	Pottery and chinaware	3,387	0.00	2,598	0.01	57,128	0.00	36,040	0.00
362	Glass and its products	2,051	0.02	1,746	0.02	72,664	0.01	43,214	0.01
369	Non-metallic mineral products	20,567	0.03	18,054	0.02	260,746	0.02	153,156	0.01
371	Iron and steel basic industry	14,795	0.00	10,689	0.00	5,990,386	0.00	392,604	0.00
372	Non-ferrous metal industry	459	0.00	324	0.00	15,772	0.00	10,410	0.00
381	Structural metal products	13,155	0.01	10,949	0.01	15,772	0.00	161,279	0.00
382	Fabricated metal products	6,155	0.00	5,342	0.00	121,005	0.00	89,123	0.00
383	Non-electrical machinery	6,594	0.01	4,366	0.00	241,794	0.01	128,283	0.00
384	Electrical machinery	13,021	0.03	9,733	0.03	359,781	0.04	214,736	0.04
385	Transport equipment	12,588	0.00	9,530	0.00	434,463	0.01	248,502	0.00
386	Scientific precision equipment	172	0.00	130	0.00	3,328	0.00	2,481	0.00
387	Photographic optical goods	117	0.00	91	0.00	1,764	0.00	1,204	0.00
389	Mfg. of sports goods	198	0.00	170	0.00	3,920	0.00	3,238	0.00
391	Decorative handicrafts	135	0.00	120	0.00	1,279	0.00	1,088	0.00
393	Other mfg. industries	3,312	0.0	2,870	0.11	41,913	0.03	32,234	0.04
394	Other mfg. industries	286	0.00	220	0.00	4,139	0.00	2,806	0.00
Total		1,156,222	15.30	984,790	17.76	25,972,163	8.52	18,550,293	10.96

Source: Census of Manufacturing Industries, 1991-1992; BBS.

It is also worth noting that female-male wage differentials are much lower in export-oriented industries. It may be pointed out that in the weaving apparel industry (BSIC 323), female wages as a share of male wages constitute 70 per cent in the case of all employees and 90 per cent in the case of production workers. Both of these proportions are higher than their respective sectoral averages.

Table 13

Trends in female wages in the Bangladesh manufacturing sector

Indicator	1988-1989	1989-1990	1990-1991	1991-1992
Female-male wage ratio (all employees)	0.40	0.55	0.52	0.52
Percentage of wage of female workers in total wage of workers	7.70	7.00	8.30	8.50
Female-male wage ratio (operatives)	0.46	0.51	0.47	0.57
Percentage of wage of female operative workers in total wage of operative workers	9.80	9.00	10.70	11.00

Source: Census of Manufacturing Industries, 1988-1989 to 1991-1992; BBS.

Determinants of female participation in industrial employment

The prospect of enhanced industrial employment of women is largely conditioned by the pattern of manufacturing growth that Bangladesh is currently experiencing. Analysis of the performance of the country's manufacturing sector in the 1980s reveals that in the topmost performing subsector, i.e. RMG - women constituted 70 per cent of all employees. In other better performing subsectors, female employment was marginal, with notable exceptions of fish and seafood (10.4 per cent), silk and synthetic textiles (4.4 per cent), fertilizers (2.1 per cent) and china and ceramic wares (1.5 per cent). Incidentally, the top three subsectors in terms of female employment happened to be export-oriented industries, while the other two are only recently demonstrating their export potential.

A more recent investigation (Bhattacharya, 1995) has shown that the two subsectors (commanding significant weight in the manufacturing structure), which have demonstrated robust growth in output from 1988-1989 to 1995-1996 are RMG and pharmaceuticals. While the case of the RMG subsector as the largest employer of female workers in Bangladesh is well evidenced, regarding pharmaceuticals (BSIC 351) it may be noted that 5.7 per cent of all the employees and 12.5 per cent of the production workers in this industry are women.

The rates and patterns of women's economic and manufacturing participation which have been discussed above are the resultants of the interplay of both demand and supply-side factors. While trends of economic and industrial growth and the nature of manufacturing development constitute "demand-side" factors, the "supply-side" factors are defined by the characteristics of women's socio-economic status, demographic features, and access to education, etc.

Demand factors

It is well known that women's participation in economic activities is fundamentally contingent upon the level of economic development of the country. Moreover, economic growth in general provides a favourable climate for enhanced women's participation in the economy. The expression of these two aspects of demand criteria is found in per capita GDP growth. On both of these counts the situation in Bangladesh does not appear to be encouraging. The per capita GDP of the country is only US\$ 269, while the GDP growth rate during the last decade was a little above 4 per cent. These indicators basically highlight the limitation of the domestic demand prospect. However, it is heartening to note that the GDP growth rate has been picking up recently, reaching 4.9 per cent during the 1990s.

It is assumed that there is a positive association between the expansion of the manufacturing sector and the rate of increase in women's participation in the economy. The share of manufacturing has been hovering around 11 per cent during the last two decades, yielding a per capita manufacturing value added of only about US\$ 25. The trend growth rate (about .0.5 per cent) indicates weak growth of the sector. Once again, the upturn in the growth rate of the manufacturing sector during the 1990s is suggestive of a better prospect for increased female labour absorption.

Due to the high concentration of gainful employment opportunities in the urban areas, coupled with adverse rural-urban terms of trade, disposable incomes are usually available in the urban areas. The low share of the urban population (20 per cent) further indicates the constrained domestic demand situation (see table 14).

Table 14

Demand indicators of female participation in the manufacturing sector of Bangladesh

GDP growth rate (1972-1973 to 1997-1998)	4.07
GDP growth rate (1991-1992 to 1997-1998)	4.89
GDP per capita (1997-1998) (US\$)	269.00
Growth rate of manufacturing sector (1972-1973 to 1997-1998)	5.51
Growth rate of manufacturing sector (1991-1992 to 1997-1998)	6.07
Share of manufacturing MVA in GDP (1997-1998)	11.20
Per capita MVA (1997-1998) (US\$)	25.33
Share of manufacturing goods in total exports (1997-1998)	89.62
Share of electrical appliances sector in total MVA (1996-1997)	1.37
Share of food and textile sectors in total MVA (1996-1997)	24.62
Share of urban population (1991)	20.00

Source: *Bangladesh Economic Review*, 1998 and *Statistical Yearbook of Bangladesh*, 1997, BBS.

It is often argued that it is not the growth of the manufacturing sector that exerts a decisive impact on women's participation, but rather the *pattern* of industrialization that is considered more important. Normally, assembly-oriented industries with less dependence on skill and physical strength exert a higher demand for female labour. On this basis, the manufacturing sector in Bangladesh appears to be favourable, as the labour-intensive food processing and textile sectors command a sizeable share (25 per cent) in manufacturing value added (MVA). However, the insignificant share (1.4 per cent) of the electrical and electronics appliances sector indicates the current limited role of an activity known for its propensity to attract female labour.

In a liberalized economy operating within an increasingly globalized market, it is expected that the manufacturing sector would respond to competitive market forces and increase its share of manufactured exports. The pattern of international relocation of production characterized by a shift in low-skilled assembly operations in the LDCs is supposed to augment this process. The relatively high share (about 90 per cent) of manufactures in Bangladesh's export basket, and given its growth trend, imply that the incremental (female) employment generation in the future will be concentrated in the export-oriented sectors.

Supply-side factors

The supply-side factors, which influence the participation of women in economic activities, are essentially "gender specific". Since quantitative data on qualitative aspects of socio-cultural factors are not available, we take into account surrogate indicators, which may express influences of social attitudes and cultural norms (see table 15).

Table 15

Supply indicators of female participation in manufacturing sector of Bangladesh

Indicator	Percentage
Female literacy rate of economically active population 15+ years (1995)	24.00
Female-male literacy ratio (15 years and older) (1995)	0.53
Female net enrolment rate at the primary level of education (1995)	70.00
Female-male net enrolment difference at the primary level (1995)	11.00
Female gross enrolment rate at the secondary level (1995)	12.00
Fertility (births per women) (1997)	3.10

Source: *Bangladesh Economic Review*, 1998, BBS, and *Human Development in South Asia*, 1998, HDC.

The first indicator which one needs to consider in this respect is the literacy-related aspect which play a key role in skill acquisition capability. The literacy rate among the economically active female population (15+ years) in Bangladesh is low (24 per cent), although, thanks to policy emphasis and physical facilities provided by the Government, there are distinctive signs of improvement in this respect. Female enrolment rate at the primary level (70 per cent) has risen and the female-male literacy gap has narrowed recently. However, the female enrolment rate at the secondary level is still very low (12 per cent) due to the high rate of drop-out and other social factors inhibiting female education.

The demographic factor influencing the economic role of women indicates that, despite a substantial decrease during the recent past, the fertility rate (3.10) remains high (BBS, 1997). It implies that young women have to allocate a significant portion of their time in bringing up their children, foregoing gainful employment outside the household.

The wage gap is considered to be one of the crucial factors underwriting the supply of female labour to the manufacturing sector. In Bangladesh, due to introduction of a *new* technology package (HYV-fertilizer-irrigation) in agriculture, crop production has risen during the last decade leading to seasonal tightness in the rural labour market. As a result, the female-male wage gap has narrowed down (to 17 per cent) in agriculture. Whereas, due to significant influx of female labour, the wage differential is sustained at a higher level (48 per cent) in the urban labour market.

Accordingly, if the agricultural wage gap works as a disincentive on the supply-side, the manufacturing wage gap should work as a demand augmenting factor for female labour absorption. More importantly, because of increasing social awareness, women are opting for steady wage employment, where the average level of *cash* earning is higher than in agriculture and which allows them to have more control over their own lives (Majumder and Mahmud, 1994).

In sum, the economic activity rate of women in general and the share of women in manufacturing employment in particular are quite low in Bangladesh. However, there are indications that both of these indicators are experiencing an upturn, particularly in the urban areas, and among relatively young women. The sectoral distribution of female manufacturing employment remains highly concentrated in a single activity - RMG; although almost all of the subsectors, which have been demonstrating some growth in the recent past are important from the point of view of the female-intensity of the labour force. There are substantial female-male wage differentials in the country's manufacturing sector, however, such gender gaps are lower in the export-oriented industries. Wage differentials are also lower among production workers and there are indications that the situation is improving in this regard. The demand and supply side factors are also projecting an encouraging outlook, although the benchmarks remain very low.

One is inclined to suggest that such apparently positive trends in the industrial employment of women in Bangladesh is being largely induced by increased integration of the national economy into the global trade circuit, propped up by deregulation and liberalization measures characterizing the current macroeconomic framework.

D. Dynamics of female employment in the textiles sector

The earlier mentioned rapid growth of Bangladesh RMG exports also meant a very high rate of employment expansion. In 1995-1996, about 1.3 million workers were employed in about 2,350 RMG factories in the country. Table 16 presents information on the growth of employment in the RMG sector over the last decade and a half (1981-1982 - 1995-1996). In 1991-1992 (the most recent year for which an activity-specific employment structure is available), about 92.4 per cent of all the employees in the RMG sector were production workers. It is of critical significance that women constitute the overwhelming portion of this workforce.

According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in 1996, almost 1.2 million female workers (i.e. 90 per cent of total employment in the industry) were employed in the export-oriented RMG units.

As can be seen from table 17, in 1994-95, about 46.7 per cent of the total workers employed in the *textile sector* of Bangladesh were women. It is interesting to note here that in almost all countries, irrespective of the level of economic development, women on average constitute almost three-fourths of the total labour force in the textiles sector. Contrastingly, in the case of Bangladesh it is only *the export-oriented RMG industry and the silk subsector where women constitute the majority in the workforce: 9 out of 10 in the export-oriented RMG sector and almost 1 in every 2 in the silk industry. The other notable female participation intensive subsector is the hand-loom sector where women constitute a little less than half of the workforce. In the spinning and knitting subsectors the female participation rates are not significant.*

A substantial discrepancy in the female participation ratio is discernible between local and export-oriented RMG (tables 17 and 18). This is explained by the fact that in Bangladesh the RMG units catering for the local markets are mainly small tailoring outfits run by male workers, while the export-

oriented RMG units are relatively large units with a predominance of female labour. However, as Table 3.8 indicates, *between 1991-1992 and 1994-1995, the share of women in total employment has registered an increase from 5 per cent to 10 per cent in spinning and from 4 per cent to 14 per cent in knitting.*

Table 16

Growth of employment in the RMG sector of Bangladesh

Year	Workers	Supervisors	Managers	Total Workforce
1981-1982	4,200	315	28	4,543
1982-1983	6,400	480	44	6,924
1983-1984	24,000	1,800	172	25,972
1984-1985	99,350	7,451	720	107,521
1985-1986	323,200	24,240	2,348	349,788
1986-1987	346,850	26,014	2,520	375,384
1987-1988	362,250	27,169	2,632	392,051
1988-1989	391,950	29,396	2,848	424,194
1989-1990	405,700	30,428	2,948	439,076
1990-1991	514,050	38,554	3,736	556,340
1991-1992	729,100	54,683	5,300	789,083
1992-1993				804,000
1993-1994				827,000
1994-1995				1,200,000
1995-1996				1,294,000

Source: Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Table 17

Gender composition of employment in Bangladesh textile sector (million person-years)

Subsectors	1991-1992			1994-1995		
	Male	Female	Total	Male	Female	Total
RMG						
- Local	0.720	0.080	0.800	0.752	0.084	0.836
- Export-oriented	0.080	0.720	0.800	0.120	1.080	1.200
Dyeing and finishing	0.200	0.004	0.204	0.202	0.005	0.217
Weaving (power loom)	0.191	0.006	0.197	0.100	0.003	0.103
Hand-loom	0.572	0.455	1.027	0.409	0.324	0.733
Silk	0.100	0.100	0.200	0.110	0.120	0.230
Knitting/hosiery	0.043	0.002	0.045	0.044	0.007	0.051
Spinning	0.115	0.006	0.121	0.120	0.013	0.133
Total	2.021	1.373	3.394	1.867	1.636	3.503

Source: Ministry of Commerce, Government of Bangladesh (1995).

E. Female employment opportunities in the post-MFA phase

From the earlier discussion it is well understood that (i) withdrawal of the quota system, (ii) erosion of GSP preferential margins, and (iii) increasing competition from both "old" (restrained till now by MFA) and "new" (such as Cambodia, China and Vietnam) competitors are *three of the major factors* that will have serious implications for the future of Bangladesh's apparel sector in the foreseeable future. As of now its capacity to translate the static comparative advantage in cheap labour into dynamic competitive advantage is severely constrained by the textile/apparel sector's narrow production base with low technological capability.

Table 18

*Share of female employment in total employment of the textile sector of Bangladesh
(1991-1992 and 1994-1995, percentage)*

Subsectors	1991-1992	1994-1995
RMG		
• Local market-oriented	10	10
• Export-oriented	90	90
Dyeing and finishing	2	2
Weaving (power loom)	3	3
Hand-loom	44	44
Silk	50	52
Knitting and hosiery	4	14
Spinning	5	10

Source: Ministry of Commerce, Government of Bangladesh (1996).

However, the said projections confirm the contention that, if adequate investments are made in the backward linkage textile sector, then Bangladesh can potentially enhance its exports of apparels to a significant extent. Under the projected scenario, Bangladesh has the capacity to remain competitive in the global market, and can potentially increase its share in the global textile/apparel trade, provided appropriate policy initiatives are undertaken. As pointed out above, continuance of preferential treatment under the GSP scheme by Bangladesh has become contingent on the ability of Bangladesh to carry out two- and three-stage transformations through establishment of backward linkage industries. Although in the recent past, the EU has agreed to show some flexibility in terms of such transformation requirements, in effect a limit has been put on exports to the EU beyond which apparel exports from Bangladesh will no longer enjoy preferential treatment under the GSP.

In the above context and given the prospect of increased competition once the textiles sector is integrated under the WTO, the issue of enhancing the competitive strength of the Bangladesh apparel sector has become critically important. With the share of local value addition remaining low, the scope for reducing the cost of the final product by using cheap labour remains limited - since inputs which constitute the major part of the cost is sourced at global price. On the other hand, when backward linkage industries are established (in spinning and weaving) and domestic inputs are then produced at lower prices, the relatively low wage level of a country can play a more important role in enhancing competitiveness of the final product in the global market. However, this approach calls for the undertaking of adequate steps for raising the level of productivity in the upstream activities.

The Ministry of Commerce in Bangladesh carried out a study in 1996 to ascertain the prospect of the country's textile sector in the post-MFA phase. This study included a projection about the future of the sector from two perspectives, which are presented here in some detail. The "normal scenario" under which production in the subsectors of dyeing-finishing, weaving, hand-loom, silk, weaving, knit-hosiery and spinning is expected to grow at the rate of 5 per cent per year during the period 1995-2005, while the consumption/use of fabrics in the export-oriented RMG industry is assumed to increase at the rate of 10 per cent per year during 1995-2000 and 5 per cent per year during 2000-2005. Under the "self-sufficiency scenario", 40 per cent of the domestic and export-oriented requirement of yarn will be locally produced by the year 2000, and by the year 2005 the level of local sourcing will also reach 100 per cent.

Estimates also made by the Ministry of Commerce further show that employment in the textile/apparel sectors may rise from the present level of 3.5 million to 6.2 million under the "normal scenario" and to 9.7 million under the "self-sufficiency scenario" (see table 19). *A large part of this incremental labour force is expected to consist of women.*

Table 19

***Projections of employment in textile sector under "normal" and "self sufficiency" conditions 1995-2005
(Million person-years)***

Subsectors	1995 (base year)	2000		2005	
		Normal conditions	Self sufficiency conditions	Normal conditions	Self sufficiency conditions
RMG					
• Local	0.836	1.071	1.071	1.366	1.366
• Export-oriented	1.200	1.935	1.935	2.469	2.469
Dyeing/finishing	0.217	0.279	0.634	0.356	1.282
Weaving (power loom)	0.103	0.129	0.425	0.165	0.991
Hand-loom	0.733	0.938	0.938	1.1977	1.197
Silk	0.230	0.296	0.296	0.375	0.375
Knitting/hosiery	0.051	0.065	0.065	0.083	0.083
Spinning	0.133	0.170	0.622	0.217	1.985
Total	3.503	4.883	5.986	6.228	9.748

Source: Ministry of Commerce, Government of Bangladesh (1996).

The projections envisage that while the share of female employment (90 per cent) in the export-oriented RMG will be protected, the proportion of female workers would register some increase in the non-export oriented (non-EO) RMG subsectors (see table 20). As stated above, the proportion of women in the total workforce of the textile sector is very low in Bangladesh, even when compared to other developing countries. *As most of the incremental labour force is expected to be employed in the upstream textile-related activities (part of which caters for the local demand), women will not be able fully to exploit the potential employment opportunities, if the present pattern of female employment in the textile sector holds good.* Thus, by the year 2005, the share of female employment is expected to rise from the current level of 10 per cent to only 20 per cent non-EO RMG, while in case of dyeing/finishing subsectors the share is expected to rise from 2 per cent to 10 per cent, for knitting/hosiery subsectors from 4 per cent to 30 per cent, and for the spinning subsector from 5 per cent to 20 per cent. However, the projections made by the Ministry of Commerce do not explicitly indicate whether a conscious employment policy will need to be pursued to provide preferential

employment to women or whether it is envisaged that the low relative wages will automatically ensure enhanced female employment.

If the projections made by the Ministry of Commerce are indeed realized, female employment will rise from 1.6 million (in 1995 base year) to between 3.4 million (under "normal conditions") and 4.0 million (under "self-sufficiency conditions") (tables 19 and 20). However, for such projections to materialize, it will be necessary to allocate a substantial amount of resources in the textiles sector through a combination of investment measures in the public and private sectors, supplemented by foreign direct investments. Besides, the protection currently enjoyed by the textile sector in terms of quantitative restrictions (QRs) on imports and high levels of tariffs may also need to be continued till the year 2005. *Projections show that if QRs on imports of textile products are withdrawn (i.e. integrated into ATC), then about 180,000 women workers will be retrenched immediately.* Table 21 suggests that if the protections enjoyed by the textile sector are withdrawn, employment creation for women will be 250,000 less in the year 2000 and 360,000 less in the year 2005 compared to the projected figures of female employment in the textile sector under the "normal conditions".

Table 20

Share of female labour in the Bangladesh textile apparel sector 1995-2005

Subsectors	1995 (Actual)	2000 (Projected)	2005 (Projected)
RMG			
• Local	10.0	15.0	20.0
• Export-oriented	90.0	90.0	90.0
Dyeing/finishing	2.0	5.0	10.0
Weaving (power loom)	3.0	80.0	15.0
Hand-loom	44.0	47.0	50.0
Silk	52.0	55.0	60.0
Knitting/hosiery	14.0	20.0	30.0
Spinning	10.0	15.0	20.0

Source: Ministry of Commerce, Government of Bangladesh (1996).

Thus, Bangladesh policy makers are faced with a dilemma. If the phenomenal growth of the RMG sector is to be sustained and if the women are to be provided with an enhanced scope of employment in the manufacturing sector, resources must be found and committed to the development of the textile sector. The textile sector must also be given some protection in the interim period. As an LDC, Bangladesh is granted some leeway as regards protectionist policies which are WTO-legal; however, such protection may become untenable from a medium to long-run perspective.

*Table 21**Impact of ATC on employment of women in the textile sector 1995-2005
(Million person-years)*

Subsectors	1995 (Base year)	2000 (Normal conditions)		2005 (Normal conditions)	
		With ATC	Without ATC	With ATC	Without ATC
RMG					
• Local	0.084	0.161	0.161	0.273	0.273
• Export-oriented	1.080	1.742	1.742	2.222	2.222
Dyeing/finishing	0.005	0.007	0.014	0.018	0.036
Weaving (power loom)	0.003	0.005	0.010	0.013	0.025
Hand-loom	0.324	0.221	0.441	0.300	0.599
Silk	0.120	0.147	0.163	0.203	0.225
Knitting/hosiery	0.007	0.007	0.013	0.013	0.025
Spinning	0.013	0.026	0.026	0.043	0.043
Total	1.636	2.316	2.570	3.085	3.448

Source: Ministry of Commerce, Government of Bangladesh (1996).

The projected investments also imply a substantial degree of transfer of technology in the country's textile-related sectors. Tomorrow's competitive factories of Bangladesh will need to have more skilled and semi-skilled workers, with higher literacy rate and adequate capability to carry out the mechanical operations and quality control in the production process (CPD, 1998). If conscious policy interventions and a training programme are not undertaken by the Government to educate and train the women, they cannot be expected to fully exploit the potential opportunities which will be opened up in the backward linkage industries. Given that women workers are currently concentrated in the low-skill intensive operations in Bangladesh, the projected industrial restructuring will demand an important shift from such a structure of employment.

It is necessary to introduce a caveat here. Even if tomorrow's competitive factories, under the pressure of increasing globalization, do indeed become more skill intensive, there is no guarantee that it will be women who will be trained and hired for these more demanding jobs. In developing countries, such as Bangladesh, gender norms and biases, to a great extent, regiment the definitions of skilled and unskilled labourers, the value given to work experience, and the delegation of workers for on-the-job training, etc. In such a context, there is a genuine apprehension that women may be pushed aside as the technological transformation within factories gradually gains momentum. Therefore, Bangladesh would need to combine both structural, institutional and human resource development strategies to ensure that existing women workers, as well as new female entrants, are equipped with the necessary skills and training in order to service the labour market needs of the emerging textile and apparel industries.

IV. CONCLUSIONS AND POLICY PERSPECTIVES

A. Domestic policy environment

Notwithstanding its pervasively discriminatory nature, the MFA has been "a blessing in disguise" for Bangladesh. The MFA quota regime was largely instrumental in fostering the growth of the RMG sector in Bangladesh, the flagship industry of the country.

The ongoing liberalization and globalization of the textiles and clothing market, in all possibility will test the limit of low-skill, intensive export-oriented manufacturing activities in developing countries like Bangladesh. It will also put severe strains on the sustainability of the increased female employment in the sector. However, it will be totally incongruous on the part of Bangladesh to demand an extension of the transition period of the ATC.

Bangladesh would rather need to capitalize on the expanding market access opportunities emerging in the post-MFA global textile market. To this end, the country needs to restructure its domestic textile and clothing sector through upgrading its national, sectoral and firm-level technological capability. Building a competitive textile and clothing sector based on strengthened indigenous technological capability will demand the mobilization of investible resources from both local and foreign sources. This aspect remains the *threshold condition* for supporting current and future job opportunities. The female labour that entered the clothing sector in Bangladesh is concentrated mainly in the low-skill/low-wage segment of the production process, which puts obvious limits to both local value addition in, as well as future growth of the RMG sector. Thus, the future of the highly feminized labour force of the export-oriented RMG sector in Bangladesh is possibly standing at a threshold.

Under these circumstances, even if the number and share of female workers in the Bangladesh labour force registers an increase in the post-MFA period, it is highly unlikely that these changes will result in an enhanced income of the female workers. In view of this, a conscious public policy package aimed at *encouraging skill development, facilitating technology transfer* and raising *productivity level of female workers* needs to be put in place to translate Bangladesh's comparative advantages into competitive strength.

To this end, a concerted and conscious effort by both public and private sectors will be required. The Government will need to design appropriate incentive packages to encourage the private sector to promote gender-friendly, action-oriented activities. *Deconstructing such an approach into macroeconomic policies is a challenging task in itself.* UNCTAD may like to take up this intellectually challenging job, and a few of the obvious policy measures in this respect may be mentioned.

First, there is a need to review the public expenditure pattern with a view to enhancing the gender-equity sensitive allocation. Emphasis has to be given particularly on social sector expenditures targeted towards female primary education, in line with the entrepreneurs' preference for hiring literate and numerate female workers. Demands on such basic educational competency will increase further with diffusion of new technologies in the apparel sector. Such expenditures have to be protected in the face of compulsion to budget balance under the "stabilization" and "adjustment" policy requirements.

Second, a mechanism has to be devised to facilitate the Government and the entrepreneurs entering into a cost-sharing arrangement for on-the-job training of female workers. The public

contribution is supposed to underwrite the potential risk arising from the possibility that the workers may leave the host enterprise after receiving the training. The task of skill upgrading of female workers if left to either of the two actors exclusively will hardly meet with success.

Third, government policy towards the labour market will have to be guided by the concern of promoting a flexible labour market. Under no circumstances should labour market intervention make female labour costlier to the employer (e.g. by emphasizing maternity benefits and restrictions of women working at night) than that of their male counterparts. However, this is not to underplay the need to enforce the current statutory provisions relating to female industrial employment.

Fourth, in order to counteract gender discrimination based on social prejudices, Government has to step up the public information campaign aimed at changing people's perception of women's role in society, particularly in the workplace. Such an awareness building exercise is supposed to counter-act the perception which contribute towards compartmentalization of female participation in production processes and perpetuation of wage biases against female workers. Effective involvement of the trade unions and the concerned NGOs in this area is needed to enhance the efficacy of this sensitization exercise.

B. Global initiatives

The process of building a competitive textiles and clothing sector in a developing country like Bangladesh, will be defined in large part by the dynamics of the global economic environment. Elimination of the MFA in no way saves the developing countries from facing a global economic governance characterized by continued marginalization of the low-income economies. The major issues which need to be addressed in this regard include *improving market access, financing development, international capital flows, technology transfer, capacity building support and external debt*. All these and other related issues are acquiring greater significance with the prospect of launching a new round of MTN (Millennium Round) at the behest of the developed countries. UNCTAD may play an important role in all of these areas in protecting and presenting the interests of the developing countries.

1. *Market access*. In the light of the Marrakech Declaration as well as the Singapore and Geneva Ministerial Declarations, developed countries should be encouraged to give higher market access for goods coming from the LDCs undertaking specific responsibilities in the textiles sector. UNCTAD could pursue the case of zero-tariff access for textiles and clothing imported from the LDCs. Such a move would allow this group of countries to cope better with new competitive forces to be unleashed by the total phase-out of the MFA.
2. *Financing development*. International development assistance will be required for the foreseeable future in developing countries like Bangladesh, which are having difficulty in raising domestic savings and are being bypassed by commercial capital flows. It is true that development of the textile and clothing sector has to be based on private investment. However, supply-side responses in this sector are being inhibited due to capacity constraints in trade-supportive infrastructure. UNCTAD may play a critical role in mobilizing project and programme assistance through fuller realization of the ODA targets for these activities which are not always attractive to the private sector.
3. *International capital flows*. While the flow of FDI, portfolio investment and bank loans has experienced a surge in the recent period, countries like Bangladesh have been only a marginal

beneficiary of the process. Bangladesh needs a large volume of global finance to supplement its domestic capital in order to implement its ambitious textile sector restructuring programme. UNCTAD, in the backdrop of the East Asian crisis may propose international structures and regulations that would promote an enhanced flow of FDI to the textile sectors of the developing economies and induce greater order and stability in the global financial market to reduce the vulnerabilities of these economies from external shocks.

4. *Technology transfer.* The WTO Agreement on TRIPS obligates the developed countries to "provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least developed country members in order to enable them to create a sound and viable technology base". Such a base is an important prerequisite for building a competitive textiles and clothing sector in Bangladesh. UNCTAD may take upon itself the task of monitoring the stipulated action, particularly with respect to the textiles and clothing sector.
5. *Capacity building.* It is well established that the developing countries in general and LDCs in particular are not able to use trade as an effective vehicle for development, nor effectively to advance their interests through the WTO, essentially because of their lack of capacity to respond to opportunities offered by the global trading system. To address this significant structural and institutional problem, the 1996 WTO Ministerial Declaration called upon a half-dozen multilateral institutions to provide an Integrated Framework of trade-related assistance. Prompt initiation of such a programme would have definitely helped the LDCs to face the post-MFA challenges. Notwithstanding a large volume of preparatory work done over the last three years, such an assistance programme is not yet in place in any of the eligible countries. UNCTAD as one of the co-sponsors of the initiative could have played a more energetic role in getting this demand-driven programme off the ground.
6. *External Debt.* External debt is a vital issue for developing countries as its servicing deprives them of significant resources that could have been used for development purposes. While there are some highly restrictive or arbitrary stand-alone measures (e.g. the HIPC initiative), there is great reluctance on behalf of the Northern countries to deal with matter of external debt in a comprehensive manner. Interestingly, countries like Bangladesh are not included in the HIPIC servicing-initiative because of their good (RMG) export performance and exemplary debt servicing credentials. In other words these countries are being penalized for their success and thus their efforts to enhance trade-related supply capacities through increased investment is being undermined. UNCTAD may play a lead role in effectively bringing back the issue of external debt on to the global agenda for development.

All the issues mentioned above are germane to the success of the overall development efforts of the developing countries. These have acquired enhanced significance with the deepening of the forces of liberalization and globalization, and as international trade has emerged as one of the definitive features of development. Taking note of the revealed labour market dynamics in the developing economies in the recent past, it can be safely concluded that if all these issues are faithfully addressed, then employment opportunities for women will definitely increase in these countries.

However, it must be modestly recognized that our knowledge and information on the gender dimensions of the initiatives underscored above are very dated, if not totally lacking. It may very well be possible that the assumed positive association between these initiatives and a pro-women outcome is not automatic or self-generating. In fact, UNCTAD, with a view to enhancing the gender efficacy of its activities, may like to undertake further empirical research and policy analysis in order to identify these assumed causalities.

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PAKISTAN'S CLOTH AND LEATHER EXPORTS: ENVIRONMENTAL ASPECTS AND MITIGATION COSTS^{*131}

by

*Shahrukh Rafi Khan, Mahmood A. Khwaja, Abdul Matin Khan, and Sajid Kazmi,
Sustainable Development Policy Institute, Islamabad and*

by

*Haider Ghani Mian,
Senior Coordinator, Environmental Economics Programme
International Union for Conservation of Nature (IUCN) – The World Conservation Union
Karachi, Pakistan*

I. TRADE LIBERALIZATION, MANUFACTURING AND THE ENVIRONMENT¹³²

The "Rio Declaration on Environment and Development - 1992" embodied a consensus that trade and sustainable development can be compatible objectives and that they are inextricably inter-linked. Trade can generate resources and also ensure the efficient allocation of resources. First, these resources can be utilized for sustainable development.¹³³ Second, the mechanisms of trade itself can enhance sustainable development via cleaner processes and production methods (PPM), with the impetus for this coming from discerning consumers, shareholders and responsive governments.

On April 15, 1994, at Marrakech, the contracting parties to the GATT put their signatures on the agreement to set up a World Trade Organization (WTO), concluding thus the elongated Uruguay Round. The first task before the General Council of the WTO, after being set up at the start of 1995, was to constitute a Committee on Trade and Environment (CTE). This reflected the priority attached to bringing environment within the purview of trade discussions. The terms of reference of the CTE were as follows: (a) the identification of the linkages between trade and environmental measures in order to promote sustainable development, and (b) make appropriate recommendations on whether any modifications of the multilateral trading system are required. Within these terms of reference and with a view to promoting the United Nations Conference on Environment and Development (UNCED) objective of making international trade and environmental policies mutually supportive, an extensive work programme in seven areas was decided upon and initiated by a special subcommittee of the

^{*} Editor's note: this paper is focused on the expansion in recent years of Pakistan's cloth and leather exports in response to the international trade-creating influences of liberalization and globalization. It specifically examines the negative impacts on the environment of the pollution created by the traditional production processes of cloth and leather in Pakistan, and assesses, on realistic assumptions, the likely future mitigation costs that would arise if strong and effective measures were to be imposed on these industries to curb their environmental degrading activities. The authors thus centre their attention on two of the Workshop themes, namely, trade and sustainable development, but do not deal explicitly with the gender issue. However, the substance of this paper does provide a firm basis for further study of the gender concerns in these two important Pakistan industries.

¹³¹ This paper draws extensively from a Report on Trade and Sustainable Development submitted to the International Institute for Sustainable Development (IISD), Canada for the IISD/UCN/IDRC Project on "Building Capacity for Trade and Sustainable development in Developing Countries", June 1999. The numerous and careful comments of Aaron Cosbey on this Report are duly acknowledged.

¹³² This section draws on earlier proposals on trade and the environment prepared by the Sustainable Development Policy Institute (SDPI).

¹³³ There is, of course, no guarantee that this will happen.

Preparatory Committee of the WTO.¹³⁴ The centre-stage of the international debate on development in the remaining part of the 1990s and the early part of the next century is likely to be occupied by the issues of trade, environment and sustainable development.

Pakistan's commitment to environment and sustainable development is outlined in its *National Conservation Strategy* (NCS). The authors of this Strategy, not unlike the authors of the World Conservation Strategy, could not foresee the pervasive impact of trade on the environment. Indeed, the Ministry of Commerce was not represented on the steering committee. The representation from NGOs and the private sector did not reflect this aspect either, and nor was there any effort made to commission a background paper to outside experts.

Thus, so far as trade and environment were concerned, the situation was one of two distinct cultures. Knowledge and postures existed separately, with a conspicuous lack of cross-cultural view. Yet the need, in the wake of the WTO work programme, is for a cross-cultural view. Before this can be accomplished, it is important to expose policy makers, NGOs and the private sector to the main issues involved in the debate on trade and sustainable development and the findings of primary research on key areas in this field.

A. Trade theory and environmental issues

Traditional international trade theory, based on the concept of *comparative advantage*, claims that trade brings mutual benefits to all parties engaged in exchange. However, the theory of comparative advantage is not based on the internalization of environmental costs of the goods and services to be traded. The terms of trade of a country thus do not reflect the social costs involved in the production and consumption of goods and services to be traded.

The trade and environment literature deals with a number of issues and hypotheses that are not a part of traditional trade theory. Many of these are related to concerns in the North or the South about fair trade. First, that trade liberalization could result in strategic movement on the part of Northern multinational corporations (NMCs) to Southern countries with more lax environmental regulations and hence result in a loss of Northern jobs. Second, that the North could use trade liberalization to dump its dirty technology and other domestically prohibited goods (DPG) on the South. Third, that structural adjustment-induced export promotion could result in the South exporting its environmental capital. Fourth, that multilateral environmental agreements (MEAs) are increasingly affecting the world trading environment and these MEAs could block Southern exports. Finally, that the North has a greater resource and technological ability to meet the standards it sets and that this will mean blocking access to Southern exports and enhancing its market share.¹³⁵

Companies in the North may fear that with the dismantling of trade barriers, developing countries may have a competitive edge due to their less stringent or more lax enforcement of environmental regulations. This might lead to a relocation of factories to developing countries to take advantage of lax environmental regulations and/or enforcement. Studies by Repetto (1993), Dean (1991), Tobey (1990) and Lalonde and Chabason (1994) refute this hypothesis. They argue

¹³⁴ Meecham (1998), pp. 87-90, provides an account of the recent history of trade and the environment and also the trend in thinking within the WTO Committee on Trade and Environment (CTE) on various issues (pp. 94-109). A good source for the latter are the regular WTO Trade and Environment Bulletins. See UNDP/UNCTAD (1998), pp. 24-27, for the mandate of the CTE.

¹³⁵ See UNDP/UNCTAD (1998), pp. 15-21, for a summary of environment and trade policy interactions.

that relocating a plant entails complex and lengthy processes which includes selling an existing plant, severing its workforce, relocation of key personnel, choosing a new site, building a new factory, recruiting and training new staff. All these processes are not feasible just to take advantage of savings on pollution control costs that total less than two per cent of total sales. The *World Development Report* (1992), p. 67, also states that environmental costs are a minor share of output value – averaging only 0.5 per cent for all US industries in 1988 and 3 per cent for the most polluting industry. Mani and Wheeler (1997) find (using cross-country analysis) that the pattern of evidence does seem consistent with the pollution haven pattern of investment. However, upon closer examination, they suggest that there are several other reasons explaining “dirty production” in the South that have little to do with the “pollution haven” story.

Developing countries feel threatened that, with trade liberalization, there may be an influx of dirty technology coming into their countries. While evidence on this is limited, there was an instance in Pakistan whereby a second-hand Danish mercury chlor-alkali plant was being imported in 1994.¹³⁶ Greenpeace International, with the support of local environmental organizations, frustrated this attempt. Similarly, the newspapers reported on the proposed dumping of toxic wastes off the coast of Pakistan’s Baluchistan province. Thus the World environmental community needs to be alerted to the disposal of various DPGs including “dirty machinery”, toxic wastes, insecticides, fertilizers, chemicals and pharmaceuticals.¹³⁷

Critics of the free trade ideology claims that increased exports, particularly in the aftermath of liberalization, will be at the cost of natural resource depletion and degradation and increased industrial pollution. Thus the World Commission on Environment and Development (1987) pointed out, in what is referred to as the Brundtland Report, that during the 1980s the South’s commodity trade was based on the over harvesting of nature in order to service its debt. The problem will be especially acute in that the South lacks the resources and technological know-how to combat environmental degradation.

Proponents of liberalization argue that, to the contrary, enhanced exports are likely to benefit the environment in the long run. Birdsall and Wheeler (1992) point out that competition would induce the drive towards the latest manufacturing technologies and, since these are likely to be procured from the North, they are likely to be much cleaner. Further, western importers may require cleaner processes to ensure greener products.¹³⁸ They present evidence from their own cross-country analysis showing greater openness to be associated with less pollution intensive industrialization. Eliste and Fredriksson (1998) found that for the agricultural sector, trade liberalization does not induce a “race to the bottom.” Their findings suggest a positive relationship between stringency of environmental regulations and trade openness. Their findings also suggest that there is a positive association of the degree of stringency in regulations among trading partners.

Cross-country evidence can at best be viewed as suggestive. Thus, more evidence on this issue, based on industry case studies, is awaited. Dean (1998) developed and estimated a simultaneous equation model for Chinese provincial data to show that the direct effect of liberalization, via the terms of trade, is negative but the indirect effect via income growth is positive. Again, the income growth effect could equally be neutral and essentially depends on the political economy of resource

¹³⁶ Mercury-based production of chlor-alkali will be phased out by Paris Commission countries, of which Denmark is a member, by 2010. Also Jha and Teixeira (1997), p. 179, note the movement of leather tanning to the South as the North imposed stringent environmental standards.

¹³⁷ OECD (1994).

¹³⁸ They cite evidence of German imports of fish-meal and paper products from Chile which required treatment of effluent to ensure reduced bacteriological contamination of products (p. 160). Another example cited by Robins and Roberts (1997), p. 22, is the production adjustment of Indian textile producers to the ban on azo dyes.

allocation in a particular setting. Strutt and Anderson (1998) have developed a methodology to study the impact of trade liberalization and environmental depletion and apply this to Indonesia. They find that trade policy reform expected in the next two decades would, in many cases, given the current state of environmental regulation, improve the environment and reduce resource depletion with regards to air and water. In other research done by the authors that they cite, the same is claimed for land degradation via soil erosion and associated off-site damage. In the worst case scenarios, trade liberalization is expected to add only slightly to environmental degradation.

B. Trade policy and the environment

In recent years, trade policy has been considered as an instrument to enforce environmental compliance in the form of inclusion of trade provisions in multilateral environmental agreements (MEA).¹³⁹ These may include unilateral use of trade measures to enforce environmental compliance on the part of trading partners. The sanctions, if applied, would mean that trade with non-parties to the agreement would be prohibited in principle. So far the WTO has not endorsed the use of such sanctions. Nonetheless, these MEAs are an important feature of the trade environment scene.

The provisions of the Montreal Protocol required signatories to ban imports of CFCs (chloroflourocarbons) and products containing CFCs from non-signatory countries. Precedence now exists regarding the unilateral use of trade measures to enforce environmental compliance e.g., the US ban on Mexican tuna to protect dolphins in international waters or the import ban on shrimps to encourage the use of turtle excluder devices to protect sea turtles, are cases in point. The Convention on International Trade in Endangered Species (CITES) imposes a ban on trade in ivory. Other countries have import bans on whales, fur seals, polar bear and some specific migratory birds and species. The Basel Convention bans trade in hazardous and toxic wastes. The main reasons for using Trade-Related Environmental Measures (TREMs) are:

- (a) To discourage unsustainable exploitation of natural resources;
- (b) To discourage environmentally harmful production processes;
- (c) To prevent the migration of industries especially affected by a policy from migrating to states not implementing the policy (so called “pollution havens”);
- (d) To induce producers to internalize the costs of the environmental harm associated with their products and production processes and
- (e) To prevent states not implementing a given policy from gaining a competition advantage by avoiding costly environmental investment or expenses.

The agreement on Sanitary and Phytosanitary Measures (SPS), which was ratified at Marrakech, recognizes the right of countries to protect the health, safety and life of domestic plants, animals and humans, provided that these measures do not arbitrarily or unjustifiably discriminate between countries where the same conditions prevail, or are not a disguised restriction on international trade. The agreement also calls for the desirability to “harmonize sanitary and phytosanitary measures between member countries on the basis of international standards, guidelines and recommendations developed by the relevant international organizations” GATT (1994). The Agreement on Technical Barriers to Trade (ATBT) provides for the preparation, adoption and application of technical regulations by governments of member countries and promotes the harmonization of mandatory technical regulations and voluntary conformity with assessment procedures and standards. Both SPS and ATBT are

¹³⁹. Cai, W. et al (1997), p. 21.

intended to ensure that standards and conformity assessment procedures do not create unnecessary restrictions to trade.¹⁴⁰

The emphasis by the Northern environmental community on uniformity of production and process methods and environmental effects of production processes is interpreted by the South as an effort to restrict its access to Northern markets. The argument is that Southern countries do not have the capacity of Northern countries to cope with detailed regulation. Thus benefits of liberalization and environmental conservation, in the presence of harmonized standards, will be skewed in favour of the North.¹⁴¹ Brazil raised this issue originally in 1993 over European Union regulations for tissue paper production. Brazilian pulp manufacturers complained that the regulations on consumption of renewable and non-renewable resources, waste generation and sulphur emissions would disadvantage foreign producers who could not meet these standards.¹⁴² Since then, many LDC exporters to the OECD countries have had to confront standards, particularly in the leather and textile industries.¹⁴³

Our view on this issue differs. Southern countries like Pakistan must distinguish between restrictions imposed by Northern governments and those imposed by Northern businesses. If Northern Governments imposed import restrictions because Southern countries are not doing enough about child labour or cleaning production technologies, this constitutes a non-tariff barrier. However, this is not the big danger that faces Southern exporters. Increasingly, businesses in the North are being required by their boards/shareholders to do business with firms that meet certain “voluntary” environmental and quality standards. In some ways, a cleaner environment is viewed as a luxury good and the more prosperous Northern consumers are viewed as requiring it.¹⁴⁴ This is thus a market-dictated standard and not as such a non-tariff barrier imposed by Northern governments. This is a very important distinction. The only option Southern exporters have is to conform or lose markets.

Even if the standards are imposed by Northern governments and they provide an edge to Northern producers who are more capable of meeting them, it would still be wise for LDCs to conform. It does appear that such standards are patently hypocritical. For years, market-trained academic and non-academic economists have lectured the third world to “let the market decide.” Now that LDCs have the comparative advantage and want the market to decide, they have various additional hoops to jump through to get product acceptance. In fact, the reality is that various product-related environmental standards should be seen as an ongoing consumer protection movement in the West. If LDCs confront process-related standards, they can legitimately complain about an infringement on their sovereignty as long as governments impose these. However, they cannot argue with consumer sovereignty in the West. Further, our view is that cleaning up production processes generates far more social benefits than costs in producer countries and wins markets as well.

There also appears to be a misperception among political authorities in Pakistan that cleaning up the environment is a luxury we cannot afford or that preventing environmental damage imposes an unbearable economic cost. This is true only when viewed from a limited short-run perspective. Politicians and businesses need to realize that environmental damage depletes the natural resource base via water, soil and air degradation and results in current and future loss in productivity. Much more important is the loss of productivity resulting from the impairment of the health of current and future

¹⁴⁰ UNDP/UNCTAD (1998), p. 35.

¹⁴¹ Nath (1997).

¹⁴² *The Ecologist*, Vol. 25, No. 1, 1995.

¹⁴³ WWF (1997) points out that India, China and Zimbabwe confronted barriers due to textile dies. See CBI/CREM *Environmental Quick Scans* for identifying bans, standards and existing and intended environmental legislation applicable to EU imports from developing countries.

¹⁴⁴ This positive income elasticity for a cleaner environment is the logic underlying the controversial environmental Kuznet's curve. See Grossman and Krueger (1991).

generations.¹⁴⁵ Politicians always speak for the poor, but it is the poor who are least capable of defending themselves from environmental ravages. If improving the health, productivity and quality of life of the current and future generations is not a sufficient inducement to act quickly, the potential huge loss of export markets should be. The Uruguay Round induced increase in exports for developing and transitional economies has been estimated to be between 14 per cent to 37 per cent.¹⁴⁶ Thus the dividends from the right decisions are potentially very high.

An analytical framework developed in OECD (1994), pp. 7-17, categorizes the environmental impact of trade into product, scale, structural and regulatory effects. In each category, there can be positive and negative effects. Our focus is on the negative scale effects that can result from trade expansion and trade liberalization in two of Pakistan's key manufacturing export sectors. Thus, as production expands to respond to growing export markets, without proper environmental policy and enforcement mechanisms in place, these enhanced exports will prove to be environmentally disastrous. Fortunately, in Pakistan's case, a reasonable environmental policy is in place. Currently, government, business and civil society groups are groping towards appropriate implementation mechanisms. This research will indicate the urgency of coming to a quick resolution. We will also demonstrate the cost and benefits of mitigation strategies. Our main finding is that the costs of mitigation are much lower than perceived to be the case in the South.¹⁴⁷

II. ENVIRONMENTAL IMPACTS

A. Cotton production and exports¹⁴⁸

In investigating the environmental impacts, we start with cotton production, which is where the commodity chain begins.¹⁴⁹ Two of the most damaging inputs into cotton production are pesticides and fertilizers and we start the analysis with the environmental impacts of these inputs.

1. Pesticides

The main negative environmental impact from cotton production results from the use of chemical inputs. Carson's *Silent Spring* (1962) started the questioning and the concern and many others have since written about the negative effects of pesticides,¹⁵⁰ particularly concerning their use in developing countries.¹⁵¹ Weir and Schapiro in the *Circle of Poison* (1981) pointed out that

¹⁴⁵ Da Silva and Qazilbash's (1998), upper bound estimate for the cost of inaction in dealing with environment degradation in Pakistan was \$4.36 billion in 1996, over half of Pakistan's export earnings in that year.

¹⁴⁶ Mehta (1997).

¹⁴⁷ For example UNCTAD (1995), p. 7, and Lalonde and Chabason (1994), p. 13, suggest that the costs of mitigation are very high. A WWF (1997), p. 19, study reports that large firm cost increases range from 8 to 10 per cent in textiles. Similar fears are expressed by Bharucha (1997), p. 134, and p. 136, and Jha and Teixeira (1997), p. 179.

¹⁴⁸ Von Moltke et al (1998), pp. 135-138, and Chaudhury et al (1998) include useful sections on the environmental and health impacts of pesticides in their reports. The findings concerning Pakistan draw on these sources.

¹⁴⁹ For a conceptualization of commodity chains, see von Moltke et al (1998), pp. 25 – 65.

¹⁵⁰ By pesticides we mean insecticides (predominantly), nematocides, herbicides, defoliants and desiccants.

¹⁵¹ Not all were persuaded by *Silent Spring* and the literature it spawned. Avery (1994), p. 89, argues that such argumentation roots from "an almost mystical belief that man-made chemicals are more dangerous than 'natural' chemicals." The latter, such as caffeic acid, limonene, hydrazines are in various foods and ingested in much larger quantities than pesticide residue. Also, natural chemicals test out to be as dangerous as the synthetic variety in rats. By implication, he argues, the human body is capable of handling the "small carcinogenic insults" resulting from pest residues.

pesticide poisoning in LDCs was thirteen times greater than in the United States, due to the lower level of education, despite the much greater use in the United States. Drifting pesticide sprays, leaky applicators, inappropriate and overuse result in run-offs and seepage into water and soil.

Residues in soil, food and water and unsafe handling result in various medical problems for people including enzyme imbalances, skin and allergic reactions, delayed neurotoxicity, behavioral changes, lesions, changes in the central nervous system, peripheral neuritis, carcinogenic and oncogenic diseases, sterility, cataracts, lung proliferation, memory loss and damage to the immune system. Colborn (1994) points out that most of the past testing focused on individuals directly exposed and not on the functionality of their offspring. He points out that studies reveal that "as a result of [pesticide] exposure in the womb of mammals including human, the endocrine, immune and nervous systems of embryos do not develop normally."

Sandhu (1993), cites an FAO study claiming that only 5 per cent of the insecticide fell on target plants; the rest pollutes the environment.¹⁵² The adverse impact on the land base includes a reduction in the natural fertility of the soil, harm to the soil structure and soil aeration, reduction of the water holding capacity of the soil making it more prone to soil erosion by water and wind, and lower drought tolerance of crops. Finally, pesticides are viewed as indiscriminately killing useful insects, micro-organisms and insect predator species, breeding more virulent and resistant species of insects and vectors, and reducing the genetic diversity of plant species.¹⁵³

In Pakistan, there is evidence that cotton pests such as the American bollworm and the whitefly have developed resistance against common pesticides and this has had a devastating economic impact on Pakistan's mono-economy in 1992-1993. Sale of adulterated pesticides is perceived as one cause of such resistance. This kind of phenomenon results in what has been referred to as the "pesticide treadmill" where farmers feel compelled to use more pesticides when less does not work and where more is perceived to be better if less is working. In addition aggressive marketing by multinational pharmaceutical companies leads to overuse and also a market for adulterated pesticides sold at lower prices.

Jabbar and Mallick (1994) reviewed the scanty evidence on this issue in Pakistan and reported the existence of residues in water, soil, food and people.¹⁵⁴ This evidence also indicated the existence of the above mentioned maladies resulting from pesticides.

2. Fertilizers

Qutub (1994) documents the costs to human health and the environment. Excess nitrate and nitrite in water and foods can result in methemoglobinemia in infants, are viewed as carcinogenic and can result in respiratory illnesses. Run-off can result in eutrophication via enhanced algae growth and hence hurt fish stocks and also humans via algae toxins. Soil erosion could result from volatilization and denitrification. Finally, nitrates contribute to "soil-pan formation and nitrogenous gasses can result contribute to the green house effect.

¹⁵² This is more likely to be the case for aerial spraying. Since 1981-1982, the maximum aerial spraying has been 1.6 per cent of total cropped area in 1992-1993. Ground plant protection in 1991-1992, the latest year for which data were available, was about 20 per cent of total cropped area. *Agricultural Statistics of Pakistan 1993-94* (1995), pp. 154-158.

¹⁵³ See Carr-Harris and Dudani (1992), p. 10, p. 14.

¹⁵⁴ Most dramatic is an account of 194 cases of endrin poisoning in Talagang. Seventy per cent of the cases were among minors between one and nine years and 19 people died. Sandhu (1993), p. 22, cites a WHO study claiming about half a million people in the world are poisoned each year and about 5,000 of these people die.

Fertilizer use in Pakistan has steadily increased from 20 kgs. per hectare in 1971-1972 to 91 kgs. per hectare in 1991-1992 and 103 kgs. in 1994-95. Evidence on the negative environmental impact of fertilizers in Pakistan is once again very limited. Ali and Jabbar (1992) tested soils in Faisalabad in a pilot study and concluded that nitrates are present in sub-surface soils in considerable quantities.

3. *Anticipated increase in insecticide and fertilizer use*

Since farmers do not use herbicides or defoliants, the main source of concern is the use of insecticides.¹⁵⁵ The consumption of pesticides in 1997 was 44,872 metric tons¹⁵⁶ and a large portion of it is used in cotton production (about 65 per cent).¹⁵⁷ Pakistani farmers use about 8-13 sprays per season, which is about twice the level recommended by cotton researchers and extension staff. The number of sprays and the area covered has increased dramatically over time. Thus while the area sprayed as a percentage of total area under cotton cultivation was 5-10 per cent in 1983, it was 95-98 per cent in 1991.

Projecting from past trends, chemical fertilizer use is expected to continue to increase in Pakistan. Use is much more intensive in Europe and Japan with the Netherlands applying the most (554 kgs. per hectare) in 1994-1995 compared to Pakistan's 103 kgs. per hectare. However, while use among the major OECD countries is much higher, use in all of them has been steadily declining since the middle to late 1980s and use in the United States is already as low as in Pakistan.¹⁵⁸ Pakistan does not need to wait for the same intensity of use to derive the same lessons because well known alternatives like integrated plant nutrient system (IPNS) and integrated pest management (IPM) are already available.

*B. Environmental impacts of textile and clothing production*¹⁵⁹

The environmental impacts result from the impacts associated with the various cotton processing (cloth producing) stages including spinning (blowing, mixing, carding, combing, drawing, simplexing, ring spinning / open end spinning, cone winding, bleaching, dyeing and drying), weaving (done after warping and sizing) and finishing (singeing, de-sizing, washing, bleaching, scouring, heating, washing, mercerizing, washing, dyeing, washing, printing, finishing, calendering and warping). The various chemicals and substances used in these processes include, enzymes, wetting agents, acids, polyvinyl alcohol, polyvinyl acetate, carboxymethyl cellulose, gelatine glue, gums, sodium silicates, sodium carbonates, caustic soda, synthetic detergents, hydrogen peroxide, hydrogen sulphide, ammonium and sodium phosphates. Some of these chemicals are a fire risk if not carefully stored, others are corrosive or extremely toxic and other solvents represent a chronic health risk if prolonged exposure takes place.

Various kinds of pollution are possible from the above processes. The release of cotton dust to the air from spinning operations can be a health hazard. It can cause acute respiratory diseases. Most of the spinning is done in modern plants, which are equipped with dust extraction equipment or waste recovery units for reducing particulate emissions. However, a serious problem of dust pollution continues to exist in small-scale units in the informal sector. The potential adverse impacts of other air

¹⁵⁵ Most of this subsection is based on von Moltke (1998), pp. 132-138.

¹⁵⁶ Government of Pakistan, *Agricultural Statistics of Pakistan 1996-1997* (1998), p. 155.

¹⁵⁷ von Moltke (1998), p. 134.

¹⁵⁸ Government of Pakistan, *Agricultural Statistics of Pakistan, 1996-1997* (1998), p. 138.

¹⁵⁹ The description in this subsection draws on SDPI (1995). This information is based on data collected from an audit of three textile units. Two were composite textile mills performing the whole spectrum of operations while the third was a garment manufacturing unit. The selection was based on the size of the units and the range of processes they engaged in.

emissions include damage to animal life, vegetation and the incidence of smog. Excessive noise and odour levels, resulting from textile processing, can also impinge upon worker health and safety. Again, small and medium-sized enterprise (SME) workers are more susceptible. Soil pollution resulting from untreated effluents seeping into the water table is dangerous because it is largely irreversible. It takes a long time to decrease the concentrations of contaminants to acceptable levels. However, the environmental impacts associated with the textile industry are mainly those associated with water pollution caused by the discharge of untreated liquid effluent in the main channel, which eventually flows into rivers. Liquid wastes mostly arise from washing operations and it is estimated that 100 kgs. of effluents are generated by one kg. of textile.

These effluents contain high bio-chemical oxygen demand (BOD), suspended solids (SS) such as fibre and grease, chemical oxygen demand (COD), and TDS (total dissolved solids).¹⁶⁰ The effluent is generally hot, alkaline, strong smelling and coloured by chemicals used in the dyeing processes. High BOD and COD lower the dissolved oxygen of the receiving waters, threaten aquatic life and damaging both the aesthetic value and water use quality downstream. High COD also results in obnoxious odours, toxic sulphides. Suspended solids raise water turbidity, reduce light penetration and hence plant production. They settle to the bottom where they destroy fish spawning grounds and other organisms that serve as fish food. Fish gills can also be plugged if SS are high. TDS are the inorganic salts and substances that are dissolved in the water. This process accelerates corrosion in the water systems and pipes and depress crop yields if used for irrigation. Metals and compounds such as phenol and chromium, which are used in textile processing, are known to be carcinogenic. Phenol compounds have a objectionable taste and chlorine odour and chromium can result in liver necrosis and nephritis that are lethal. Large dosages can result in irritation of the gastro-intestinal mucosa and cancer in the human digestive tract. The azo dyes are also believed to be carcinogenic and allergy inducing. Thus they can represent a health hazard for both the worker and the consumer.

The release of contaminated water can also pose a serious threat to surface and groundwater resources in areas where textile units are concentrated and, in extreme cases, render water unfit for drinking. In addition, the eventual contamination of seawater also results in harm to fisheries.

C. Environmental impacts of leather production

The main source utilized for this subsection is ETPI (1997), that drew its information from an audit of three tanneries. Parikh et al (1995) was also extensively drawn upon. Leather tanning has been ranked as one of the most polluting activities compared to other manufacturing sector activities. It also has one of the highest toxic intensity per unit of output.¹⁶¹

Converting hides into leather is a heavily chemical intensive process utilizing roughly 130 chemicals. The main chemicals used in the various processing stages include sodium sulphide, lime powder, ammonium sulphate, sodium chloride, sulphuric acid, chromium sulphate, sulphonated and sulphated oils, formaldehyde, pigments, dyes and anti-fungus agents. The processing stages are pre-tanning (soaking, unhairing and liming, fleshing, deliming, washing, bating and de-greasing), tanning (pickling, chrome tanning, wet-blue storage, sorting, splitting and shaving), wet finishing (wet back, neutralization, retanning, washing, fat liquoring, dyeing and washing), dry machine process (sammying/setting, drying, stacking/toggling, shaving, trimming and pressing), and finishing (buffing, spraying/coating, drying and glazing/polishing).

¹⁶⁰ Robins and Roberts (1997), p. 22.

¹⁶¹ WTO (1997), p. 52.

Pollution or wastes resulting from these processes are air, solid and primarily liquid. Hydrogen sulphide and ammonia are the major gases released into the atmosphere. However, laboratory results showed emissions lower than the national environmental quality standards.

Most of the solid wastes are recycled. The drums, cartons and chemical bags are procured for re-use. Fleshing, raw trimming and buffing dust is bought by leather board or poultry feed manufacturers. These solid wastes contain chromium residues which is known to cause perforations and bronchiogenic carcinoma to humans who are continuously exposed. Chicken feeds prepared from proteins containing tanneries solid wastes is likely to cause direct entry of chromium into the food chain. The results of tests conducted by the Pakistan Tanners Association showed chrome residues in poultry feed. Leather shavings are used as cheap fuel in kilns causing the release of chromium into the environment. The remaining solid wastes are usually illegally dumped around the factory area on unutilized lands. These solid wastes include metal contents, such as chromium, aluminium and zirconium, which have a detrimental effect on plant growth.

In the course of processing of hides into leather, roughly 50-150 litres of water were used per one kilogram of converted leather. Thus effluents discharged from tanneries are voluminous, highly coloured and contain a heavy sediment load, including toxic metallic compounds, chemicals, biologically oxidizable materials and large quantities of putrefying suspended matter. Tannery effluents, without any pretreatment, are discharged indiscriminately into water bodies or open land, resulting in contamination of surface as well as sub-surface water. The lack of effective implementation of legislative control, poor processing practices and use of unrefined conventional leather processing methods have further aggravated the pollution problem caused by the tanning industry in the South Asian region including Pakistan.¹⁶²

As in the case of all industries, the poorest are the worst affected by the pollution. First, for generations, leather-related jobs are done by the lower castes. Second, the competition for such jobs is so intense that the manufacturers do not have to improve the dangerous working conditions. Third, the emissions affect those living around industrial sites in low-value land that have the least political power.¹⁶³

III. TRADE LIBERALIZATION AND EXPORT GROWTH IN THE TEXTILE AND LEATHER SECTORS

The non-tariff barriers to trade in textiles and clothing have significantly affected Pakistan under the Multifibre Arrangement (MFA). This assertion is premised on the fact that a substantial part of its textile exports is geared towards restricted markets, and the quota utilization rates have been high. In 1994, Pakistan exported 5 per cent of yarn, 28 per cent of fabrics and 71 per cent of textile made-ups to countries that impose textile quotas under the MFA. In 1992, 86.5 per cent of Pakistan's exports to OECD countries comprised textile and clothing. Between 1985 and 1988, the average weighted quota utilization rates for textiles exported to the United States for Pakistan was 89.6 per cent; and for the European market, this rate was 107.2 per cent (Ingco and Winters, (1996), tables 11 and 12).

The Agreement on Textiles and Clothing (ATC) aims to reduce non-tariff restrictions under the MFA as well as non-MFA restrictions on trade. The agreement includes the following: progressive

¹⁶² ETPI (1997), Khwaja, et al (1995) and Nasreen and Khwaja, (1997).

¹⁶³ Information from the Internet site Trade and Environment: South Asian Cases, "Leather Production in Pakistan," <http://www.american.edu/mandala/TED/HP242.htm>.

expansion of existing quotas; integration of textiles and clothing products into GATT rules; and safeguards to deal with cases of market disruption during the transition. The phase-out is to be implemented in stages until the end of 2004.

The MFA-related quantitative restrictions are to be phased out in three stages by the year 2004.¹⁶⁴ In each stage, importers will transfer, from the MFA to normal GATT rules, a tranche of products related to the share of these items in their total 1990 import volume. The integration into GATT rules is supposed to be implemented in three phases. In the first phase, countries were to integrate into the GATT those products from the specific list in the agreement, which in 1990 accounted for at least 16 per cent of the total volume of imports. In the second phase, due to commence on 1 January 1998, products specified in the agreement, which in 1990 accounted for at least 17 per cent of the total volume of 1990 imports. The third phase, beginning 1 January 2002, is to integrate products in the specified list that accounted for at least 18 per cent of the total volume of 1990 imports. All remaining products are to be integrated at the end of the implementation period, 1 January 2005. A formula was developed to increase the existing growth rates for quotas of products that were under bilateral restraint. During the first phase, the growth rates were to be raised annually by not less than the growth rate established for the respective restrictions increased by 16 per cent. In phase two, the growth rates were to be the phase I rates increased by 25 per cent. In the third phase, the growth rates are to be phase II rates raised by 27 per cent.¹⁶⁵

As earlier indicated, since much of the textile industry pollution is generated from the production of cloth, our focus is mainly on cloth exports. Thus, we have not included made-ups in the sample since by comparison they generate little pollution. Pakistan's future exports of cloth could be contingent on a number of factors that could include the following:

- (a) WTO Agreement on Textiles and Clothing (ATC);
- (b) Growth in production of raw materials like cotton;
- (c) Growth in manufacturing production capacity and domestic absorption;
- (d) Quality and exchange rate determinants of competitiveness.

An increase in Pakistani cloth exports based on the Uruguay Round agreements has been forecasted by Ingco and Winters,¹⁶⁶ and we used the ARIMA model to forecast exports to non-quota countries and to forecast exports of hides and skins, leather and footwear.¹⁶⁷ The results are presented below in table 1. While our concern is with identifying the environmental impact of export-related leather tanning (i.e. directly as leather or the leather equivalent of footwear exports), forecasts of hides and skins provide the context for the overall export scenario for the leather industry that is discussed below.

¹⁶⁴ This paragraph is based on Cai et al (1997), p. 17.

¹⁶⁵ GATT, (1994).

¹⁶⁶ Ingco, M. and Winters, D. (1996). "Pakistan and the Uruguay Round: Impact and Opportunities: A Quantitative Assessment", *Background Paper for Pakistan 2010 Report*, United States Department of Commerce, Washington D.C.

¹⁶⁷ Obviously, the ARIMA model is not capable of picking out export fluctuations such as those resulting from economic events such as the "Asian Contagion." Thus this model implicitly assumes a return back to the trend line, which is adequate for our purpose since we are only concerned with the terminal year export value.

Table 1

Benchmark and forecasts for cloth, hides and skins, leather and footwear

Product	1996	2004
Cloth (million sq. metres)	1,257.4	2,276.1
Hides and skins ('000 kgs.)	45.0	57.6
Leather (million sq. metres)	14.3	13.2
Footwear (million pairs)	8.2 (3.01 millions m ² Leather)	8.0 (2.94 millions m ² Leather)
Total Leather Export (million sq. metres)	17.31	16.14

Source: Benchmark data drawn from Government of Pakistan, *Economic Survey 1997-1999, Statistical Supplement* (1998), pp. 168-170.

The cloth exports forecast for Pakistan reported above may be overstated for three reasons. First, the transitional safeguard measures against import surges have already been used by the United States, about two dozen times, against more than a dozen countries.¹⁶⁸ Second, Pakistan faces many potential trade barriers on environmental grounds (both for textiles and leather).¹⁶⁹ Finally, Mehta (1997) pointed out that in the first phase of the ATC (1 January 1995 to 31 December 1997), developed countries have not implemented the ATC clauses of 16 per cent integration of MFA into the GATT i.e. the quotas have not been removed.

Tough controls on the highly polluting tanning process have contributed to a large cut in the number of tanneries in most OECD countries.¹⁷⁰ As a consequence, exports from LDCs like Pakistan filled in the availability gap in these OECD countries. This probably partly explains the rapid leather export growth statistics from 1980 to 1990 for Pakistan.¹⁷¹ Since then, leather imports have confronted restrictions in some OECD countries based on health criteria. For example, in 1990, Germany imposed a ban on leather treated with pentachlorophenol (a carcinogenic chemical preservative). Subsequently, several European countries have imposed a ban based on the use of azo dyes.¹⁷² Thus, it is not surprising that leather export growth has tapered off for Pakistan and the trend forecast suggests declining growth in the future.

Another reason for this is the tariff escalation used by industrialized countries. Thus while hides and skins face zero tariffs, semi-manufacturing leather faces an average tariff of 4.8 per cent and finished goods face a tariff of 12 per cent.¹⁷³ It should not be surprising that our trend forecast shows a continued robust export growth for hides and skins. Thus it seems that as industrialized countries have adopted cleaner technologies, they would rather import the raw materials from the South and again engage in the higher value added activity themselves.¹⁷⁴ Exports of leather products are slated to receive below average tariff reductions in industrial countries as a result of the Uruguay Round. The overall reduction is 18 per cent that is decomposed into 11 per cent for North America and 23 per cent

¹⁶⁸ Cai et al (1997a), p. 14.

¹⁶⁹ Ibid, p. 31.

¹⁷⁰ Robins and Roberts (1997), p. 21.

¹⁷¹ Government of Pakistan, *Economic Survey 1997-98, Statistical Supplement* (1998), p. 169.

¹⁷² CBI/CREM (1998), pp. 10-11.

¹⁷³ WTO (1997), p. 51.

¹⁷⁴ It would appear that since tariff escalation results in more of the leather tanning taking place in industrialized countries which use cleaner technologies, the global pollution level is lower and leather exporting developing countries also benefit from lower pollution. Brazil, however, took up the issue of tariff escalation and argued that if developing countries are denied higher value-added production due to such escalation, they also have less resources and hence ability to adopt cleaner technologies, WTO (1999), p. 17.

for Europe.¹⁷⁵ Thus our forecast of footwear could be biased downwards (by not explicitly taking account of this tariff reduction), but not by much.

The decline in the exports of leather and footwear has occurred despite a range of export incentives provided by the Government of Pakistan. These include rebates on leather product exports, duty free imports on raw hides and skins for re-export as higher value products and an export refund scheme for leather footwear.¹⁷⁶ A more serious issue from Pakistan's perspective, however, is the immense contribution to total industrial pollution currently made by leather tanning. Anticipating and addressing the scale of the environmental threat this industry represents is critical for environmental policy.

IV. ENVIRONMENTAL IMPACTS AND MITIGATION COSTS FOR THE CLOTH AND LEATHER INDUSTRY

As indicated in table 1, between 1996 and the end of 2004 cloth exports could be expected to rise by 45 per cent and the corresponding increase in pollution load is calculated to be 81 per cent. Leather exports are expected to decline so we may expect a 7 per cent lower pollution load generated by leather tanning without mitigation measures. If mitigation measures are adopted, both in-plant and external, up to 91 per cent of the emissions from cloth and 66 per cent of the emissions from tanning could be mitigated. The costs of such measures in 1996 at a macro-level would have been Rs. 2.598 billion for textile processing, which amount to 0.11 per cent of the GNP in 1996-1997. The foreign exchange liability for this year would have amounted to Rs. 749.79 million or only 1.6 per cent of the cloth exports in 1996-1997. More important, given government fiscal constraints, on a micro-level the cost to industrialists for a mitigation in a plant with a 21.45 million square metres production capacity would have been a maximum of Rs. 10.42 million or 1.6 per cent of its sales revenue. For the leather industry, on a macro-level the net mitigation cost (after subtracting the value of chromium recovery) in 1996 would have been .004 or one per cent of GNP and the mitigation cost to exporters of leather would have been 0.05 of one per cent of their export revenue. These mitigation costs are much lower than for cloth production since clean production technology is locally available. In view of the negative effects of pollution generated by these industries, as indicated in the preceding paragraphs, these mitigation costs seem modest indeed. This is contrary to a view expressed in the literature that the costs of establishing and operating clean technology are very high.

V. STAKEHOLDER DIALOGUES AND POLICY

A number of stakeholders were consulted and we found that there are no institutions in Pakistan presently dealing with the subject of trade, environment and sustainable development. Consultations revealed that besides the need for ISO 9000 certification, Pakistani exporters are not aware of the relevant environmental policies being adopted by OECD countries.

For example, it may seem possible to rely on information flows via normal market channels. However, in the case of surgical goods exports to the United States, by the time such information became available to exporters, it was already too late. The surgical goods industry had to face a ban of several years before government intervention and support enabled required standards to be met. The same is true for shrimp industry exports to the EU. Thus, the government needs to be proactive in acquiring information about environmental standards and passing this information to industry in a timely manner, working closely with the various industry chambers. The economic case for this derives from information as a public good that confers positive externalities.

¹⁷⁵ Cai, et al (1997), p. 17.

¹⁷⁶ See web site reference cited in footnote 33.

There are various government institutions through which awareness regarding environmental standards and regulations could flow to the export sector in a timely fashion. These include the Ministry of Commerce, Ministry of Industries, Ministry of Environment, Local Government and Rural Development and the Export Promotion Bureau. The lack of such information is resulting in a loss of markets. The Ministry of Commerce may consider including a trade and environment section in the cell that deals with the WTO and draw on the relevant expertise from the other ministries.

The policy development processes relating to trade and environment in Pakistan are handicapped due to a lack of coordination and information sharing amongst the relevant agencies. Trade policies are developed and implemented by the Ministry of Commerce and environmental policies by the Ministry of Environment, Local Government and Rural Development. While mechanisms exist in principle to deal with inter-agency co-ordination in a general sense, a specific mechanism or joint work agenda for the trade and environment section of the Ministry of Commerce will facilitate coordination. This should enable the Pakistani exporters to avoid standards-related market loss and to target green consumers.

WWF (1997) and OECD (1996) provide excellent policy prescriptions and examples of policies adopted to meet the challenge of environmental and health standards. A particularly relevant example for Pakistan cited by WWF (1997) and Jha (1997) relates to the response of the Government of India to the challenge of meeting standards regarding dyes. The textile committee of the Government of India prepared a comprehensive list of market regulations and acceptable alternatives to banned dyes. This information was then systematically disseminated, although SMEs were hard to reach. Eleven laboratories were also established to test for the azo dye level in products on a cost basis to ensure that standards were not being violated.

Pakistan now has a rigorous environmental policy in place. The 1997 Environment Protection Bill, which emerged from a consultative process, was enacted in December 1997. One key feature of the Bill is that it requires manufacturing companies to conform to National Environment Quality Standards (NEQS) or else pay a pollution charge.

The provincial Government of Punjab conducted a survey of pollution in industrial establishments in 1971 and a subsequent survey of industrial pollution in the major cities of the country was conducted for the Ministry of Environment and Urban Affairs in 1983. Based on the findings of these surveys, national environmental standards were established to halt and reverse environmental degradation to acceptable levels. The Pakistan Environmental Protection Ordinance was promulgated in 1983, which marked the beginning of organized efforts to develop NEQS. In 1985, a committee proposed 27 liquid and 15 gaseous standards for industry. Bechtel (National Inc., United States), a consultancy reviewed these recommendations in 1986 and they proposed 32 liquid and 16 gaseous standards.

The Government of Pakistan in August 1993 notified NEQS, that sets the maximum allowable concentrations of pollution that an industry, municipality or a motor vehicle is allowed to discharge into the environment. These standards cover 32 liquid municipal and industrial effluents and 16 gaseous industrial effluents, and also set three standards for motor vehicle exhaust and noise. A two years grace period, from 1 July 1994 to 1 July 1996, was initially allowed to the industrial units that were already in operation at that time. Now the standards stand legally, but are not as yet administratively enforced. In early 1996, given the increasingly serious threat of industrial pollution to the physical environment, the Pakistan Environmental Protection Council (PEPC) which is the highest environmental policy-making body in the country), began a more concerted effort to ensure compliance. The Environmental Standards Committee was established, with SDPI as its secretariat, to

develop a programme for implementation of the NEQS. A participatory and transparent dialogue process has been initiated between government, industry, research organizations and NGOs to determine modalities for enforcement.

Our focus on showing the likely environmental impact of exports is designed to persuade policy-makers of the importance of the effective implementation of the NEQS. The exercise, which indicates the modest costs of mitigation by using cleaner technologies at both the micro and macro levels, also indicates to both business and government the feasibility of adopting cleaner technologies and the likely trade and environmental impact of so doing.

VI. OPPORTUNITIES FOR SYNERGY

Given SDPI's strategic position in the policy arena, as secretariat of the Environmental Standards Committee, its membership in PEPC, its work on the Technology Transfer for Sustainable Industrial Development Project (TTSID) project and its active participation in the CIDA-funded Pakistan Environment Programme (PEP), it is uniquely placed to advise the private sector and government on environmental and technological needs. It can also have an input into the national policy options to be adopted. The empirical findings of this proposed project are therefore expected to have implications for technology policy development in Pakistan.

IUCN-P is also a member of the CIDA-funded Pakistan Environment Programme (PEP). The goal of the PEP is to improve Pakistan's capacity to achieve environmentally sustainable forms of economic and social development. PEP is designed to strengthen four institutions central to the implementation of the National Conservation Strategy: SDPI, IUCN, the NCS unit of the Ministry of Environment, and the Environment Section of the Federal Planning Commission. The purpose of PEP is to enhance the performance of these institutions in providing effective leadership, technical support/analysis, coordination services and catalyst input needed for the implementation of Pakistan's National Conservation Strategy (NCS).

This partnership with government enables IUCN-P and SDPI to access the highest policy making fora. Involvement in PEP give IUCN-P and SDPI policy leverage because it provides a window of opportunity for very close contact with senior government officials in key ministries such as the Ministry of the Environment and the Planning Commission.

Technology Transfer for Sustainable Industrial Development (TTSID), another project that is housed in SDPI, also provides much opportunity for synergy. The TTSID program has been initiated by SDPI with assistance from the Federal Office for Foreign Economic Affairs, Switzerland. It aims to develop capacity on both the supply and demand sides by giving active support to industry and all other institutions involved in the implementation of Pakistan's NCS.

The industrial pollution problem is particularly acute in Pakistan, since much of the equipment and machinery in place dates from the early 1970s when there was little concern for the environment or energy efficiency. Recognizing this problem, SDPI's TTSID project has a two fold purpose: (a) to create a demand for, and thereby a supply of, cleaner production methods and technology; and (b) to assist both industry and government regulatory authorities to monitor pollution levels. Because of TTSID, SDPI has both access to data and in-house expertise to effectively continue this work.

During the first phase of the project, which was initiated in early 1994 and concluded in August 1995, environmental issues and problems of two selected industrial subsectors, pulp and paper and

textiles, were identified through environmental audits and collection of baseline information through field research. Information for the textile sector was collected from two medium-size composite textile mills (15 tons of finished cloth per day) and one garment manufacturing unit involved in knitting, yarn dyeing and stitching.

As part of the second phase of the project, a three-years action programme has been implemented since the middle of 1996. It has a wider scope and covers six industrial sectors: sugar, textile, pulp and paper, food and beverages, chlor-alkali and polyester, plus two selected industrial estates. The project has been designed to cover six action areas: Development of Environmental Monitoring Programme, Environmental Training Services, Establishment of Innovative Financial Instruments, Establishment of Information and Advisory Services, including an Environmental Database, Negotiation through Government-Business Round tables and Support to Government through Policy Advice on the environmental issues.

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TRADE AND SUSTAINABLE DEVELOPMENT OF THAILAND'S FISHERIES SECTOR

by
Mingsarn Kaosa-ard
Associate Professor
Faculty of Economics, Chiang Mai University, and
Director, Center for Sustainable Development Studies
Chiang Mai, Thailand

I. INTRODUCTION

The coastal zone of Thailand has undergone tremendous economic, social and environmental changes during the past four decades, together with and as a result of a rapid economic growth that has averaged about 7 per cent a year. During this period, Thailand's marine fisheries sector has been transformed from a mere artisanal occupation to a multibillion dollar export industry, vertically linked with the processing sector and other associated industries. Also significant has been the massive transformation of the coastal landscape with the development and spread of tourism, industry, human settlements and commercial agriculture, and most recently, aquaculture. Thailand today ranks as the world's largest producer and exporter of edible fish and fish products, and of farmed shrimp. In 1996, marine fisheries production (capture and culture) stood at around 3.2 million tonnes. The value of fisheries exports amounted to US\$ 4.4 billion - nearly US\$ 2.5 billion resulting from shrimp exports alone.

The socio-economic and environmental impacts of these transformations have been immense: depletion of economically important species by overfishing; destruction and degradation of coastal ecosystems, such as mangroves, coral reefs and sea-grass beds; water and land pollution, salinization and land dereliction; marginalization and fragmentation of artisanal fishing communities and a steady decline of the share of small scale fisheries in total production; and increasing conflicts between commercial operators and small-scale fishers, and among small-scale fishers themselves. As the supply of fish in the wild has decreased, women from fishing families have found it necessary to join the labour force in order to augment family income.

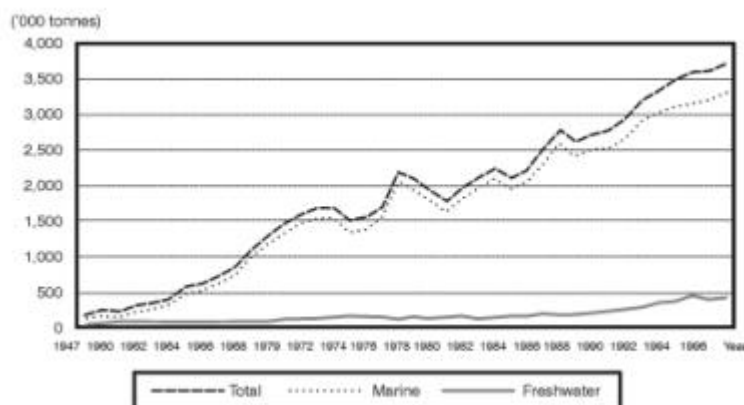
This document has been extracted from a background report for the Thai Marine Rehabilitation Plan 1997-2001. The report was commissioned under a joint project between the Department of Fisheries and the Joint Research Centre of the Commission of the European Communities for the preparation of the Plan. The data for the report was obtained from official statistics, reviews of major legislation, fisheries literature and interviews with high ranking officials in relevant government agencies, business executives, academics and industry analysts.

II. GROWTH AND ENVIRONMENTAL DEGRADATION

Thailand attained the status of being among the world's top ten fishing nations in 1972. It has been the largest processor and exporter of seafood in recent years, and the largest producer and exporter of shrimp since 1993. Fishery products are among the country's top export earners, representing about 10 per cent of all exports.

The impressive production and export figures (see figure 1 and table 1) do not tell the whole story of Thailand's marine fishery sector. They do not reveal that fish catches from the Gulf of Thailand and the Andaman Sea are well above the estimated maximum sustainable yields (MSYs) and catch rates, measured as catch per unit effort (CPUE, kg/hr) have declined significantly (table 2).

Figure 1
Fisheries Production in Thailand



Source: 1947-1962 = Vicharn (1996); 1963-1993 = DOF (1996a; 1982), DOF (1995-1997), unpublished data.

Table 1
Exports by Major Sectors
(Millions of Baht)

Item	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Exports										
1. Agriculture	106,432	118,508	100,003	109,2799	123,809	110,694	129,559	160,314	167,131	183,962
2. Fisheries	20,826	28,538	32,507	43,704	48,795	55,688	67,904	71,190	63,511	72,227
3. Forestry	814	703	7533	877	780	414	586	790	1,002	1,285
4. Mining	7,613	88,018	7,438	7,530	6,804	5,749	6,817	7,655	10,404	16,561
5. Manufacturing	263,737	354,154	440,395	553,186	634,386	752,557	922,792	1,151,371	1,151,365	1,489,055
6. Samples and Other Unclassified Goods	2,880	5,273	7,062	8,717	8,644	9,006	7,855	12,627	16,106	37,509
7. Re-export	1,205	1,121	1,655	2,337	1,425	1,754	2,087	2,364	2,592	6,100
8. Total Exports	403,570	516,315	589,813	725,630	824,643	935,8622	1,137,600	1,406,311	1,412,111	1,806,699
Share										
1. Agriculture	26.37	22.95	16.96	15.06	15.01	11.83	11.39	11.40	11.84	10.18
2. Fisheries	5.16	5.53	5.51	6.02	5.92	5.95	55.97	5.06	4.50	4.00
3. Forestry	0.20	0.14	0.13	0.12	0.09	0.04	0.05	0.06	0.00	0.07
4. Mining	1.89	1.55	1.26	1.04	0.83	0.61	0.60	0.54	0.74	0.92
5. Manufacturing	65.35	68.59	74.67	76.24	76.93	80.41	81.12	81.87	81.54	82.42
6. Samples and Other Unclassified Goods	0.71	1.02	1.20	1.20	1.05	0.96	0.69	0.90	1.14	2.08
7. Re-export	0.31	0.22	0.28	0.32	0.17	0.19	0.18	0.17	0.18	0.34
8. Total Exports	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Bank of Thailand, *Monthly Bulletin*.

Table 2
Catch Per Unit Effort (CPUE) in Gulf of Thailand and Andaman Sea

Year	Catch Per Unit Effort (CPUE – kg/hr)	
	Gulf of Thailand ¹⁾	Andaman Sea
1961	298	
1966	132	613 ²⁾
1972	63	
1977	47	
1986	40	
1989	20	
1995	25	35 ³⁾

Source: ¹⁾ Adapted from DOF as reported in Vicharn (1996); ²⁾ DOF, as reported in TDRI (1986), ³⁾ DOF, as reported in DOF unpublished data.

Nearly two-fifths of the catch from the Thai waters consist of trashfish; the demand from a heavily protected local fishmeal industry is at least partly responsible for the continued exploitation of an otherwise uneconomical fisheries. That a significant portion of the trash-fish consists of marine juveniles also indicates that regulations on mesh sizes of the gear are frequently violated.

While the share of fisheries in the national GDP has remained around 1.5 per cent, and has grown relative to agricultural GDP, the growth of fisheries GDP itself has slowed down in recent years, from a high of 21 per cent annually during 1985-1988 (28 per cent in 1987) to only 13 per cent during 1989-1992.

The current status of the industry can be simply described as too many boats are chasing too few fish. The fishing fleet is beleaguered with the problem of excess capacity. Retiring excess boats, particularly those using destructive fishing gear, is a politically costly yet necessary option for the sustainability of the Thai fisheries. The actual number of boats operating is much higher than those registered, since many boat owners tend to avoid registration and thus fish illegally. The year to year fluctuations in the number of registered boats are due to many reasons, such as licences being terminated for retired, old boats and new ones issued to ageing vessels, as well as licences being revoked for violators, or simply the reluctance of some boat owners to renew their licences.

The cultured shrimp industry which nets a significant sum in the total value of fisheries exports, can be seen as the 'last resort' for the Thai fisheries production as the marine capture in Thai waters has been on a declining trend for the past decade. Although Thailand now ranks as the world's largest shrimp producer and exporter, the fisheries sector, plagued with problems of disease and production declines, not to mention adverse ecological, and socio-economic impacts, has yet to prove its potential for sustainable growth.

Despite government support and many promotion programmes to develop fisheries and ensure resource conservation, state agencies charged with coastal resource management fail to monitor and enforce legislation. Moreover, the prevailing economic incentives tend to be tilted towards overexploitation, e.g. unreasonably low licence fees and charges, or in promoting the fish-meal sector, the subsector which relies on environmentally damaging tools. Stakeholders are thus left to compete not only for natural but also for budgetary resources without any agreed guiding principles.

Thailand is likely to become a net importer of edible fish and fishery products as the production of economically significant species in the Thai seas decreases and illegal fishing outside the Thai waters is contained by the stricter monitoring by neighbouring countries. In aquaculture, geographical, physical and environmental constraints affecting the sustainability of shrimp farming are likely to lead to production decline and structural changes within the shrimp industry, with large, corporate-owned farms forcing small, household operators out of business. The survivors are likely to be medium-scale farms operating under intensive care and management.

Despite these negative factors, there is little public awareness about the true state of the Thai seas. Although it is quite apparent to industry analysts and close observers that in terms both of efficiency and equity the marine fisheries sector is no longer tenable, this perception is not much reflected among members of the general public, who are generally ignorant about the complex institutional, social and environmental issues facing the sector.

III. SOCIAL ISSUES

Artisanal fisheries, which account for 78 per cent of total marine fisheries establishments, contribute only 6 per cent of the marine production by volume and 19 per cent by value. A large proportion of artisanal fishers are believed to be poor and face bleak prospects for their livelihood as the industry becomes unsustainable.

Fishing is no longer an attractive occupation for many traditional fishers. As they leave fisheries to find alternative employment, their place is being taken by “a new generation of fishermen” mainly drawn from poorer parts of northern Thailand and workers from neighbouring countries. This heavy reliance on (often illegal) migrant labour (due to a paucity of local labour) working in unhygienic conditions has led to new outbreaks of some diseases that were once eradicated or controlled, and an increased incidence of crime, drug use, prostitution, AIDS and other diseases.

Rising conflicts are mounting between various stakeholder groups, e.g. between commercial and artisanal fishers, between marine fishers and aquaculturists, and between shrimp farmers and rice farmers. An unknown amount of fish is caught illegally by commercial operators within the 3,000m coastal zone reserved for small-scale fisheries, generating conflicts with coastal fishing communities. More lucrative shrimp aquaculture increases soil salinity and depresses the productivity of rice farms in the vicinity. Land-based pollution from increased urbanization and industrialization degrades the habitat of the coastal marine species, harming the livelihood of small-scale coastal fisherfolk.

IV. TRADE ISSUES

Thailand exports nearly 85 per cent of its fisheries output, both capture and culture. Almost 90 per cent of marine aquaculture production, dominated by penaeid shrimp, is exported. During the past several years, a number of issues regarding export trade have emerged, and these are discussed below.

A. GSP Status with the European Union

The Generalized System of Preferences (GSP) was formally adopted in 1971 to give developing countries special tariff treatment by circumventing the Most-Favoured-Nation (MFN) principle, which requires equal treatment for all GATT signatories. GSP criteria are determined independently by each developed country for their developing country trading partners. These criteria include whether the country will be granted a GSP status, for what product categories, and other conditions stipulated by the granting country, particularly relating to the graduation of the country's GSP duties to the MFN level as its economy develops. The GSP is not a trade barrier, although with the graduation of GSP duties a country can eventually lose its tariff privileges on its trade with the granting country.

The decision by the European Union (EU) to cut Thailand's tariff privileges under the GSP for fishery, fruit, vegetables and other food products by up to 50 per cent, as of 1 January 1997, was based on the fact that Thailand's per capita income had reached the upper limit set by the EU to qualify for GSP privileges. For raw and prepared shrimp, tariff rates rose from 4-5 and 7 per cent to 8-10 and 13.5 per cent, respectively and have since risen to 12-14 and 20 per cent by 1999.

B. The United States Shrimp Ban

In 1996, the United States banned imports of shrimp from Thailand and other Asian countries, arguing that these countries were not taking adequate steps to protect sea turtles that are ‘incidentally’ caught while harvesting wild shrimp. The argument for the unilateral ban was based, on the one hand, on the U.S. Endangered Species Act, Section 609 of which authorizes the Secretary of State to ban shrimp imports if the exporting country fails to take sufficient measures to ensure that the ‘incidental taking’ of sea turtles while shrimping does not exceed the average rate of incidental taking of turtles by US flagged vessels, and on the other hand, on the interpretation of Article XX(b) of GATT 1994, which “permits restrictive trade measures that are necessary to protect human, animal or plant life or health” and Article XX(g) which permits such measures if

taken in relation “to the conservation of exhaustible natural resources ... in conjunction with restrictions on domestic production or consumption.” Thailand, together with other countries, such as India, Malaysia, Pakistan and the Philippines filed a complaint with the WTO, on the grounds of unfair trade protection. The ban was considered an act of extra-territoriality whereby the importing country attempts to impose its laws on the exporting country. Even though two-thirds of Thailand’s shrimp has been farm-raised in recent years, as most farms are unregistered, it was difficult to label and distinguish farmed shrimp from wild-caught shrimp. Finally, the WTO has since ruled against this United States ban on shrimp imports.

C. Sanitation Control

Importing countries especially the European Union tend to be more stringent with phyto sanitation control in order to protect consumers and control pests and diseases. Improvements in processing technology have been achieved by a gradual adoption of semi-automated production process. Increasing value addition has been the main objective, and to that end, the processing industry has been moving toward ready-to-cook and ready-to-eat types items. Innovative products have also been introduced. Sanitation control tends to place small fisherfolk at a disadvantage and displace processing workers by modern technology. Credit for micro enterprises, alternative employment and training for displaced workers are necessary in the restructuring process of the industry.

V. WOMEN’S PARTICIPATION IN THE FISHERIES SECTOR

The contribution of women to the fisheries is very significant, but often goes unnoticed. It is widely held in Thailand that Thai fisherfolk are mostly male. The latest fisheries census conducted in 1995 indicated that about 16 per cent of the Thai fisherfolk are female (table 3). The participation of women in the fish processing sector is much greater both in the cottage processing sector where 97 per cent of the processing units are household operations. As natural resources have dwindled over time, young women from the fishing families need to seek employment from the modern processing sector to supplement family income.

Table 3

Number of Fisherfolk by sex and coastal zone

Coastal Zone	Total		Male		Female	
	Number	%	Number	%	Number	%
Total	157,377	100.0	132,718	84.3	24,659	15.7
Coastal Zone 1	20,522	100.0	16,899	82.3	3,623	17.7
Coastal Zone 2	23,050	100.0	18,013	78.1	5,037	21.9
Coastal Zone 3	21,430	100.0	18,060	84.3	3,370	15.7
Coastal Zone 4	52,064	100.0	44,849	86.1	7,215	13.9
Coastal Zone 5	40,311	100.0	34,897	86.6	5,414	13.4

Source: 1995 Marine Fishery Census (Whole Country), Department of Fisheries.

Note: Coastal Zone 1 = Trat, Chanthaburi, Rayong.
 Coastal Zone 2 = Chon Buri, Chachoengsao, Samut Prakan,
 Bangkok Metropolis, Samut Sakhon, Samut Songkhram, Phetchaburi.
 Coastal Zone 3 = Prachuap Khiri Khan, Chumphon, Surat Thani.
 Coastal Zone 4 = Nakhon Si, Thammarat, Phatthalung, Songkhla Pattani, Narathiwat.
 Coastal Zone 5 = Ranong, Phangnga, Phuket, Krabi, Trang, Satun.

The general lack of awareness of the contribution of women to the fisheries sector has marginalized women, not only in the planning and decision-making process but also in the management of local natural resources. Studies on women in the fisheries sector are lacking in Thailand. However, new technologies and modern processing plants are introduced at the expense of female workers. In India and the Philippines, women were treated with “great inequity” and were paid unfair wages (Asian Fisheries Society, 1998).

Trade restrictions designed and implemented by the rich importing countries may often deprive livelihood from the female poor. Sanitation requirements of the North have deprived income from poor women who work in traditional, low-investment landing sheds. Unreasonable trade sanctions, especially those aiming to achieve objectives not related to the products, can inflict hardship on innocent poor. The United States, for example, used to employ trade restrictions against certain products to achieve certain environmental objectives, despite the fact that such products were not related to its environmental objectives. In 1994, the United States banned the imports of decorations from marine products, frog legs for human consumption and tropical decorative fish from Taiwan, Province of China in response to the use of tiger bones and rhinoceros horns in Chinese medical products in Taiwan, Province of China.

VI. RECOMMENDATIONS

The problems of the fisheries sector are primarily institutional. There has been no dearth of technical or engineering solutions; however, in the absence of an appropriate institutional framework, they serve only temporarily to mask the symptoms. The Department of Fisheries and related agencies have adequately trained staff compared to many other line ministries in other Thai resource areas. What is needed is the political will and courage to implement institutional reforms: to strengthen the institutions that work and to reform those that do not, as well as to take into consideration the interests of the poor and women’s groups. Appropriate actions to be undertaken are as follows:

1. Initiate an integrated planning process at the national level involving multi-stakeholders including women’s groups. The multiple use conflicts in coastal and ocean resource management imply that no single government agency alone can effectively resolve these conflicts, nor can various agencies deal with coastal conflicts without participation by local stakeholders. A forum which can handle multi-stakeholder participation and hence solve multiple use conflicts is the only reasonable solution. There is a need to strengthen and increase support to non-governmental organizations (NGOs) and the women’s groups to increase stakeholder participation in the management of local resources and environmental conservation to secure enforcement of the 3,000m zone and permanently abolish all protection given to the fish-meal industry. A pilot project on participatory management by consensus may be implemented among the related agencies and other stakeholders as an exercise in developing inter-agency coordination and cooperation with resource users at the local level. Policy should be focused on an area approach rather than on a sectoral approach to natural resource and environmental management.
2. Introduce and gradually implement the “full cost resource pricing principle”, i.e. making the beneficiaries pay in full for the natural resources that they have extracted. A first step would be the revision of fishing licence fees and charges.
3. Stop the unscrupulous mining of the Thai seas and to allow the Thai fisheries sector to achieve an economically, socially and environmentally sustainable future will have adverse effects on some people. A programme to alleviate the impacts of the restructuring must be carefully constructed in order to avoid exploitation and unwarranted social or economic injustice, especially on the marginalized segment of the society, and to avoid the waste that has occurred in many fisheries subsidy programmes in other countries.

4. Target women in training extension and micro-credit programmes for the fisheries sector and sponsor affected women in national and international fora when the relevant issues are to be discussed. Without a serious and well coordinated effort from all parties concerned, the fisheries sector is likely to cease to be a national economic asset and turn instead into a net social liability in the near future.

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GENDER AND RENEWABLE RESOURCES NEXUS IN THE SOUTH PACIFIC

by

Amos Taporai

Diversification and Natural Resources, Commodities Branch

Division on International Trade in Goods and Services, and Commodities

UNCTAD

The South Pacific region consists of 2 developed, 14 developing and 5 least developed countries. Collectively they occupy 30 million square kilometres of the Pacific Ocean. In terms of land area, these small groups of island nations occupy about 540,000 km² (or 1.8 per cent) of the total area.¹⁷⁷ This excludes Papua New Guinea (PNG), which is, by far, the largest island in terms of population, land area and resource abundance. Pacific island developing countries (PIDCs) are isolated by vast spans of sea, and characterized by unique sociocultural and ethnic diversity. Development per se is constrained by size economies, poor infrastructure, lack of and access to appropriate information and financial markets, etc. These constraints make them highly vulnerable to the vagaries of changing domestic, regional and global landscapes (e.g. globalization) and natural phenomena (e.g. El Niño).

Agriculture and fisheries remain the predominant sectors and are central to both sustainable development and the broad-based development aspirations of PIDCs. Over 85 per cent of the people are rural-based and dependent on these sectors for subsistence, gainful employment, and foreign exchange earnings. Also, remittances and tourism in particular, are big money-spinners. The emergence and economic dominance of the enclave non-renewable sector is restricted to few countries, especially PNG and Nauru.

Many governments of PIDCs pursue neoclassical economic growth policies that foster export-led production, especially of primary commodities. Production modalities are essentially rural-based wherein women always provide much of the total labour (80 per cent) within the commodity production chains. This overrepresentation is empowered by deeply entrenched cultural rites, silent views, and religious beliefs. Gender distortions are further enhanced in island nations presently implementing structural adjustment programmes, which create transformative mechanisms that reallocate productive gains in both subsistence and cash economies from women to men.

Simply put, men have become capitalists and women the proletariat or sub-proletariat. Consistent with underpinning sociocultural patterns, men manage, while women as shadow workers are managed.¹⁷⁸ Consequently, existing gender-based discrimination against women erode the ongoing and potential benefits that arise from successful integration into the global market. Globalization may, at one stroke, increase the productive value of women and provide men with the means to achieve societal standing, both individually and collectively. In this context, world markets do not determine individual incentives, but the household power structures do, which eventually leads to "gendered market failure".

¹⁷⁷ South Pacific Commission (1992). *The Pacific Way: PIDCs report to the UNCED*. Noumea/New Caledonia: SPREP, p.10.

¹⁷⁸ Connell, John (1997). *Papua New Guinea: the struggle for development*. London and New York: Routledge, p.79.

While gender remains the dividing line, women's misfortunes not only result from institutional and structural discrimination, but also from personal choices. However, considerable progress in advancing the cause of women is being made in the Pacific region.¹⁷⁹ Wage and status gaps are being dismantled albeit slowly, and high-achieving women no longer dwell under the insulting premise of affirmative action.

Despite these positive improvements, more urgent work is required effectively to integrate women into mainstream socioeconomic and political advancement. First, Pacific men must accept women as equal partners in development, be gender-sensitized, and relinquish male-dominance over productive resources and women, which are enforced by the legacy of traditional patriarchal social order. Second, PIDCs need to develop country-specific comprehensive approaches and strategies, and design and implement deliberate, contextual, and women-friendly programmes that ensure equitable enumeration and participation. Finally, since politics often set the bottom line in PIDCs, it is imperative that political will is transparent in enforcing gender issues, in order to break out of the vicious gendered circle of underdevelopment, poverty and marginalization of women.

¹⁷⁹ ACWW (1999). *Fiji's Deputy Prime Minister highlights serious issues affecting Pacific women*, 11th South Pacific Conference of the Associated Country Women of the World (ACWW), Suva/Fiji: *Pacific News* 27 July 1999.

TRADE, SUSTAINABLE DEVELOPMENT AND GENDER IN THE FORESTRY SECTOR

by
Sophia Twarog
Trade, Environment and Development Section
Division on International Trade in Goods and Services, and Commodities
 UNCTAD

I. INTRODUCTION

In the forestry sector, discussions on trade, environmental and gender aspects tend to be conducted separately from one another. This overview paper attempts to bring these three areas together. Section II outlines the important goods and services derived from forests. Section III examines international trade in forest products, with a focus on recent trends in trade restrictions. Section IV looks at deforestation and possible linkages with trade in forest products. Sections V and VI discuss sustainable forest management and the means of achieving it, including timber certification and community forestry. Section VII looks at women as a main forest-user group in local communities. Section VIII identifies areas for future research.

II. GOODS AND SERVICES PROVIDED BY FORESTS

Forests provide a range of wood and non-wood products as well as social and environmental services. Meeting these various, often competing, demands and striking a balance between consumption and conservation are at the heart of the forest debate today.

A. Wood and non-wood products

Wood and wood products are the main commercial products of forests. They include fuelwood and charcoal (particularly important in developing countries), industrial roundwood, sawnwood, wood-based panels, wood pulp, paper and paperboard, semi-manufactures, and wooden articles. Demand for wood products - both industrial wood and fuelwood - has grown considerably in the last 25 years. According to FAO estimates, consumption of total roundwood (wood in the rough) increased by 40 per cent between 1970 and 1996 (from around 2,400 to 3,354 million cubic metres). "Total world roundwood production is dominated by fuelwood and charcoal, and about 90 per cent of this fuelwood production is in developing countries. Fuelwood consumption expanded more rapidly than industrial roundwood consumption, growing by 57 per cent, to 1,864 million cubic metres in 1996. Industrial roundwood consumption grew by 21 per cent to 1,489 million cubic metres in 1996 although actually declining from a high of 1,730 million cubic metres in 1990. Sawnwood production in the last 15 years has remained static ... In the case of wood-based panels, growth in production has been substantial, both in developed and developing countries." Developed countries produced and consumed some 70 per cent of industrial wood products (Bourke and Leitch, 1998 drawing upon data from FAO, 1997).

Between 1996 and 2010, global industrial roundwood consumption and production are projected to increase to 1,870 million cubic metres - an annual growth rate of 1.7 per cent. Within

product categories, the paper and paperboard market is expected to grow the fastest, with annual growth rates of 2.4 per cent. Due to an expected increased use of recycled paper, the pulp market is projected to grow at a lower annual rate of 1.1 per cent. Consumption of sawnwood and wood-based panels is expected to grow at annual rates of 1.1 and 1.3 per cent respectively (FAO, 1999h).

Non-wood forest products (NWFPs) include food items (such as honey, nuts, berries, mushrooms and leaf fodder for animals), construction materials (including rattan and palm leaves), medicinal plants, other health care and cosmetic products, and items of cultural and spiritual significance. These NWFPs are primarily consumed at the local or national level, although some 150 are traded internationally in significant quantities. These include cork, essential oils, forest nuts, gum arabic, rattan and plant and animal components of pharmaceutical products. Around 80 per cent of the populace in developing countries use NWFP to meet nutrition and health needs (FAO, 1999g). Particularly for the poor in developing countries, NWFPs can be of crucial importance, both for the material needs of the family and as a means to generate a little income. This can be especially true for women in communities located near forests, sometimes providing their only source of cash inflow.

B. Social and environmental services

Besides their employment and income-generating possibilities, forests offer other social services including recreational opportunities, habitat for indigenous peoples, protection of natural and cultural heritage, maintenance of forest-related cultural and spiritual knowledge and values, enhancement of agricultural production systems, and improvement of urban, semi-urban, and rural living conditions (FAO, 1999h). Moreover, forests provide several environmental services which are important both locally and globally. These include the conservation of biological diversity, soil and water conservation, and carbon storage and sequestration for mitigation of global climate change.

Forests are arguably the single most important repository of the world's biodiversity (FAO, 1999h). "Biological diversity refers to three elements: the variety and number of different ecosystems found in a country or region, the number of different species and their relative frequencies, and the genetic varieties within each species." (Panayot and Ashton, 1992). different eco from an economic perspective, conserving this biodiversity is important in order to improve agriculture, provide opportunities for medical and industrial innovations, and preserve choices for addressing future problems.

The role of forests in soil and water conservation impacts on many economic sectors, including agriculture, fisheries, transport, energy, water supply, and tourism. For example, some 40 per cent of developing country farmers live in areas dependent upon watershed functions provided by forests (World Bank, 1987, cited in Panayotou and Ashton, 1992).

Forests retain large quantities of water, slowly releasing it over time. This mitigates flooding during heavy rains and preserves water supplies for drier times. Forests also reduce soil erosion caused by rain and floods, and therefore decrease sedimentation rates in irrigation canals, rivers, harbours and reservoirs (Panayotoa and Ashton, 1992). Forests play a significant role in global climate regulation. "Forests act as reservoirs by storing carbon in biomass and soils. They are sinks of carbon when their area or productivity is increased, resulting in the uptake of atmospheric CO₂. Conversely, they are sources when the burning and decay of biomass and disturbance of soil result in emissions of CO₂ and other greenhouse gases. Net CO₂ emissions from changes in land use (primarily deforestation occurring mainly in tropical areas) currently contribute about 20 per cent of

global anthropogenic CO₂ emissions.” (FAO, 1999h). The Kyoto Protocol of the Framework Convention on Climate Change permits use of a limited list of activities in the forest sector to meet country commitments for reduced emissions of greenhouse gases.

III. TRADE IN PRIMARY FOREST PRODUCTS

A. Overview

Over the past decades, exports of most wood products have been expanding in terms of value, volume and percentage of global production. Trade in primary forest products (logs, sawnwood, panels, and pulp and paper) reached US\$ 135,000 million in 1996.¹⁸⁰ Exports of non-wood forest products and secondary processed products (e.g. furniture, mouldings) were also significant, although harder to estimate. Between 1970 and 1996, export volumes of industrial roundwood increased by 22 per cent to 120 million cubic metres; sawnwood and wood pulp exports nearly doubled (to 113 million cubic metres and 33 million metric tons respectively); wood-based panels exports quadrupled to 45 million cubic metres; and exports of paper and paperboard trebled to 74 million metric tons.

Between 1970 and 1996, the share of paper and paperboard in the value of global exports increased from 35 to 48 per cent. That of wood-based panels increased from 9 to 12 per cent. Conversely, the shares of industrial roundwood, wood pulp, and sawnwood decreased in this period (from 15 to 8, 20 to 13, and 21 to 19 per cent respectively). Except for industrial roundwood, the share of total production being exported increased for the above categories of wood products.

Developed countries dominate global trade in wood products. They account for some 75 per cent of the value of total exports and imports. This is particularly true for the high value-added category of paper and paperboard, where they account for 91 per cent of exports and 77 per cent of imports. A handful of these countries account for the bulk of imports and exports. In 1996, some 54 per cent of world exports of forest products came from five countries: Canada, Finland, Germany, Sweden and the United States, with Canada and the United States alone accounting for 31 per cent. Japan and the United States accounted for almost one-third of world imports, with the imports of Germany, Italy and the United Kingdom rounding out the 49 per cent share.

Tropical wood products (mostly from developing countries) make up only a small share of trade in most forest products, with the exceptions of plywood (71 per cent) and wood-based panels (39 per cent). Their share of world wood products production has been rising on the whole, but the volume of tropical timber trade has been declining. Although their share in global trade is small, tropical wood products comprise a significant share of developing country exports. Wood-based panels (especially plywood) comprise nearly one-third of developing country wood product exports. In 1996, around 70 per cent of developing country wood product exports came from Asia.

Most roundwood produced in developing countries never enters the international market. Approximately 80 per cent of it is used for fuelwood and charcoal, which is usually consumed locally. Only 6 to 8 per cent of non-industrial roundwood is exported.

¹⁸⁰The figures on trade in forest products in this section are quoted generally from FAO (1997) as presented in Bourke and Leitch (1998).

B. Recent trends in trade restrictions

There are three categories of trade restrictions which affect the forestry sector. The first two, tariffs and non-tariff measures (NTMs), are formal institutional measures which can be discussed at formal trade negotiations, such as the World Trade Organization. Trade impediments, on the other hand, are outside the scope of formal negotiations or may be legal under GATT/WTO rules; nevertheless, they can act to restrict trade. Each of these categories is discussed below.

1. Tariffs

Tariffs on wood products in the main importing countries are relatively low, generally less than five per cent. However, tariff escalation exists. Rates on certain processed wood products such as wood-based panels (particularly plywood), woodwork items, some paper products and furniture often fall in the 10-15 per cent range. It should be recalled that tropical timber products account for a large share of the exports of plywood and panels. Many developing countries, however, manage to avoid paying the full tariff rates as they are covered by various preference schemes, notably the UNCTAD Generalized System of Preferences (GSP) applied by developed countries.

As a result of the Uruguay Round agreement which came into force on 1 January 1995, tariffs on forest products will continue to decline or be completely eliminated. Some actions have already begun, whereas others will become operative over the following 5 to 15 years. In developed countries, import tariffs will decline substantially and tariff escalation will be reduced. On a trade-weighted basis, these reductions will average 99 per cent for pulp and paper products, with the main importers eliminating them completely over a 8 to 10 year period. Reductions on solid wood products average 43 per cent. (GATT, 1994, quoted in Bourke and Leitch, 1998). While generally a positive development, these tariff reductions will partially erode the margin of advantage enjoyed by GSP-covered countries.

Tariff rates on wood products in developing countries tend to be much higher than those in developed countries. They range from 10-60 per cent, with additional taxes and duties often elevating the total burden considerably. Moreover, few developing countries offer preference schemes. As a result of the Uruguay Round, these tariff levels will be reduced, but in general will remain significantly higher than those of developed countries.

In addition to the Uruguay Round, numerous bilateral and regional trade negotiations will also significantly impact on trade in forest products. These include APEC, ASEAN, NAFTA, the European Union (EU), and MERCOSUR. For example, APEC proposes to create a free trade and investment region by 2010 for developed countries and 2020 for developing countries. The forest products sector numbers among the 15 chosen in November 1997 for Early Voluntary Sectoral Liberalization.

2. Non-tariff measures

A variety of non-tariff measures (NTMs) exist for wood products. NTMs are often less visible and more complex than tariffs and it can be harder to gauge their impact. It is thought that, in recent years, they are having a greater trade-restricting effect than tariffs. NTMs include quantitative restrictions such as import quotas, technical standards and plant health (phytosanitary)

standards, export restrictions, and sometimes cumbersome import licensing, customs procedures and domestic policies.

The use of import quotas for forest products is declining, but in some cases still causes difficulties. In contrast, the use of export restrictions, particularly on logs, has been increasing. They have had a major impact on trade in forest products. Most export restrictions are employed by developing countries as revenue-generators, as means to encourage value-added processing of wood products, and more recently to reduce harvesting levels. Complying with import licensing and customs procedures adds costs to foreign suppliers which domestic producers do not bear. Certain domestic policies, including subsidies and tax concessions, affect the competitiveness of foreign producers by reducing domestic producers' costs.

Technical and phytosanitary standards are likely to continue to create difficulties for exporters for many years to come. "Technical regulations and standards related to the protection of animal and plant life from pests and diseases; to human health and safety; and to maintenance of air, water and land quality, result in considerable adjustment and readjustment in terms of trade. While perhaps they are not trade restrictions in the formal sense of the term, since they do not aim mainly at the restriction of trade, they do create difficulties for trade by changing relative costs and comparative advantages, and consequently trade patterns." (Bourke and Leitch, 1998). For instance, while most of these standards apply equally to domestic and foreign firms, domestic firms have less trouble complying with them due to easier access to information and less paperwork involvement. Also exporters may have to inform themselves of and comply with different sets of standards in different markets, a problem which domestic firms producing for domestic markets do not have to face.

For wood products, safety concerns usually revolve around strength characteristics and suitability for use in construction. This affects logs and sawnwood more than higher value-added processed wood products, which are less often used for structural purposes. The same holds true for health and phytosanitary standards, as most value-added products contain timber which has been dried before use, thus reducing phytosanitary risks. Health and phytosanitary regulations could be of more importance to trade in NWFPs, since these are often used in food and pharmaceutical products. Many technical regulations are motivated by environmental concerns. These include, for example, restrictions on wood-based panels containing formaldehyde glue, controls designed to discourage companies from using chlorine to bleach pulp, and regulations regarding the recycling and recovery of waste paper and packaging.

While some NTMs have been declining, others have been on the rise. Two agreements which were part of the Uruguay Round could lead to a reduction of the trade-distorting impact of NTMs: The Agreement on Technical Barriers to Trade (TBT) limits the use of technical regulations to legitimate safety, health and environmental protection purposes, and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), might improve quarantine and inspection conditions.

3. *Trade impediments*

The third category of trade restrictions, trade impediments, are usually motivated by environmental concerns. In the forestry sector of late, they are particularly aimed at encouraging sustainable forest management. These impediments include bans and boycotts on the use of timber from forests which are not sustainably managed. Such bans have been imposed by local authorities

(e.g. municipalities) as well as retailers and traders. Often the main target has been tropical timber, due to concerns about tropical deforestation. Many of these bans are linked to the certification of forest products, whereby consumers could be assured that the wood in the product they are buying comes from a sustainably managed source. Certification is described in more detail in section VI below. Finally, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) uses degrees of trade restrictions to regulate trade in endangered species. Recently, CITES became a controversial forestry issue when developed countries attempted to place several commercially important tropical tree species (such as mahogany) on the CITES restricted lists.

Trade impediments are currently having some impact on trade levels and patterns of forestry products. In the future, it seems likely that this impact will continue to strengthen. Some of these measures could then have positive influences on exports, including for those companies which use certification of forest products as a marketing tool. Other measures, however, could act more like barriers to trade. At any rate, they certainly contribute to market uncertainty and will continue to do so in the future.

IV. CHANGES IN FOREST COVER AND CONDITIONS

A. Trends

The future supply of the valuable forest products and services outlined in section II is threatened by the considerable deforestation and forest degradation, which has taken and is taking place, particularly in developing countries. Deforestation and forest degradation can have a large negative impact on the poor in these countries, particularly on rural women (see section VII).

The most recent data on global forest coverage available are for 1995. In that year, there were approximately 3,454 million hectares of forest, covering about one-quarter of the earth's land area. About 97 per cent was natural or semi-natural forests, with the remaining three per cent being forest plantations. Half of these were tropical/subtropical and a half were temperate/boreal. Around 55 per cent of forests were located in developing countries (FAO, 1999h).

Between 1980 and 1995, global forest cover decreased by some 180 million hectares. The deforestation was even greater in the developing world, where a net 200 million hectares were lost - an amount equal to 9.1 per cent of the 1980 developing country forest cover. In developed countries, on the other hand, there was a net increase of 20 million hectares in forest cover. In developed countries, afforestation and reforestation (including on abandoned agricultural land) more than compensated for the clearing of some forests, mainly for urban growth and infrastructure (FAO, 1999h).

Much work and discussion has revolved around the underlying causes of deforestation in developing countries. Causes which have sometimes been cited include: population growth, poverty, lack of legal rights over the resources, privatization of forests for the benefit of large private and/or corporate landowners, lack of participation of local communities in forest management decisions, unsustainable agricultural practices, perverse economic incentives, rapid growth of consumer consumption of forest products (often exacerbated by trade liberalization), inadequate management, weak institutions, lack of regulatory control, lack of regulation of transnational corporations, the promotion of large-scale development projects, and inappropriate and conflicting policies relating to natural resource management (Foley, Moussa and Verolme, 1999). According to the FAO, "the major causes of change in forest cover in the tropics appear to

be expansion of subsistence agriculture in Africa and Asia and large economic development programmes involving resettlement, agriculture and infrastructure in Latin America and Asia.” (FAO, 1999h).

Forest degradation has also taken place. Causes vary from place to place and include diseases, insects, overharvesting, poor harvesting practices, air pollution, and storms. In 1997-1998, wildfires and forest fires were particularly important causes of degradation, especially in Indonesia and Brazil. Low rainfall was compounded by human intervention, particularly fires set by farmers and ranchers to burn newly cut forest or clear old cattle pastures which then ran out of control, as well as arson (FAO, 1999h).

B. Linkages between trade in forest products and deforestation

Positions and views on the linkages between trade and deforestation vary widely. Some NGOs argue passionately that excess consumption, exacerbated by trade is an important cause of deforestation. They believe that trade restrictions can play an important role in relieving the pressure on forests. For example, as reported in the *Financial Times* in June 1999, environmentalist groups announced a global campaign to oppose the elimination of tariffs on lumber and wood products. They are concerned that eliminating tariffs without safeguards would lead directly to increased consumption, more logging and thus more rapid deforestation (Christie, 1999).

On the other side, producers and exporters of forest products argue that adequate market access is necessary for the economic viability of maintaining and harvesting forests. Otherwise, forests will tend to be converted to agriculture, which offers quicker returns. This was the position, for example, of Dr. Seri Mahathir bin Mohamad, Prime Minister of Malaysia, when he opened the 1998 International Timber Conference (Mahzan, 1998).

As is often the case, there is truth on both sides of the debate. The Intergovernmental Forum on Forests (IFF)¹⁸¹ concluded that “the impact that international trade in wood and non-wood forest products has on sustainable forest management can be both positive and negative. Trade liberalization adds value to the resource and has the potential to promote economic development, contribute to poverty alleviation and reduce environmental degradation, provided it is accompanied by sound environmental and social policies.” Moreover, “mutually supportive trade and environmental policies can effectively promote the achievement of the management, conservation and sustainable development of all types of forests.” (United Nations, 1999).

C. Need for sound environmental/social policies

The key, therefore, is to have sound environmental and social policies which can help countries reap the economic benefits from trade in forest products, both now and in the future. One such policy is full cost accounting of forest products and their substitutes. According to Dr. I.J. Bourke, Senior Forestry Officer of FAO, “of the problems that can be directly linked to trade and trade practices, many are the result of market and intervention failures ... The market is often unable to value the full range of benefits correctly or to internalize environmental costs because of policy distortions and the failure to set in place the conditions that would enable producers to take proper

¹⁸¹The IFF was created by ECOSOC in 1997 to continue the intergovernmental policy dialogue on forests which had taken place in the Intergovernmental Panel on Forests between 1995 and 1997.

account of the costs of sustainable resource use and their impacts on other goods and services provided by the forest. The result is that environmental costs are not recognized or fully accounted for by those who should bear them, leading to insufficient attention being given to the environment during harvesting, processing and marketing; excessive consumption; and inadequate provision being made for environmental issues in government policies. The appropriate policy response to address such failures is to internalize the costs through regulations and systems to ensure compliance with standards set or, alternatively, through the use of market-based economic instruments.” (Bourke, 1995). The IFF concurs that “forest products and services and their substitutes should be adequately valued through full-cost internalization.” (United Nations, 1999).

In this debate, it is also important not to lose sight of the facts that a) deforestation is mainly a developing country problem and b) approximately 80 per cent of the roundwood produced in developing countries is used for fuelwood and charcoal, which is rarely traded internationally. It therefore makes more sense to directly address the underlying causes of deforestation, including population pressure and poverty, than to seek solutions mainly in the international trade arena.

V. SUSTAINABLE FOREST MANAGEMENT

Today, the debate on reducing deforestation and forest degradation is inexorably linked with the topic of sustainable forest management (SFM). SFM and how to achieve it are much-discussed issues on the international environmental agenda these days. SFM “aims to ensure that the goods and services derived from the forest meet present-day needs while at the same time ensuring their continued availability and contribution to long-term development needs.” (FAO 1999i). This goal is increasing in importance and difficulty in the light of growing population pressure and hence demand for forest products. Sustainable forest management will generally reduce harvest yields in the short run, but increase harvest yields in the long run (Williams, Duinker and Bull, 1997 in FAO, 1999h).

The United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, 1992 adopted a set of “Forest Principles” which, *inter alia*, highlighted the multi-faceted nature of SFM: “Forest resources and forest lands should be sustainably managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations. These needs are for forest products and services, such as wood and wood products, water, food, fodder, medicine, fuel, shelter, employment, recreation, habitats for wildlife, landscape diversity, carbon sinks and reservoirs, and for other forest products.” (United Nations, 1992).

The global commitment to improving the management of the world’s forests is reflected in the fact that more than 150 countries are participating in regional and international processes aimed at establishing criteria for sustainable forest management. Member countries of the International Tropical Timber Organization (ITTO) which account for 95 per cent of the global tropical timber trade have made a commitment to have their exports coming from sustainably managed forests by the year 2000. Likewise, ITTO consumer countries committed themselves to sustainably managing their own forests in that time-frame.

Unfortunately, “with the exception of Europe and North America, India, Malaysia, Ghana, Japan and Australia (where a significant part of the forests are managed according to an officially approved forest management plan), the majority of natural forests are not managed at all or managed without an approved management plan. In addition, many existing management plans are limited in their objectives, as they are in many instances drafted for wood production only, not

regularly applied, implemented or supervised.” (FAO, 1999i). There seems to be a long road to travel here.

VI. MEANS OF ACHIEVING SUSTAINBLE FOREST MANAGEMENT

So how do governments and the international community encourage and support moves in the direction of sustainable forest management? There are various possibilities. A main one is to approach the problem at the national level by putting in place environmental and social policies aimed at addressing the biggest underlying causes of deforestation and environmental degradation. Among the policies to consider is full-cost accounting of forest products and their substitutes, as discussed above in section IV.

A. Certification of forest products and country certification

Another route is certification, a topic which is currently high-profile and rather controversial on the international agenda. This generally refers to a written statement attesting that wood originates from sustainably managed forests according to certain criteria and indicators. Certification efforts are being made at all levels. The main international efforts are being undertaken by the Forest Stewardship Council (FSC) and the International Organization for Standardization (ISO). There are also regional initiatives including the African Timber Organization as well as national programmes, including those of Brazil, Ghana and Indonesia.

At the international level, the FSC and ISO embrace divergent approaches. “FSC favours a performance-based approach, i.e. stipulating that a specified level of forest management, covering all aspects - including social aspects - must be achieved. ISO’s approach is based on the management system, i.e. stipulating that specific management systems and commitment to specified actions and procedures must be in place. The FSC approach also considers chain-of-custody monitoring as an essential part of the process, while other certification approaches do not. Many consider chain-of-custody too difficult and expensive to contemplate.” (FAO, 1999h). A degree of mutual recognition between the two approaches is necessary to avoid fragmentation and weakening of the certification process.

According to UNCTAD forestry expert, David Elliot, “as with other trade-related incentives that influence forest use, there are limits to the scope of effectiveness of certification and eco-labelling of timber and timber products. Forests used for the production of timber comprise only a part of all forests and account for only a part of the whole problem of forest loss and degradation. Further, only a part of the logs harvested in production forests are destined for international trade.” (Elliot, 1997).

There is considerable concern among producer countries, particularly developing countries, that certification and eco-labelling (which encompasses more issues than forest management) of forest products will be used as non-tariff barriers to trade. They worry about the increased costs involved with certification, which would be particularly burdensome for small forest owners, including those in developing countries. To date certified timber comprises only a very small portion of the global timber trade and the future trend is uncertain. Much will depend upon how much of a green premium consumers are willing to pay. In its continuing deliberations on this topic, the Intergovernmental Forum on Forests (IFF) recognizes the potential role of voluntary certification of forest management as being among the potential tools for promoting sustainable forest management and differentiating forest products and services in the market. But it calls for properly designed and

transparently-applied schemes, so as to reduce possible unjustifiable obstacles to market access (United Nations, 1999).

Another possible tool is country certification: “Originally proposed in a report to ITTO, country certification involves certifying through explicit bilateral or multilateral recognition all timber products from a country that can prove it is complying with an internationally agreed objective, such as a sustainable forest management target.” To be effective, country certification would require producer countries to review their forest-sector policies to determine their impact on deforestation and consequently correct distorting policies. Consumer countries, in exchange, would commit to removing trade barriers to timber products from these producer countries. Such policy reform-oriented schemes could be complementary to certification of forest products (see United Nations, 1996).

B. Community forestry

Another tool is that of increasing the involvement of the local community in decisions about local forests, as an alternative to complete centralized state control. Over the past two decades, it has become increasingly recognized that active stakeholder participation is a key, even an essential, element of natural resource management, including sustainable forest management. Consequently, “a variety of approaches to increasing the participation of local communities in natural forest management have been developed. The past few years have seen a significant acceleration in the implementation of community-based forest management programmes and considerable improvement in the results as experience, both good and bad, has accumulated.” (FAO, 1999h).

Community forestry aims at promoting a balance between sustainable forest management and the socio-economic welfare of local communities which depend on the forests. “Although participatory forest management has been implemented over a relatively short period, information is emerging which indicates that these approaches are having a positive effect on the condition of forest resources. This is partly because the direct accrual of benefits to local communities gives them greater incentive to manage and conserve forest resources actively.” (FAO, 1999h).

VII. THE IMPORTANCE OF GENDER ANALYSIS: WOMEN AS A MAIN FOREST-USER GROUP

The recent attention given to community forestry is a positive step taken in the direction of sustainable forest management. But to have a complete picture and to reap the full rewards of community forestry projects, it is necessary to have precise information on who the people in “people-centred” development are and what roles they play vis-à-vis the forests. Within each community, these roles vary according to age, social class, race, occupation, sometimes caste, and always gender.

A. Food security and family welfare

In almost all communities worldwide, men and women have different gender-based roles responsibilities, needs and priorities as well as knowledge of, access to and control over the local environment, in this case, the forests. In most developing countries, men often view forests in terms of commercial possibilities, whereas women usually see them as a source for meeting their domestic needs. “Women’s relationship with the environment revolves around their central concern with household food security and family welfare, and with the provision of water and fuel. Changes

in land and tree tenure, land use, technology and inputs are viewed by women according to their effects on the supply of water for domestic use and small-scale irrigation; on the possibilities for gathering food, fuelwood, fodder, medicinal plants and raw materials for small industries; and on tree, plant and animal production for consumption and sale. Women are also custodians of biodiversity and caretakers of agricultural and livestock genetic resources: wildlife is a major component in household food security for poor women, as is the identification, preservation and use of a wide diversity of domestic plant and animal species which women have carefully selected, bred and exchanged throughout human history.” (FAO, 1995).

In the developing world, women are the main harvesters of many wood and non-wood forest products. For example, they are the primary collectors of fuelwood, which serves as the principal domestic energy source in most developing countries. This fuelwood collection does not generally contribute to deforestation as much as is often claimed: “as women mostly collect dead wood, which is easier to cut, their work does not damage the trees”. (Rodda, 1993) Women generally use only a few simple tools or no tools and carry the wood home themselves. Collecting fuelwood is a very time-consuming and arduous process, often involving long walks and the carrying of heavy loads. Moreover, women are frequently forced by necessity to gather firewood illegally, expending efforts in avoiding guards and/or paying bribes when caught.

On the other hand, “men generally engage in firewood collection only on a larger scale and when it becomes profitable to do so”. Their access to both more effective tools, such as axes and chain saws, as well as to means of transport increases the number of trips possible as well as the harvest per trip. Moreover, “higher firewood prices have been associated with men taking over this activity from women” (Zein-Elabdin, 1997). This latter tendency should be borne in mind when considering schemes to increase the prices or profitability of forest products traditionally gathered by women.

Charcoal-making is almost always in the man’s domain, as it is more commercially oriented. For example, “the highly organized charcoal industry provides the energy requirements of over 90 per cent of urban households in Africa ... But charcoal is also more deleterious of the environment than firewood. It involves clear-cutting of large areas of land, thus imposing intense pressure on local ecosystems, whereas firewood production is spread over time and space.” (Zein-Elabdin, 1997).

The forest is a valuable source of food. Whereas men hunt forest animals, women gather a wide variety of plants, insects and plant products to supplement the basic diet. These include leaves, seeds, nuts, fruits, bark, fungi, leafy vegetables, caterpillars, beetle larvae, and honey. In a case study in Sierra Leone, for example, women were found to rely much more heavily on plant resources than men. They used wild foods as ingredients for making a sauce which was central to the daily diet, as snacks for children, and as buffers during food shortages. In fact, several famines of the last century were recalled by the name of the forest product which had been most important for survival (Leach, 1993).

Collecting animal fodder is generally performed by women. They gather grass, leaves, fruit and branches to feed small domestic animals (such as rabbits, pigs and poultry) and also sometimes to feed the large animals. For example, in India and Nepal, women and girls collect the food for the buffaloes. (Rodda, 1993). Women must also find the leaf litter which is used for the bedding of domestic animals. In addition, forests provide the materials for many household products, including baskets, bowls, brushes, etc.

Many rural women rely on the sale of forest products as an important component, and often the sole source, of income. They sell fuelwood as well as other forest products. This income is used to improve household food security and the welfare of the women's families. Limiting their access to forest resources by, for example, changing property or user rights, can thus deal rural women a double blow: directly, by depriving them of a means of fulfilling household needs through consumption of forest products, and indirectly, by taking away an important source of income to meet those needs.

B. Impact of environmental degradation on women

Research has shown that, in general, when confronted with environmental stress, "men are better able to diversify and expand their livelihood sources through the money economy. Women remain far more dependent on a declining natural resources base than men ... the more rigid and restrictive gender relations are, in a given area, the more women bear the costs of environmental change and the less likely it is that sustainable improvements in natural resource management will be introduced." (Joekes, 1997).

Since rural women are dependent on forests for so many resources, deforestation and environmental degradation hits them especially hard. It can, in one blow, vastly increase the amount of time they must spend to gather the forest products and reduce or eliminate their income-generating possibilities. This translates into additional hardship for children as well, as mothers have less time for child-care and food preparation and less income to meet household needs. The family's health can also be negatively affected by the reduced availability of forest food products and medicinal plants.

Women in developing countries are also the main collectors of water. When the local forests' watershed functions are disturbed, this can cause their traditional sources of water supply to dry up, necessitating longer walks and more time spent in search of new sources. Moreover, disturbed water patterns negatively impact on farmers. Women farmers, who are generally poorer, may have less reserves built up to tide them over in difficult times.

C. Gender roles in decision-making about forests

Although women possess a wealth of knowledge about forests and forest resources, they are generally excluded from the decision- and policy-making process in the forestry sector. Forestry services employ mostly men, particularly at higher levels. Where local forestry committees have been formed, they are male-dominated, often including women only in response to project donor demands. Even when women are included, they are usually much less vocal in the presence of men. In a case study in Nepal, for example, it was found that "women's lack of knowledge and involvement in the local level decision-making processes led to their intimidation at meetings." This was particularly true for married women who were supposed to defer to their husbands (Hobley, 1993). Thus the needs and priorities of the main forest-user group go unheard and are not taken account of in forest decision-making. This certainly does not bode well for making the best possible decisions.

D. Community forestry projects

There is an increasing tendency for gender to be taken into account when designing community forestry projects. But designers must be aware that simply having female participation in the project does not necessarily mean that they will benefit from it. Too often, women have been expected to volunteer their time for these projects, thus diverting their energies from other, often income-generating activities. Moreover, the fruits of their labour often accrue to the men of the village.

To ensure project success, it is important to take account of the different roles, needs and priorities of men and women. For example, if in a certain village, women traditionally carry out the task of caring for tree seedlings, training men in that area would be a waste of resources. Or if women are asked to care for seedlings which are of interest only to men, such as hardwood for furniture or carvings instead of softwood for firewood and fodder, they have less incentive to do a good job (FAO, 1995b).

E. Property rights

Another key aspect to be aware of is that of property rights, both legal and customary. Insecure property rights distort incentives for environmental conservation and reforestation efforts. According to the FAO, "because trees grow slowly, few farmers are prepared to plant trees unless they are sure they will enjoy the benefits. They need secure tenure to land and trees. If this is often a problem for men, it is nearly always so for women." (FAO, 1985). Moreover, "insecure rights to land may force women into situations where they may compromise their knowledge of sustainable land management by prioritizing short-term livelihood needs." (Leach, Joeke and Green, 1995). Thus, precarious property rights can directly lead to environmental degradation.

In many countries, laws and/or traditions discriminate against women. Often, they are dependent upon their husbands for access to land. In many areas considerable ambiguity exists about women's land and usage rights, especially at the intersections of customary and statutory laws. Sometimes this is to women's advantage. For example, "research in Kenya indicates that women have been adept at manipulating the meanings of and exploiting the spaces between customary and statutory legal tenurial frameworks. This ... suggests that the replacement of customary land rights with statutory rights may remove for women a vital basis for negotiation over land." (Leach, Joeke and Green, 1995).

Consequently, any proposals for land tenure reform require thorough and cautious analysis of existing local legal and customary land tenure and usage rights systems. It is overly simplistic to assume that when you give to the men or to the household, you give to the women. Particularly when common land is privatized, women can lose out considerably. They generally have neither the financial resources nor often the right to buy their own land.

VIII. CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

This paper has documented the growing consumption and production of forest products. It has shown that international trade in these products is also growing. At the same time, deforestation is proceeding at an alarming rate, particularly in developing countries. Means of halting this trend by encouraging sustainable forest management were discussed, including internalizing environmental and social costs of forest products, certification of timber, and increasing the involvement of local

communities in forest decision-making. It also highlighted gender-based differences in needs, rights and responsibilities vis-à-vis forests within these local communities.

The paper attempted to address trade, sustainable development and gender aspects of the forestry sector. But there are still many areas where the linkages are unclear. The relationship between trade in forest products and sustainable forest management/deforestation is still controversial enough to merit and further more thorough research. While a fair amount has been written on women in developing countries and their relationship to local forests, there have been few, if any, attempts to link this to trends or events at the national or international level. For example, gender-differentiated impacts of trade in forestry products could be explored, as could possible effects of international trade and investment on women's land tenure and forest usage rights. Better understanding of these complex linkages, is an important step in the direction of sustainable development of the forestry sector.

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MAINSTREAMING GENDER CONCERNS: EFFORTS AND LESSONS LEARNED IN THE PHILIPPINE AGRICULTURE AND FORESTRY SECTOR¹⁸²

by

Beatriz P. Del Rosario

Officer-in-Charge and Supervising Science Research Specialist

and

Maruja V. Lorica

Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD)

Department of Science and Technology

Los Baños, Laguna, Philippines

I. INTRODUCTION

The Philippines, often referred to as the “Pearl of the Orient”, is composed of 7,100 island and islets with a total surface area of approximately 300,000 sq. kilometres. Its population as of 1995 is 68.6 million with a female to male ratio of almost 1:1 (or to be exact 100.45 females per 100 males). The country is primarily agricultural. The agriculture sector accounted for 23 per cent of the country’s gross value added in 1989 and 19 per cent in 1997. Some 26 per cent (or 78,000 sq. kilometres) of the total land area is currently under cultivation.

A. Women as a source of agricultural labour

Agriculture is traditionally the largest employer of women in South-East Asia. With the exception of Singapore, women comprised 40 per cent of agricultural labour in Indonesia, Malaysia and Thailand. In the Philippines, about one-third of the female labour force was employed in the agriculture, forestry and fishery sector, but by 1998, this proportion had fallen to slightly more than 25 per cent.

Women perform important agricultural tasks. The major agricultural crops involving the most numerous women workers are rice, corn, coconut and sugar. Women workers in rice farming are involved in seed selection, raising seedlings, weeding, harvesting, unmechanized threshing, milling and other related activities. They also supervise hired labour and make farm management decisions about fertilizer use and marketing of produce in addition to working their own fields.

In corn production, women are involved in planting, fertilizer application, weeding, harvesting, seed processing and the selection and marketing of produce. In coconut production, they are involved in nut gathering and drying, weeding the area around coconut trees, slicing copra meat, contracting buyers, charcoal making and broomstick making. Women in sugar farming participate in all phases of production work such as planting, fertilizing, cutting sugarcane, weeding and replanting. Since most of the sugar farms are large, women workers in the sugar industry are hired labour.

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B. Women as agricultural researchers and research managers

In the Philippines, women comprise approximately 50 per cent of researchers in public sector agricultural research. At the University of the Philippines Los Baños (UPLB), considered a centre of excellence in research, extension and training in agriculture, biotechnology and other courses, of its 2,139 employees in 1992, 52 per cent were women. Women predominate in research and in extension and administrative services. On the other hand, there are more male than female faculty members. The educational qualification of faculty members for both sexes is almost the same, except among Ph.D. holders where men (9.4 per cent) have an advantage over women (6.6 per cent).

A 1992 joint study of four agricultural R&D institutes, undertaken by the International Service for National Agricultural Research (ISNAR) and the Philippine Council for Agriculture, Forestry, and Natural Resources Research and Development (PCARRD), indicated that of the 296 scientists and research managers interviewed, 54 per cent were women and 46 per cent were men.

This women-to-men ratio varies on an institution-to-institution basis. For example, in the UPLB-National Institute of Molecular Biology and Biotechnology (BIOTECH), 73 per cent of the scientists are women while 27 per cent are men. At the Visayas State College of Agriculture (VISCA) Philippine Rootcrops Research and Training Center (PRCRTC), 39 per cent are women and 61 per cent are men.

Overall, the ISNAR-PCARRD study found that women are participating increasingly in public sector research. Women work in agricultural research because of the stability, autonomy, security, benefits, flexibility and policies that minimize gender discrimination. However, while women constituted the majority of the workforce, they were underrepresented in senior and management positions. More women occupy junior-level positions than do men, and men are twice as likely as women to hold senior level positions.

II. POLICY FRAMEWORK FOR THE GENDER INITIATIVES IN THE AGRICULTURE SECTOR

The PCARRD, which is a planning council for agriculture and forestry working under the auspices of the Department of Science and Technology (DOST), has actively responded to the provisions of Republic Act (RA 7192), better known as the "Women in Development and Nation-Building Act" to integrate women's concerns in development programmes and projects. The law promotes the integration of women as full and equal partners of men in nation building and in other spheres of activity. It confers on women: equality in the capacity to act, such as to borrow/obtain loans; to apply for passports without securing consent of spouses; equal membership in clubs; admission to military schools; and, voluntary coverage of housewives with employed spouses in the Government Service Insurance System (GSIS) and Social Security Services (SSS), as relevant. Moreover, this Act mandates government institutions to create programmes that encourage the participation of women in economic development.

The Philippine Development Plan for Women (PDPW), 1989-1992 served as the government's framework for the implementation of RA 7192. The PDPW was a translation of the Gender and Development (GAD) approach into a workable plan of action for implementation by the Government. Formulated through the efforts of various government agencies and NGOs, the PDPW addresses women's integration in development. Among other measures, the Plan included the development of infrastructures that would give women the appropriate support and incentives to become creative and active agents in agricultural development.

The Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025, is the latest in a series of government initiatives to give Filipino women a more active and participatory role in the development process. This Plan seeks to provide additional infrastructure and support services, including policy reforms to mainstream gender concerns in the agriculture sector, among others.

Important administrative and memorandum orders have been issued in support of R.A. 7192, among which are:

- (a) Joint Memorandum Circular No. 94-1, dated 11 November 1994, issued by the National Commission on the Role of Filipino Women (NCRFW), the National Economic Development Authority (NEDA), and the Department of Budget and Management (DBM) *stipulates the integration of gender and development in agency plans and budget*. This Circular *requires agencies to allocate a certain percentage of their budget for projects incorporating gender concerns*. Moreover, Section 27 of the Philippine General Appropriations Act (GAA) mandates government institutions to set aside an amount out of their yearly appropriations for gender-responsive projects. The fact that the Philippine Government dedicates financial resources for promotion of GAD concerns is very significant for the agriculture sector.
- (b) Memorandum Order 282 dated 19 May 1995 issued by the Office of the President *directs various government training institutions to incorporate gender and development* in their respective curricular programmes.
- (c) DOST Administrative Order 077, Series of 1994 *provides for strengthening of DOST's participation in gender-responsive activities* and the constitution of a DOST focal point for women's concern.
- (d) DOST Administrative Order 038, Series of 1995 *requires the creation of a Committee on Women's Concerns* in each DOST agency and the *collection and documentation of a gender disaggregated database* for use in planning, policy, and training.
- (e) PCARRD Administrative Order no. 120, Series of 1996 *provides for the creation of a GAD Inter-Agency Management Committee* with the general objective to monitor compliance by the National Agriculture and Resources Development Network, and PCARRD with Section 27 of the GAA.

III. PCARRD's EFFORTS TO INTEGRATE GENDER CONCERNS IN PLANNING, PROJECT DESIGN AND IMPLEMENTATION, POLICY AND TRAINING

As a national planning and coordinating council for agriculture and forestry, PCARRD is mandated to strengthen the capability of the Philippine NARS to address gender issues and build institutional mechanisms for GAD. Along this line, PCARRD spearheads the following interventions:

- (a) *Gender Advocacy and Training*. This includes training and advocacy, which may take the form of orientation seminar/training for key officials, policy makers, planners, programme implementors and development workers in the Philippine NARS. This also involves the creation of a pool of resource persons and trainers to undertake the training on GAD.

- (b) *Creation of a Gender Disaggregated Database.* This covers the collection and analysis of quantitative and non-quantitative information on women and men for use in planning, project formulation and policy-making.
- (c) *Creation of a Focal Point or Gender Core Group.* Focal points/groups are established to provide leadership in gender-related activities within a region or agency.
- (d) *Design of Programmes/Projects integrating gender concerns.* Researchers, extension and development workers, communicators and others in the Philippine agricultural research system are provided with expertise and gender analytical tools to develop banner programmes on GAD, and to integrate the gender perspective in R&D programmes/projects.

A. Completed activities

1. Gender awareness, advocacy and training

PCARRD believes that knowledge leads to unity, while ignorance leads to diversity. Where there is no awareness, action cannot be expected. Hence, PCARRD has pursued gender awareness, advocacy and training activities to promote gender sensitivity in the agriculture and forestry sector.

In February 1992, PCARRD organized a consultation meeting among gender experts from UPLB, the International Rice Research Institute (IRRI), the Department of Agriculture (DA), the National Economic and Development Authority (NEDA), selected state colleges and universities, the National Commission on the Role of Filipino Women (NCRFW), and PCARRD. In this consultation, the participants discussed areas of collaboration to integrate gender concerns in policy-making, planning and implementation of programmes and projects in agriculture and natural resources. The action plan prepared during the consultation served as a base or blueprint for gender activities in the said sector.

Accordingly, a Gender Sensitivity Seminar was conducted among the chairpersons of the Regional Research and Development Coordinating Committee and Consortia Directors in 1992. PCARRD has likewise conducted a National Trainers' Training on Gender Sensitivity and Responsive Planning in December 1994. This was participated in by key research managers and researchers from the different R&D institutions. A similar training was conducted for key PCARRD staff who were involved in the coordination and monitoring of Integrated R&D Programmes.

2. Gender research and policy studies

PCARRD participated in the conduct of a case study on "Women Scientists and Managers in Agricultural Research in the Philippines" with ISNAR. The study, conducted in 1992-1993, investigated the entry, retention and achievement of women and men engaged in agricultural research in four R&D institutions.

The study posed several management issues and made several recommendations effectively to incorporate women into the scientific workforce. Based on the results, insights on management policies and practices were provided to reduce the impact of conflicts with women's family responsibilities on performance and career attainment. A research report prepared by the team from

ISNAR and PCARRD was distributed to policy makers, research managers and relevant research institutions in the Philippines and abroad.

PCARRD also supported the conduct of gender case studies in selected provinces in the Philippines. The implications arising from these studies, which documented the involvement of women and men in agricultural and forestry development projects, provided recommendations for planning and policy formulation.

3. Development of a Training Manual on gender sensitivity and gender-responsive planning

Cognizant of the need for training manuals tailored to the needs of the agriculture and forestry sector, PCARRD sought funding from NCRFW for a project on the "Development of a Training Module for Gender Responsiveness in Agriculture, Forestry and Natural Resources". The project which included the development, pre- and post-testing of the training modules, and documentation of relevant case studies was conducted from May 1993 to March 1994 with the UPLB-Gender Program for Rural Development as collaborators. The modules, with some modifications, have been used by the Gender trainers in GAD trainings/workshops organized by PCARRD and conducted at the national and regional levels.

B. Current activities

1. Engendering the national R&D programmes in agriculture, forestry and natural resources

This project, currently funded by PCARRD aims to continue the earlier initiatives of the Council to strengthen the internal capability of the member agencies of the regional R&D consortia to develop gender-responsive R&D programmes at the regional level. The project also aims to develop and provide mechanisms for integrating gender issues and concerns into the functions of the different consortia. The following are the specific activities, which the project has already undertaken:

- (a) Consultative Meeting of Gender Experts to draw up a gender action plan for the agriculture sector (1992).
- (b) Gender Sensitivity Seminars for policy makers in the Philippine National Agricultural Research System (NARS) (1992, 1994).
- (c) Gender Sensitivity Workshops for R&D Managers and Researchers (1995).
- (d) National Trainers' Training on Gender Sensitivity and Responsive Planning (1994; 1995).
- (e) Training Courses on Gender Analysis and Planning in Agriculture, Forestry and Natural Resources (1995, 1996, 1997).
- (f) Gender Orientation and Sensitivity Workshops for Regional R&D Consortia (1996, 1997, 1998).

- (g) Consultative Meeting Workshop with Chairpersons and Members of the Regional Gender Core Groups (1999).

These sensitivity and gender planning and analysis workshops aim to induce R&D managers with basic sensitivity to the idea of integrating gender into their activities. They provide hands-on field sessions on using gender analytical tools and techniques in data collection and interpretation. The expected output of these workshops includes the formation of a gender core group in each consortium. Equally important, each participant prepares an action plan outlining a project or activity, which she/he is capable of implementing (within a given time-frame and resources) to promote gender concerns.

At present, action plans prepared earlier by training participants are now being implemented, such as establishing a gender disaggregated database, conduct of echo training/seminars, studies on women, and other actions.

2. Publication of a newsletter on women in agriculture and forestry

With funding from DOST, PCARRD publishes a newsletter to foster exchange of information among women and men interested in gender activities. This contains, among others, the success stories of women entrepreneurs/ farmers/inventors, profile of women scientists and administrators, abstract of studies dealing with women/gender, facts and figures about women, training seminars and publications on women, information on donors/agencies supporting projects on women, etc.

3. Publication of the training manual on gender sensitivity and responsive planning

The DOST also provided grants to PCARRD to refine and produce the training manual to be used in subsequent gender training in the agriculture and forestry sector.

4. Establishment of a gender disaggregated database on the human resources in the NARRDN¹⁸³

With seed money from DOST, PCARRD has started collection and analysis of gender-disaggregated database at the national level.

5. Establishment of WID/GAD resources

PCARRD has also organized information materials (books, proceedings, journals, newsletters, tool kits, etc.) on WID/GAD from local and international sources. These have been properly indexed and are available to PCARRD staff and other users.

¹⁸³ National Commodity Teams, consisting of scientists and researchers and extension/development workers based on region, discipline and commodity.

6. *Case studies on the integration of gender concerns in integrated R&D programmes*

PCARRD strongly advocates the integration of gender concerns in agricultural/forestry R&D projects. At present, several integrated R&D programmes have included gender studies/analysis as a project component. These projects are implemented by researchers who have attended the gender training organized by PCARRD. These projects are:

- (a) Gender-Role Differentiation and Its Contribution to Bamboo and Mango Sustainable Development in Region III.
- (b) Socio-Economic Impact Assessment of Barangay-based Cashew Nursery Establishment (using gender analysis).
- (c) The Role of Women in the Small Coconut Farms Development Project (SCFDP) in Region IX.

7. *Involvement in gender-related committees/bodies*

The PCARRD Gender programme actively participates in national activities related to Gender and Development, as follows:

- (a) Member, National Organizing Committee (NOC) of the APEC Ministerial Meeting in Women in 1998, as designated by the DOST Secretary to represent DOST.
- (b) Member, Center Advisory Council (CAC) of the national Vocational Training and Development Center for Women as designated by the DOST Secretary to represent DOST.
- (c) Member, NCRFW Resource/Expert's Pool on GAD.
- (d) Member, Environmental Impact Assessment Review Committee (with expertise on GAD).
- (e) Continued advocacy through seminars, radio interviews of gender experts, displays and exhibits relating to GAD, and others.

PCARRD closely monitors the implementation of these gender-related activities.

C. Plans for 1999-2000

The new gender-related programmes and projects which PCARRD plans to implement for the year 1999–2000 include the:

- (a) Publication of a book on “Outstanding Filipino Women Research Managers and Scientists in Agriculture and Natural Resources”.
- (b) Conduct of a course of “Training on Gender Analytical Tools and Gender-Sensitive Research Methods and their Applications to Agricultural R&D”.
- (c) Design, development, and implementation of a GAD Flagship Programme.

- (d) Tie-up with the University of the Philippines Los Baños – Gender Programme for Rural Development (UPLB–GPRD) Women’s Crisis Counseling Center.
- (e) Establishment of a comprehensive Gender Disaggregated Database for the Agriculture and Forestry Sectors.
- (f) Organization of a Gender Orientation and Gender-Sensitivity Seminar for National Commodity R&D Teams.

IV. CONCLUSIONS

This section of the paper summarizes the main conclusions of the authors on mainstreaming gender concerns in the Philippine agriculture and forestry sector under the headings of gains and accomplishments and lessons learned, and also contains a number of recommendations.

A. Gains and accomplishments

Since 1992, when PCARRD started its activities in women/gender concerns, modest results have been attained, as follows:

- (a) Creation of a pool of gender-sensitive R&D workers:
 - (i) Some flagship programmes have incorporated the gender perspective; and
 - (ii) Conduct of GAD-related R&D.
 - (iii) Institutionalization of mainstreaming efforts in some regional R&D Consortia;
 - (iv) Creation of regional gender focal points;
 - (v) Conduct of gender sensitivity and planning workshops; and
 - (vi) Preparation of GAD training modules.
- (b) Empowerment of women as GAD trainers, advocates, and researchers.
 - (i) Networking and linkages with agencies working in gender/women concerns;
 - (ii) International agencies (ISNAR, IRRI, SEARCA);
 - (iii) Government agencies (NCRFW, UPLB-GPRD, UP-Diliman-CWS); and
 - (iv) Non-governmental organizations.
- (c) Resource generation for the NARRDN and PCARRD.
- (d) Revision of the R&D monitoring and evaluation forms to reflect the gender variable.

B. Lessons learned

- (a) Much remains to be done:
 - (i) Need to strengthen/develop gender core groups and gender advocates;
 - (ii) Only a small percentage of R&D workers have been called; and
 - (iii) Institutional movement/transfer for weakened commitment of some workers.
- (b) Difficulty in sensitizing men and women due to gender stereotypes.

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- (c) Continuing perception that GAD and gender training is only for women.
 - (d) Lack of empirical evidence on the benefits of integrating gender concerns in project design and implementation.
 - (e) Mentoring R&D workers on use of gender analytical tools and other sensitive research methods requires time and resources.
 - (f) Most R&D managers/administrators in the NARRDN are receptive to gender concerns, but this does not translate (as yet) into tangible results (e.g. funds for gender research, support services for women).

C. Recommendations

- (a) There is a need to continue training, advocacy and capability building activities both horizontally and vertically.
- (b) Training and advocacy must go beyond sensitivity and consciousness raising; there is now a need to focus on training on gender analytical tools and gender-sensitive research methods and their applications to agriculture and natural resources R&D.
- (c) The involvement and support of men is needed to ensure success of mainstreaming efforts.
- (d) Increased interaction among Regional Gender Core Groups is needed.
- (e) Linkages and networking mechanisms with local and international GAD-related institutions must be enhanced for:
 - (i) exchange of expertise and information;
 - (ii) resource generation;
 - (iii) conduct of joint activities; and
 - (iv) others.
- (f) Documentation of gender initiatives and mainstreaming experiences should be pursued.

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PROMOTING EFFECTIVE INTEGRATION OF WOMEN INTO COOPERATIVE RESEARCH AND DEVELOPMENT PROJECTS¹⁸⁴

by

Salete Maria Brisighello

General Coordinator on Technological Areas, Secretariat of Industrial Technology

Ministry of Development, Industry and Commerce

Brasilia, Brazil

In an environment where economic activities are increasingly knowledge-intensive, the determinant conditions for the success of a country's economy are the effective capacity of aggregating and utilizing institutions/organizations involved in the production and diffusion of specialized knowledge, from the private, public and academic sectors. Despite the recognized importance of science and technology (S&T) for economic and social development and the considerable progress made in building up a national technological and scientific basis in Brazil, the prevailing S&T model still privileges or considers research institutions and universities as the main suppliers of S&T, while enterprises are often considered to be mainly consumers of technology inputs.

With regard to demand, there is in the country a relative lack of an innovative culture, as most enterprises have little or no tradition with regard to technological innovation nor understanding of why it would be needed. More often than not, enterprises lack adequate risk capital and the wide range of professionals necessary for the different tasks required in research and development. The result is that the society, and the country as a whole, do not secure adequate returns to investment in science and technology.

Inventiveness and innovation are extremely complex, interconnected processes, where social attitudes and culture, economic structures, a country's insertion in the international economy, society's aspirations and the institutional structures are variable. Thus, establishing of a policy related to national innovation, including intellectual property aspects together with other support measures is critical.

Cooperative research in developed countries increased dramatically in recent years, and has become one of the main instruments for the development and diffusion of technologies in these countries.¹⁸⁵ One of the main features of such research is that of facilitating cooperation between research institutions and enterprises. Its development lies on its emphasis on facilitating access to markets, overcoming the rapid obsolescence of products, and increasing competitiveness, necessary to face market globalization. Cooperative projects involve sharing of the high costs and risks of research and development and of questions related to market behaviour and size. The increasing interest in cooperative research has encouraged the Ministry of Development, Industry and Trade (MDIC) to try to exploit such pathways in Brazil.

¹⁸⁴ The present text is an English summary made by the secretariat of the document prepared by the author and circulated at the Expert Workshop by Brisighello, S.M. *Innovation and Cooperative Projects - An Approach to Competitiveness* (U/EW/TSDG/32) July 1999. Copy of the original text can be obtained from the UNCTAD secretariat. The author would like to thank Dr. Marilene Carvalho and Dr. Ana Regina de H. Cavalcanti for the precious technical contribution provided in the preparation of her paper.

¹⁸⁵ Lastres, H. (1993). "New Trends of Cooperative R&D Agreements Opportunities and Challenges for Third World Countries", *Nota Técnica do Bloco "Condiciones Internacionales da Competitividade"* do projeto Estudo da Competitividade da Indústria Brasileira – ECIB, consórcio liderado pelo IEI/UFRJ e IE/Unicamp.

The main purpose of *Projeto Inventiva*, which followed the above cooperative projects concept, was to identify, in close cooperation with the private sector, research centres and local governments, and at the national level, policies and infrastructure elements relevant to inventiveness and innovation in Brazil. It also examined difficulties faced and demands of inventions in various sectors, as well as analysing existing support with regard to promotion of inventions in the country, with a view to stimulate creativity and to effectively interact with the market. The analysis contributed to improving the conditions of competitiveness of enterprises and was expected to ultimately result in the establishment of new small enterprises generating jobs.¹⁸⁶ The *Projeto Inventiva* represented an effort to bridge a gap which limits the development of new technology based enterprises, particularly of small enterprises, in order to foster the transformation of ideas into added-value, market-oriented activities.

Today in Brazil, women are playing a more expressive role in the scientific and technological areas and increasingly holding executive posts. Women's performance in initiating social inventions is also recognized. It is possible that women respond more strongly to social problems than they do to technical ones. However, social inventions are as necessary in society as are technical inventions and it is important that women endeavour to use their innovative capacity as effectively as possible.

In the evolution of inventiveness, and depending on the country and region, women now generally represent between one to seven per cent of the total number of inventors, but in a few countries this proportion may reach 12 per cent. It must be pointed out, however, that these modest numbers seem to be expanding, not only in total but also proportionally. The fields of invention that are now attracting women are also becoming more varied and widespread. Women are making outstanding progress in a whole variety of spheres that have not usually been associated with traditional stereotypes, among these being chemistry, heavy industry and high technology. For example, the number of successful women researchers and innovators in biotechnology, including genetic engineering, is becoming very significant. It was in Brazil, under women's leadership and management, that the effective utilization of the instrument of cooperative projects began, through a non-profit private technological institute, first created in 1982, which was aimed at undertaking the adaptation, generation and development of technologies related to the union of materials. Increasingly reinforcing the effective contribution of women in S&T – through, for example, cooperative projects schemes, may represent a renewed asset to innovation and competitiveness in Brazil.

¹⁸⁶ Brisighello, S.M. (1998). "Promoting Brazilian innovation: from invention to commercialization", in *New Approaches to Science and Technology Cooperation and Capacity Building*. ATAS XI. Geneva and New York: United Nations, UNCTAD/ITE/EDS/6, United Nations Publications Sales No. E.99.II.D.4, pp.149-170.

AGRICULTURE AND COMMODITIES: GENDER ISSUES PROPOSED FOR RESEARCH

by

Gabrielle Koehler

International Investment, Transnationals and Technology Flows Branch

Division on Investment, Technology and Enterprise Development

UNCTAD

Agriculture is an area of productive work where gender division of labour is particularly rigid, but also where “traditions” are heavily undermined by globalization. In most economies, responsibility for different types of commodities, or for processes involved in producing them, is ascribed fairly exclusively to either women or men.¹⁸⁷ To give some (highly simplified) examples: agricultural food crops for consumption in the household or in the domestic economy tend to be grown and marketed predominantly by women in some cultures,¹⁸⁸ in other cultures by men.¹⁸⁹ Industrial crops - food crops grown on a large scale and/or for exports; or crops that serve as inputs to manufacturing such as, for example, cotton - are more frequently the economic domain of men. Similarly, the gender division of labour in mining tends to differ along product lines: open-pit gemstone mining, for example, is considered “women’s work” in many societies, while underground minerals tend to be mined by men.

Such entrenched patterns in the division of labour determine the incomes earned as well as access to finance and to technology. Moreover, they are closely related to the ownership of resources – capital and land. These patterns also mean that the situation of women and men is affected differently as the agricultural sector is restructured and opened to globalization. How exactly women and men in each society are affected, and how they can act and react, cannot be ascertained without examining the micro-economic level (and even intra-household effects) for different sets of commodities and for different societies. The effect will depend on the context.

For further understanding, the interrelationship between trade, sustainable development and gender in agriculture and commodities, four developments merit some scrutiny: the Uruguay Round Agreements as they relate to the agricultural sector; the structural adjustment programmes (SPAs) of the past two decades; changing market structures and supply channels; and the recent decline in commodity prices.

Issues which may merit to be investigated might include, in particular, the following:

1. With regard to the Uruguay Round Agreements (URAs):

- (i) When developing countries lower tariff and non-tariff barriers, the inflow of imports might competitively adversely affect domestic agricultural production. Depending on

¹⁸⁷ It is beyond the scope of this paper to discuss other gender aspects of types of work determined by elements, such as class or ethnic community.

¹⁸⁸ For example, tubers and vegetables in sub-Saharan Africa.

¹⁸⁹ For example, rice in South Asia. In other cases, the different activities involved are gender-specific, planting and husking of grains done by women, harvesting and threshing done by men.

the crops involved and those who grows them, the displacement of economic activities may differ by gender. Subsequent effects will depend on the economic ability of either group to move into other areas of production. The net effects on farms and households deserve attention.

- (ii) If destination markets, in developed or other developing countries, open up for additional commodity imports, the gender effect again depends on the agricultural commodities benefiting from such trade expansion. If market opening stimulates agricultural diversification into crops previously not grown in the country concerned, the question arises who will grow the new crops? These processes are influenced by land ownership and terms of access to land, access to inputs, openness of trade conduits, and capacity to negotiate prices and other contract elements. Although the Uruguay Round was not a principal reason, recent “booms” in cut flowers or fresh vegetable exports from some developing countries are a case in point. It is probable that the pattern of economic participation of women and men in agriculture shifted when these new crops were introduced.¹⁹⁰ Item 3 below discusses this issue from another point of view.
- (iii) Under the URAs, such as the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Duties, certain types of interventions are not actionable (in other words, permitted!): support to low-income or resource-poor producers, aid to disadvantaged areas within countries, and subsidies to research or for environment upgrading.¹⁹¹ Where such support is given, it is frequently gender-blind: it tends to forget that support to agriculture must take into account gendered responsibilities for various types of crops. It has been observed frequently that interventions benefited powerful groups within the community – power is brokered *inter alia* along gender lines.
- (iv) With regard to intellectual property rights (IPRs), a significant asymmetry in the distribution of world R&D expenditures exists between developing countries (accounting for around six per cent thereof, with most patents applied for and granted in those countries belonging to foreigners) and developed countries. However IPRs may be important to protect local creations in developing countries, and may be likely to be one of the factors considered by foreign firms willing to transfer technology in those sectors where IPRs are most relevant. The TRIPS Agreement has set forth minimum standards for the protection of IPRs. It is not, however, a uniform prescription: it leaves room for manoeuvre to legislate on different issues, such as on the patentability of biotechnological inventions and the exceptions to exclusive rights at the national level. These issues should warrant attention.

2. With regard to structural adjustment measures that have affected agriculture:

In many developing countries, marketing boards were formerly the main conduit for agricultural trade as well as for extension services, credit, and other types of institutional support. These boards are being dismantled in the course of implementation of structural adjustment programmes (SAPs), and their functions are being taken over by private agents, often imperfectly

¹⁹⁰ Barrientos, Stephanie, et al., (1999). *Women and Agribusiness. Working Miracles in the Chilean Fruit Export Sector*. London: Macmillan Press, and New York: St. Martin's Press.

¹⁹¹ See URA Agreement on Agriculture, art. 6.2; and Agreement on Subsidies art. 8.2 a,b,c.

and sometimes unsatisfactorily. There is, therefore, a void which has been created by this dismantling. It would be worth exploring to what extent the consequent changes have affected growers of different crops, and women and men, in different ways.

3. Changing market structures and supply channels:

Connected to the issue of SAPs, liberalization and the dismantling of marketing boards, but also independent of it on a global level, market structures and supply channels are changing. On the buying side, there is increasing concentration. Also, more direct links are being established by purchasing firms, such as supermarket chains, with farmers. Many of these links concern products such as vegetables, traditionally produced by women on a small scale. However, export business often requires much larger operations and new skills to meet international demand standards. The performance of women in this regard, as well as the impact on women producers of expanded markets resulting from direct contacts with buyers, would merit careful research.

4. With regard to commodity price declines:

Commodity prices are subject to strong fluctuations over time and, over the past two years, the cycle for most soft commodities and for some minerals has been in the market decline phase. The gendered character of mining activities again implies that women and men will suffer economic loss differently, depending on the commodity concerned. It would be worthwhile to study the differential impact of price declines on male and female producers. This should include an assessment of the existence of traditional (such as local and kinship support) and modern (such as risk management) safety nets for women and men, and the impact of gender in effective access to them.

INTERNATIONAL TRADE IN HEALTH SERVICES: THE CASE OF THE NURSING PROFESSION

by
Cathi Eisenring
Faculty of Economics, University of Zurich
Zurich, Switzerland

I. INTRODUCTION

The health sector is of major social and economic importance. Decision-making in this sector requires a delicate balancing of often oppositional interests and concerns. Considerable concerns have been expressed in recent years about the impact of economic development, in particular the structural adjustment process, on the quality of health-care. It is estimated that the annual global health-care expenditure accounts for over US\$ 3 trillion.¹⁹² Today, governments are faced with a complex set of factors that makes it increasingly difficult to provide health services to their populations. Rapidly escalating costs, declining public health-care budgets, and an ageing population have forced the governments to open up more scope to the private sector. Given the essentially labour-intensive nature of the health services and the fact that health services unlike many other professional services are largely based on universal scientific knowledge, international trade in health services is expected to increase. Trade in health services offers countries the opportunity to enhance their health systems through the generation of additional financial resources, and the acquirement of new medical skills and methods. The diffusion of modern technologies and ideas between countries presents promising opportunities for improving global health in the future. The nursing personnel make up the largest group of health-care providers, accounting for up to 70 per cent of health-care staffing and provide 80 per cent of direct patient care.¹⁹³ Nurse migration is a common feature of the nursing profession and an international phenomenon. Many countries report imbalances in the nursing sector and try to compensate the shortage or surplus by importing or exporting nurses. The globalization and the structural adjustment policies intensify the movements of nurses. Therefore, nursing mobility is an important issue for the nursing profession, governments, employers, policy makers, the public, and other provider groups.

II. HEALTH SERVICES SECTOR

In the early 1990s the world spent about 9 per cent of its total product on the health sector.¹⁹⁴ In 1995, the OECD countries devoted on average 10.4 per cent of their GDP to health-care (public and private), accounting for US\$ 2,071 per person.¹⁹⁵ The public health has thus become extremely expensive in

¹⁹² G. Wolvaardt. (1998). "Opportunities and challenges for developing countries in the health sector", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 63.

¹⁹³ Oulton, J.A. (1998). *International trade and the nursing profession*, in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: UNCTAD/WHO, p. 125.

¹⁹⁴ The World Bank. (1997). "Sector strategy: Health, nutrition and population", in WHO, *The World Health Report 1999: Making a Difference*, Geneva: WHO, p. 31.

¹⁹⁵ UNCTAD. (1998). "International trade in health services: difficulties and opportunities for developing countries" in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 3.

developed countries and forced the health-care authorities to create new concepts to be able to keep the standard of health-care. Trade in health services, for instance by attracting higher spending foreign customers to health facilities, is seen as a means to strengthen the health system. Yet in many poor countries such as Cameroon, Indonesia, Nigeria, Sri Lanka and Sudan, total health spending is less than 2 per cent of GDP. Even in Zambia, where over 3 per cent of GDP is allocated to health, the public per capita spending (government and external assistance) is only about half of the annual US\$ 12 suggested by the World Bank as necessary to fund the cost of a basic health package.¹⁹⁶ The public health in developing countries often lacks the financial, material and human resources to meet the needs of their populations. Trade in health services may help developing countries to boost export earnings and upgrade their health services. Due to the labour-intensive nature of health services, developing countries are expected to possess a comparative advantage in the movement of health personnel.

Trade in health services is particularly affected by technological changes. Enormous advances in the use of communications technology have influenced the provision of health services. Worldwide networks and databases facilitate the access to health-care services and provide more efficient care to those whose access to the traditional system is limited by distance and other factors. The use of the new communications technology includes: telemedicine, interactive health networks, disease surveillance systems, communication links between health workers, human resource development and continuing education, and distance learning.¹⁹⁷ Thus, medical care has become globalized and has created wide interest in the development of worldwide standards and multinational educational institutions. Regulations and standards will increasingly be established on an internationally agreed basis in order to ensure the quality of health services and to support the development of trade.

Until now, the most traditional trade in health services has been the movement of consumers, that is patients who are treated in facilities in foreign countries. However, the movement of natural persons as service suppliers will increase because health services are particularly labour intensive, the scientific knowledge acquired has universal application and imbalances of personnel exist in many countries. What evidence has been shown so far is that the import-export pattern does not follow a clear North-South track.¹⁹⁸ For example, the United Kingdom exports junior nurses to the United States and in turn imports nurses (e.g. from India and Ireland) to meet the domestic shortage; Jamaica exports nurses to the United States and imports them from Myanmar and Nigeria.¹⁹⁹

III. IMPACT OF MIGRATION ON THE PUBLIC HEALTH

Migration has both positive and negative aspects. The impact on quality care is a primary concern, particularly when it creates a brain drain. With the exception of a few developing countries, which have deliberately trained a surplus of health professionals, most developing countries' governments oppose the movement of health personnel as experience has shown that it leads to a loss of scarce human resources. When health personnel leave a country it means making do with less skilled or fewer staff. This may result in poorer standards, a reduction of the range of services available, more complicated care giving and greatly increased needs for supervision by qualified personnel. In many countries, the outflow of nationals is compensated by the inflow of foreigners. Unfortunately, the poorest countries are often unable to obtain replacement from abroad, as they cannot offer adequate working and living conditions. The emigration of qualified health

¹⁹⁶ WHO. (1999). *The World Health Report 1999: Making a Difference*, Geneva: WHO, p. 34.

¹⁹⁷ WHO (1998). "Globalization and public health: a new challenge for WHO?", in *World Health: the magazine of the WHO*, No. 2, March-April, pp. 24-25.

¹⁹⁸ Marconini, M. (1998). "Domestic capacity and international trade in health services: The main issues", in *UNCTAD/WHO, International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 56.

¹⁹⁹ UNCTAD. (1998). "International trade in health services: Difficulties and opportunities for developing countries", in *UNCTAD/WHO, International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 7.

personnel is a problem with which health authorities in developing countries have had to deal with for many years.

It is estimated that 56 per cent of all migrating physicians come from developing countries with the figure for nurses likely to be higher.²⁰⁰ As a result of the outflow from Jamaica, 50 per cent of posts for registered nurses and 30 per cent of midwifery posts remained unfilled in 1995.²⁰¹ South Africa has witnessed a migration of medical personnel to Canada, United Kingdom and United States and also a movement from the public to the private sector within the country. The resulting shortage in the public sector was first met by personnel from neighbouring countries. Since this was producing an unacceptable brain drain from its poorer neighbours, the South African government entered into contracts with Cuba to obtain health personnel.²⁰² Suggested mechanisms to prevent a brain drain include contracts that limit time out of the country, competitive salaries at home or agreements with host countries that place time limits on work permits. While the permanent movement of health personnel can result in a brain drain, temporary movements nevertheless have a positive effect on the quality of medical care. Health personnel going abroad return with new ideas and ways of doing things. For the same reason health personnel from abroad bring new ideas to the host workplace. Thus, temporary movements contribute to a general upgrading of the medical knowledge.

Migration also involves finance and investment decisions. In most countries the education of health personnel is largely subsidized by public funding and requires significant investments. The migration of health personnel provides a subsidy to the receiving country for which there is no direct compensation for the exporting country. Those costs can be partially offset through net foreign incomes and transfers. Remittances of family members working abroad increase household incomes and help to improve the standards of living in the countries of origin.

IV. WHY NURSES MIGRATE

Many factors contribute to sustaining the outflow of health personnel. For most nurses who leave their country in order to work abroad, poor salaries and working and living conditions and workforce imbalances lie behind their decisions. Potential earning differentials between countries is a big incentive to move. Health personnel who seek more lucrative remuneration often shift from the public to the private sector. Nurses may also wish to acquire higher professional qualifications, expose themselves to new techniques not available in the home country or pursue a career abroad. Research has shown that management and compensation practices particularly affect the degree to which nursing shortages are experienced in health institutions. In many countries employers have failed to address long standing deficiencies related to hours of work, salary, education, staffing levels, security, housing and day-care facilities.²⁰³ The restructuring of the public health sector in many countries has made mobility an important aspect for the health professions. Although some of these reforms have created new opportunities for nursing, it often involves layoffs and

²⁰⁰ UNCTAD. (1993). *The World Development Report, 1993: Investing in Health*, also quoted by: UNCTAD, "International trade in health services: Difficulties and opportunities for developing countries", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 7.

²⁰¹ Pan American Health Organization, PAHO (1995). Internal document, quoted by Adams, O. and Kinnon, C. "A public health perspective", in UNCTAD/WHO, *International Trade in health services: A development perspective*. Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 37.

²⁰² UNCTAD. (1998). op. cit., p. 7.

²⁰³ Oulton, J.A. (1998). "International trade and the nursing profession", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, pp. 126-127.

reassignments. There are many situations where nurses cannot find jobs in their own country, and must migrate or retrain in another field.

A. Patterns of nurses migration

In 1989, the International Council of Nurses studied the recruitment of nurses from abroad by polling national nurses' associations.²⁰⁴ The results showed the following patterns of recruitment:

- (a) North America recruits from Argentina, Australia, Canada, Chile, Colombia, Cyprus, Denmark, Hong Kong, India, Ireland, Jamaica, Japan, Mexico, Netherlands, New Zealand, Norway, Panama, Philippines, Sweden, Taiwan, Trinidad and Tobago, and the United Kingdom.
- (b) Middle East recruits from Australia, Belgium, Canada, Denmark, Germany, India, Ireland, Kenya, Malaysia, Netherlands, New Zealand, Norway, Philippines, Sweden, Trinidad and Tobago, and the United Kingdom.
- (c) Europe recruits from Argentina, Austria, Belgium, Denmark, India, Ireland, Netherlands, New Zealand, the Philippines, and Sweden.
- (d) Western Pacific recruits from Hong Kong, Ireland, Netherlands, New Zealand, Philippines, Taiwan, Tonga, and the United Kingdom.

Although skilled health personnel tend to go to the industrial countries of the North, there is also a considerable South-South flow. For instance, Jamaica is currently trying to mitigate the lack of nurses by recruiting them from African countries.²⁰⁵ The majority of the Member States of the World Health Organisation reports a resource imbalance in the nursing sector.²⁰⁶ There are too few or too many nurses wanting to work. There are countries that regularly import nurses and those that educate for export. Still others experience cyclical problems. In other situations, countries may have enough nurses but not enough willing to work in the profession. Health-care reforms, education reforms, new service demand, demographic shifts, or refugee movements move countries quickly from shortage to surplus situations.

Currently Denmark, Israel, Italy, Norway, the United Kingdom and countries from Africa are experiencing severe shortages. The Middle East routinely relies on nurses educated abroad. North America is facing surpluses since the early 1990s as governments began restructuring health-care by closing hospitals or downsizing them. Surpluses also exist in the Philippines, and in other parts of Asia.²⁰⁷ Brazil is confronted with a shortage of highly qualified nurses. Since working conditions and salaries are not competitive, Brazil cannot compensate this shortage by attracting foreign nurses.²⁰⁸ Chinese medical personnel began to flow out during the early 1980s and delivered health services in several foreign countries. According to rough statistics from 1983 to 1990, China sent health personnel to 28 countries or regions.²⁰⁹ Most of these personnel provided services in Asia,

²⁰⁴ International Council of Nurses (1989). *Recruitment of Nurses from Abroad*, Geneva: , unpublished, quoted by Oulton, J.A. (1998)., op. cit., p. 128.

²⁰⁵ Adams, O., and Kinnon, C. "A public health perspective", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, pp. 36-39.

²⁰⁶ Oulton, J.A. (1998)., op. cit., p. 125.

²⁰⁷ Oulton, J.A. (1998)., op. cit., p. 126-127.

²⁰⁸ Zarrilli, S. (1998). "The case of Brazil", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, pp. 182-184.

²⁰⁹ The composition of the Chinese medical service personnel is: nurses 78 per cent and doctors 20 per cent.

Africa, Southern Pacific islands countries, and in a few American countries. Few medical service personnel went to Europe and North America.²¹⁰ Recent studies draw attention to the saturation of certain categories of health professionals in the United States and the European Union. However, new opportunities will emerge in specific sectors, such as nursing care for the elderly, for patients suffering from drug or alcohol addictions, and for medical services in remote areas.²¹¹

B. Barriers for nurses migration

Migrating nurses are faced with a number of barriers. Regulatory barriers are among the first to be encountered. As regards the movement of natural persons, considerable barriers to trade exist because most countries want strictly to regulate the inflow of such persons. In the case of the United States, the number of entries is limited and there are strict conditions for market access: Wages paid to the person should be the same as those paid to nationals in that profession; no labour dispute should be in progress at the place of employment; no worker should have been laid off in the preceding six months; no American worker should be displaced in the 90-day period following the filing of an application or the 90-day period preceding and following the filing of any visa petition supported by an application; and the employer should have taken timely and significant steps to recruit and retain sufficient American workers in the speciality occupation.²¹²

The most common approaches to eliminating regulatory barriers have been mutual recognition and harmonization of standards. Some regional regulation agreements have been implemented, for example, in the Caribbean, among Nordic countries and in the European Union (EU).²¹³ National nurses' associations of the fifteen countries in the EU have worked successfully for acceptance of the fundamental points concerning the training of generalist nurses. At the same time the European Commission has moved away from the concept of harmonization to one of recognition, which means that a person recognized as a professional in one Member State must be recognised as such in all other Member States, provided the profession concerned is a regulated one. In spite of all these efforts, the movement within the EU is still limited, primarily due to the different languages. Other countries and regions are also addressing regulatory barriers. The NAFTA calls for the development of mutually acceptable standards for licensing and certification for a number of professions, including nursing. Nurses in the English-speaking Caribbean sit for the same registration examination, and the countries of central, south, and eastern Africa, working through the East, Central and South African College of Nursing, are drawing up common standards and competencies. Since degrees, diplomas and education obtained abroad may not be considered equivalent, upgrading courses may be required. Often a nurse must pass a licensing examination prior to being allowed to practise.

China may serve as a typical example for the obstacles, which have to be overcome. China has a large number of well-trained nurses. Their foreign language and professional skills have reached the standards of many foreign countries. But before Chinese nurses are employed abroad, they have to pass an examination. For instance, the United States requires Chinese nurses who hold graduation certificates from regular domestic nurses' schools to sit for the registration examination of the Commission on Graduates of Foreign Nursing Schools (CGFNS). Only those who have passed this examination are qualified for employment in the United States. CGFNS has provided examination

²¹⁰ Houyuan, X. (1998). "The case of China", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, pp. 192-196.

²¹¹ UNCTAD (1998), op. cit., p. 8.

²¹² Gupta, I, Goldar, B., and Mitra, A. (1998). "The case of India", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, pp. 231-234.

²¹³ Oulton, J.A., op. cit., pp. 129-132.

centres in many countries and regions, but none has been located in China. If Chinese nurses decide to take the CGFNS examination, they have to travel to the United States or to any other country or region where there is an examination centre. Thus, taking such an examination means spending a lot of money and time.²¹⁴ Furthermore, differences in the education system aggravate the access to foreign health facilities. In China, there are some differences in the education compared with foreign countries, especially in the length of schooling. These kinds of distinctions in the education system mean that China's nurses lose many opportunities of services abroad.²¹⁵

Once hired there still remain a number of barriers. Some nurses have experienced an imposed unpaid orientation period, a different rate of pay from that of nationals, and different working conditions, such as the requirement to do more night or weekend shifts or to work in less popular or prestigious units.²¹⁶ Besides, health professionals from developing countries are providing a great deal of the unskilled labour in the health sector in the developed world, despite the qualifications they may have. Another difficulty may include taxation. For instance, the United States requires that foreigners are treated in the same way as United States citizens. Since natural persons as providers of services for a short period may be subject to taxation in their home country, being treated in the same way as a United States citizen implies that they might well suffer double taxation.²¹⁷

V. CONCLUSIONS

There is no doubt that freedom to choose to move should be the right of every nurse. Migration may often imply improved living and working conditions, higher professional qualifications or a more lucrative remuneration. At the same time, health authorities should not use mobility as the routine approach to managing nursing resources. To do so means deferring considerations of effective local measures that would improve long-term recruitment and planning for quality care. However, trade in health services may help to boost the export earnings and to strengthen the public health system. But the difficulties behind the development of export strategies in health services are proportional to the difficulties in gaining access to foreign markets. Thus, issues such as the international recognition of the quality of the services rendered, the international accreditation of medical personnel and health institutions, or restrictions on the movement of natural persons are of great relevance to developing the trade in health services. The exchange of technology and skills between countries presents promising opportunities for improving global health in the future.

²¹⁴ Houyuan, X. (1998), op. cit., pp. 201-203.

²¹⁵ Houyuan, X. (1998), op. cit., pp. 204-205.

²¹⁶ Oulton, J.A. (1998), op. cit., p. 131.

²¹⁷ Gupta, I., Goldar, B., and Mitra, A. (1998). "The case of India", in UNCTAD/WHO, *International Trade in health services: A development perspective*, Geneva: United Nations Publications, UNCTAD/ITCD/TSB/5, p. 234.

MEETING THE CHALLENGE OF INTEGRATING WOMEN INTO THE NATIONAL AND THE INTERNATIONAL ECONOMY: A SOUTH AFRICAN PERSPECTIVE

by
Namane Magau
Executive Vice-President
Human Resources, Council for Scientific and Industrial Research
Pretoria, South Africa

I. INTRODUCTION

It is my view that the challenges of integrating women into the world economy have to be tackled at on two fronts, namely, at the national and the global levels. In this paper I focus on South Africa, but I also indicate how national and international developments need to be linked order to break down the global barriers and promote a better world for all.

Historically, the participation of women in trade and sustainable development has been marginalized in the South African economy but, since 1994, with the adoption of a democratic government and the introduction of measures to reorient South Africa towards a more democratic society, impetus was given to the integration of women in the economy. The appointment of women to key positions in government and other administrative structures facilitated the entry of women into decision-making roles and the development of systems to reduce the gaps in education and in the market-place. The learning experiences gained in this process could be valuable to the international community, and the South African model to a large extent could serve as a model for others.

Some of the experiences gained relate to the complex set of factors that are playing a role in ensuring positive economic outcomes of gender-related measures. As our experience to date indicates, there are still considerable imperfections in the South African gender job market over which women individually and collectively have little control, notwithstanding the positive measures that have been adopted. The limited financial ability of the South African Government to address these constraints, given the huge transformation agenda it was forced to adopt to transform South African society is perhaps one of the major causes of this situation. Despite what has already been done, South Africa cannot afford to ignore the many challenges still to be faced in optimizing the role of women in trade and sustainable development. Addressing them within the framework of national and international guidelines would seem to be the appropriate course to take.

This paper highlights the challenges, progress achieved and emerging solutions in charting the paths toward integrating women into the economy and thus promoting trade and sustainable development. In developing this theme the paper first addresses the current economic and gender situation in South Africa. It then highlights some of the market imperfections that have a bearing on the subject, the challenges, and interventions that could make a difference.

II. THE CURRENT SITUATION IN SOUTH AFRICA

A. Economic and human development

The overall situation. The United Nations Development Programme (UNDP) in terms of its Human Development Index (HDI) ranked South Africa 101 of 174 countries in 1999, thus placing it as one of the world's "medium human development" countries.²¹⁸ This situation has remained fairly static since 1975 when the HDI was 0.637 (against the 1999 HDI of 0.695). According to the UNDP the static or declining HDI's recorded for sub-Saharan Africa could perhaps be ascribed to the effects of the HIV/AIDS pandemic or economic stagnation. Over the period 1975 to 1997, gross domestic product (GDP) per capita decreased from US\$ 2,656 to US\$ 2,336 at 1987 prices/exchange rates, indicating the persistence of poverty and especially low household income levels. At least 24 per cent of the South African population is especially vulnerable to adverse economic conditions, whatever their source. Over the period 1989 to 1994, this segment of the South African population had been existing below the income poverty line of US\$ 1 a day.

Economic growth. From 1984 to 1986 the real GDP of South Africa declined at an annualized rate of 2 per cent and from 1989 to 1993 at an annualized rate of a half per cent.²¹⁹ This decline came to an end in 1994 when an annualized growth rate of 3.5 per cent was recorded from then until 1996. Since then the annual growth rate has slowed down again to about a half per cent.

The sluggish growth rate in real GDP can partly be ascribed to developments in the international arena. Agricultural and mining output declined throughout 1998, in reacting to slumps in international commodity prices and weak international demand. Gold production was especially very vulnerable to the recent fall in the dollar price of gold, bringing output to a level reminiscent of the 1950s. However, the stronger export demand for motor vehicles just prevented a decline in real manufacturing production.

Domestic expenditure. Real gross domestic expenditure has been declining in recent years at an annualized rate of 4.5 per cent, mainly because of a sharp decline in gross fixed capital formation by public corporations. Currently, gross domestic fixed capital formation as a percentage of the GDP is about 16.5 per cent, which is lower than the long-term average of 22 per cent of the GDP. International standards seem to indicate that this ratio is too low to set the South African economy on a higher growth path, something that is urgently required to address the mounting unemployment challenge in South Africa.

Employment. Since 1989 there has been a continued decline in formal sector employment. During this period almost 850 000 workers lost their jobs, increasing the unemployment rate to about 23 per cent in 1997. This reduction in formal employment can be attributed to the slowdown in world economic activity; the pressures under which domestic producers had to operate in order to remain competitive in a global economy; the decline in international commodity prices and increased wage costs; and an ongoing rationalization in the public sector. Various measures have been introduced to address the employment issue, for instance formalizing collaboration between government, the private sector and organized labour, and the further development of policies aimed at SMEs, especially micro-enterprise development.

²¹⁸ UNDP. (1999). *Human Development Report 1999*. New York: Oxford University Press.

²¹⁹ South African Reserve Bank. (1999). *Annual Economic Report 1999*. Pretoria: SARB.

B. Gender participation

Population. In 1996 just more than a half of the South African population were women.²²⁰ The largest numbers of women were recorded in the largely non-urban and poorest provinces, such as Northern Province (55 per cent) and Eastern Cape (54 per cent).

Poverty. As in many countries, women-headed South African households tend to be poorer than other households, especially in the non-urban areas. More than 37 per cent of non-urban women headed households in the poorest fifth of all households. This situation can partly be explained by dependency. The percentage of women who are divorced or widowed increases with age. In the age group of 60 years and over half of the women were single again, but still responsible for the children. In 1995 over 46 per cent of all African children were living only with their mothers.

Economically active population. Nearly 54 per cent of women were classified as not being economically active in 1995, compared with 37 per cent of men. This result ignores the participation of women through subsistence farming, other informal business activities and free household services. Yet it shows the enormous potential that is currently wasted by not bringing more women into currently defined economic activities. Education seems to have a positive influence on the size of the economically active population. Yet, at each level of education, a higher proportion of African women than men was not economically active, suggesting the influence of other causes.

Employment. Unemployment is a national concern but is particularly acute with regard to the economically active women. In 1995, only 24 per cent of African women were employed compared to 43 per cent of African men. The percentage employed tends to increase relative to increased education although more so for the men than for the women.

Income. A large proportion of employed women work in relatively low-paid and low-skilled occupations. In 1995, some 35 per cent of African women were employed as elementary domestic workers, while 57 per cent worked for a salary or wage as service workers, clerks, and technicians. The professional occupations employed 4 per cent of women against 3 per cent of men, and the managerial occupations 3 per cent of women and 5 per cent of men.

Women generally earned less than men in 1995. This difference was especially noticeable among white women and men: women earned nearly a half that of men. Race differences added to the gender differences. The average African woman earned only 43 per cent of the average earnings of white women employees and only just over a quarter of the earnings of the average white male employees. Some differences in earnings can be attributed to education, but gender differences in earnings persist even among men and women with similar educational achievement.

Education and training. Looking at the education and training scene, significant differences between population groups and gender were observed in 1995. In the age group 25 years and older nearly a quarter of all African women had received no formal education at all, while only 16 per cent had achieved a matriculation, diploma or higher education qualification. Finance and pregnancy appear to be the main reasons for girls/women dropping out of school.

Women students are in the majority at universities, but in the minority at technical colleges and other institutions of skill and crafts. In all learning institutions, except for the nursing colleges,

²²⁰ South African Central Statistical Service. (1999). *Gender Statistics*. Pretoria: CSS.

women permanent staff members are in the minority. In 1997, only one-third of the research and instruction professionals at universities were women.

Overall implications. In conclusion it appears that there are still large pockets of inherited de facto gender discrimination in South Africa. Many women are living in poor economic environments, having to cope with large dependency rates, battling to survive and grasping any kind of earning opportunity open to them. Facing institutional barriers to their entry and advancement in formal, salaried jobs, and traditional lifestyles that attempt to place women, economically at least, at the margin.

III. CONSTRAINTS ON WOMEN'S PARTICIPATION

A complex set of causes for the observed disparate participation of women in the South African economy has been put forward over the years. According to commentators (see, for instance, the 1998 SPA Status Report on poverty in Sub-Saharan Africa) the principle issues are as follows:

- (a) Limited access to and control of economically productive assets necessary for growth, indicating shortages with regard to: (i) women decision-makers; (ii) female education, training and literacy provisions, and (iii) financial, technological, and other inputs.
- (b) Neglect of sectors populated by women.
- (c) Absence of adequate infrastructure accessible to women, e.g. water supply and sanitation services.
- (d) Limited access to labour-saving technologies, means of transport, and domestic energy.
- (e) Biased provisions in policies and international agreements.
- (f) Biased institutional environments.
- (g) Social and cultural norms that shape gender relationships.
- (h) Data and research limitations.

Attempts to address these constraints inevitably reveal the inadequacy of piecemeal and isolated approaches. They need to be addressed in a systems context, focusing on collaboration between role players in the domestic as well as global arenas.

IV. MEASURES UNDERTAKEN TO ADDRESS THE CONSTRAINTS

Constitutional framework. Many regard the final South African Constitution that came into effect in 1997 as one of the best constitutions for women, making gender equality, freedom from violence and reproductive freedom to women the corner stones of the democracy.

Structures. The South African Constitution of 1997 provided for the establishment of the Commission on Gender Equality to make recommendations to Parliament or any other legislature with regard to any laws or proposed legislation that affects gender equality and the status of women. An Office on the Status of Women was established in 1998, and this is being mirrored in the nine

provinces of South Africa. Existing structures have not stayed behind. In many line departments of the government service there are special gender units operating to promote gender equality. The Youth Commission adopted special programmes to deal with gender issues. Universities established gender research programmes, while various ministries, science councils, government departments, private businesses, and SME development institutions joined hands in establishing Technology for Women in Business (TWIB) to promote gender participation in the economy through technology generation and transfer. Through the TWIB national programme the Council for Scientific and Industrial Research (CSIR), as a key technology institution in South Africa, and NTSIKA, as a key micro-enterprise development institution, both target current and prospective women entrepreneurs in women-populated economic sectors to improve access of women, and excellence and productivity. TWIB, in particular, aims at promoting and nurturing innovation among women, creating role models for other women in business, encouraging and influencing girls and young women to choose careers in science and technology; and promoting cooperation between SMEs and between large and small business, parastatals, Science Councils and the private sector. One of the most popular means to achieve these aims is to organize an annual award ceremony for successful women entrepreneurs.

Legislation. Several key pieces of legislation basic to women's equality have been passed, e.g. the Termination of Pregnancy Act, the Employment Equity Act (to eliminate unfair discrimination), the Basic Conditions of Employment Act (to regulate the minimum working conditions of workers), the Labour Relations Act (to prohibit both direct and indirect unfair discrimination), and the Skills Development Act (to address the skills shortages in the various economic sectors through increased investment in training).

Decision-making. President Thabo Mbeki showed that he recognizes the importance of women in government. There are sixteen female cabinet ministers and deputies, several of whom hold top portfolios, such as foreign affairs, health, agriculture and communications. The White Paper on the Transformation of the Public Service also makes provision for affirmative action on the grounds of gender.

International collaboration. South Africa has ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and is committed to the Beijing Platform of Action.

V. CONCLUSIONS

A. Challenges

Despite the many positive steps that have been introduced, discrimination against women is still embedded in the minds and attitudes of many South Africans. The existing national and international measures taken to alleviate this situation to date also seem especially to reach only the urban rich, while leaving as a major challenge the task of reaching the women in rural areas who are poor, living under severe limiting conditions, outside of the formal employment market and vulnerable to abuse.

B. Recommendations

Considering the persistence of poverty that is especially prevalent in poor rural areas, it is recommended that South Africa and the international community (through UNCTAD) pay especial attention to the following:

1. The effects of current policies, measures and agreements on this most vulnerable portion of the South African population.
2. The introduction of measures and collaborative arrangements aimed at alleviating poverty.
3. The adoption of action programmes to integrate poor, rural women into the formal national economy and to connect them with the international markets.

THE TECHNOLOGY FOR WOMEN IN BUSINESS (TWIB) PROGRAMME IN SOUTH AFRICA

by
Matfobhi Riba
Enterprise Development Branch
Division on Investment, Technology and Enterprise Development
UNCTAD

Launched in 1998 by the Department of Trade and Industry, the Technology for Women in Business (TWIB) programme is a means of facilitating access to technology for South Africa's women in small business. TWIB was born from the realisation that small, micro and medium sized enterprises (SMMEs), particularly those owned by women, were especially at risk from the impacts of globalization. Access to technology and the enhanced use of technology by women in business was identified as the key to unlocking opportunities for women-owned businesses and their competitiveness.

TWIB focuses on five cluster areas for targeted assistance; information technology, agriculture, crafts and textiles, eco-tourism and construction.

Conceived as a network broker for technology support services, TWIB facilitates access to existing programmes and institutions and promoting strategic co-operation amongst women SMMEs and between SMMEs and large business, parastatals, and research and technology organizations. South Africa's science councils have traditionally favoured big business and their research was often not demand driven. TWIB is credited with the responsibility of influencing the agenda of science and technology institutions in South Africa to pursue solution-based research that responds to the needs of SMMEs and in particular women-owned or managed SMMEs. After just two years of TWIB's existence, a number of South Africa's business development service providers and parastatals now offer special programmes and conditions for women entrepreneurs. Notable among the parastatals is Telkom, the telecommunications giant, which offers assistance on Telkom tender procedures to SMME women and also exempts women SMME entrepreneurs from having to pay the customary performance guarantee that is a condition for being awarded a tender.

Currently, the Council for Scientific and Industrial Research (CSIR) and Ntsika Enterprise Promotions are the two main organizations in the TWIB network. Ntsika is a parastatal agency that provides non-financial assistance to small business and the CSIR is one of eight science councils in South Africa covering a number of areas including medical research, agriculture, minerals, human resources and quality standards. The chair of the Coordinating Council of the eight science councils currently resides with the CSIR and as such, the CSIR is TWIB's link with the major research and technology organizations in South Africa.

TWIB has adopted a two-pronged strategy for addressing access to technology and the use of technology by women entrepreneurs. In conjunction with targeting women already in business, TWIB activities are also aimed at exposing girls and young women to science and technology careers through its Techno-Girl initiative. The main objective of Techno-Girl is to remove the stereotypes and biases that have often prevented girls from taking science-based courses at school or following careers in science and technology. Thus ensuring that these girls are not at a later stage intimidated or prevented from integrating technology in their businesses or their lives.

The TWIB programme stresses the need for innovative solutions to SMME problems. An important part of the TWIB programme is the identification and recognition of initiative and achievement in the use and integration of technology by women in their businesses. Every year TWIB confers an award to SMME women who have enhanced their competitiveness by successfully integrating technology in their business. Those who win awards and those who are nominated for an award become TWIB technology ambassadors and become the role models for other women in business and young girls interested in a career in business or technology. The prizes associated with such TWIB awards always include some aspect of technology (for example training or equipment) intended to enhance efficiency or productivity in the business.

INCREASING THE PARTICIPATION OF WOMEN IN TRADE AND DEVELOPMENT IN CAMEROON

by
Pouédogo Pouédogo
Economist (Chargé de Recherches)
Department of Industrial Development and Handicraft
Ministry of Industrial and Commercial Development
Yaoundé, Cameroon

I. INTRODUCTION

Cameroon, an African country with a population of some 13 million inhabitants, varies considerably: equatorial forests cover the southern and eastern parts of the country, the northern part consists of savannahs, while the west of the country is mountainous. Agriculture occupies 63 per cent of the active population and contributes 22 per cent of the GNP. The principal export commodities are cacao, coffee, bananas, cotton, natural rubber and wood. Cameroon is in a position of food self-sufficiency. Some 2 per cent of the active population work in the mining sector which generates 12 per cent of the GNP. The resources extracted are petrol and natural gas. The manufacturing industry, focused on aluminium and agro-industrial products (chiefly foodstuffs) occupies 10 per cent of the active population and contributes 18 per cent of the GNP. Some 25 per cent of the active population are engaged in the services sector, and its contribution to GNP is 48 per cent. Hydroelectric power assures the energy self-sufficiency of Cameroon.

II. COMMERCIAL POLICY OF CAMEROON

A. Trade strategies of Cameroon

The country's trade policy can best be described in respect of two time periods: The years from 1960 to 1990, when Cameroon's trade was protected and controlled by the State using tariffs and other means, and the period of liberalization since 1990.

1. 1960 to 1989

During this period, nominal tariffs were raised to an average of 70 per cent,²²¹ and in relation to the value of the commodities they were sometimes even higher. There were also non-tariff barriers, such as the limitation and regulation of imports. Some products, such as articles made of carton-paper, household tools made of wood, etc. could be imported only if there was an import licence. Other products were linked to the "rule of reciprocity", which means that the importer also engages to commercialize an equal quantity of the same product of local manufacture (e.g. packages of paper, shoes or suitcases). Some products needed a particular authorization and were thus specifically regulated (e.g. aluminium products, nails and sharp tools such as knives). Some of these

²²¹ See the Cameroon *Plan Directeur d'Industrialisation* (PDI) (1990).

products were considered “sensitive” and the appropriate authorizations were only given if there was no local production or if the requested products were to be used in a region which was very distant from the local production centres, or where access was very difficult (this applied, for example, to tyres of small diameter, concrete iron, and machetes). It is noteworthy that this regime of imports was proof of a sluggish industrialization and a deficit in efficiency. This protectionist policy was intended to stimulate substitutes for producer/consumer information, and therefore to protect the young and fragile Cameroon industry.

2. 1989 to 1999

Following the adoption of the IMF structural adjustment strategy, a new trade policy was implemented in cooperation with the IMF and the World Bank. It comprises the following strategies: (a) simplification of procedures of distribution; (b) reshaping of commercialization circuits of basic products by means of purchase price liberalization and dissolution of state monopolies, and abolition of the Office for Commercialization of Basic Products in Cameroon (ONCPB);²²² (c) abolition of import licences; (d) abolition of quantitative import restrictions; (e) abolition of price stabilization and the administrative setting of minimum prices for locally produced basic products; and (f) the abolition of zones of purchase. This general liberalization of trade is described in detail in the General Programme of Trade of Cameroon (PGE) which has been applied since 8 July 1994.

Export promotion has been another strategy within the trade liberalization programme. It aims at complementing agricultural exports with other products, this in conjunction with a Canadian organization for technical cooperation and with the assistance programme of the International Trade Centre, Geneva.

B. Integration of Cameroon into the WTO-based multilateral trading system

The macroeconomic reforms launched by the State in conjunction with the Bretton Woods institutions have resulted in a reorientation of the commercial policy of Cameroon. The economic regime of the country is now compatible with the aims and methods of the General Agreement on Tariffs and Trade, characterized by reduced duties, liberalized imports, cancelled/diminished subsidies, freedom of competition, openness of frontiers to foreign investors, and the unrestricted movement of capital.

Cameroon, like some other developing countries which have initiated structural adjustment is now in a position to adopt a more constructive attitude towards realizing the aims of the Uruguay Round. In this respect, the Government also agreed to the conclusions of the meeting of ministers at Marrakech in 1994, and the Final Act that confirmed the results of the Uruguay Round negotiations, which came into effect on 1 January 1995. A follow-up committee of the WTO agreement was then set up in Cameroon in order to guarantee the country's respect of the provisions of the Final Act.

²²² The ONCFB was replaced by the ONCC (National Office for Cacao and Coffee) in 1990. However, the ONCC's role is restricted to quality control and the promotion of Cameroon as a producer.

III. SUSTAINABLE HUMAN DEVELOPMENT IN CAMEROON

A. Social indicators

The level of human development, as defined by UNDP's annual *Human Development Report* is very low in Cameroon, though some important progress has been achieved in certain domains. There is real poverty in the country, since some 50 per cent of the population are deprived of drinking water, some 20 per cent do not have access to health services and about 40 per cent of the population live below the poverty line.²²³ The country was classified in 1997 in the 41st position of 78 countries by UNDP²²⁴ in terms of its human poverty index (HPI). The country occupied the 133rd place in human development in 1997, with a human development index (HDI) value of 0.463 as compared to an average of 0.380 of all African countries of southern Sahara and a worldwide average of 0.764 (see table 1).

Table 1
Human development evolution
(1960 – 1997)

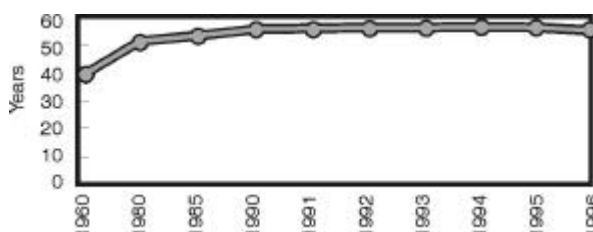
Year	1960	1980	1985	1990	1991	1992	1993	1994	1995	1997
Life expectancy (years)	39.3	51.0	53.4	55.6	55.7	56.0	56.0	56.7	56.7	56.7
Infant Mortality rate (per 1,000)	102.0	101.1	94.0	88.3	84.0	80.5	78.0	77.0	56.0	62.0
Human Development Index	0.192	0.34	-	0.414	-	0.434	-	0.468	-	0.468

Sources: World Bank (1997). *African Development Indicator*. Washington D.C.: The World Bank.
UNDP (1995/1996/1997). *Human Development Report*. New York: Oxford University Press.

B. Life expectancy

The trend of life expectancy in Cameroon shows a feeble growth. Life expectancy is some 55 years as compared to an average of 50 years in sub-Saharan Africa and 63 years worldwide. Since 1990 the curve has been flattening, thus reflecting the difficult economic context which has constrained the State to reduce its health and life enhancing budgets (see figure 1).

Figure 1
Evolution of life expectancy



Sources: World Bank (1997). *African Development Indicator*. Washington D.C.: The World Bank.
UNDP (1995/1996/1997). *Human Development Report*. New York: Oxford University Press.

²²³ The poverty line is defined by UNDP as the income level below which a minimum nutritionally adequate diet plus essential non-food requirements are not affordable.

²²⁴ UNDP (1997). *Human Development Report 1997*. New York: Oxford University Press.

C. Access to drinking water

Regardless of the very rich renewable resources of drinking water (18,500 cubic metres per habitant/year compared to a worldwide average of 6,400 cubic metres), the access rate of the population to drinking water is very low (50 per cent), while the average of sub-Saharan African countries is 51 per cent. This situation is worsening due to a sharp decline of investment in respect of extending rural and urban networks. This contradiction between the availability of important water resources and a very low level of access is due to the lack of an appropriate government policy notably, the lack of a global vision, random administration of water supply programmes and the inefficiency of the national water administration body of Cameroon.

D. Education

The literacy rate of adults has made an important progression in Cameroon since independence, rising from 33 per cent in 1960 to 63.5 per cent in 1995. In this latter year the average of all sub-Saharan African countries was 55.9 per cent and the worldwide average was 77.1 per cent. The general literacy rate has been following a similar trend, but since the beginning of the economic crisis in the early 1980s the situation of education has weakened, due to lower overall government spending in this social investment sector.

IV. ECONOMIC INDICATORS

Environmental protection is intrinsic to sustainable development. However, several socio-economic phenomena pose a threat to the environment; these are notably those human activities causing air, water and soil pollution. The major problem is the uncontrolled discharge of household and industrial waste, while other threats result from the intensive and uncontrolled exploitation of forests.

A report on economic development and the environment in Cameroon, published in 1992, stated that the development process resulting from economic activity between 1960 and 1990 had not achieved a balanced growth of population, resource consumption, economic development, use of resources and protection of the environment. In view of these results, the Government of Cameroon decided to implement the recommendations resulting from the 1992 Earth Summit in Rio de Janeiro by taking the following actions: (i) implementation of a new policy with regard to forestry and introduction of the appropriate legislation; (ii) implementation of a national programme of environment management, and (iii) launching of a programme of sustainable industrial development.

V. INDICATORS OF POLITICAL PARTICIPATION

Between 1960 and 1990 Cameroon was characterized by a highly centralized government with limited individual and collective rights. The population was held almost entirely aloof from public business. Since 1990, however, the country has taken several steps towards achieving economic and political liberalization and political liberties have become more accessible. This has led to a pluralism of political parties (see table 3) and trade unions, and of the private press (457 titles published in 1994 compared to 109 in 1990). There has also been a growth in the number of variety of working non-governmental organizations (NGOs) in the field of human rights.

Table 3
Annual evolution of political parties

Year/s	Before 1990	1991	1992	1993	1994
New parties	1	57	15	19	8
Total parties	1	58	73	92	100

Source: Ministry of Territorial Administration (1995). *Report*. Yaoundé: MTA.

In addition to these developments, the Government of Cameroon has established, in collaboration with the relevant international organizations, a Committee responsible for the conception and implementation of a “National Governance Programme”. It focuses on public administration, decentralization, law, the management of economic, financial and social matters, as well as the participation of citizens in civil society and the management of public affairs. The political liberalization to date remains, however, rather modest. The implementation of steering mechanisms in respect of the exercise of power is not sufficiently promoted, nonetheless the public communities should be able to play a more active political role in the future. (At this time seven parties are represented in the national parliament). Rigour in administration and strategic decision-making needs also to be reinforced.

As far as political participation and gender is concerned, despite an increased active participation of women in public and economic affairs, the representation of women is still very low. Presently, only 5 per cent of the members of parliament and government are women. The male/female ratio in salaried work is more favourable to women since there is now one woman for every five men.

VI. GENDER IN CAMEROON

As regards the general situation of the gender issue in Cameroon, the equality of opportunity gulf between women and men has been narrowing since the 1960s, but still remains very biased in favour of men. Girls in Cameroon are less represented in secondary education than are the boys (1 girl/2 boys) and in higher education where there is 1 girl/3 boys. In the global workforce, women constitute about 20 per cent. In decision-making institutions and agencies (Government and Assembly), women only constitute 5 per cent, and even this limited result is due to programmes focused on the better education of women and the elimination of the “traditional” ways of thinking (“women are best in the household”), thus allowing women to join the productive and administrative system. In this respect, Cameroon has to date developed as follows:

1. Actions have been taken by the Ministry of Social Affairs and Promotion of Women in the fields of education of concerned populations (women, handicapped).
2. Priorities of the Fifth and Sixth Development Plans of Cameroon have given priority to the education of women allowing them better access to knowledge and information, which enables them to “join the political and socio-economic system”.
3. The constitution of a particular section within each body financed by the Government of Cameroon to deal with the instruction/training of women.

4. Launching of education schemes in the fields of handicrafts, health, sanitary/hygiene, domestic economy, etc. by the Ministries of Health and of Agriculture. These initiatives have also contributed to narrow the gap between women and men.
5. Adoption and ratification of an international convention related to discrimination against women.
6. Creation of “le Comité consultatif pour la promotion de la femme-CCPF” by Presidential decree No. 84 signed 23 May 1984.
7. Elaboration of a National Action Plan for integration of women in Cameroon’s economic development.
8. Many other policies and strategies are being formulated for narrowing the gap between women and men in the field of legislation, education, communication, health, employment, commerce and industry, environment and tourism, and rural development.

Many bilateral and multilateral projects are conducted to encourage women’s participation in the Cameroon development process.

The democratization process has allowed for the creation of several associations and NGOs dealing with promoting the increased employment of women in public and private organizations and enterprises.

Despite these measures, women in Cameroon still suffer various forms of marginalization, such as unequal rights in general, problems linked with heritage and problems related to ownership of the land. In general, the situation of women remains that of sustained inequality as much on a socio-cultural level, as on the economic, legal and political levels. Access to property is particularly difficult and frustrating to rural women, and the role of women in the rural formal sector also remains very marginal due to difficulties of entry. In the urban sector, the percentage of women who are chiefs of enterprise is very low (3.1 per cent). The principal difficulties faced by women are as follows:

1. Lack of access to appropriate technologies, markets and credit.
2. Poor level of management education.
3. Lack of overall information.

VII. RECOMMENDATIONS

In view of the difficulties faced by women in Cameroon’s economy, UNCTAD and other relevant organizations should consider taking some measures to promote women’s participation in the country’s development process. Such measures could include: (i) encourage the State to review the legislation for eliminating the discrimination between men and women (access to the land property, access to the credits); (ii) encourage the State to improve the roads in the rural sector to assist women in accessing to markets; (iii) development of an appropriate information system with regard to technology, markets, standards and quality requirements; (iv) facilitation of women’s participation in international workshops, fora, etc.; (v) support to women’s associations; (vi) simplification of administrative procedures, which could make business life easier for women; and (vi) strengthening the institutions in charge of the promotion of women’s enterprises.

VIII. OVERALL CONCLUSIONS

Clearly, commercial strategies and non-ambiguous rules of the game allow for an increase in profits resulting from commercial affairs. High revenues thus generated could be reinvested which, in turn, is the precondition of sustainable development. Although women are making an increasingly important contribution in public and private functions, and despite their traditional and important roles in society, they are still victims of discrimination and inequality in Cameroon.

CONSTRAINTS ON WOMEN-OWNED SMEs IN LESSER ADVANCED COUNTRIES OF AFRICA

by
Leyla Khaiat
President, World Association of Women Entrepreneurs (FCEM)
Tunis, Tunisia

I. INTRODUCTION

The severity of the equity gap between men and women within a given country is a major contributor to a country's inability to develop and sustain continuous development that is not reliant on a country's wealth of petroleum or other natural resources. When half the adult population (women) are impeded from exercising their full capabilities to contribute to the well-being and advancement of their country, an entire population suffers from the underutilization of its human capital resources potential. Yet achieving gender equality for women in economic activity requires a general movement for change from within a nation, which is also supported by a delicate balance of change in: cultural attitudes, legislation and civil law, and adaptation to new implications of societal norms.

This paper provides a brief overview of the barriers and impediments faced by women entrepreneurs and business owners in general in the lesser-developed nations of Africa. The information given is based upon the experience of Tunisia, my own country, in its achievement in creating a sustainable economic environment with the inclusion of women in all sectors of social, cultural, political and economic activity. General information on the situation prevailing in other African countries is representative of the input from ongoing discussions and reports received from African business-women owners' associations that are adherents of FCEM (Femmes Chefs d'Entreprises Mondiales, the World Association of Women Entrepreneurs) from Cameroon, Benin, Democratic Republic of Congo, Guinea, Gabon, Côte d'Ivoire, Mauritius, Senegal, South Africa, and Mauritania.

As the issues and their complexity differ from nation to nation as do levels of development, this paper is intended to provide general insight into barriers and to suggest policies and programmes aimed at improving the environment for the emergence of women-owned SMEs in Africa.

II. ADVANCEMENT OF GENDER EQUALITY AND FEMALE ENTREPRENEURIAL ACTIVITY IN TUNISIA: A POLICY FOR SUSTAINABLE ECONOMIC DEVELOPMENT

According to United Nations research and documentation regarding country Economic Sustainability Indexes (ESIs) referring to a country's capacity to maintain long-term economic growth, Tunisia is ranked among the top five African countries. The index is based on five major indicators: human capital development, structural diversification, dependency, transaction costs, and microeconomic aspects of sustainability.

Since its independence in 1956, Tunisia has worked toward the integration of women within all sectors of the societal and economic activity. A few months following the independence of Tunisia from France, the Tunisian Government drafted the code of personal status on August 13, 1956,

giving Tunisian women their civil and legal rights under the law. In 1964, Tunisia established a nationwide family planning programme.

Under the leadership of President Ben Ali since 1987, these rights have been further elaborated to ensure gender equality aimed at the full participation of every adult citizen in the economic development of the country. In 1993, an important amendment was incorporated into the work code to assure non-discrimination of women in the workplace in all respects of employment, remuneration, work conditions and access to professional training and education.

Tunisia's successes and its experience in the area of creating an environment for sustainable development has been facilitated by many contributory factors: a small population of around nine million, a well-educated citizenry, a tolerant peaceful society, a culture which has an international outlook and strong links to Europe, an advantageous investment incentives code and SME and micro-enterprise financing mechanisms, participation of women in economic, social, cultural and political activity, strong stable leadership and effective long-range social and economic development plans, which have provided for the country's transition into a market economy and its insertion into the world economy.

Today, Tunisian women account for over 30 per cent of the employed adult working population. There are some 15,000 women heads of enterprises in the country's informal sector, typically agricultural and handicrafts activities, and close to 5,000 in the formal sector with representation in industry, tourism, manufacturing, the services sector and high-tech. The development of female entrepreneurial activity has been further consolidated and expanded through the creation in 1990 of the National Chamber of Women Business Owners (CNFCE), a not-for-profit NGO representing the interests of women entrepreneurs in Tunisia. The Chamber has been instrumental in identifying and advocating the elimination of structural and legal impediments and in developing female entrepreneurial activity. It has an active regional and international agenda, linking members with similar women's associations in other countries to promote business, partnerships, trade and experience-sharing opportunities.

Tunisian women business owners have the same advantages as their male counterparts and face the same challenges presented by Tunisia's Association Accord with the European Union, which will create a free-trade zone, phased in gradually through the year 2008. Tunisia today is in a transitional stage. The country has become an emerging economy and is preparing for its full entry into the world market, placing itself in direct competition within its domestic market and on the international markets of the world.

The Tunisia experience is unique in that it has taken place within a Muslim-Arab context. Tunisia is also first and foremost an African country, and our history and experience has much in common with the plight and challenges being faced in other African countries, which are dealing with or being held back from true development because of far-reaching effects of basic inequity in the daily lives of half of their population, the female equation.

III. BARRIERS AND IMPEDIMENTS TO FEMALE ENTREPRENEURSHIP: AN AFRICAN PERSPECTIVE

In Africa, women entrepreneurs in general are constrained and impeded in their efforts to create enterprise, to develop viable enterprise and to move into the ranks of small- and medium-sized enterprises, due to basic inequalities in their legal status, access to institutions and cultural

conditioning and traditions. These factors are further compounded by gaps in general economic policies and programmes for women.

A. Basic structural impediments

Inequality under the law. While in a number of developing African countries women have some form or another of basic civil rights, including the right to vote, there still remains major gaps in equal treatment and rights under the law and in the application of rights. Unequal treatment under the law in terms of the right to property, questions of asset holding, the right to contract, inheritance laws, credit policies, and discriminatory labour laws comprise for women the major inequities that remain unchanged in many African nations and elsewhere.

Access to education and health care. Education is the key to the ability of people to participate effectively in the development of their country. Unfortunately, young girls in less developed societies are less likely to attend school, as the direct and indirect costs of their education is much higher than those of their male counterparts. When the bulk of society is living close to or at the poverty level with little public infrastructure, such as potable water easily accessible, young girls are employed in the day-to-day labour of subsistence living. The immediate benefits of investing in education for the female gender are remote. This cycle of undereducation of women perpetuates their marginalization in the labour market to lower paying work and their limited capacity for enterprise beyond projects in the informal economic sector.

Though gross primary enrolment for females in general in Africa has improved over the past twenty years, in some cases doubling, in many countries it still remains considerably lower than male enrolment. In many African countries, the potential of the adult female population to contribute to the development of their respective countries suffers from widespread illiteracy and low educational attainment levels.

As with education, health and well-being is implicitly linked to a person's ability to function effectively within a society. Yet, expenses for health care for females of the family take second priority after those of the males. This situation is further exacerbated by the lack of health services specifically structured for women's life-long particular health care needs, and the ease of access to health services. Countries with structured family planning services in Africa, are certainly the exception to the rule.

Cultural acceptance and adaptation. Cultural acceptance of change, in particular the acceptance of the new position or the rights of women, is a long-term adjustment process taking generations to achieve. Such change affects equally both men and women. For men it is the acceptance that women have the freedom (the right) to exercise their private initiative. For women, the transition can be of long duration from the initial recognition that such rights exist to the realization of exercising their new found rights.

In many cultures gender segregation extends well into sectors of economic activity, with women's economic activity limited to those services or enterprises which are directly linked to households: i.e. textiles, agriculture and livestock and so forth. The more lucrative of those economic activities yielding higher margins remain male-dominated activities with little or no access for female entrants.

B. Access to financing

Since women in developing countries too often do not have the right to property, securing credit or loans from traditional financial or banking institutions for the creation or expansion of their enterprises is a limited option. The documentation, collateral and guarantees required by lending institutions are too demanding for the majority of women in the African context. Low educational attainment levels present difficulties when applying for loans, in understanding banking terminology and in providing the business proposals required. Often banks are reticent in extending loans to women for projects in the services sector. Traditionally, women turn to family members, friends, the local moneylender or to local tontines (rotating credit clubs) for financing. Loans from tontines are often short term and carry an interest rate from 5 to 20 per cent per month.

Women are often creating enterprises in the informal sectors of activity, which in general provide low margins for their efforts. These women generally cannot save nor secure the necessary funds to expand their enterprises into SMEs therefore they remain marginalized in terms of their potential to create wealth, employment opportunities and to contribute more fully to the economic development of their countries.

While these impediments do not altogether stop women from engaging in economic activity, as women are an important factor in the informal sector, they have a direct impact on women's potential to create viable, wealth and employment-generating SMEs in the formal sector. Direct outside pressure for change, for the most part, is counterproductive and does not provide the results envisioned. Real change stems from internal initiative and indigenous forces for changing these basic impediments, requiring adaptation over the long term.

IV. BARRIERS AND IMPEDIMENTS TO THE DEVELOPMENT AND ADVANCEMENT OF WOMEN-OWNED SMEs

Women who have successfully created micro-enterprises and who wish to expand their operations into SMEs are faced with a whole set of barriers and challenges. According to a recent UNCTAD study of African women business owners and the impact of policies on the development of female entrepreneurs, the principal conclusions reveal and reconfirm the following:

- (a) Gaps in general policies such as: (i) initiatives to promote SMEs owned by women are rare; and (ii) private sector development policies and projects usually contain initiatives in favour of women's enterprises, but too often without tangible results or impact.
- (b) Women-owned enterprises are the smallest among enterprises. These enterprises are regrouped within a limited number of sectors (textiles, commercialization of handicrafts, agriculture, animal husbandry, small-scale retailing and services); due in part to culturally enforced gender segregation within economic activity sectors. They have identical products; limited technology and these enterprises rarely expand into larger businesses. Few of these businesses are successfully penetrating the international markets.
- (c) The legal environment continues to have a negative impact on female entrepreneurship. Principal obstacles continually faced by African women entrepreneurs include lack of access to land, finance, raw materials, business and professional training and information on trade opportunities.

- (d) The insufficiency of general support programmes and projects which are focused on micro-enterprise or independent work.

Surmounting these challenges and obstacles requires, for the most part, the reinforcement and rethinking of appropriate assistance, programmes and cooperation that will allow for locally-owned solutions and applications. The following recommendations are designed to further the empowerment of women in SME economic activity.

V. POLICY AND PROGRAMME RECOMMENDATIONS TO ADVANCE DEVELOPMENT OF WOMEN-OWNED SMEs IN AFRICA

A. Expanding financing mechanisms for women entrepreneurs in developing countries

Too often the response to promoting the development of women's entrepreneurial projects has been financial aid to support the creation of micro-enterprises aimed at alleviating poverty, i.e. small loans to low-income level women. However, effective for creating economic activity, this emphasis on financial instruments and funds specific to the creation of micro-enterprises or projects continues to hold back those women who desire to expand their businesses into SMEs or who would like initially to launch a start-up SME.

As already noted, these women, because of legal, structural and educational constraints cannot meet the rigorous loan application formalities, in particular collateral requirements, required of bank lending institutions. To help these women obtain financing for enterprise expansion from the micro-level to an SME, potential solutions, such as the creation of a venture capital fund as well as a national guarantee fund adapted to the specific needs of women, should be among the top priorities of international institutional policies and programmes.

B. Adult female literacy programmes

An increased focus should be placed on recuperating and reinforcing human capital potential. Adult female literacy and education attainment programmes, in particular those targeted at women already engaged in economic activity, should be considered for their long-term effect on strengthening the abilities of women to expand their enterprises and make the transition from a micro-enterprise to an SME.

C. NGO – International institutional cooperation and collaboration focused on women entrepreneurs and business owners associations

The importance of women's organization in creating and lobbying for change cannot be underestimated, as also their potential effectiveness in promoting female entrepreneurship. International institutions could be more effective in implementing their policies and programmes by evoking the capacities of national women entrepreneur and business owners associations as catalyst agents for locally-owned initiatives for change and advancement of issues and programmes related to female enterprise.

International institutions, such as the World Bank and the United Nations, which encourage partnership with NGOs, should be more pro-active in their contacts and relationship building with

such organizations. Large gaps exist between the reality of many national organizations in developing countries to comply with the formalities required for program funding by international institutions. Many national organizations engaged in regrouping women business owners or entrepreneurs do not have the sophistication or the funds or dedicated personnel for researching grants, programme development, and proposal writing. It must be remembered that the bulk of these national associations are funded by membership dues and managed by volunteers.

It is recommended that international institutions should implement outreach programmes with field officers visiting local associations to ascertain if the international institution can be of service in funding, programme development and proposal writing. The international institutions could increase the effectiveness of their policies and programmes by funding training for association personnel and providing financial assistance to offset operational costs on an ongoing basis.

It is also recommended that international institutions should help to offset the costs of membership dues for local women business owners associations' membership in regional and or international associations engaged in regrouping female entrepreneurs, and to sponsor the participation of individual members in international and or regional women's entrepreneurial events in cases where the national government has no such programme.

D. Reinforcement and proliferation of Business Incubator and Advisory Centres

A focus needs to be placed on the creation and installation of Business Incubator Centres (BIC) and Advisory Centres at the national level, which respond to the needs for the development of women-owned enterprises and female entrepreneurial activities. The effectiveness of such Centres would be further reinforced if they were among the services and programmes provided by national associations of business-women owners and female entrepreneurs. Centres run by such associations could assure that the programme content and advisory services are appropriate and effective, acting as catalysts with women business owners providing experience-based instruction and advice to potential entrepreneurs and those wishing to expand their businesses or markets.

E. National programmes for training and skills development

The potential for SME development and growth are increasingly greater if the owners and managers have solid business skills. Updating or obtaining basic business management skills and capabilities is essential for the viability of an enterprise. Training and skills development programmes at the national level that are adapted to the existing level of competence should be implemented for improving female entrepreneur knowledge of general business management, marketing, accounting, strategic planning, business automation and information systems. A special emphasis should be placed on negotiation skills and the balancing of business with family needs.

F. Reducing the propensity to produce identical products at the national level through innovation

As women-owned enterprise, in general in Africa, are regrouped into a limited number of economic sectors (textiles, handicrafts, agriculture, small-scale retailing and services) there is a tendency of redundancy in women-owned enterprise and identical products. This situation leads to market saturation, over capacity and surplus supply, which in turn impacts margins and prices,

increases the level of competition within the local market and the potential for failure of enterprise. To combat this situation and to develop international market opportunities, a greater emphasis should be placed on helping women to expand into new product categories through the identification of niche markets and the development of unique products that are created and produced from the basic inputs used in the production of identical products. This activity can be advanced through a greater engagement of UNDP's Global Technology Group.

G. Expanding business and partnership opportunities among women from different countries

Partnerships and trade opportunities can be advanced through an emphasis on strengthening national, regional and international networking. International institutions can be important in this respect through their cooperative assistance in organizing and financing trade and partnership initiatives, such as trade expositions, seminars, conferences, and partnership/matchmaking events to bring together African women entrepreneurs with their counterparts from other countries of the world.

H. Advanced business skills development at regional educational exchange centres

To further advance the business skill levels, providing a broader, more international reference and experience for women business owners, regional business educational exchange institute centres should be created. Such advanced educational centres could be established in the more developed countries of the region that have strong international liaisons and trade, ideally as a pilot project in the north and south of the African continent with subsequent sites in the west and east regions. The location proposed in the north is Tunisia, because of its level of development and its strong relations with other countries of Africa (and the Middle East) the can share its experience by hosting a centre for women business owners from French and Arabic speaking countries of the region. South African is proposed as the complementary site in the south because of its level of development, its size and its geographic location to other predominately English-speaking countries of the region. These advanced business skills training centres would provide classroom instruction (two to four weeks of intensive courses) using specific business management subject modules. The training could include working and observation visits to factories, workshops and service companies. Such centres would be created in cooperation with international institutions, which could also contribute to the funding of the centres and subsistence costs of the participants.

I. Protecting women-owned enterprises

To help conserve the fragility of women-owned enterprises in the face of external and internal shocks, multilateral trade and investment accords should be preceded by full impact studies of their possible implications for SMEs, micro-enterprises and agricultural activities, which are the primary domain of women-owned businesses and economic activities. Too often, such studies speak in general terms of the impact on SMEs, while a more in-depth inspection is likely to demonstrate a greater long-term negative impact, particularly in the perpetuation of poverty, when SMEs and micro-enterprises owned by women are displaced or disappear as a result of trade and investment, which is liberalized too quickly within developing countries.

VI. CONCLUSIONS

Inequity between men and women is a major contributor to a country's inability to create sustainable economic development. Achieving gender equity in economic activity requires change from within that is compatible with the delicate balances of traditional cultural influences adapting to the implications of change. Tunisia, an African and Muslim country, since its independence from France in 1956, has transformed itself into an emerging nation that has sustained annual economic growth at around 5 per cent, while holding inflation to under 4 per cent and reducing poverty to 6 per cent.

Important in the country's achievement of sustainable development has been its social, political and economic stability that has been continually reinforced by the active participation of Tunisian women in all sectors. Gender equality in Tunisia was a pragmatic choice responsive to economic and human conditions. The Tunisia experience is unique, demonstrating what can be achieved given the will of a nation for change.

In other countries of Africa many barriers exist to the empowerment of women in economic activity: inequality under the law, access to education and health care, cultural traditions, and access to financing. While these impediments do not stop women from economic activity, these constraints greatly limit their activity to the informal sector. Those who wish to grow and expand their enterprises into SMEs face a whole new set of challenges and barriers: a lack of initiatives specific to the development of SMEs; product and domestic markets that are segregated by gender; a discriminatory legal and financing environment; and a lack of training and information.

Policy and programmes can be developed or reinforced to support and advance the development of women-owned SMEs in Africa, including; financing mechanisms for women-owned SMEs; female adult literacy programmes; closer institutional cooperation and collaboration with women's NGOs; the reinforcement of BICs and business advisory centres; training and business skill development programmes both at the national and regional level; and watchdog measures to protect women-owned enterprises.

ACCESS TO FINANCIAL SERVICES FOR WOMEN ENTREPRENEURS

by
Masoumeh Sahami-Malmberg
Chief, Small- and Medium-Sized Enterprise Support Services Unit
Division for Services Infrastructure for Development and Trade Efficiency
 UNCTAD

I. INTRODUCTION

“The majority of the world’s poor, and of its illiterates, are women. Women continue to earn less of every Dollar, Euro, or Yen earned by men. Women are more commonly found in part-time work, in the informal sector, among the unemployed and underemployed.”²²⁵

It is generally agreed that unequal control of productive resources, human and financial, is among the major contributors to exclusion and discrimination, in particular, against women. However, according to the Beijing Declaration and Platform for Action: “When they gain access to and control over capital, credit and other resources, technology and training, women increase production, marketing and income for sustainable development.”²²⁶

There is also today a good body of evidence pointing to the fact that women, when compared to men, have a tendency to spend more on the welfare of their families and to save in order to make provisions for the future. When women have control over income it translates into better health, nutrition, education and sanitation for the family which contributes to a stronger foundation for better and more productive societies. Therefore, it may be said that investing in women brings a good return in terms of the enhancement of both human and physical capital. This central concern of women with the well-being of their families converges with the human development paradigm, which puts people at the centre of its concerns and therefore the empowerment of women to this end is essential.

“Women look to the future with a planned strategy to improve the family situation.”
 Dr. Yunus, Grameen Bank, Bangladesh.

In the developing world women entrepreneurs are mostly found in the informal sector, for a variety of reasons, ranging from the legal and regulatory environment to limited access to financial services and markets. However, women have proved that when they are exposed to opportunities and have access to resources they are as entrepreneurial, if not more, so, as are the men. This is perhaps because they are more driven by the dual challenge of asserting themselves and taking charge of their families. This is well demonstrated, in the LDCs and other developing countries, by the success of micro-finance schemes, which have targeted women, and in developed countries such as the United States.

²²⁵ Frechette, L., Statement by United Nations Deputy Secretary-General at the 20th anniversary of the United Nations Convention on Elimination of Discrimination Against Women (CEDAW), New York, 7 June 1999.

²²⁶ United Nations Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995, Document A/CONF.177/20, p.71.

"Women Succeed in Business! In fact, women-owned businesses are growing twice as fast as other businesses, and provide one out of every four jobs in the United States."

National Women Business Owner's Corporation, United States

II. LEARNING FROM INFORMAL FINANCIAL SERVICES

It is interesting to note that the one recent enterprise development initiative which specifically targeted women, i.e. micro-credit, has proved such a great success because of having targeted persons who proved to be capable entrepreneurs and, at the same time, responsible and reliable borrowers.

While women entrepreneurs, from the micro- to the SME-level, have proved that they are able to make significant contributions to the economy, both nationally and internationally, their potential remains drastically underutilized. The international development community has long recognized that women have far less access to credit than do men in many developing countries.

Micro-credit has demonstrated that lending to women is not only a feasible approach toward stimulating development, but also one that has some empirical backing in the Grameen Bank and other lending institutions. In 15 years, the Grameen Bank has provided loans - often of less than US\$ 60 - to some 1.5 million clients. The most frequent borrowers being women with a pay back rate of 98 per cent.

A. Micro-credit

Micro-credit consists of providing small loans on simple terms to enable persons caught in the grinding grip of poverty to pull themselves out of this by becoming micro-entrepreneurs in primitive, but asset-building, one or two person-owned businesses. Access to micro-credit facilitates social mobility, independence and self esteem, which consequently unlocks a static hierarchy and leads to more active participation by women in the society and its politics. As a result some writers have claimed that micro-credit could even help to combat fundamentalism.

B. Micro-credit challenges and limitations

Among the major challenges and limitations of micro-credit for women are:

- (i) Sustainability and outreach.
- (ii) Host environment's characteristics.
- (iii) Limits of micro-credit in serving the needs of micro-enterprises graduating to SMEs and the debt burden for the poor and women

For more than 20 years, micro-finance in Latin America and the Caribbean has primarily worked on a non-profit basis with the backing of aid donor funds. But as these official resources have become increasingly scarce, it has become clear that micro-lenders must evolve into viable, commercial for-profit institutions if they are to meet the growing demand for credit in the informal sector. According to some development finance experts micro-credit programmes need subsidizing for five to ten years, such has been the case of Grameen Bank and other successful micro-finance institutions (MFIs).

On the one hand, it is argued that the development of efficient sustainable, and integrated financial infrastructure for the marginalized majority, including women, would be hindered through subsidized NGOs crowding out other more efficient financial intermediation, but on the other hand, financial institutions and NGOs that work toward sustainability and independence (through charging interest rates adequate to cover their expenses plus a reasonable profit margin) are often taking some political heat for seeming to favour the rich and not reaching the poor.

Another emerging challenge is the issue of conflict or transformations in gender relations. In some societies the cultural and religious environments are, as yet, not ready to accommodate women's independence and therefore excessive focus on micro-credit programmes on women has, at times, driven an even larger wedge between men and women. In some societies micro-credit has not succeeded in reaching women because they have been scared to borrow.

According to Naheed Kamal of Action Aid in Bangladesh "... initially the idea of Savings & Credit groups for women called Shomit, was met with hostility. Hostility from both men and women. They report that when NGOs and INGOs began working with the poor the greatest fear was that money coming from abroad meant that the money was to be used, indirectly, to convert the good Muslims, etc. Similarly when Grameen began working the men and women reacted negatively. The thought that women were being encouraged to take control of their lives, escape from dependence on the men-folk and therefore coming "out" was seen as an evil idea. The persistent work done by field workers, officials, etc attempted to minimise this fear, which it did to an extent. Religious leaders' and the men's resistance ceased when they realized that the women's participation meant they had access to resources (loans, savings and credit facilities, etc). By default the money would inevitably go to the men."

Finally, the limited value of the maximum size loan of most MFIs, which is also one indicator that their target clientele are the poor, cannot satisfy the larger needs of expanding enterprises. Access to micro-credit is essential at the start-up stage, but once the enterprise is established, has a track record and depending on where it finds itself in its development life, it then requires larger credit provision and different financial services. Therefore, the creation of a more diversified financial infrastructure for women that can be maintained without subsidies is an important next step in development.

III. WOMEN ENTREPRENEURS AND FORMAL FINANCIAL SERVICES

According to several surveys and studies, in most developing countries women's participation in formal, small-scale enterprise lending programmes rarely exceeds 20 per cent. This is also reported in the United Nations Development Programme (UNDP) Human Development Report 1995: "... women constitute a very small proportion of borrowers from formal credit institutions. In Latin America and the Caribbean, women are only 7-11 per cent of the beneficiaries of credit programmes".²²⁷

The commercial banking sector generally displays a lack of interest in SMEs because of small loan size, high transaction costs, lack of tangible collateral, and absence of good financial data, which makes risk evaluations of SMEs costly and difficult.

²²⁷ UNDP. (1995). *Human Development Report* 1995, p. 39.

Women are especially adverse to limitations of formal credit because of social and economic inequities and the following considerations are among the reasons that, in country situations, make formal credit biased against women:

- (a) Where the society is highly patriarchal, women are required to have a close male relative cosign for a loan.
- (b) Women usually work both in and out of the home, therefore they are less likely to be able to afford the time it takes to complete a credit application.
- (c) Collateral requirements, which in the case of women are more difficult to satisfy due to widespread custom of registering property in the names of male household members, and systems of inheritance that distribute property only to male survivors.
- (d) Generally lower levels of women's education, which makes it difficult for them to understand and complete credit applications and financial statement forms that banks require for credit approval.
- (e) Women often do not have any practical knowledge of formal financial institutions or the appropriate loan programmes that may give them access to credit.

One way to establish a link between successful women entrepreneurs and formal financial institutions could be for MFI or other viable local mechanisms to interpose between the client and the formal financial institutions/investors, thus minimizing perceived risk and reducing transaction costs for lending institutions that look to women clients as a potential market.

A. Matching needs to financial instruments

Women entrepreneurs have difficulty raising the medium- and long-term capital necessary to finance their growth. As a result, in developing countries most of them rely on their own capital to start up and sustain their activities and have limited financial options with regard to expansion of their viable activities.

Access to both credit and other financial instruments, such as leasing and raising equity, facilitates productivity by allowing women to purchase more inputs to increase output; to keep inventories to hedge against price changes; invest in equipment and buildings; and to hire additional labour and sell on credit. However, women currently have, at best, only access to informal credit as the characteristics of formal financial markets are often inappropriate for the needs of female micro-entrepreneurs.

In addition to prejudices against women, the banks lack the expertise or find it costly to evaluate the potential of small projects and the borrower's loan repayment capacity. This has the following consequences for the expansion of SMEs operated by women:

- (a) They cannot secure bank loans on satisfactory terms.
- (b) They do not have enough equity capital and therefore have little room for manoeuvre under high debt/equity ratios.
- (c) They have to rely largely on short-term finance for meeting long-term needs.

B. Bridging the opportunity gaps

Successful women-owned SMEs could be very attractive to private investors in particular venture capital funds, which have the dual objective of earning a reasonable return and having a development impact. The question is how to bring such viable SMEs together with the investors. Availability of reliable information and screening by some acceptable local mechanism could go a long way towards promoting the marriage of private ethical investors, commercial financial institutions and women-owned SMEs.

In addition, a new way of thinking about women is crucial in order to bridge the gap of inequality and discrimination. Such thinking, which is very much promoted by the micro-credit movement, rejects seeing women only as passive actors to whom resources must be thrown at subsidized rates. Instead, the women must be seen as active economic actors who can operate under market principles to establish self-sustaining enterprises that assure them an income and dignity.

IV. CONCLUSIONS

Recent experiences with microcredit have proven that women are not only good borrowers but also good entrepreneurs. Empowering women will therefore have a significant impact on sustainable poverty reduction and development.

"Engendering the development paradigm involves radical change in the long-standing premises for social, economic and political life. And the free workings of economic and political processes are unlikely to deliver equality of opportunity, because of the prevailing inequities in power structures. When such structural barriers exist, government intervention is necessary, both through comprehensive policy reforms and through a series of affirmative actions."

UNDP, *Human Development Report 1995*²²⁸

However, there have also been reports of violence in some countries as a consequence of micro-credit impact on women's independence from men and their emancipation, which has also led to their more active participation in politics. This shows that financial empowerment of women in societies where the legal and political system does not protect and defend their rights may lead to such negative side-effects as domestic violence.

Raising the overall level of society's tolerance and acceptance of women as economic players is a job to which women themselves could greatly contribute through the education of their children, particularly their male children. However, in many developing countries, women themselves need to be made aware of their potential and this could be achieved through role models, through examples of success among them and in their own environments. The more successful are women entrepreneurs the more converters and followers will actively appear.

Access to productive resources is critical to enhancing women's economic choices. For low-income women, the vast majority of women in the world, lack of access to financial services is a persistent barrier to attaining economic independence and widening choices. However, credit has its limitations in terms of what can be accomplished. When productive opportunities exist and generate repaying capacity, credit can assist, but without such opportunities and with no repayment capacity there is no role for credit.

228 UNDP (1995). *Human Development Report 1995*. New York: Oxford University Press, p. 7.

One policy challenge is how to ensure that low-income women have access to financial services from the formal financial system and, in this context, what policies need to be adopted with regard to interest rates and taxes. Another major subject for debate is: whether the presence of market failures, - as well as existing prejudices that discriminate against women, and particularly against women's financial independence - justify State intervention to eliminate the conditions that perpetuate exclusion from economic opportunity by gender?

MAINSTREAMING GENDER IN ENTERPRISE DEVELOPMENT

by
Lorraine Ruffing
Chief, Enterprise Development Branch
and
Günter Fischer
Enterprise Development Branch
Division on Investment, Technology and Enterprise Development
UNCTAD

I. INTRODUCTION

The contribution of enterprises, and particularly small and medium-sized enterprises (SMEs) to employment, growth and development is well recognized. Enterprises are the basic building blocks of an economy and the driving force behind the dynamic process of capital accumulation, investment, transfer of technology and international trade. SMEs also yield economic and social benefits in terms of reducing income disparities, providing training and skills development, as well as strengthening linkages between economic sectors and contributing to decentralization and rural development. They play an important role in mobilizing and generating domestic savings, thus drawing local resources into the development process that may otherwise have remained idle. In addition, entrepreneurial activities through SMEs give women a chance to enhance their social status and to improve their economic and social conditions. Moreover, in many countries, both developed and developing, SMEs have often been at the forefront of technological change and innovation.

However, while globalization and liberalization have brought more opportunities for SMEs, they have also brought the globalization of competition. SMEs are no longer sheltered from the world markets, because even domestically-oriented enterprises must compete within their economies. The removal or lowering of entry barriers to once protected markets and market segments encourages new business start-ups or the diversification of established firms, and makes it easier for foreign competitors to penetrate domestic markets. Consequently, SMEs are confronted with challenges to become more competitive, more flexible and more profitable.

II. GLOBALIZATION AND ENTERPRISE DEVELOPMENT ISSUES

Globalization is a work in progress and its impacts in terms of the distribution of gains from globalization and in terms of gender balance/equality need to be analysed. This paper is a contribution towards exploring various issues in enterprise development in an increasingly globalized economy, within the context of the work of UNCTAD. It begins with an overview of activities undertaken by UNCTAD during the past years towards the promotion of enterprise development. It highlights specific challenges and impediments that are faced by women entrepreneurs and gives an outlook for future work that needs to be undertaken.

The Midrand Declaration adopted by UNCTAD IX in South Africa reconfirmed UNCTAD's mandate for undertaking analytical work and technical cooperation in the area of enterprise development and competitiveness. It highlighted the challenges emerging from a globalizing world economy for SMEs and requested UNCTAD to continue to provide a forum for intergovernmental discussions, with the participation of representatives from the private sector, concerning issues related to privatization, enterprise development and international flows of investment. Furthermore, it mandated UNCTAD to continue to assist interested developing countries with policy-related issues and training activities concerning entrepreneurship development ...facilitate the exchange of experiences on the formulation and implementation of enterprise development strategies ... (and identify and analyse) the specific contribution that foreign direct investment (FDI) can make to indigenous enterprise development”.

In fulfilling these mandates, the UNCTAD secretariat has organized intergovernmental discussions, including four expert meetings on SMEs issues and women entrepreneurship. It has also undertaken research and technical assistance activities for the promotion of enterprise development in various developing countries.

A. Privatization and enterprise development

A major turning point towards private sector development, including the promotion of enterprises, was the outcome of UNCTAD VIII held in Cartagena in 1992. Pursuant to the main document adopted by UNCTAD VIII (New Partnership for Development: the Cartagena Commitment), the Trade and Development Board on 7 May 1992, adopted the terms of reference of the ad hoc Working Group on Comparative Experiences with Privatization (decision 398/XXXVIII, annex c). These terms of reference stipulated the following mandates calling on UNCTAD to (i) review the experiences of countries with privatization; (ii) consider the medium and long-term objectives of privatization processes; (iii) consider the factors pertinent to the design and implementation of privatization programmes; (iv) elaborate basic guidelines and basic elements for consideration in privatization plans; and (v) serve as a forum for the presentation of national privatization plans and the dissemination and exchange of relevant information.

The ad hoc Working Group on comparative experiences with privatization (1992-1994) brought together privatization experts and practitioners from developed and developing countries, as well as from countries with economies in transition. Their findings provided valuable inputs to national privatization strategies and were disseminated at several national and regional privatization seminars (e.g. Cape Verde, Ethiopia, Zambia and Zimbabwe) which were organized by UNCTAD and in which UNCTAD participated as a resource institution (e.g. the ILO training centre, Turin and South Africa).

The 4th session of the ad hoc Working Group (April 1994) recommended *inter alia* that UNCTAD should undertake further analysis of and give consideration to privatization and enterprise development, particularly the development of small and medium-sized enterprises, which led to the Trade and Development Board's decision 415 (XL) that established the ad hoc Working Group on the Role of Enterprises in Development. This Working Group focused on (i) the role of the state in creating an enabling environment for the promotion of entrepreneurship and the development of enterprises; (ii) export development and the role of SMEs; (iii) interactions between the development of SMEs and of capital markets and banking systems, and (iv) identification of areas where technical cooperation in support of SME policy could be strengthened.

B. Creating an enabling environment for enterprise development

The role of government in creating an enabling environment for enterprise development and in promoting business development service providers has been addressed in meetings of the Commission on Enterprise, Business Facilitation and Development. Specifically, an Expert Meeting on Government and Private Sector Roles and Interaction for SME Development was convened in July 1997 to initiate a discussion on forms and structures for government-private sector dialogue and its importance for policy coherence and the building of effective support services, particularly for SMEs.

C. Interfirm cooperation, clustering and networking

An Expert Meeting on Interfirm Cooperation in April 1998 examined such cooperation through various forms of partnerships to enhance the technological capacity of SMEs and increase their competitiveness in national and external markets. Creative partnerships among firms, involving the blending of capital, technology, marketing and management expertise have become key elements in increasing competitiveness and developing new process and product technologies.

In September 1998 an Expert Meeting on Clustering and Networking for SME Development analysed clustering and networking as options for SMEs to enhance their growth potential, and strengthen their competitiveness. Within a cluster of cooperative firms SMEs have more opportunity to become internationally competitive and to penetrate the global market. Leadership and trust, crucial for effective networking and clustering, should be nurtured through innovative programmes that focus on bringing together a critical mass of committed and dynamic entrepreneurs.

D. Sustainable financial services and accounting/reporting standards

An Expert Meeting on Sustainable Financial and non-Financial Services for SME Development in June 1999 focused on best practices in the provision of modern and effective demand-driven business development services. Many of the specialized government and donor agencies are engaged in complete restructuring of the SME support system, and the discussions on financial services focused on traditional obstacles to finance, the application of micro-credit practices to SMEs, and sources and new instruments of financing.

To date most of these expert discussions have emphasized a special role for governments. Governments should concentrate on creating the necessary enabling business environment, with emphases on the financial, legal, regulatory and physical infrastructure. At the same time, private sector business service providers have been found to have a good knowledge of the needs of SMEs and how to meet these more efficiently because they are closer to their clients.

In addition to its work on SME development, UNCTAD has been mandated by ECOSOC to promote financial disclosure at the enterprise level. The 1998 Asian financial crisis has shown the link between financial transparency, investor confidence and financial stability, and UNCTAD's programme on financial disclosure is closely related to its programme to promote foreign direct investment. Efficient investment decisions and investor confidence require reliable, comparable and transparent financial information from transnational corporations.

Since UNCTAD IX, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) has held three sessions during which they: (i) reviewed disclosure by commercial banks, and made a number of recommendations designed to increase transparency in the banking sector; (ii) adopted a guideline on accounting and reporting for environmental costs and liabilities, and (iii) adopted a guideline for a national system of qualification requirements that would enable professional accountants to function in the global economy, promote harmonization of professional requirements and increase transborder trade in accountancy services. This last guideline complements the work of WTO in promoting transborder trade in services.

E. Policy analysis and research

Commitments to be undertaken in the context of the Uruguay Round Agreements have an impact on the ability of governments to promote the local enterprise sector, with particular regard to market protection and export subsidization. A report has been completed which analyses the interaction between trade and enterprise development policies. In order to determine how to assist developing countries to achieve coherence between their national policy framework for enterprise development and their obligations arising from binding international agreements.

An analysis of SME development strategies has been carried out in four LDCs (Burkina Faso, Nepal, Samoa and Zambia) through the project "National policies and measures for growing small and micro-enterprises in LDCs". This study focused on policy coherence at various levels of government, the availability of SME support services and the role of business associations and their interaction with government. Research has also been undertaken with a view to promoting public-private sector dialogue in LDCs through the project "Enhancing public-private sector dialogue in LDCs" (Ethiopia, Cambodia, Madagascar and United Republic of Tanzania). The study includes the structure of the dialogue in terms of its objectives, its participants and the issues addressed, as well as the mechanisms for public-private sector interaction. This project, which complements the former project is expected to promote an enhanced and structured private - public sector dialogue at all levels of government that also reaches out to marginalized groups, such a women entrepreneurs and young entrepreneurs.

III. TECHNICAL ASSISTANCE ACTIVITIES FOR THE PROMOTION OF ENTERPRISE DEVELOPMENT

Among the strategic goals of technical assistance are the diffusion of best practices identified by research and discussion, and the creation of national institutions which could promote SME development. The technical assistance consists of one permanent programme, EMPRETEC, as well as a series of ad hoc projects initiated at the request of particular developing countries.

A. EMPRETEC: What it is, what it does

EMPRETEC is an integrated institution- and capacity-building programme, aimed at stimulating the development of entrepreneurial capabilities and the growth of innovative and competitive SMEs. Among its main achievements, EMPRETEC has identified and trained entrepreneurs with high potential for success; assisted many of them to enter global markets; and organized strong national coalition among entrepreneurs, public and private institutions, universities, business associations, chambers of commerce and national and foreign companies.

Such coalitions have generated interactive networks and provided the backbone for effective, sustainable business support structure in 10 African and Latin American countries: Argentina, Brazil, Chile, Colombia, Ghana, Morocco, Nigeria, Uruguay, Venezuela and Zimbabwe. Over a decade, the programme has managed to train and assist more than 20,000 entrepreneurs (one third of them women). On the basis of sample surveys it is estimated that some 50,000 jobs were created.

UNCTAD is developing an EMPRETEC Programme in Central America, in collaboration with the Inter-American Development Bank and EMPRETEC Uruguay. This programme, which is envisaged to begin in El Salvador, Guatemala and Panama in early 2000, will focus especially on gender issues. A gender specialist will review the Entrepreneurship Training Workshop to assess the training material in relation to the experiences of women entrepreneurs of the region. The participation of women entrepreneurs will be actively encouraged, *inter alia* by making special efforts to bring the programme to the attention of women entrepreneurs. UNCTAD is also coordinating the MEDITERRANEAN 2000 Project, a multi-agency initiative financed by the Italian Government aiming at stimulating the growth and competitiveness of SMEs in ten developing countries of the Mediterranean Basin and the Horn of Africa.

While the key beneficiaries of the EMPRETEC programme include promising entrepreneurs who are assisted in expanding or diversifying their SMEs, UNCTAD intervenes at the meso-level by building a national capacity of public-private sector stakeholders capable of rendering business development services. On a regional and global level the programme is reinforced through networks of national EMPRETEC entrepreneur associations, national business support centres and training teams. Each EMPRETEC country programme is designed according to a cross-country “best-practice” institutional infrastructure, but adapted on a country-to-country basis to complement already existing national support services. The aim of the programme is to establish national self-sustaining support structures, capable of assisting SMEs through demand-driven and high-quality services to become internationally competitive.

B. Other technical assistance projects

1. Business networking

The promotion of business networking and cooperation is at the heart of the **A**Asia-African Business Networking Forum on Trade and Investment Diversification[@]. Several study tours in Asia and Africa, with subsequent match-making meetings, have been organized for entrepreneurs and business representatives from African and Asian countries. The latest one that took place in March 1999 in Kuala Lumpur, Malaysia, where some 120 one-to-one business meetings took place, leading to the immediate signing of more than 15 cooperation and/or marketing agreements between enterprises from African and Asian countries.

2. Trade and SME development

The project on **A**Trade and Private Sector Development in Somalia[@] is part of technical and humanitarian assistance provided by the international community to mitigate the effects of civil unrest and to create basic conditions for a meaningful development. The first event under this project was a workshop held in Somalia in May 1998 attended by more than 160 Somali traders and

entrepreneurs drawn from all regions of the country. This workshop offered them an opportunity for the first time since the outbreak of the civil war to exchange practical experiences in trade and, with the help of invited experts, enabled them to familiarize themselves with the latest developments in international trade, both in terms of trade policies and trade practices. Follow-up activities have focused on the development of the telecommunications sector and also on measures to promote the exports of meat.

3. Audit training and environmental workshops

In the area of increased accountability and transparency, UNCTAD has completed the implementation of a European Union, TACIS-funded project in Azerbaijan for strengthening the Azerbaijani Audit Chamber. During this course of the project, training materials were developed in Russian and Azeri, 500 auditors and 80 insolvency practitioners were trained and various departments of the Chamber received technical advice to enable them better to discharge their functions. Increased transparency in accounting and auditing is critical for raising equity and loan capital by local enterprises as well as for partnering with TNCs. The financial community is increasingly concerned about enterprises' ability to manage environmental risks. Increased financial disclosure is critical to assessing these risks. The guideline from the 15th session of ISAR on environmental costs and liabilities is being implemented through regional workshops held in Bahrain, Brazil, Egypt, India, Malaysia, and Thailand.

IV. CREATION OF OPPORTUNITIES FOR WOMEN ENTREPRENEURS

Identifying the types of support measures and priority action needed in LDCs for creating opportunities for women entrepreneurs in the enterprise sector; improving the policy and institutional environments with a view to creating sustainable SMEs; improving the access of women entrepreneurs to international markets; and widely disseminating this information to development practitioners have constituted the main aims of the project "Enhancing the participation of women entrepreneurs in LDC economies". This project executed by UNTAD is part of a comprehensive multi-component project funded by the Government of the Netherlands on the follow-up and implementation of measures adopted by major conferences in favour of LDCs.

Six African LDCs were selected according to region, language and distinctive geographical conditions. The project countries were: The Gambia, Burkina Faso (landlocked), Ethiopia (landlocked), United Republic of Tanzania, Zambia (landlocked), and Madagascar (island). Research commenced in 1997 and was undertaken by national consultants in the countries selected. The research was based on field surveys in which women entrepreneurs, business associations, business development services, government officials dealing with women's enterprises and NGOs were interviewed, using a questionnaire designed by UNCTAD. This made it possible to compare women entrepreneurs' perceptions of changes in the business environment with those of other enterprise and development actors. The total number of women entrepreneurs interviewed was 235. The survey aimed at drawing a profile of the woman entrepreneur, establishing the main obstacles to the development of women's SMEs and conducting a review and analysis of the impact of policy measures on women's entrepreneurship in African LDCs.

The 1997 survey findings on the six selected African LDCs revealed an interesting similarity in the profiles of women entrepreneurs. For the majority of women entrepreneurs interviewed in the six countries, the idea was to set up a business of their own. They used their comparative

advantages, such as employment experience and business networks, or extended their household skills. Typical examples are textile and garment manufacturing, and food and beverage production. Women entrepreneurs also entered the Atypical@ female domains, such as hairdressing or secretarial, administrative or household support services. Most of the enterprises selected operated in the formal sector of the economy, and most of the business activities in which women entrepreneurs were engaged required licences, which had been obtained. Some of the larger enterprises among the SMEs had legal personality and had typically chosen the structure of companies with limited liability.

The oft-mentioned characteristic of women's enterprises found in other research and literature namely, that their enterprises are the smallest among the small, according to the number of employees, was confirmed by the survey. The majority of women's enterprises included in the survey engaged 3 to 10 employees. In addition, many women's enterprises had family members among their employees.

The typical woman's enterprise in the countries surveyed was established with capital generated from own savings - from employment or from separation benefits, for example, in cases of privatization of State-owned enterprises - or from informal lending sources. In the survey sample, the latter were mostly relatives. While the phenomenon of the new entrepreneur depending on informal or own resources is well known, access to capital is more difficult for women entrepreneurs than for their male counterparts. The large majority of women's SMEs included in the samples surveyed were set up and operated without the benefit of business development services. Neither was institutional support drawn upon during the development of the enterprises. Interviews revealed that women entrepreneurs in general were not aware of the existence of business development services or of enterprise development programmes.

Two main reasons for this ignorance are, first, the apparently inadequate methods of disseminating information on private and public business development services to the potential users of the services, and second, limited networking by women entrepreneurs, which reduces access to strategic information.

The survey also showed that women entrepreneurs have a limited market reach, usually confined to their area of domicile. Very few women entrepreneurs manage to enter international markets, especially compared to their male counterparts in similar enterprise sectors. For well-known reasons, such as multiple commitments and limited opportunities to travel, women's mobility is much more restricted than that of men. The limited access of women's enterprises to international markets is primarily due to the lack or even complete absence of information on export demand and conditions for supply, which are in turn due to limited networking and poor dissemination of relevant information. The desire to enter export markets is further challenged by excessively burdensome, administrative export procedures. The survey also established that the typical woman's SME was run as a full-time, non- seasonal activity. In terms of training and education, none of the women entrepreneurs included in the samples were illiterate. The majority of them had some secondary or high school education and some 15 per cent of them had completed higher education.

V. FUTURE WORK GIVEN THE IMPERATIVES OF GLOBALIZATION

Globalization and liberalization are changing production strategies and, at least, two phenomena should be highlighted: (i) transnational corporations (TNCs) are outsourcing their production in order to cut costs, and this increases subcontracting and home-based work, and (ii)

production is becoming knowledge-based and requires continuous innovation, because competition is based not only on price, but also on continuous innovation. Increased outsourcing has created poorer working conditions and lower wages as TNCs strive to compete via outsourcing. Will this increase marginalization and worsen the income distribution for women? This question prompts others: (i) how will the growth of knowledge-based production, the need for continuous innovation and electronic commerce affect women's entrepreneurship and employment? (ii) will knowledge-based production, innovation and electronic commerce revolutionize traditional enterprises and further marginalize women? and (iii) having less education and being less likely to have a scientific education, will women be left behind as employees and entrepreneurs?

There is also a third issue arising from globalization, which is its impact on internationally traded services and this raises two further questions: (i) is the role of women changing in international traded services?; and (ii) should UNCTAD also be looking into this issue? Globalization has spawned a single global financial market, or at least closely linked financial markets, as well as global banks, insurance companies and accounting firms. This has generated increased employment, but to what extent have women participated in this development?

A. Participation of women in the services sector

Women have been well represented in the growth of financial services, but at the lower end of the scale, of course, i.e. clerks, tellers and data entry persons. Just as manufacturing is subject to continuous innovation, so financial services are subject to even more rapid technical advances in the area of information technology. Women might thus even lose their footing at the lower end of the scale. In another sector, women in developing countries and developed countries make up the bulk of the employees in tourism and the entertainment industry, i.e. hotels, restaurants and travel agencies, but again at the lower end of the spectrum rather than towards its upper edge as managers, but this could change if more women studied and acquired finance and management skills.

Susan Joeques in her research raised the important question of how to transform gender hierarchies in the services sector. Some countries such as Lesotho, Pakistan, the Philippines and Sri Lanka, rely heavily on the foreign exchange earnings of women in the services sector. Some of these outmigrated women are highly educated, but they do not always reach the highly remunerated positions. We hear much about improved labour protection in manufacturing, but what about improving protection in the services sector?

B. The impact of the Asian financial crisis on women entrepreneurs

In the global economy the recent Asian financial crisis spread from financial market to financial market, resulting in a domestic credit crunch, which impacted on both large and small companies alike, but mostly in the small- and medium-size enterprises where women are employed. World Bank statistics for Indonesia show that only 13 per cent of small- and medium-size enterprises (SMEs) are operating as before, while 62 per cent are on the decline and 25 per cent have failed. In the Republic of Korea, SMEs suffered from sharp falls in revenues and difficulties in obtaining working capital and trade finance. So financial instability has had economic and social consequences, which have weakened the position of women and their dependants severely.

C. Women and finance

More than six years ago a United Nations expert group reviewed the issue of women and finance. An excellent analysis was undertaken, but it did not resolve the problems, which still persist and mainly revolve around the basic questions of how to help women access the capital which is needed for them to participate in any economy whether domestic or international.

Much attention has been paid to women and micro-credit and women have been the major beneficiaries of donor micro-credit programmes. UNCTAD has a special micro-credit programme which could have an impact on women's economic performance. At the present time there are recommendations to expand UNCTAD's work on financing to SMEs; this would allow for effective mainstreaming and the inclusion of a gender dimension from the outset.

A number of institutions such as the World Bank and the International Finance Corporation (IFC) are also looking at the SME problems in obtaining finance. Their accessing of finance is mainly hampered by the high risks and high transaction costs. The recently organized UNCTAD Expert Meeting examined these problems and concluded that: (i) Banks and financial institutions need to design new, more innovative financial instruments for both men and women who have few or no assets; (ii) These institutions also need to change their mentalities and learn to deal with women who could be good customers; and (iii) If international organizations are renewing their efforts to give SMEs access to finance they should also take this opportunity to ensure that SMEs run by women are given more than equal consideration and help.

The Expert Meeting also emphasized that not only do bank personnel need training in dealing with women, but women also need training in dealing with banks.

Lending to women would actually lower the risks in lending to SMEs, since women have better repayment records. In many countries the record shows that 90 per cent of repayments are made on time with very low defaults (4 per cent). It should also be noted that women do not need subsidized loans. Traditional banks can realize profits in giving long-term credit to women entrepreneurs if they develop new attitudes, organizational structures, capacities, procedures and financial instruments, which respond to the needs of women clients. Part of the problem of traditional banks is that it is very difficult and costly to screen SMEs, which is an important influence on raising transaction costs.

Therefore, UNCTAD could, in its capacity building and institution building efforts, work with banks to help to reduce their screening costs. This means working with women entrepreneurs to prepare the necessary accounting and financial information which banks require. UNCTAD could also help the banks to reduce their costs through encouraging the use of groups, such as business associations for credit screening and credit monitoring.

The UNCTAD Expert Meeting also noted that the provision of financial services must be closely linked to the delivery of business development services that can improve the viability of SMEs and their ability to repay loans as well as to reduce the transaction costs of providing such loans.

VI. CONCLUSIONS

UNCTAD, in its future work, can mainstream gender issues into enterprise development, and particularly SME development through the following actions:

1. Contribute to research focused on three areas by identifying the impacts on women employees/entrepreneurs and assisting governments to formulate corresponding policy responses. These areas are: (a) transnational corporations outsourcing via subcontracting and home-based work; (b) knowledge-based production, particularly information technologies and electronic commerce; and (c) internationally traded services, particularly financial services and the tourism industry.
2. Ensure that UNCTAD's future work on promoting SME access to finance includes women entrepreneurs; contribute to programmes which help women entrepreneurs approach banks; also help banks become aware of their gender bias and help to deal with SMEs headed by women entrepreneurs either directly or through business development service providers.
3. Ensure that 50 per cent of all future EMPRETECOS are women.

REVIEW OF ITC ACTIVITIES FOCUSED ON GENDER AND TRADE DEVELOPMENT

by

Sabine Meitzel

Senior Training Officer, Division of Trade Support Services

International Trade Centre (ITC)

UNCTAD/WTO

On 20 March 2000, the International Trade Centre UNCTAD/WTO (ITC) will complete ten years of technical cooperation activities following the lines of its first “Strategy on Strengthening the Role of Women in Trade Promotion and Export Development”. Based on the identification of major constraints, the 1990 strategy outlined approaches to increase the participation of women in trade development and proposed actions and procedures for their implementation.

On the occasion of this anniversary, ITC has taken stock of the variety of activities implemented in the last ten years, to identify and review major lessons learned and determine what is needed to shift the focus of ITC’s future activities from “women-in-trade-development” to the adoption of a gender perspective in all ITC undertakings. The stocktaking exercise and subsequent repositioning of ITC’s activities under a gender perspective comprise three stages:

1. Providing an overview on ITC’s “women-in-trade-development” activities since 1989, assessing characteristic samples and distilling experiences of general interest.
2. Reviewing major developments of the last decade in terms of changes in the economic environment, changes in the international community’s approaches to addressing gender issues and changes in ITC’s structure and priorities.
3. Proposing a framework for future ITC activities in light of the findings and recommendations of stages 1 and 2, adapting and/or repositioning ITC’s strategy to reflect a gender approach cognizant of ongoing changes in the overall environment for technical cooperation.

Throughout these three stages, particular attention will be paid to “women and poverty alleviation” and “women and the enterprise” from ITC’s angle of trade promotion and business development. The first phase, the “stocktaking” exercise, was completed in early 1999.

Throughout the last decade, ITC has used two approaches to integrate women into its technical assistance activities: (i) designing and implementing women-specific projects, and (ii) integrating women-specific components in multidisciplinary trade promotion projects.

In addition, a number of ITC programmes and projects have shown a high incidence of women beneficiaries, although not designed with particular reference to gender issues. The “stocktaking” report reviews selected technical cooperation activities in all three of the above categories, and discusses the process of strategy formulation for ITC’s “Women-in-Trade-Development”/ “Gender-in-Trade-Development” programme. The lessons learned underline the need to establish even closer links at the operational level between gender issues and trade development, and to translate the shift from the “Women-in-Trade-Development” to a “Gender and Trade Development” perspective into practical tools and performance indicators for use in project design and implementation.

The second phase, the “wiring” of ITC’s activities to developments in both the international economic environment and the international community’s thinking about gender issues, is underway. Two consultants - specializing in rural development and in entrepreneurship development for international trade respectively - are currently reviewing ITC’s ongoing programmes and core activities in terms of existing or potential gender approaches.

On the basis of lessons learned from ITC’s experience, international experts on gender in international trade and business development will, in a third phase, review the recommendations for future ITC activities. This review will involve ITC’s stakeholders, e.g. business-women from developing and transitional economies, representatives from donor governments and representatives from international agencies such as UNCTAD, WTO, FAO, ILO, UNDP and UNIDO.

PART IV

SPECIFIC PROBLEMS OF LEAST DEVELOPED COUNTRIES AND GENDER

LDCs IN A GLOBALIZING WORLD: A STRATEGY FOR GENDER-BALANCED SUSTAINABLE DEVELOPMENT²²⁹

by

Magdalena Kaihuzi

Administrator and Planning Manager

Tanzania National Women's Council (BAWATA)

Dar es Salaam, United Republic of Tanzania

I. INTRODUCTION

Commentators on international development have agreed that unless special measures are undertaken urgently by the national and international community, the socio-economic decline and marginalization of the least developed countries (LDCs) in a globalizing world economy will continue to trap them into abject poverty and permanent economic disadvantage. The number of countries with incomes below the international poverty line have increased progressively from 25 in 1971 to 42 in 1990 and to 48 in 1995.²³⁰ In 1996, LDCs comprised 596 million people, equivalent to 10 per cent of the world population. Various measures by the LDC communities themselves, national governments and various international development actors to improve the economic performance of LDCs have failed to yield sustainable results and their situation has continued to decline. This is reflected in the trends from 1990 to 1996 in a number of socio-economic indicators as stated below:

- (a) Real per capita GDP improved only in 26 LDCs (55 per cent) and declined in 21 LDCs (45 per cent). In this regard, it is noteworthy that only one country (Botswana) has so far succeeded to graduate from being an LDC.
- (b) The share of LDCs in total commodity prices has declined, signifying their marginalization in a globalizing world economy. The share of LDCs in world exports fell almost by a half from the already low level of 0.7 per cent in 1980 to only 0.36 per cent in 1996.
- (c) The levels of social service provision have declined practically in all LDCs in the last two decades, as indicated by deteriorating human conditions in terms of rising infant mortality rates, falling literacy rates and falling school enrolment, particularly for girls. Effectively, this means neglect of human resource development and the loss of entire generations in terms of skills ability. A generation without education cannot compete in a global economy.

The question arising from the above statistics is why are a set of countries unable to raise their national incomes at a time when the world in general has reached unprecedented achievements in science, technology and global trade? Advocates of international free trade argue that the opening of markets will in the end benefit everyone, the results of specialization and competition will stimulate further technological advances and higher productivity and thereby incomes and standards

²²⁹ Summary based on the comprehensive document prepared by the author and circulated at the Expert Workshop. See Kaihuzi, M. *The Specific Problems of Least Developed Countries in a Globalizing World Economy from a Gender Perspective*, (U/EW/TSDG/23), July 1999. Copies of this document can be obtained from the UNCTAD secretariat.

²³⁰ Of the 48 LDC countries, 33 (or 69 per cent) are in Africa; nine (19 per cent) in Asia; five (10 per cent) in the Pacific area and one country (Haiti) is in the Caribbean.

of living. Over time, the benefits will “trickle down” to the rest of society, and every one will be better off. The challenge facing us in this paper is to identify why the promised benefits from advances in science and technology and the liberalization of international trade have, so far, not worked for the least developed countries.

For UNCTAD to usefully contribute to addressing the problems and challenges faced by women and men in the LDCs in their struggle for development, this summary identifies major constraints to the contribution of women to the economy and society in these countries, and elements of a new agenda for gender-balanced sustainable development.

II. THE PROBLEMS OF LDC ECONOMIES

As is well documented, LDCs are faced with a variety of internal, external and exogenous factors that limit the development of solutions to their problems. For brevity, these problems are listed by major categories:

A. Internal factors

In its famous Berg Report (entitled *Sub-Saharan Africa: An Agenda for Action*) issued in 1981, the World Bank attributed the poor performance of the African economies in the 1970s to the mistaken domestic policies characterized by excessive State intervention in the economy. Although the role of the hostile external economic environment (discussed below) was acknowledged, it was dismissed as being beyond the control of national governments responsible for spearheading the development of their economies. The prescription given to rectify shortcomings in macroeconomic policy design and management by LDCs was export-led structural adjustment policies (SAPs) involving: (i) Tightening of monetary supply substantially to control double-digit inflation; (ii) Devaluation of domestic currencies to eliminate overvaluation and promote exports;²³¹ (iii) Liberalization of the domestic trade regime to allow private traders to replace the poorly functioning and loss-making state marketing/trading agencies; (iv) Privatization of state enterprises - most of them loss-making - to revive idle industrial capacities; (v) Reduction in government budgetary deficits by retrenching what was called excess capacity in public service and cutting back on social spending (health, education, skills training, housing, water services, etc.) elimination of production and consumption subsidies; and (vi) Raising interest rates to attract foreign direct investment (FDI).

By 1987, the initial introduction of SAPs (mandated by the World Bank and the IMF loans) had failed to revive economic recovery in LDCs sustainably, and had yielded negative social results in terms of rising inequality and excessive human suffering through the drastic reduction of social incomes and deterioration in human resource development. The United Nations Children Fund (UNICEF, 1987) took courage and called for “Adjustment with a Human Face”. The outcome of this input by UNICEF was an acknowledgement that export-led SAPs were defective in that they had specifically addressed price and market aspects of economic policy, but overlooked the more fundamental structural problems which constrain the development of LDCs supply capacity. They had also ignored the social dimension of adjustment. In summary, the issues forgotten, and which continue to limit the economic performance of LDCs, include:

1. *Underdeveloped economic infrastructure.* In most LDCs, roads, railways, harbours and communications network, electricity national grids, and civil aviation network are rudimentary or do not function reliably. Without such infrastructures, it is difficult to trade efficiently and competitively, particularly in the agricultural and rural sector which is the main source of employment and export.

²³¹ This implies a shift from producing diverse food crops for domestic consumption (non-tradables) to specializing in the production of cash crops for exports (tradables).

2. *Backward technology.* While the rest of the world is racing forward to unprecedented advances in science and technology, particularly in communications, most LDC dwellers are still hacking the soil with simple implements like the hand-hoe and, in a number of areas, they do not have the basic implements they need for production. In most LDCs, research and extension services have disintegrated because of underfunding, yields have fallen as poor farmers are unable to purchase unsubsidized inputs by paying cash upfront; and trained manpower is either leaving or moving into other income-generating activities leading to a misallocation of human resources. As a result, in many LDCs, per capita food production is not able to keep pace with population growth, and food imports have increased. Several studies have revealed that where agricultural production has improved it seems to be attributed to good weather rather than to price improvements and is therefore unsustainable. In 1991, even the World Bank acknowledged that price benefits accruing from liberalization were, for the most part, absorbed by traders and did not reach the farmer. Worse still, commodity prices collapsed as all LDCs embarked on a rat race to revive their traditional exports for the international market. It was a fallacy of composition.
3. *Reduced public spending on health.* This means a decline in primary health care services including population control programmes and this at a time when the HIV/AIDS epidemic is inflicting its toll. Population growth has continued at a high rate setting in motion a vicious circle. It is difficult to find sufficient resources to spend on human resource development when population is growing rapidly. This means that LDCs are forced to function with a relatively unhealthy, untrained and unskilled population, with limited capability to take initiative and respond to opportunities to move out of abject poverty.
4. *Environmental degradation.* Structural adjustment policies encourage poor countries to increase their exports without considering the impact on the environment. For example, an increase in estate farming is pushing farmers to marginal and fragile land at the expense of the environment; in many cases, the so-called increases in non-traditional exports by LDCs are mostly exports of timber from natural forests that are being cut down at a fast rate without adequate replenishment programmes (in fact, some species regenerate only naturally) (Tibaijuka, 1991); and a fish-based export drive in many LDCs is causing overfishing and denying local fishermen their traditional livelihood. For example, in Lake Victoria (East Africa), in efforts to increase their incomes, it is alleged that fishermen supplying local fish-processing factories have resorted to dynamite and poison fishing, putting at risk the lives of both local and foreign consumers not to mention long-term damage to the biological condition of the Lake. At the same time, unconfirmed stories of such practices have created excuses for developed countries (e.g. the European Union) to impose unilateral and ad hoc bans on fish exports from Lake Victoria, in order to protect their domestic industries. In a number of LDCs, deep-water fishing companies are also reaping practically all the benefits, while governments are receiving only pittance payments. Small-scale mining is also now emerging as a serious threat to the environment. We return to these issues below.
5. *High levels of unemployment.* Unemployment, especially among the youth, is a serious problem in LDCs and is a cause of grave concern. Coupled with lack of educational opportunities, rising rural poverty, and a stagnant agricultural and rural technology, the youth are flocking to towns where they live in slums, and resort to petty trade as street hawkers. A good number of them resort to crime, drug trafficking (the youths are often used as couriers by unscrupulous big-time dealers) and prostitution. Thousands of youths are putting their lives at risk by stowing away in foreign ships where they are exploited. Unemployment has been exacerbated by the closure of many domestic industries because of stiff competition from cheap imports. Clearly the SAPs did

not allow domestic industries in these countries enough time to prepare themselves for international competition.

6. *A weak tax base.* With low levels of government revenue, public savings and domestic resource mobilization for further investment in the economy continue in all LDCs. Financial services are poorly developed and the privatization of banks is leading to the closure of such services in rural areas and/or to smaller depositors. Local producers have difficulties to raise capital (credit) to make further investments in their production units and thus keep up with international competitiveness.
7. *Issues of good governance.* Poor governance and lack of democracy and accountability under one party rule and/or military dictatorships are believed to be an underlying factor behind the poor macroeconomic policies pursued by many LDCs in the 1970s. Modern political thought tends to agree that democracy is essential to promote a balanced, people-oriented development. The international community through the arm-twisting of the Bretton Woods institutions, therefore, has also imposed political reforms in most LDCs and in most cases the adoption of political pluralism is an additional condition for obtaining loans. The importance of democracy in creating an enabling environment for economic progress is now doubted by a few, following the fall of the once mighty Soviet Union and more recently the troubles of chronic capitalism which have crippled the economies in South-East Asia, previously believed as miracles. Democracy is good for development because without it domestic discontent and challenges to political monopolies increase disrupting peace and tranquillity. However, despite the adoption of multi-party political systems, in most LDCs democracy is not yet fully established. There is considerable resistance by those in power to allow civil society to empower itself. Many forms of suppression of human rights still exist and, as a result, there is not sufficient transparency and accountability to hold the executives accountable. Corruption is rampant. It is little wonder that presently 12 African LDCs are involved in some kind of civil strife or outright war (i.e. 25 per cent of the entire LDC group). A country at war cannot develop and, moreover, women and children suffer most in war situations.
8. *Continued neglect of women in LDCs.* Although SAPs are devoted to revive agriculture, which is the lead sector in most LDCs, they do not address the fact that this is a sector dominated and run by women. As elaborated in Section IV below, women continue to bear the brunt of the above-mentioned market reforms and are effectively “the shock-absorbers of SAPs” (Tibaijuka, 1991). By neglecting half of the population, these policies have been only partially effective. Acknowledging the problems of neglecting women in development, Tanzania’s first President, Julius Nyerere, (now retired) once remarked that “Tanzania tried to run on the economic development track but found out that by neglecting women it was not able to do so because it was ‘running on one leg’”.

B. External factors

An array of external factors is at work, limiting the performance of LDC economies, including the following: (i) Few LDCs have even recovered from the quadrupling of oil prices in 1974 and few can shoulder any periodic, albeit milder, oil price increases by OPEC; (ii) Deteriorating terms of trade and the frequent collapse of commodity prices on international markets, which LDCs depend upon for their export income; (iii) A sharp decline in aid (Overseas Development Assistance (ODA)) during the 1990s; (iv) A high debt burden arising from misguided borrowing (both past and present); (v) Inability to attract significant foreign direct investment (FDI); (vi) Notwithstanding the World Trade Organization (WTO) Agreements, the refusal by

developed countries to honour their commitments by opening up their markets to exports of strategic interest to LDCs, and in regard to labour mobility; (vii) Premature liberalization of entire domestic economies (goods and services), before restructuring and assisting local producers to adapt to international competition, under pressure from the IMF and the World Bank as a condition for loans; (viii) High rates of capital flight from LDCs to other countries as a result of corrupt leadership and unrealistically liberal financial policies, attitudes and practices by international banks, which condone this problem, and (ix) The difficulties experienced in the transfer of knowledge and technology under the new liberal World Trade Organization Agreements. Patents will make knowledge and technology very costly and may keep LDCs at a permanent disadvantage. As elaborated below, patents are being obtained by companies in developed countries without taking into account the contributions of LDC communities which have preserved bio-diversity over centuries. It amounts to the piracy of knowledge, most of it preserved by LDC women.

C. Environmental constraints

Apart from the internal and external factors reviewed above, the LDC economies are also vulnerable to natural disasters, which disrupt production and cause loss of life and property. Practically, all of the LDCs lie in the tropics, and it is in this belt that drought spells are often followed by torrential rains and floods. Tropical cyclones can reverse overnight the progress and achievements made over many years. Insects, pests and disease outbreaks are also rampant in LDCs. It is also in the tropics where global warming as a result of industrial pollution in the North is predicted to cause greater damage. The low level of technology and scarcity of resources mean that little investment has been made into disaster preparedness. For example, few LDCs irrigate their crops, few rivers have flood control dams and banks, and pest and disease control programmes for both crops and animals lack adequate funding.

III. THE CHALLENGE OF DIVERSIFYING LDC PRODUCTION AND TRADE FOR INTEGRATION INTO THE GLOBAL ECONOMY

The international scene characterized by an intensified global economy, with capital flowing more or less freely across borders while labour is restricted within the home borders, LDCs have been effectively marginalized and face the spectre of becoming superfluous nations in the 21st century. The challenge facing the Expert Workshop and UNCTAD, which focuses on trade and development, is how to break this vicious circle. It is my submission that while internal weaknesses must be addressed, the LDCs cannot be integrated successfully in the international economic trading system until the design and functioning of the international economic order has been carefully examined and needed reforms are implemented at this level also.²³²

By definition, structural adjustment should be concerned with breaking the economic structures and production patterns that disadvantage LDCs. In theory, LDCs should diversify their production out of primary commodities in excess supply on the world market into other goods and services in which they have comparative advantage. In agriculture, horticultural products are a case in point. In manufacturing, this involves labour-intensive industries, such as textiles and clothing and electronics. Tourism services are also cited again and again. In practice, restructuring and/or diversification into new production lines is limited by lack of adequate financial and human resources to make the requisite investments. Where it has occurred, diversification and restructuring has often been spearheaded by large transnational corporations (TNCs), often at the expense of local producers who have often lost land and/or other natural resources to the larger firms, which have acquired plantations, estates, national parks, holiday resorts, and mines.

²³² For details on this, see, for example, OXFAM, *Trade Trap*.

In theory, peasants and other local populations losing their land to larger and, arguably, more productive entities could be employed on such units as workers. In practice, the populations so displaced, the majority of whom are women, are often not being paid a living wage. They are normally given only seasonal employment and generally live below the poverty line. In agriculture, low education and seasonality of employment limits the ability of workers to organize themselves in labour unions. This situation is not only limited to agriculture. As will be shown later, in Asian LDCs, which have sought to revive their economies through exclusive export processing zones, trade union action has been outlawed with serious consequences.

IV. LDC WOMEN IN THE GLOBAL ECONOMY: THE ULTIMATE DEVELOPMENT CHALLENGE

In a dual world economy of the North and the South, economic stratification is a gender stratification. Women are the main source of cheap labour in the world economy and make up 70 per cent of the world's 1.3 billion poor persons. Because of historical and cultural reasons, women are yet to be fully integrated into the development process and do not enjoy rights and access to resources commensurate with their contribution and potential. This is a major structural imbalance whereby half of the population which is expected to spearhead production is not empowered with requisite resources and incentives to respond to its full potential. Most evaluations of SAPs show that liberal economic policies have further marginalized women in LDCs. For example:

- (a) The export-crop drive resulted in land being taken away from food crops (grown by women) into production of export crops often dominated by men and increasingly in the corporate sector.
- (b) In their reproductive role women are the most intensive users of health services and have suffered most from reduced social spending on health.
- (c) The implementation of full-cost recovery policies in education has disadvantaged girls more than boys, because when forced to choose, the prevailing social/cultural values in LDCs are such that priority for education is given to boys.
- (d) The decline in water and sanitation services affects women more adversely than men, because women in LDCs are by and large providers of domestic services.
- (e) The rising cost of inputs due to removal of subsidies has negatively affected women farmers more than men, because women are the least able to provide cash for inputs upfront. Women farmers have also been the last in reaping the benefits, if any, from the price impacts of SAPs, because control of accruing incomes is still by and large in the hands of men. This is particularly true in east and southern African LDCs where women are less active in trade.
- (f) Women make up the largest proportion of retrenched employees from the public sector because they dominate the non-professional lowest cadres that are normally the first to be eliminated under retrenchment exercises. Women have also been subjected to sexual harassment in retrenchment exercises (Kaijege, 1998).

As mothers and household managers, women are continually forced to innovate and have adopted survival strategies that have increased their workload to the detriment of their health and that of the children they support. Women-headed and women-managed households are on the increase. Most surveys in a number of LDCs put their extent at 25 per cent, depicting a phenomenon of the increasing rate of family break-up, and single motherhood. Women become

heads of households normally through a process of further marginalization when they are widowed or divorced or abandoned. In LDCs, few women become heads of household by choice. Women managing homes single-handedly have been forced to undertake back-breaking menial jobs to make ends meet. They are found begging on streets with their children, grinding stones, vending food and working on construction sites, etc. (Kaijage and Tibaijuka, 1996). Increasing poverty has also put more pressure on women as crimes, including sexual abuse and sexual exploitation of women and children, have become rampant.

A. Women and globalization

A more detailed analysis of the impact of liberalization on women is in order. Aileen Kwa (1998) has presented a number of cases on the impact of globalization on the women in the South. Some of the problems set out relate to the following:

1. *The trafficking in women:* Economic recession in the developing world and in the countries of the former Soviet Union has found expression in increasing sexual abuse and the exploitation of women and children. The UNDP (1995) estimates that annually, approximately 1 million children, mostly girls in Asia, are forced into prostitution. As we move towards the 21st century, there is a growing trade in women. (See also Aileen Kwa (1998)). Tibaijuka (1994a) showed how women were being forced into prostitution in order to raise funds to purchase land for which they are denied inheritance rights. She concluded that this will remain their only survival strategy, as long as women are discriminated against in factor markets and denied access to land, credit and employment by denying them education. Despite their awareness that they are exposing themselves to HIV/AIDS infection. Such a survival strategy needs to be confronted from the economic, sociological, political and moral perspectives.
2. *Mortgaging natural resources on which women depend:* Examples of governments having embarked on SAPs including the sale of natural resources for exports have been cited. Women's lives have changed drastically for the worse as such community resources have been privatized (see box 1).

Box 1

Fisheries for sale: Pacific islands mortgage women's livelihoods

The majority of the Pacific islands population are subsistence and semi-subsistence producers, deriving their livelihoods from the resources of the land and sea to which they have had access under traditional communal-based tenure arrangements. Women in the islands are usually the principal agriculturists and fishers, their marine products producing protein staples. Under programmes supported by the Bretton Woods institutions, the islands have been advised to pursue a high growth development model, and to find a niche in the global market. They have also been strongly encouraged to seek private investments as the engine of growth. For example, in 1991, Pacific island states were entreated to follow the examples of Mauritius and the Maldives, small island economies which had successfully found niches in the global market by specializing in export production of garments and fish respectively.

The results of these policy directives is that the islands are going into highly extractive industries, and are exporting their resources at an alarming rate. Rapacious logging has been taking place. The World Bank has warned that if the islands continue logging at this furious pace there will be no forests to speak of in 10 years or so.

The other area the islands are mortgaging are its fisheries. The 200 mile Exclusive Economic Zones (EEZs) given to the islands have been a crucial source of livelihood for their communities. Unfortunately, this pattern is changing quickly, with the islands granting generous licences to Distant Water Fishing Nations (DWFNs). In 1995, there were some 1,300 DWFN vessels operating in Pacific waters, netting a rate of one million metric tonnes of fish a year.

The returns to Pacific island economies from exploiting this natural resource are minute. The resource is primarily being extracted by transnational corporations in the global fisheries industry. Some have predicted that fish stocks will collapse within 10 years.

Box 1 continued

The impact of the offshore fisheries industry on women has been threefold:

- (a) Women predominate as poorly paid cannery workers in domestic canneries in the Solomon Islands and Fiji;
- (b) In many island nations, women are the primary users of the inshore fishery which, in several places, has been adversely affected by the industrial fishing taking place; and
- (c) Women sex workers providing sexual service in fishing ports are exposed to risks of sexually transmitted diseases (STDs). The small fisheries port of Levuka in Fiji boasts the highest STD rate in the country, a fact mainly explained by the fisheries-based sex industry.

Therefore, while extractive industries bring short-term gains, in the long run, the sources of livelihood for women are being depleted. The living standards and food security for the majority are increasingly at risk.

Source: Adapted from Slatter (1995).

3. *Women's health at risk due to increasing responsibilities:* Women-headed households are also a result of men leaving behind their families under increasing economic pressure. This often started with colonialism, continuing into present times. This process of integration of rural economies into the international trading system has been subsidized by women, some paying with their lives: This is so because the men who migrate to work in plantations or mines in towns, often fail to secure a living wage to maintain their families. Women, therefore, have had to make ends meet by working harder. According to UNDP data, women in rural areas spend 20 per cent more time working than do men. In urban areas, they spend 6 per cent more time. Addressing this problem, former President Nyerere of Tanzania in 1967 declared that "In Tanzania, women work harder than anybody else. They even work on Sundays and public holidays, but men (and some women living in towns) are on holidays for half of their life." (Nyerere, 1968, p.30). See also box 2 for an example from Nepal, an Asian LDC.

Box 2

Male migration takes its toll on women's health

At age 34, Dukhani Chaudhary in Alaun, Nepal wonders why she came down with tuberculosis three years ago. "The doctors told me I had TB," she recalled. "They said it was because I was working too much and not eating enough. But I do not believe them. All the women in my village do similar work and eat similar food as I do, and they do not get sick". Her disbelief notwithstanding, more and more rural women in Nepal are turning up with health problems that range from mild to serious.

In Birganj, doctors at the lone government hospital say they are observing more cases of sickness among women than men, and the situation is not likely to improve. At first, doctors said that they could not figure out why more women than men were falling sick. But the answer was soon obvious: Doctors explain that the women do most of the work in the house and fields while their men are away in the cities. Their health is therefore naturally affected.

Alaun is a typical Nepali village. Nearly all of its able-bodied men have left for Birganj, the city some 10 km away, or have made their way across the border to India to look for jobs in the booming transportation and construction businesses.

The responsibility of cultivating small patches of land, tilling fields and harvesting crops of rice and potatoes is borne entirely by women who age prematurely under the burden of child bearing, rearing and tending to large households which include aged parents. Most village women walk miles daily to fetch firewood, fodder and water from vanishing forest lands. According to Dr. Qussay Al-Nahi, chief of health section of UNICEF's country office, the women are more vulnerable to illness also because of their socio-cultural position in society. "Discrimination against girls begins from birth. When their men go to the cities, women find themselves working more which adds to the burden. The men often return with sexually transmitted diseases and pass these on to their wives."

Source: Adapted from "Healthier Women means Healthier Economies", in *IPS*, 7 January 1998.

4. *Impact of transnational corporations on women:* Under globalization, it is the survival of the fittest and women, being the weaker segment of LDC societies, are bearing most of the burden. Women's micro-enterprises have little chance when pitted against competition from transnational corporations for markets and resources. So far, the rule-based international trading system seems to be more apt to help the strong. The case described below in box 3 is drawn from experience in Bangladesh, an Asian LDC, and illustrates some of the difficulties faced by smaller enterprises.
5. *Impact of liberalization on food security:* The first Pan-African Congress on Food Security, Trade and Sustainable Development, held in November 1998, in Dar es Salaam, Tanzania, convened by the Coalition of African Organizations for Food Security and Development (COASAD) called upon the United Nations to intervene and ensure that further liberalization of international trade does not lead to further food insecurity. According to COASAD, cheap food imports are threatening the local food production, while African countries do not have sufficient financial resources to import food. For example, in Tanzania in 1999, peasants have starved to death. This is the first time such a thing has happened since independence. The COASAD Congress noted with concern the replacement of food crops by cash crops and the inability of domestic agriculture to compete with subsidized imports and the changing food habits. It noted that children brought up eating oats and Kellogg's® cornflakes will declare themselves without food if they only have traditional sorghum available! The Congress called for the protection of African food habits and their promotion by the international community, and suggested that African Restaurants® be established in African cities and other metropolitan areas. This requires international support in product promotion, marketing and publicity, and concrete action on the part of African LDCs entrepreneurs, with specific support given to the women among them (see box 4).

Box 3

Small businesses up against big competition

Stiff competition from cheaper imports and smuggled goods has slowed down the growth of small and medium sized enterprises in Bangladesh, forcing the closure of factories and adding to the number of unemployed in the country. The textile industry, on which the economy was pegged to achieve take-off, has been pushed close to collapse by competition from cheaper imports. Heavily taxed raw materials like dyes, chemicals and yarn have pushed up prices of locally manufactured fabric. An ailing textile industry which is the biggest employer after agriculture has been laying off workers, and shutting down units. There are more than 10,000 hosiery mills in existence across the country, and thousands of people work on hand and power looms.

According to the president of the Federation of Bangladesh Chambers of Commerce and Industry, trade liberalization - removal of non-tariff barriers and reduction of import duties - has adversely affected some 7,000 businesses, mainly small and medium-scale enterprises. Economist Abdullah Harun, warned of mounting losses of small and medium-scale enterprises which are facing unequal global competition. The Government has to improve infrastructure - power supply, transportation, port facilities, customs clearance - if local industry is to compete. It has to rationalize trade and taxation policies to enable Bangladeshi businesses to take on international competitors. Yet another economist, Muzaffar Ahmed, has spoken on the need for controls on liberalization, arguing that the mere adoption of a liberal trade policy and opening up to the economy would be counterproductive. He pointed out that the gap between the poor and the rich was widened in Bangladesh.

Source: Adapted from information in *IPS*, 6 March 1998.

Box 4***Towards lower standards of living: tea producers in Kenya***

As a result of the structural adjustment policies undertaken in Kenya since the late 1980s and early 1990s, Kenyan farmers have been encouraged to move into export crops. The most common is tea production, with tea currently accounting for about 20 per cent of total export earnings in Kenya.

What are the results of this shift in farming for Kenyan women farmers? Kenyan women have traditionally been the domestic food crop producers, so that they have had the power over the use of money earned from food crops. Men, on the other hand, have always been involved with the raising of livestock, and have had financial control over the money they earned from livestock.

With the shift towards tea growing, however, earnings from this export crop is controlled almost solely by men, with them making about 95 per cent of the decisions on expenditure. Men are mainly in charge of tea production, as they usually possess the knowledge of tea growing. Women are unable to embark on tea growing as they are not usually the owners of land and do not have the necessary initial capital outlay. Ironically, however, women are very central in tea growing. They are the ones doing the back-breaking work as tea harvesters, a very labour-intensive job.

The shift towards export crops has radically changed gender power relations within families. Women from non-tea producing households are in a stronger position as joint decision-makers in the way income is spent. Whilst tea growing households have higher incomes than non-tea producing households, overall standards of living over the past decade have nevertheless fallen. Structural adjustment policies are seen to have brought about increases in health care, education and food costs. However, lower living standards are also due to the fact that women have shifted from producing food crops both for sale and for their families=consumption, and are now engaged in tea production. Because money no longer goes to their hands, poverty at the household and community level is on the rise.

Source: Adapted from Ongile, G. (1998).

6. *The privatization of women's knowledge:* Aileen Kwa (1998) asserts that the implementation of the Agreement on Trade-Related Intellectual Property Rights (TRIPS) of the WTO is **Nothing short of theft by the Northern corporations of Southern women's bio-diversity, knowledge and centuries of innovation**. She notes that traditional knowledge, also the knowledge of women, is being patented by large corporations when such corporations use their patents on plant varieties, seeds and pharmaceutical products to dominate markets, especially in the pharmaceutical and agricultural domains, monopolizing what was previously community-owned knowledge and life sources. These dangers are compounded by the monopolization of the seed industry by transnational corporations coupled with huge investments in biotechnology. In view of the importance and relative unawareness of the issues involved on TRIPS, a more detailed account by Aileen Kwa is provided in box 5.

Box 5***Brazzein, Tumeric and Neem cases***

Brazzein is the name of a protein found in a West African berry that is reported to be 500 times sweeter than sugar. Unlike other non-sugar sweeteners, brazzein is a natural substance and does not lose its sweet taste when heated, making it particularly valuable to the food industry. Researchers at the University of Wisconsin have obtained a patent in the United States and in Europe for a protein isolated from the berry of *Pentadiplandra brazzeana*, being seen eaten by people and animals in West Africa.

Subsequent work has focused on making transgenic organisms to produce brazzein in the laboratory, thereby eliminating the need for it to be collected or grown commercially in that region. The University of Wisconsin reports that corporate interest in brazzein is strong: the worldwide market for sweeteners is reported to represent US\$100 billion a year. The University is quite clear that brazzein is "an invention of a UW-Madison research" and there are no plans for benefit-sharing with the West African people that discovered and nurtured the plant for their use.

Box 5 continued

The patenting of turmeric is yet another example of biopiracy from the South. Turmeric has been used in India as a magic cure-all from time immemorial, for sprains, inflammatory conditions and wound healing. In 1995, two American scientists from the University of Mississippi were granted a United States patent on the use of turmeric for healing wounds, claiming it to be novel. Fortunately, the Indian Government challenged the patent and managed to win the legal battle. If otherwise, this patent would have prevented Indian companies from marketing turmeric for wound healing in the United States. If the United States had been successful in pushing stronger patent protection in other countries, including India, the same patent would have illegalized the use of Indian turmeric even in India.

The other widely publicized case in India is the Neem plant, which has been used by women farmers as a pesticide and fungicide for generations. The Neem now has more than 35 patents on it in the United States and Europe, mainly for its pesticidal properties. Local communities are already victims of reduced access to this traditional resource due to greatly increased market prices.

Source: Adapted from GRAIN (1998). "Patenting Our Food System, Patenting Animals, Patenting Health Care Systems, Patenting People".

TRIPS Agreement (entered into force on 1 January 1995), contains minimum standards to protect intellectual property in the area of copyrights; trade marks; geographical indications including appellations of origin; industrial designs; patents including the protection of plant varieties etc. The most problematic aspect of TRIPS, however, relates to aspects concerning patents: despite the clause on the exclusion of plants and animals from patentability, Vandana Shiva, a leading ecologist from India has observed that US patent law continues to grant patents for plants and animals. This is because the phrase "plants and animals other than microorganisms" is interpreted as not including parts of plants and animals, or altered plants and animals. It appears that the patenting of biological organisms is therefore allowed.

According to TRIPS protection is provided for plant varieties by patents or by a *sui generis* system (an independent legal protection specially designed for) or a combination of the two is necessary. Developing countries must provide a system by the year 2000, and LDCs must do the same by 2005.

As most countries have interpreted this *sui generis* system to mean Plant Variety Protection (PVP) through the International Convention of the Union for Protection of New Varieties of Plants (UPOV). Aileen Kwa maintains that UPOV will not protect farmers' rights. Instead, the main objective of UPOV in her view is to protect the interests of large plant breeding and biotechnology companies by promoting PVP laws throughout the world. In reality, PVP gives breeders similar rights as if they were holding patents. While UPOV is not specifically mentioned in the TRIPS, it is selling itself as the ready-made solution for compliance with TRIPS.

The rights given to breeders under UPOV include full commercial control over the reproductive material of his or her variety. This means that farmers growing PVP varieties are prohibited from selling the seeds they harvest from the crop and from saving and exchanging seeds on a non-commercial basis. Farmers must pay royalties on every purchase of seeds. Also, only licensed growers can multiply the variety for sale. The 1978 Act of the UPOV Convention allows farmers to save seeds for their own use, but this is prohibited in the 1991 Act, which also prohibits breeders from using PVP varieties to develop new ones.

Aileen Kwa also shows how patents are also given to plants from the South which biotechnology companies have tinkered with. By adding a gene or two, it is termed a "new invention", it is then marked and developing countries pay for what Southern women farmers had often cultivated and nurtured for years. Indeed, the latest invention by United States corporation Delta Land and Pine (now acquired by Monsanto), is the "terminator technology", which is about to

trigger off an agricultural nightmare (see box 6).²³³

Box 6

Monsanto acquires self-terminating seeds and global distribution seed networks

On 3 March 1998, the United States Department of Agriculture (USDA) and the Delta and Pine Land Company, a Mississippi firm and the largest cotton seed company in the world, announced that they had jointly developed and received a patent (US patent number 5,723,765) on a new, agricultural biotechnology. Entitled, "Control of Plant Gene Expression", the new patent will permit its owners and licensees to create sterile seeds by selectively programming a plant's DNA to kill its own embryos. The patent applies to plants and seeds of all species.

According to Willard Phelps of the USDA, this technology is to be "widely licensed and made expeditiously available to many seed companies." The goal, he said, is "to increase the value of proprietary seeds owned by United States seed companies and to open up new markets in Second and Third World countries." The USDA and Delta & Pine Land Co. have applied for patents on this technology in at least 78 countries. Once the technology is commercialized, the USDA will earn royalties of about 5 per cent of net sales. "I think it will be profitable for USDA," Phelps said.

The technology has been created to prevent farmers from saving non-hybrid, open-pollinated or genetically altered seeds sold by seed companies. Open-pollinated varieties of crops like wheat and rice C staples for most of the world's population C are typical examples.

In its March press release, the company claimed that the new technology has "the prospect of opening significant worldwide seed markets to the sale of transgenic technology for crops in which seed currently is saved and used in subsequent plantings."

On 11 May, it was publicized that Monsanto had bought over Delta and Pine Land Co. On the same day, Monsanto also announced the take-over of Dekalb, the second largest maize company in the United States. In January 1997, Monsanto acquired Holden's Foundation Seeds. A company spokesman said at the time that its goal was to get its bioengineered seed on to at least half of the then 40 million acres that Monsanto had access to via its acquisitions. In November, Monsanto acquired Brazilian seed company, Sementes Agrocere. This acquisition gave Monsanto 30 per cent of the Brazilian corn seed business.

In June 1998, it acquired the giant seed distributor Cargill (except in US and Canada), which produces seeds in 24 countries and sells them in 51 countries. Monsanto paid US\$ 1.4 billion, over four times the amount of annual sales. Cargill specializes in the development and marketing of corn, sunflower and rapeseed seeds, dominates the tropical corn seed and oil seed markets and has a long-standing presence in Asia, Central and Latin America. Its latest acquisition for US\$ 525 million is the wheat-breeding operations of Plant Breeding International Cambridge, a huge price tag for a company which generates little over US\$ 25 million in sales. As a result, Monsanto's share price has moved from US\$ 25 to over US\$ 90 per share in a matter of months.

Source: Guidetti (1998). "Food and Grain Supply Update, The Ark Institute June 1998", in *Pro-Farmer* 16 July 1998; "A Genetic Food Fight is Flaring in Europe", in *Straits Times*, 9 July 1998.

The arguments of biotechnology and seed corporations is that the genetic modification of seeds makes them high yielding and pest resistant, and therefore will answer the food problems of the world. Aileen Kwa calls this a fallacy. She argues that patenting of plants leads to monocropping, which in turn eliminates biodiversity, the basis of food security. Monocropping also destroys the ecological balance of the land and encourages an increase in the growth of pests and diseases. In fact, according to Kwa, many of the epidemics that have taken place in the recent past are due to monocropping.

She felt that implementing TRIPS therefore has little to do with recognizing and rewarding one's invention. Rather, it is the legitimization of corporate appropriation of women's knowledge and inventions, and then making women pay when using the product in the future. The seeds of food insecurity and doom are only now being planted. Should there be no change in the TRIPS in the forthcoming 1999 Review, indeed, should the TRIPS Agreement be strengthened further in

²³³ The "terminator technology" involves the insertion of a gene into crops which then prevents the seeds from germinating. This is no less than spreading an epidemic of death.

favour of patentees, food supply will be dangerously threatened, and this will then show some 5-10 years down the line.

B. What is to be done: the Women's Agenda

Aileen Kwa (1998) argues that macroeconomic policies in the form of SAPs and WTO Agreements or regional trading arrangements often seem neutral, to be implemented for the good of all. However, when the surface is scratched, the assumption of neutrality does not hold, and the policies seem to be serving the vested interest of the strong; internationally, the interests of developed countries. At the national level, they appear to serve the interest of men who normally control economic and political power. Analysing the actual functioning of the macroeconomic policy framework of SAPs and WTO Agreements in which we have trusted our faith, we should not shy away from saying that they have not worked for women. A truly democratic movement has to be a struggle and it is such a struggle which led the framers of the United Nations Charter to acknowledge democratic participation as a right of all citizens, irrespective of race, sex, colour, religion, creed, nationality. Democratic participation involves a whole set of rights, human, social and economic, as well as the right to participate in decision-making. The successful participation of women in trade and development requires, therefore, the democratization of both national and international society. This, in turn, depends on the ability of the women electorate to acquire minimum levels of education and political awareness, to make those seeking political power respect women's demands - the women's agenda. Women's participation in trade cannot come about without the women movement's agenda effectively including the struggle to overcome the current economic barriers. If SAPs and WTO Agreements are to benefit women, they have to be democratized. Women in general, and LDC women in particular, need to launch a struggle to achieve this. It is a process that will not come on a clean platter. So what is the women's agenda? What is to be done?

Following the 4th United Nations Conference on Women held in Beijing (1995), the women's agenda is rather straightforward. It is about fighting against beliefs, culture, traditions, laws and practices that subordinate women to men, denying them the respect and recognition that befits their multiple contributions to society as mothers, home and community managers and as vital economic agents, not only in the rural areas, but increasingly in urban areas, where women now have a lead in self-employment. The advancement of women in the trade sector will require training and capacity building of women entrepreneurs. It will also need their organization for collective bargaining, to reverse existing inherited disadvantages. Good governance must involve a radical women's agenda at the national and international levels.

For example, as is well known, women are the least able to access credit because they lack collateral, as they are often denied rights to own or inherit productive land-based assets. Although many LDCs governments have declared an intention to change discriminatory laws and practices, little concrete action is being done to implement the Beijing Platform of Action. Indeed, some LDC governments are hostile to women's empowerment by denying them access to education (Afghanistan) and disbanding feminist broad-based popular women organizations (Zimbabwe, Kenya and Tanzania). All this underscores a point made above: the mainstreaming of women in development is a struggle.

V. THE NEW AGENDA AND STRATEGY FOR GENDER-BALANCED SUSTAINABLE DEVELOPMENT OF LDCs

A design or strategy for the sustainable development of LDCs with a gender-balance has to be based on a correct assessment of the internal, external and exogenous factors that constrain their development at the present. This task has been accomplished above. It therefore follows that the New Agenda in favour of LDCs is about designing and crafting policies and measures that would

remove the above stated constraints within realistic time-frames.

The elements of a strategy for the sustainable development of LDCs and their integration into the global economy include:

- (a) Specifying policies and measures to address internal, external and environmental constraints in the sustainable development of LDCs.
- (b) Undertaking policy advocacy to promote and build popular consensus around the New Agenda and proposed measures both nationally in LDCs themselves and internationally among their development partners.
- (c) Implementing reforms and promoting institutions at national and international levels that are deemed necessary instruments for a successful implementation of the New Agenda and programme of action.
- (d) Securing requisite financial and human resources for the implementation of the action programme.
- (e) Instituting an in-built system of monitoring and evaluation of the implementation of the new measures for taking corrective action.

It is instructive to briefly analyse some of the elements of such a strategy below.

A. Policies and measures to address internal constraints

The process to reform the management of the national economies of LDCs through SAPs is a necessary but not sufficient condition for success. Our analysis in Section II of this paper leads to the conclusion that SAPs must be redesigned to take into account the development of physical infrastructure (roads, railways, waterways, airports, communications, power supply, etc.) as well as the social dimensions of adjustment. Social services delivery - health, education, water, sanitation, housing and food security – all need to have in-built mechanisms for their protection and development. The United Nations Social Summit held in Copenhagen in 1995 made this clear and adopted a programme of action popularly known as the 20/20 Social Compact, through which these issues would be addressed. The main elements of this Compact was for governments in developing countries to allocate at least 20 per cent of the official budget to social services delivery, while the donors would also do the same in their own aid budgets. An evaluation of the implementation of this programme is required to assess to what extent this has been implemented. Judging from the current declining social situation in most LDCs, it is doubtful whether there has been much success achieved in this area. It has already been pointed out that such policies will mostly benefit women.

With regard to environmental problems, the new strategies and policies should move beyond rhetoric to action. It is sad to note that while many LDC politicians are calling for environmental protection on political platforms, in reality, deforestation continues through issuing licences or failing to supervise the actions of companies granted such licences. Also, effective support has to be given to peasants to enable them to adopt environmental friendly practices by ensuring that they are not driven off their traditional land without viable alternatives and compensation. Mining companies should not be exempted from environmental taxes in the name of creating incentives to attract foreign direct investment. An investor who is not prepared to compensate peasants for the loss of their livelihoods or to pay a fee to sustain the environment is not likely to be good for the sustainable development of the country.

As regards peace and stability, democracy is the answer, but this is perhaps the biggest challenge facing the peoples of the LDCs. The international community can help by discouraging the abuse of power through dialogue and, where necessary, sanctions. However, here it should be pointed out that democracy is likely to conflict not only with vested local interests (e.g. the rich versus the poor or men versus women), it will also conflict with vested international interests. For example, some elements of SAPs and WTO agreements, such as servicing debt while the citizens starve or patenting traditional knowledge, would not be possible under a democratic government. This leads to the next task, what kind of policies do we need at the international level?

B. Policies and measures to address external constraints

Continued international dialogue through the United Nations system will be critical in securing sustainable development. This requires the reform of Bretton Woods institutions - the World Bank and IMF - to improve their sensitivity to gender-balanced social and human development issues. Also, the policies of the World Trade Organization are critical and should have as their paramount aim the promotion of sustainable human development through trade. I have already pointed out that this will be a struggle and requires both able leadership and an enlightened global citizenry. I am of the view that if the world is going to be a village then it requires a "Chairperson" a "Council of Elders" to see that everyone's interests, including those of the weakest members (women and the poor) are protected. The United Nations has to play this role, for there is the need for some kind of a democratic World Government if the world's poor are going to survive.

C. Policies and measures to address exogenous constraints (vulnerability)

The vagaries of nature face all economies, but the LDCs are least able to meet them. They are not prepared for them either financially or technologically. What needs to be done is to devise appropriate insurance schemes for such shocks. Infrastructure and technological development is needed to reduce vulnerability, for example, irrigation facilities, flood control banks, insect and pest outbreak control programmes.

D. Advocating the proposed reforms

Advocating a gender-balanced development strategy for the weakest members of the international community is not a simple matter. If one loses sight of the power relations, one will alienate the strong and powerful and have them as opponents. What is required is negotiation and persuasion, which will allow the poor and disadvantaged to gain sympathy and thereby strategic allies among the powerful or dominant groups. This underscores the importance of international networks of like-minded people to push for a cause. For example, I believe that if progressive women and men in the West were aware of the threat of seed terminating technology (UPOV), they would pressure their governments to take the required corrective action. Similarly, the cause of women inside LDCs could be enhanced by winning political leaders to the women's side, and getting them to support the women's agenda.

However, a word of caution should be said. In the end, rights and power are not obtained without launching a struggle. What is required is a careful weighing of the factors and available options and to choose from among them the least costly but effective measures. The choice made will depend on the particular circumstances of each country and cannot be generalized. Its essential elements, however, will embrace actions to empower women through education and fostering

gender-progressive attitudes and culture and the building of institutions - both public and private - to implement the reforms and action programmes.

VI. THE ROLE OF UNCTAD

The mandate of UNCTAD is to function as a U.N. think-tank on economic issues, notably on trade and development, through research and analysis, and to offer operational support on proposed strategies through technical assistance. As an analytical policy-making institution, UNCTAD faces the challenge not only of undertaking economic development research and analysis in a constructive manner, but of conducting normative analysis of the questions related to the international economic order. UNCTAD has, therefore, to be a visionary and radical organization not only in assisting poor countries to fight the existing injustices but also in identifying problems of inequality, which act as development bottlenecks at the national level. This makes UNCTAD a political organization or arm of the General Assembly. As such, first, it is the responsibility of UNCTAD to promote and advocate women's economic empowerment, and second, as an operative organization providing technical assistance in the area of trade, UNCTAD has a duty to assist women to struggle for their economic empowerment by increasing their role, effectiveness and voice in trade.

The analytical and technical work done by UNCTAD is herewith acknowledged. However, very few women in the LDC - and the elite groups in these - know UNCTAD or its role. UNCTAD has to make stronger efforts to reach out and only then could it play its role and fulfil its duty in assisting women in LDCs to overcome our present disadvantages and enter into the mainstream of economic activity, including trade. The discrimination against women in trade is particularly acute, because trade adds further value to production through marketing and those involved in trade control the accruing profit and income. Women have, therefore, generally been excluded from trading operations, although this practice is now weakening.

Specifically, UNCTAD should adopt an integrated programme of action for the promotion of women in trade in LDCs, which should seek to achieve the following:

1. Through policy analysis and dialogue, UNCTAD should encourage LDC governments to empower women economically by reforming laws and fighting practices which discriminate against them. LDC governments cannot claim any special and differential treatment in the international arena while they are not prepared to offer special and differential treatment for their womenfolk. UNCTAD should help us to make this point clearly, for a person discriminated against in factor markets cannot be an effective trader.
2. UNCTAD should launch specific research and analyses to obtain better insights on how women's participation in trade is constrained by their present situation, and propose practical actions to solve the problems in areas such as education and skills training; investment; credit and finance; technology, trade in goods and services; management and enterprise development. Such proposals would then be submitted by women to national governments and their development partners for review, endorsement, adoption and implementation.
3. UNCTAD should launch a specific basic skills training for trade for women entrepreneurs at different levels. While most women are likely to be more effective in small- and medium-scale enterprises, UNCTAD should also assist women to think big: Big business should not be seen as a preserve for men as this only serves to reinforce prejudices. Some women might make it big provided they be given encouragement.

If these achievements are to be realized, UNCTAD would have to forge a closer partnership not only with LDC governments, but also with LDC women who through their organizations represent the poor. The empowerment of women in civil society is perhaps the greatest challenge facing the international community in the 21st century because it is the key to poverty eradication. UNCTAD needs to show the way: if UNCTAD's role is to advocate for the poor, then it should be clear that it gives priority to gender issues in all its work. UNCTAD should develop a clear action plan for the follow-up and implementation of the Beijing Platform of Action in the areas of trade and economic empowerment. In this regard, UNCTAD should convene an LDC Conference to review the status of women in trade and development and to put forward recommendations on how policies and measures for the economic empowerment of women in LDCs are to be enhanced.

VII. CONCLUSIONS

Four main conclusions are to be drawn from the above analysis:

1. The risk of further marginalization of LDCs posed by globalization is real and requires a multi-faceted strategy to arrest and reverse the process.
2. The elements of a strategy for the sustainable development of LDCs and their integration into the global economy include: (a) specifying policies and measures to address internal, external and environmental constraints in the sustainable development of LDCs; (b) undertaking policy advocacy to promote and build popular consensus around the new agenda and proposed measures both nationally in LDCs themselves and internationally among development partners; (c) implementing reforms and promoting institutions at national and international level that are deemed necessary instruments for a successful implementation of the New Agenda and programme of action; (d) securing requisite financial and human resources for the implementation of the action programme, and (e) instituting an in-built system of monitoring and evaluation of the implementation of the new measures for taking corrective action.
3. The implementation of a radical new agenda and programme of action for the sustainable development of LDCs is bound to be a struggle for the correction of inherited structural imbalances between nations - the North and the South - and within nations - the rich and the poor - men and women - as one seeks to eliminate both income and gender gaps. The integration of LDCs in the global economy and mainstreaming of LDCs women in their national economies are clearly radical proposals which are bound to be resisted. It is a challenge to democratization at the national and international levels. The role of UNCTAD should be to undertake research and analyses to facilitate policy advocacy work and to build analytical capability and capacity to enable both groups to achieve the new goal and a fresh deal in the new millennium. Historical experience has shown that no group can overcome its inherited disadvantages be they social, political, economic, cultural or otherwise, without gaining ability and capability to articulate itself and the means to exert pressure on the powers that be for reform. The same applies in the arena of trade and development for women as well as for men in LDCs.

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MAJOR TRADE AND GENDER ISSUES IN ETHIOPIA

by
Nigest Haile
Head, Women's Affairs Department
Ministry of Trade and Industry
Addis Ababa, Ethiopia

I. INTRODUCTION

Women in Ethiopia, constituting about 50 per cent of the total population, have been deprived of their social, political and economic rights, due to discriminatory laws of the previous regimes, cultural beliefs and traditional practices of the society. Women struggle in the face of many inequalities, such as lack of access to education, health care, food and economic resources. Despite these obstacles, they play crucial roles in the economic life of their communities. They head households, support their families through small businesses or subsistence farming and take care of children. Yet, compared to men, women tend to have less education, less income and fewer opportunities to improve their own and their families' standard of living.

When we consider the following figures relating to Ethiopia: working hours performed by women: 66 per cent of the total; food produced by women: 50 per cent of total production; income received by women: 10 per cent of total income; and property owned by women: 1 per cent of all property.

It is clear that women are not beneficiaries. In rural communities, women's burdens and inequalities are severe, about 80-90 per cent of their time is spent gathering essentials of daily life: water for household use, firewood to prepare meals and food crops for family meals or for sale at local markets. In addition to these essential chores, the rural woman must also take care of her children and her home.

The Federal Democratic Republic of Ethiopia (FDRE) has been giving due attention to the preservation of human rights and reduction of poverty of the majority of the population, and the eventual attainment of meaningful development in the country. Among others, policies which fully incorporated gender issues and concerns have been established, and strategies mapped out for their implementation. Moreover, the FDRE constitution adopted in 1995, has properly treated the issue of gender equality, equity and human rights in several articles while a separate article (35) has been included for addressing the special needs and problems of women.

The Government of Ethiopia has given gender due attention by placing issues related to it as its major area of concern. In this regard the efforts made to incorporate women's issues in the country's constitution, to formulate and implement a National Policy on Ethiopian Women and in institutionalizing gender issues by establishing Women's Affairs Offices at the federal, regional and sectoral levels, all deserve mention. In spite of these remarkable efforts, however, there are practical problems that hamper the realization of gender in the development process in general and women's economic empowerment in particular.

Women's participation in remunerated work in the formal and informal labour market has increased significantly and has changed during the past decade. While women continue to work in agriculture, they have also become increasingly involved in micro-, small and medium-sized enterprises and, in some cases, have become more dominant in the expanding informal sector.

There are considerable differences in women's and men's access to and opportunities to exert power over economic structures in their societies. Women are virtually absent from or are poorly represented in economic decision-making, including the formulation of financial, monetary, commercial and other economic policies, as well as tax systems and rules governing pay. There is a need to devise mechanisms to involve women in these male-dominated areas.

The theory of globalization provides the most needed solutions to the economic problems the world is facing. Globalization as the rapid and pervasive diffusion of production, consumption, investments, and trade in goods, services, capital and technology, has as its ultimate goal that of economic development and sustained growth worldwide. However, the actual effects of this process are observed to be positive or negative in the different sectors of the economy, affecting both women and men, but in most cases the major victims of the negative effects being women.

Countries that benefit from globalization are those that already have a strong human capital base, high levels of technology (which ensure that they get good quality products) as well as good infrastructure. A lot of time is needed before the fruits of globalization can be realized in developing countries since all these aspects are lacking.

Women's work, waged and unwaged, and valued or not in national accounting systems, sustains all societies and is demanding of appropriate recognition in the policies of the World Trade Organization and of other international organizations concerned with economic development.

Women that are involved in different kinds of trade activities need to gain access to more information on world trade policy and trade agreements. There is need to understand the specific implications of globalization on women. It will then be possible to develop strategies for influencing those in positions of power.

II. WOMEN ENTREPRENEURS IN ETHIOPIA

Society's attitude in Ethiopia towards women owning business/property is showing a trend for change and quite a number of women are entering into registered businesses. The Government is giving emphasis to the informal sector, where the majority of the operators are women, is designing strategies to properly address the sector. Non-governmental organizations are also playing significant roles in this respect.

Women entrepreneurs face a wide range of constraints and problems, but they are unable to address these problems effectively on their own. The major constraints that women entrepreneurs face can be stated as follows:

- (a) Financial problems;
- (b) Socio-cultural values;
- (c) Market problems and Information; and
- (d) Education and Training problems.

These major problems, and others, have become constraints for women's advancement and sustainable development in the informal sector.

Although the economic policy of Ethiopia gives due emphasis to entrepreneurship values and appreciation of the sector's contribution to the economy, there are still constraints related to

infrastructure, credit, working premises, extension services, consultancy, information provision, and many others which need proper attention.

A. Policy measures taken by the Government to support the informal sector

The Federal Government of Ethiopia has effected various policy measures to involve women in the country's development programmes, and the following are the major policy measures taken to date:

1. Formulation of the National Policy of Ethiopian Women in 1993, that encourages the integration of women in the overall development programme of the country. The major objective of this Policy is to involve women in the development process by facilitating conducive and necessary conditions and eliminating prejudices as well as customary and other negative practices. One of the strategies for the implementation of the Policy is the establishment of Departments of Women's Affairs entrusted with the responsibility of organizing women and promoting their interests in all sectoral ministries and government organizations. It was based on these objectives that the Women's Affairs Department of the Ministry of Trade and Industry was established in 1994.
2. Formulation of the Micro and Small Enterprises (MSEs) Development strategy. Recognizing the socio-economic role of MSEs, the Federal Government has given due regard to the promotion and development of this sector. To this effect, an MSEs development strategy was drawn up to create a conducive environment for enhancing the growth and expansion of the sector. The primary objective of the strategy is to create an enabling legal, institutional and other supportive environment for the growth and development of MSEs. The fundamental principles emphasize the advancement of the most vulnerable group of the society, i.e. the women, and the provision of support services. In the MSEs sector the majority of operators are women. The 1996 urban informal sector sample survey of the Central Statistical Authority indicates that there are 584,911 informal sector operators that operate in MSEs and of this total, 383,511 (65 per cent) were women. The survey result also indicated that of the total workforce engaged in the sector, 474,570 (65 per cent) are females while 256,399 (35 per cent) are males. Clearly, the participation of women is very high. To implement the strategy, the Government has established a Federal MSEs development agency, and to serve regional operators of the sector, regional agencies are in the process of establishment. This was a big step taken by the Government and it is believed that women, the majority of the operators in the sector, can benefit greatly from the services rendered.
3. Formulation of the Export Development Strategy which is based on objectives derived from the overall economic development strategy of the country, i.e. "Agricultural Development-Led Industrialization". The objectives of the Strategy can be classified into three broad actions designed to: (i) ensure sustainability of agricultural production growth; (ii) generate the foreign exchange necessary for economic development; and (iii) promote an internationally competitive industry.

The export strategy concentrates on specific selected products where priority is given to the export of agricultural products followed by the export of industrial products. To implement this strategy, the government has established an Export Promotion Agency, which is expected to provide packaged support for exporters, and to guide export promotion activity in an organized manner.

B. Women's business associations

To benefit from the above mentioned policy measures taken by the Government and also, to serve as pressure groups, to lobby, to protect and serve the interests of their members, women entrepreneurs in the trade and industry sector are organizing and strengthening themselves in different business associations. The existing operational women entrepreneurs associations are the following:

1. Ethiopian Women Entrepreneurs Association (EWEA), an association organized in 1991 with the objective of providing basic promotional services to its members. EWEA hosted the 2nd Global Women Entrepreneurs Trade Fair and Investment Forum in October 1998 in Addis Ababa, Ethiopia.
2. Women Industrial Entrepreneurs Association. This Association was organized a few years ago by women that operate in manufacturing activity, to specifically cater for the needs of women entrepreneurs in manufacturing.
3. Women Exporters Forum, which has been organized only recently. The major objective Forum is to strengthen the capacity of women exporters to be able to enter the global market.

Women's business associations, at all levels, that are concerned with women's issues help in the promotion and support of women's businesses and enterprises, including those in the informal sector.

III. WOMEN IN THE GLOBAL MARKET

The ability of women to act as an economic force, and their opportunities for economic empowerment are affected by many factors operating at the macro- (policy), meso- (institutional) and micro- (household/individual) levels.

At the macro-level, economic policies (and other government policies that affect women's economic activities) can present both threats and opportunities. For example, trade and tariff policies associated with structural adjustment have caused many women in Africa to lose their sources of livelihood because their informal sector enterprises cannot compete with inexpensive imports. On the other hand, trade liberalization could benefit women if the right gender - sensitive and responsive policies are put in place.

At the institutional level, the gender-bias and lack of responsibilities and efficiency of those structures that mediate between the economic policy environment and the individual female or male economic actor have affected women's opportunities. These include public sector services, banking institutions and private sector firms.

At the household/individual level, women's opportunities for economic empowerment are affected by a large number of factors including: socio-cultural practices affecting women's access to natural resources, training, technology, credit, information and markets, lack of decision-making at all levels; and the extent to which non-paid domestic chores and subsistence food production prevents involvement in paid economic activities.

In assessing the status of women in the global market the major point of attention is the human rights concerns of women that are involved in trade activities.

The Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) was adopted by the United Nations General Assembly in 1979, and came into force as an international treaty in 1981, when 155 countries had signed, ratified and acceded to the Convention. It takes a central place among other international Conventions so far as it addresses the human rights concerns of all women and girls.

In the CEDAW, six articles that were related to trade were included in the areas of - policy and public office; citizenship; education; employment, economic social rights and rural women's rights (see annex 1). Ethiopia has signed and ratified this Convention, and based on this upon it has incorporated human rights concerns of women in the country's constitution.

Much should have been done in ensuring the enforcement of this Convention by the governments that ratified it, but in different areas. For example, in other countries, in export processing zones, the health and human rights of women are often seriously disregarded and CEDAW is highly violated. Women's rights should be related to international trade treaties and the treaties should defend women's interests so that these treaties are not gender-blind but gender-sensitive to accommodate women's concerns. CEDAW can be used as an entry point to pressure governments into making definite moves to uphold the rights of women as stipulated by the Convention.

Following the Fourth World Conference on Women, held in Beijing in 1995, a growing international commitment to gender equality was observed. There are new opportunities for action as follow-up of the Beijing Conference. The Platform for Action identifies twelve critical areas of concern where specific references were made for promoting women's economic self-reliance and access to economic opportunities and the need for technical cooperation with women entrepreneurs in trade promotion was stressed (see annex 2).

Based on these critical areas of concern, some achievements have been made related to social development, and recent interventions have been observed by the International Trade Centre, which has launched a plan of action for the integration of women in trade promotion and export development. But, much more needs to be done in protecting women's rights in trade-related issues and to enable women to be effective beneficiaries and contributors.

But contrary to what globalization aims to achieve, the results observed in the manufacturing sector have not been impressive. Globalization is supposed to bring with it economic growth thus generating massive employment opportunities. Indeed, the world has experienced economic growth, but with many school-leavers joining the labour market each year unemployment still seems to rise. Since the advent of globalization, competition - mainly from transnational corporations (TNCs) - has caused some firms to downsize their operations, thus forcing them to reduce the number of their employees. Some firms have even gone out of business. Though there has been economic growth in the world and huge profits realized by TNCs, both retrenchment figures and unemployment have continued to rise.

There has been a shift from permanent secure work to the casualization of labour which is insecure, and in such cases often the majority of the victims are women. One way of looking at the effects of globalization on workers is to focus on changes in the worker's salary, which constitutes an important source of income, in most cases the only source. In the context of falling real wages and increases in the cost of consumer goods, the welfare implications are indeed adverse, where women are again the victims.

Developing countries have benefited from globalization in the form of trade preferences, such as less strict adherence to the provisions of the General Agreement on Tariffs and Trade. However, as has been proved by the real impact of trade concessions, the benefit has turned out to be more in favour of the giver than the recipient.

The agriculture sector is a case in point where heavy dependence of developing countries on the developed countries is observed. The equipment and the chemical inputs that are channelled into the agricultural sector in developing countries has created a market both for the chemical producing firms and the agricultural equipment suppliers in developed countries. However, the fall in world commodity prices has very negatively affected the incomes of farmers of developing countries.

Women in developing countries are the main producers of food and women everywhere are the key actors in the food systems. But the growing concentration of corporate control over the food systems is denying women's rights as food producers and consumers. With the current international trade regime, women are being reduced to simply being suppliers of cheap labour and consumers of foreign goods.

IV. GLOBALIZATION AND GENDER ISSUES

Shifts in economic flows and activities, changes in the labour market and concrete policy measures do not have the same impact on men and women. In order to understand the way in which macro economic and development policy relate to gender, there is a need to look at the different roles men and women play in the economy. Across the globe, there are certain tasks considered to be women's work. The most important of these is the reproduction of the labour force. Generally, women are responsible for ensuring that their children, and their male partners are fed, cared for, healthy and educated. These unpaid activities are very costly to women since they limit the kinds of paid employment women can pursue.

The kinds of jobs which women can do in the formal and informal sectors are related to their unpaid labour. In the formal sector women are concentrated in very low and non-professional areas. Many women who work in the industrial sector do non-productive jobs. Women who perform these tasks are considered to be unskilled and consequently earn very low wages. In this aspect women workers have gained very little, if anything, from globalization.

This process of creating a single world economy has also brought with it the relaxation of some laws regarding hiring and firing and the use of non-standard forms of employment as casual part-time, contract and seasonal work. With this shift then a relatively small core of workers, who generally enjoy basic labour rights, is retained. Across the globe it is mainly men who are retained as the core workers, while women are pushed out into the more exploited periphery. They are then forced into the informal sector where they engage in survivalist activities.

International trade agreements seem remote from the daily working lives of men and women. The reality is different. When trade relationships change, countries start producing and selling different things. This means there are new job opportunities for some. Other workers lose their jobs as some industries move away. Meanwhile, small local producers find that the market for their products is positively/adversely affected by the availability of imported goods. Some producers gain new opportunities through making use of cheaper imported inputs, where other producers are put out of business because they cannot compete with cheaper imports.

Trade liberalization also has effects on workers that are not always the same. Women workers are affected differently from men. This is partly because, amongst working people, it is women who are the poorest and thus most marginalized. The relationship of women to the formal economy is also different from that of men.

The impact on women workers is different, chiefly because:

- (i) Much of the work which women do is unpaid and unrecognized.
- (ii) Much of women's paid work does not involve formal employment.
- (iii) Women are concentrated in particular industrial sectors, for the world of paid work is highly gendered.
- (iv) Women's work is *seen* as worth less than men's work, therefore women are paid less than men.

V. RECOMMENDATIONS

To promote an overall development of women in trade activities and specifically the participation of women in such activities and bring about sustainable development, there is need to:

1. Undertake legislative and administrative reforms to give women equal rights with men to using economic resources, including access to ownership and control over land and other forms of property, credit, inheritance, natural resources and appropriate technology.
2. Promote gender-sensitive policies and measures to empower women as equal partners with men in technical, managerial and entrepreneurial fields.
3. Promote women in trade and ensure sustainable development by providing special and preferential treatments.
4. Include issues of trade and economic rights in the human rights agenda.
5. Use gender-impact analysis of macro- and micro-economic and social policies in order to monitor such impact and restructure policies in cases where harmful impact occurs.
6. Provide opportunities for and encourage women to take part in negotiations of trade agreements and to be part of government delegations.
7. Severe preferential access to world markets, and for a progressive shift in global trading arrangements, which is more sensitive to the specific needs of different countries. However, once the global market is entered, there is need for support to move the developing economy from mainly producing commodity products to producing for the information age. There is need to transform the economy. Otherwise countries will remain marginalized and continue to be pleading for special favours in this globalized world.
8. Promote fair trade networks. Fair trade campaigns are being promoted by a growing number of organizations. Women are central to fair trade campaigns as both consumers and producers. The high level of participation by women in micro-enterprises is partly because of their marginalization from mainstream economies. Women increasingly need to find new means of survival as social and economic conditions worsen. Direct trading links can ensure a fair price for their goods rather than being at the mercy of larger traders.
9. Improve the technological base of a country if trade reforms are to produce the expected results. For improving product quality, policies should be aimed at improving the competitiveness of the manufacturing sector and the need to address seriously the technological factor, in order to be able to benefit from globalization.

10. Undertake an assessment, preferably by UNCTAD, of the Uruguay Round effects on developing countries. This should be a quantitative assessment of gains and losses with specific reference to women.

*ANNEX 1**CEDAW Articles related to trade**Article 7 Policy and public office*

States Parties shall take all appropriate measures to eliminate discrimination against women in the political and public life of the country and, in particular, shall ensure to women, on equal terms with men, the right: to vote in all elections and public referenda and to be eligible for election to all publicly elected bodies; to participate in the formulation of government policy and the implementation thereof and to hold public office and perform all public functions at all levels of government; to participate in non-governmental organisations and associations concerned with the public and political life of the country.

Article 9 Citizenship

States parties shall grant women equal rights with men to acquire, change or retain their nationality. They shall ensure in particular that neither marriage to an alien nor change of nationality by the husband during marriage shall automatically change the nationality of the wife, render her stateless or force upon her the nationality of the husband. States parties shall grant women equal rights with men with respect to the nationality of their children.

Article 10 Education

States parties shall take all appropriate measures to eliminate discrimination against women in order to ensure to them equal rights with men in the field of education.

Article 11 Employment

States parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights.

Article 13 Economic and Social Rights

States parties shall take all appropriate measures to eliminate discrimination against women in other areas of economic and social life in order to ensure, on a basis of equality of men and women, the same rights.

Article 14 Rural Women's Rights

States parties shall take into account the particular problems faced by rural women and the significant roles which rural women play in the economic survival of their families, including their work in the non-monetized sectors of the economy, and shall take all appropriate measure to ensure the application of the provisions of this Convention to women in rural areas.

ANNEX 2

The Beijing Platform for Action

The Platform for Action contains twelve critical areas of concern which are obstacles to the advancement of women.

Each thematic area states the position of women and offers corresponding actions to be taken. These are set out below:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> (a) Women and poverty (b) Education and training of women (c) Women and health (d) Violence against Women (e) Women and Armed conflict (f) Women and the Economy (g) Women in power and decision-making | <ul style="list-style-type: none"> (h) Institutional Mechanisms for the advancement of Women (i) Human Rights of Women (j) Women and the Media (k) Women and the Environment (l) The Girl child. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Among these critical areas of concern, those related to trade are:

(a) Women and poverty

Several studies have shown that women are more impoverished than men and that poverty is particularly acute among women living in rural areas. Besides, unless appropriate measures are taken to reverse the situation, in the years to come more women than men are likely to fall into poverty. This is due to the limited economic opportunities accorded to women and to the operation of discriminatory customary practices, governments laws and other such regulations.

The recommended actions include:

- (i) Formulate national development policies that back the efforts of women in overcoming poverty.
- (ii) Make sure that laws and administrative practices do not prohibit women from owning means of production.
- (iii) Develop programmes with the view to enabling women to own, operate and manage production and service firms.
- (iv) Closely follow up the impact of development programmes on the social and economic position of women.

(b) Women and the economy

Women are the primary producers of food but they do not necessarily have access to and control over the means of production, such as land, capital and technology.

Women everywhere substantially contribute to meeting the basic necessities of life. Unfortunately, most of their work is not given the attention and value it deserves. Moreover, women are not being provided with the opportunities to acquaint themselves with professional knowledge, profitable skills and the necessary financial resources for starting up or expanding their own businesses.

The recommended actions include:

- (i) Devise mechanisms which would enable women to have better representation and involvement in economic decision making.
- (ii) Improve working conditions of women including institution of equal payment for equal work.
- (iii) Provide business advice, information and training particularly to low-income women.
- (iv) Support and encourage financial institutions such as banks to find ways of increasing lending to women.
- (v) Encourage women to form business organizations and promote their commercial links.

(c) Human Rights of women

Human rights are those rights to which all human beings are entitled, the privileges which all human beings should enjoy in all areas of their involvement. Women may have rights guaranteed by law but are often unable to exercise them fully. This is due to a failure by governments to promote and protect those rights.

The recommended actions include:

- (i) Enhance a complete protection of human rights of women by fully implementing all internationally recognised human rights agreements;
- (ii) Develop a human rights education programme for raising awareness about women's rights; and
- (iii) Make sure that women are treated as fairly as men in all judiciary bodies.

WOMEN AND TRADE IN UGANDA

by

Sarah Kitakule

Senior Advisor, Policy and Regulatory Reform, USAID – Presto Project

Focal Point Leader for Women in Trade, CEEWA Project

Kampala, Uganda

I. INTRODUCTION

Uganda has achieved important progress in economic restructuring and reform resulting in a demonstrable macroeconomic sustainability and a marked improvement in the enabling policy environment. The trade and investment subsectors play a major role in Uganda's economic development. For example, trade accounted for over 14 per cent of the country's GDP in 1998. International trade was the largest source of government revenue accounting for 51.4 per cent in 1997/98. Total exports of merchandise were expected to grow by nearly 20 per cent from US\$ 458 million in 1997-1998 to US\$ 549 million in 1998-1999. The main export products consist of agricultural commodities, such as coffee, cotton, tobacco, fish and high-value horticultural products. The few manufactured commodities, such as mattresses, batteries and plastic products are mainly exported to neighbouring countries through cross-border trade activities. The Government recognizes the importance of trade for Uganda's long-term economic development. Given the relatively small domestic market, long-term economic growth is inextricably tied to expanding Uganda's exports.

A. Internal trade

With respect to internal trade, agricultural products constitute the bulk of the traded commodities, especially in the rural areas, while manufactured commodities are dominant in the urban centres. Poor transport and storage facilities and low purchasing power affect the prices of the local commodities, especially in rural areas. As a result, the rural farmers, especially the women, receive low prices for their products, which cannot cover investment and operational costs. This leads to small turnover and restricts profit and growth. Although the Government has liberalized commodity market activities, the level of competition is stiff and has adversely affected profit levels.

Trade within the urban centres indicates that the number of women entrepreneurs is much smaller.²³⁴ This is attributed not only to large capital outlays and high management skills, which the majority of the women lack, but also movements away from home. The number of women entrepreneurs further decreases as one moves to the level of external trade, either in imports or exports. For example, a survey carried out by the Ministry of Finance and Economic Planning Export Policy Analysis Unit in 1995 showed that only 28 per cent of the total number of exporters were women.

²³⁴ USAID (1992). *Agriculture Marketing Improvement Strategies*. Washington D.C.: USAID.

Private investment has grown significantly over the last seven years. Between June 1991 and December 1998, the Uganda Investment Authority licensed (excluding traders and those abandoned) 2,021 projects of which 52 per cent were in manufacturing (which includes agro-processing), 9 per cent in the transport, communication and storage sector, 8 per cent in real estate, 6 per cent in tourism (including hotels and casinos), 6 per cent in agriculture, forestry and fishing, and in other business services 6 per cent. Water and energy had the least projects licensed constituting only 0.3 per cent.²³⁵ 53.3 per cent of these licences were held by foreigners, while 32.3 per cent were joint ventures. A total of US\$ 1.43 billion has to date been realized as investment on the ground.

Between 1991 and 1995 the number of projects licensed increased steadily at an annual average of 33 per cent, having increased by 60 per cent, 26 per cent and 13 per cent respectively in the years prior to 1995. After 1995 a downward trend in the number is observed that can be attributed to: (i) economic reforms by regional states creating competition; (ii) abolition of tax holidays; (iii) new cases of civil unrest in the region; (iv) fear of competition from established players; (v) poor infrastructure, and (vi) international economic recession, especially in Asian countries.

B. Regional and international trade agreements

Uganda advocates regional and extraregional trade promotion as a means to improve the access to and widening of markets. The Government has therefore ratified several trade protocols either under bilateral arrangements or in respect of regional and WTO agreements.

Being a member of WTO, Uganda is bound by its rules and regulations and stands to benefit from its membership provided that it meets the challenges imposed by the Multilateral Trading System. Much as Uganda and other LDCs are founder members of WTO, they did not participate effectively in the Uruguay Round negotiations that led to its establishment, and this means that most Ugandans, especially in the private sector, do not understand WTO agreements and their implications for the economy. Furthermore, much as Uganda has improved its macroeconomic environment, it faces numerous impediments that constrain the supply response needed in order to participate competitively in the global market.

As a result of the far-reaching economic liberalization, many firms, especially the small ones, find it difficult to service and expand their operations in a very competitive environment. This is because competition places pressure on firms to cut costs, yet many of the costs such as utility tariffs, transport costs, interest rates etc, are not under the firm's control. This highly constrains business growth; often causing firms to go bankrupt or to pay bribes in order to avoid making full payment of utility bills, taxes etc.

C. Status of trade and industrial policy research

Policy-making the world over is an involved and complex process, which entails the consideration of several alternatives that may sometimes be conflicting and may have different economic, political and social implications. Policy makers must therefore, be provided with the various scenarios to consider before making decisions. This is only possible if there is supportive research to provide well thought out and tested policy alternatives and their implications for the economy and the welfare of society.

²³⁵ Uganda Investment Authority (no year given). *Analysis of Investment Performance 1991-1998*. Kampala.

While it can be said that there has been some significant reform in the trade policy environment in recent years, the practical application of reform has been slow and the local business community still perceives the persistence of obstacles. Uganda's score for trade policy was 4+ (out of 5) in 1996, according to Heritage Foundation rankings, reflecting one of the country's worst areas of policy performance. The main reason for such a poor performance could well be the prevalence of researched policies or the general lack of research in this area.

Detailed trade/industrial policy research is minimal. There is also no co-ordination among the various entities which do undertake trade and industrial policy-related research. Consequently, there is the ever-present danger of duplication of effort and often wastage of scarce resources. All research in areas like trade policy or industrial policy needs some form of central processing unit, and such a unit is conspicuously absent in Uganda.

Many of the organizations engaged in trade-related research, are doing it for internal purposes, which limits their scope. Each organization concentrates on those areas that are of immediate direct interest, often not taking due account of the ramifications of their own policies on the operations of other players in the economy. Also, due to limitations in budgets, facilities and even human resources, the research is not based on comprehensive surveys. This results in there being no reliable and complete data, a necessary prerequisite for attaining good and credible research results. The existing data on many aspects of trade and industrial research is unreliable and mostly out of date. It is not uncommon to receive conflicting trade or production statistics from different sources, for example, within the Government sector.

The Ministry of Tourism, Trade and Industry, which is charged with developing trade and industrial policy, does not have a functioning policy unit. The perception in the Ministry is that it is understaffed and that the policy research function has therefore become even a lesser priority. However, in line with the general liberalization, the private sector has been showing increasing interest in trade-related research. But the private sector initiatives so far are limited in scope in line with the limited interests of the private sector groups involved. A lot of this research is also mostly desk research, lacking in impartial analysis.

D. Information and communication technologies

Uganda, like the rest of the world, has in recent years witnessed rapid advances in the use of telecommunication services and related computer-mediated technologies. In conjunction with these advances, the country has been introduced to information and communication technologies on a large scale, and these developments promise to impact strongly on the way Ugandan institutions and individuals relate, communicate and conduct business with one another. While some groups in Uganda society have taken advantage of these developments others, especially women and girls in rural areas, have generally been disadvantaged. However, it is imperative that any initiative to alleviate poverty in Uganda must endeavour to invest in women and girls, since this group contributes in substantial terms to the development of communities, while generally benefiting far less from development initiatives than do the men.

General observations and anecdotal notes from workshops and recent surveys suggest that few if any, grassroots women's organizations, business associations or NGOs have access to international communication technologies (ICT). On the whole, this lack of access can be attributed to several factors, such as a lack of reliable and extended communication connectivity and the lack of appropriate skills to effectively exploit the ICTs.

Various initiatives in Uganda are actively involved in using ICTs to harness information on a broad spectrum of issues that affect women, such as legal rights, health-related matters and civic rights. Information obtained by the Uganda Women Entrepreneurs Association indicates that there is no organization harnessing information primarily on trade, investment and gender.

II. GENDER ASPECTS OF TRADE AND INVESTMENT IN UGANDA

A. Introduction

There is little documentation on the structure and participation levels of women in enterprise development in Uganda, especially those engaged in the medium and large-scale categories. Apart from some aspects on employment, data from the 1989 Census of Business Establishments was not gender-disaggregated and therefore information of women's role in medium and large-scale enterprises (MSEs) is scanty. The 1995 USAID *National Survey of Micro and Small-Scale Enterprises in Uganda* generated some data on women entrepreneurs in Uganda. The study findings indicate that the majority (45.5 per cent) of MSEs in Uganda are owned and operated by women entrepreneurs compared to 37 per cent male-owned and 13 per cent, that are multi-owned. The study covered 5,143 active business enterprises spread across 100 enumeration areas in various parts of the country.

For purposes of this case study, the characteristics of women's enterprises covered here mainly apply to the MSEs. The USAID/IMPACT Associates MSE survey of 1995 shows that, as in many developing countries, women are largely self-employed in the MSEs as manifest by the following characteristics (ILO, 1995):

- (a) Small capital base.
- (b) Unregistered and mainly operating in the informal sector.
- (c) Home-based activities.
- (d) Reliance on family labour, and economic activity generally intertwined with household chores (lacking a clear-cut distinction between business and household).
- (e) The marketing and managerial functions are embryonic and not differentiated.
- (f) Marketing is mainly local.
- (g) Independence of the socio-cultural environment under which women may not have full control of revenue motivates their economic activities.

These facts indicate that a valid analysis of the structure of women's enterprises could not be made in isolation from the economic and socio-cultural context in which they evolve.

B. Types of enterprises mainly operated by women

The analysis of MSEs in Uganda of data contained in the USAID/IMPACT survey of MSEs in 1995, by gender, indicates that while men dominate ownership of most of the forest-based, metal work, repair work, leather and plastics and vending enterprises, where they own more than one-half of them, women dominate in the production of beverages where they own 66.2 per cent of the enterprises. Women are also dominant in textiles, services and other manufacturing activities.

Generally, both men and women are almost equally active in the retail trade, accounting for 59.8 per cent for men and 58.4 per cent for all women owned enterprises. In addition to the retail

trade, women's enterprises are also established in the production of beverages (16 per cent), textiles (9 per cent) and services (9 per cent).

While women traders are generally engaged in retail business, they are mainly involved in the following activities: retailing of food, retail of farm products, restaurants, retailing forest products (especially handicrafts), grocery, bars/pubs, sale of used-garments and general trade. These are generally low rewarding business activities compared to men's retail activities that are dominant in the retailing of hardware, of livestock, stationary, pharmacy products, and the retailing of garments, which requires larger capital and yields higher returns. In the vending activities, women are dominant in the vending of food and drinks, while fewer women are engaged in hawking. In the wholesale trade, women entrepreneurs are generally few and are largely in general wholesaling while men entrepreneurs often specialize as liquor distributors.

C. Size of enterprises

To determine the size of enterprises constituting SMEs in Uganda, based on the USAID/IMPACT survey, two major indicators were used: workforce and capital worth (monetary value).

Number of employees. The USAID/IMPACT survey of Uganda's MSE showed that over 2.6 million people are employed by MSEs with the majority employed in commerce (57.7 per cent), followed by about 37 per cent in manufacturing and only 3.7 per cent in the services sectors. In terms of size at the enterprise level, male-operated enterprises generally are larger than those owned by women. The majority of women-owned enterprises (60 per cent) employ one worker while the largest proportion of male-owned enterprises (36 per cent) employ two workers and as the size of the enterprises increase the proportion of women-owned enterprises falls.

Capital size of women's enterprises. Generally, women-owned enterprises have a small size of capital, which consequently curtails their growth. Based on the 1995 USAID survey estimates, it is noted that women-owned enterprises dominate the low capital categories and only a few are in the medium or large capital size category. The reverse is true of men-owned enterprises.

The results showed that the majority of women's enterprises (40 per cent) had capital worth not exceeding US\$ 11 compared to 29 per cent for men-owned enterprises. On the other hand, in the larger capital size category of over US\$ 213, men-owned enterprises dominate (38 per cent) and are more than double the women-owned enterprises (15.5 per cent), in this category.

D. Export potential

Apart from the forward and backward linkages, the study of the MSE sector identified some export activities and potential in a number of businesses owned by women, who either exported directly or through export agents. As shown in table 1 below, most exporting is undertaken by retail enterprises (61 per cent), with 17 per cent done by wholesale firms. The majority (80 per cent) of exports are transacted through export agents. It was also noted that a large proportion of exports were drawn from natural resource-based subsectors. Some 10 per cent were in the food processing sector, 5.3 per cent were forest-based and 2.3 per cent were in the production of beverages. Also, most of the direct exports were made largely by food processing entrepreneurs (17 per cent) followed by forest-based product entrepreneurs (8.3 per cent) and entrepreneurs specialized in leather products.

Table 1
Export channels and export potential of enterprises

Enterprise subsector	Export channels (Percentage)			
	by enterprises owned by women	by export agents	by direct export	by all exporting enterprises
Textile	9.0	0.0	0.0	0.0
Forest Based	1.6	4.6	8.3	6.5
Metal Work	0.1	0.0	0.0	0.0
Repair Work	0.4	0.0	0.0	1.2
Leather/Plastics	0.1	0.0	0.0	0.0
Food Processing	1.5	2.3	25.0	13.7
Beverages	15.5	4.5	0.0	2.3
Masonry	0.3	0.0	0.0	0.0
Other Manufacturing	2.0	0.0	0.0	0.0
Vending	1.7	0.0	0.0	4.2
Retail	58.4	79.5	41.7	60.6
Wholesale	0.7	9.1	25.0	17.1
Services	8.9	0.0	0.0	0.0
Totals	100.0	100.0	100.0	100.0

Source: USAID National Survey of Micro and Small-Scale Enterprises in Uganda, 1995.

The following observations can be drawn from the above data:

- (a) The export potential of the MSEs in Uganda is largely dependent on the natural resources and agro-based activities.
- (b) Women in Uganda are largely employed in primary production activities (especially agriculture) and therefore changes in Uganda's natural resource-based export businesses would impact more on women than on men.
- (c) Other than retail trade, a large proportion of women entrepreneurs are engaged in business activities that do not show strong export potential, such as beverage production, textiles, and services.

III. CONSTRAINTS ON WOMEN TRADERS AND INVESTORS

Lack of a strong women in business lobby. The Government established the Ministry of Gender and Community Development in 1987 with the aim of promoting and integrating women in the country's development process. This was attributed to the fact that, despite women being in the majority, there were still very few of them in decision-making positions in both the public and private sectors. Affirmative actions to enhance women's participation in decision-making were adopted by the NRM Government and also reinforced these actions through its education programmes, especially in Universal Primary Education, where a girl-child is given priority and 1.5 marks extra are added on test scores for university admission for girls.

The women have come together to strengthen their lobbying and advocacy role in Uganda through the formation of various pressure groups. It is important to note that Associations

promoting women in business interests are still in a very infant stage and as yet have limited capacity to influence trade and investment policy matters.

Slow pace of implementation of trade and investment agreements. Whereas Uganda has been committed to the implementation of these agreements,²³⁶ the slow rate of some Member States in COMESA has undermined the access of Uganda exports and local product production. This has undermined the export and trade drive through which the women in Uganda could maximize their benefits.

Landlocked position of Uganda. The geographic situation of Uganda increases the costs of transport of exports and imports, which in turn increases costs of production. Similarly the availability of air transport as the alternative is only economically meaningful for the high-value commodities produced by farmers with large capital. This excludes the majority of the products produced by women.

Lack of access to capital and credit. Women in Uganda constitute between 70 and 80 per cent of the agricultural labour force, yet only 7 per cent of the women own land, while only 8 per cent of the women have control over the farm proceeds. These phenomena undermine women's production and exacerbate the already weak capacity of women to mobilize personal savings to enable them invest and participate in trade.

High production costs. The poor farming practices and poor seed varieties in the agriculture sector and high utility costs and financial cost in the manufacturing sector have contributed to the high costs of production.

Lack of business and management skills. The high illiteracy rate among women (61.3 per cent of females in Uganda are illiterate compared to 38.7 per cent of the males) undermines their effective performance in business-related activities.²³⁷

Lack of access to information and market linkages. Availability of information and networking improves business activities. As the majority of the women are located in the rural areas where information access is scarce this has undermined the maximization of market benefits and linkages. The lack of access to information hinders the development of the rural population. Local people have received limited information on government policies and how they can benefit. They know little about the transfer and utilization of resources at different levels of government and about their rights and entitlement to such information.

Lack of appropriate technology. The poor means of production available to Ugandan women has undermined the volumes of final output and has contributed to high crop wastage.

Competition from large and superior business establishments. Women mostly engage in small-scale trade and primary production with barely any value added to their products. The liberalization requirement and the implementation of agreements expose them to competition in which they are comparatively at a disadvantage compared to competitors from the more developed economies and within the domestic market.

Negative socio-cultural barriers. The negative attitude towards women's participation in particular businesses; role conflicts because most women traders are homemakers at the same time; and lack of self-confidence, poor mobility and spouse interference all retard women's activities and emancipation.

²³⁶ See MFEP/EPAU (1995).

²³⁷ MFEP (1992). *National Housing and Population Census 1991*, Kampala.

IV. RECOMMENDATIONS FOR PROMOTING PARTICIPATION OF WOMEN IN TRADE AND INVESTMENT

1. *Development of women's entrepreneurship skills through training and sensitization workshops.*
2. *Networking to consolidate bargaining strength of women in markets.* This includes promotion of group formation and group marketing, "business intelligence" etc.
3. *Market Development and Information.* There is the need to support the development of markets (especially rural markets) and to increasing the access to information on price, supply and demand for both domestic and international markets. Affirmative action should be taken by governments and development agencies to promote women's participation in trade shows and exhibitions both locally and internationally.
4. *Access to Improved Technology.* Most women-owned enterprises have a small capital base and often utilize poor and inefficient technology. There is the need to support women's technological innovations and to enable entrepreneurs to access improved technologies that would enable them to increase their production and returns. Coupled with this is the need to support efforts to address quality aspects and standards for women-owned businesses to be more competitive in regional and extraregional markets.
5. *Access to finance and credit.* There is the need to improve women's capital base and access to credit and other financial services. Such efforts must take into account the unique constraints on women in obtaining financial services, especially with regard to those controlled by formal financial institutions.
6. *Targeting strategic sectors.* Interventions towards promoting trade and investment must consider the unique characteristics of women's enterprises, which are largely operating in the micro-enterprise and small-scale sectors.
7. *Export promotion potential.* There is the need to identify and support the export crops that women produce.
8. *Improved participation of women in decision-making.* This would ensure the formulation of gender-sensitive trade and investment policies, and it would also enable women to influence formulation and negotiation of international trade agreements to ensure that gender aspects are considered.
9. *Need for assistance to improve overall capacity of developing countries to respond to challenges and opportunities of the Multilateral Trading System.* Developing countries need support to unlock specific constraints to export potential. With the private sector as the main engine of growth, sustained export growth depends on enhancing the cost effectiveness of domestic production.
10. *Improved access and utilization of information and communication technologies.* This is required for bridging the gap which exists between the information resources at the trade and entrepreneurship institutions and the users that need the information.
11. *Promotion of trade and investment policy research.* It is important that in the policy arena, governments "get it right" most, if not all, of the time. The right policy framework is the means by which the political and macroeconomic stability of developing countries can be translated into rapid market-led economic growth, which will eventually trigger the process of poverty reduction.

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²³⁸ CEEWA Uganda.

PROBLEMS OF SMES AND CROSS-BORDER INFORMAL TRADE

by
Maria Tendai Dendere
Assistant Deputy Director, Gender Issues Department
Office of the President and Cabinet
Harare, Zimbabwe

I. INTRODUCTION

The development of small to medium-sized enterprises (SMEs) has been identified as one of the measures to democratize the ownership of the economy. Given the circumstances characterizing the economy of most developing countries, the role of the informal sector in these countries in uplifting the living standards of the people is even more crucial. Therefore, in Zimbabwe, the informal sector complements government efforts directed at stimulating and nurturing economic growth.

Throughout the developing countries, SMEs are providing a safety net for thousands of able-bodied and experienced workers who are being retrenched from the large conglomerates as they downsize and focus on their core business.

It is a known fact that SMEs provide a viable vehicle for the increased participation of more people in the development of the economy. Throughout the world, but especially in developing countries, these enterprises play a crucial role in:

- (a) creating employment;
- (b) improving the welfare of the people;
- (c) alleviating poverty;
- (d) raising the much needed incomes which sustain many families; and
- (e) creating opportunities for mass participation in the economy.

The challenge is how can these sectors be promoted in order to harness the vibrant energies in the sectors to stimulate the growth of the national economy.

II. FACTORS CONSTRAINING DEVELOPMENT OF SMES

The constraints impeding the development of SMEs in Zimbabwe can be grouped into three categories:

1. The absence of a clearly defined SME policy.
2. Inadequate resources, such as human, financial and technical to support the growth of the sector.
3. Lack of information on international trade agreements, tariffs and external market requirements.

A. Need for an SME policy

Zimbabwe, like many other developing countries, has introduced the World Bank prescribed Economic Structural Adjustment Programmes (ESAPs). In the same vein, and in an effort to

economically empower the indigenous population, the Zimbabwean Government has also introduced its own programme of indigenization. These two programmes have resulted in the emergence of two business sectors: a small to medium-sized enterprise sector and an informal business sector.

Under the ESAP, the Government of Zimbabwe, through a social dimensions fund, provided financial assistance to the retrenches to start what was expected to be viable business ventures. This saw a mushrooming of SMEs in various economic sectors of the Zimbabwean economy, such as retailing, manufacturing and services with a few other SMEs developing construction and agriculture.

Research into the growth and experience of these SMEs has proved that they are the engine of economic growth. Therefore, there is now need for an SME Policy which will clearly define the operations of this sector, facilitating the creation of an enabling business environment; initiating a responsive infrastructure provision; improving access to adequate and affordable finance, stimulating capacity building and disseminating information on local and foreign markets and trade protocols, both regional and international. To date, Zimbabwe does not have such an SME Policy, but we hope to have one soon.

B. Limited resources of SMEs

The SME sector players have limited financial, human and technical resources. They are not able to access meaningful capital finance for their businesses as the conventional financial institutions consider SMEs to be a high risk sector. This is in addition to the fact that administering loans to SMEs is not cost effective as the usual loan value is too small. The players also do not have adequate training in business management, quality control and marketing. Thus, there is a need for capacity-building to upgrade them to be effective players.

Technical resources, such as appropriate machinery, are not readily available, which results in the production of substandard products only fit for domestic consumption, where profit margins are low.

C. Information

Information is a vital tool for any kind of economic development. In Zimbabwe, the SMEs sector is not well informed for three reasons. First, in some cases, they are not coordinated into a representative body that oversees their interests, and thus they do not appreciate why they should belong to such an organization. Second, they do not market their products outside of Zimbabwe, basically because they do not have information on what is needed where and when. In addition, they do not realize that actual income comes from export markets. Third, most trade policies and agreements are made between governments and large trade organizations/economic groups, such as the World Trade Organization (WTO), the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), etc. These trade agreements are never extrapolated for the knowledge and benefit of SMEs. They remain as issues for discussion always with the governments, big economic groupings and conglomerates. Hence, the SME sector in Zimbabwe does not realize any benefits from them.

D. Recommendations

1. The SME entrepreneurs need to be educated on the need to trade with other countries in order to make a meaningful income and to achieve economic growth as a nation.
2. There is a special need to educate the entrepreneurs generally on the work of the SADC and its

meaning for them in terms of regional trading opportunities. Specifically, on the SADC trade agreements and requirements so that their products can be made customer-specific.

3. Information on business and trade should be made readily available to other organizations like Women in Business so that more and more people and especially women, can have access to it.
4. Adequate training on quality production and marketing is of paramount importance in enhancing this sector.
5. There is an urgent need to develop an SME policy for securing the sustainability of the SME sector.

III. CROSS-BORDER INFORMAL TRADING BY WOMEN

The past ten years have seen the emergence of increased cross-border trade mostly undertaken by women and youths. Most of the women involved informally export products from Zimbabwe and import products that are not readily available in the country. In the process these women are exposed to various risks, and the question arising is why do they expose themselves to such a risky type of trade.

It is clear, in the prevailing harsh economic situation, that women have found it impossible to sit back and watch. They have to engage in some income-generating activities, either to supplement the husband's salary or basically to sustain the family in the case of widows or single mothers. And, of course, to endeavour to raise their standard of living in general.

Research findings have shown that some of these women entrepreneurs operating as micro-enterprises, are actually doing much better than the SME entrepreneurs in trade. In Zimbabwe more than 20 per cent of the women entrepreneurs engaged in informal trade have managed to purchase houses and to finance their children's education up to university level. A special example is one woman who has managed to buy a house worth US\$ 3 million in one of the most expensive suburbs of Harare.

In the light of these findings, what more proof is required than that, given the opportunity and necessary public support, women entrepreneurs would perform well in trade, bringing a lot of foreign currency into the country which in turn would strengthen the domestic currency and raise the level of economic activity in Zimbabwe. This goes to show that there is a close relationship between trade, sustainable development and gender.

The only disadvantage occurs when women sell Zimbabwe products for foreign currency, but then use it to buy foreign goods to sell back in Zimbabwe in an effort to maximize their profits. This does not fully benefit the country, because the foreign currency needed to boost the economy and improve the balance of payments does not come home. To be able to discourage this kind of transaction there is a need to provide necessary incentives, and to create an enabling environment.

A. Financing

Financial institutions in Zimbabwe do not support the informal sector, basically because of the organizational structure of the sector. First, because many of the informal sector players do not have fixed operating places; second, they do not have the required collateral; and third, the loans they seek are too small and they are not cost-effective enough for the banks to focus on in the ordinary course of business.

Due to the lack of adequate finance, informal traders are forced to take small quantities of goods across the border, which means that their profitable returns will be restricted to a minimum.

Often, the slender returns obtained may be completely absorbed by transport costs, accommodation and food, etc.

B. Information and training

Research has also shown that one major advantage that women informal traders have over the SMEs is that they know the market better. They know what customers want in their markets. In other words, their market research is done more thoroughly.

However, a major problem faced by these informal traders is that of lack of information on existing international trade agreements and tariff requirements. As a result of this deficiency, combined with inadequate training, most women are not able to exercise their rights validly at the border and to produce all the necessary documentation. The end result is that some of them try to smuggle items and often have their products confiscated at the borders.

C. Costing procedures

Observations have shown that for most informal traders there is no relationship between labour expended and the selling price of the item. Very often the net inflation or exchange-rate changes are not taken into account. As a result, we may find that a crochet that was sold at R 200 last year is still sold at R 200 this year, which is a price disadvantage to the informal trader. There is therefore a need to ensure that traders are educated regarding the market forces impacting on their products, in order to ensure that they can obtain a real, meaningful return from their exports.

D. Infrastructure

The lack of adequate infrastructure is one of the major problems encountered by the informal traders. If there was adequate infrastructure the women engaged in this trade would not need to cross the borders physically with their goods. What they require is a system where they can combine their efforts into a collective consignment, and then send it by a chosen mode of transport which would safely deliver the goods at the receiving end. In this way they would save both time and money, thereby increasing their time to spend on production. This would, in turn, increase the volume of goods to be exported.

E. Recommendations

1. As the formal sector continues to shrink, retrenching thousands of workers annually, while the ever expanding informal sector absorbs the retrenches and school leavers, there is the need for the Government to create an enabling environment for and allocate funds in the national budget to support the informal sector.
2. There is also the need to provide the necessary infrastructure and funds specifically for the informal trade (cross-border trade), which is dominated by women, as a way of promoting gender equality in business.
3. There is the need to structure the informal sector and develop supportive programmes for it to be recognized by financial institutions and to provide the required infrastructure, which will enable women to export their goods.
4. There is the need to establish a department for implementing principles and practices of micro-enterprises, affordable borrowing rates, skills training programmes and training on marketing principles. The Government and donor agencies should respond to this need.

5. Most importantly, it is necessary that women informal traders should be educated on existing trade agreements, especially the SADC agreement, so that they can exercise their trading rights at the borders.
6. Capacity-building for women in the informal sector is required, in order to enable them to produce quality standard products.

IV. CONCLUSIONS

Given that women constitute about 52 per cent of the total population of Zimbabwe, implementing the recommendations made in sections IID and IIIE above, and diverting resources to promote the informal trade of the country, would be major steps towards achieving a gender balance in trade and development. It would also contribute significantly to raising the level of economic growth and induce sustainable development.

TRADE, SUSTAINABLE DEVELOPMENT AND GENDER: THE CASE OF THE UNITED REPUBLIC OF TANZANIA

by

Godius W. Kahyarara

Centre for Environmental Economics and Development Research (CEDR)

Dar es Salaam, United Republic of Tanzania

I. INTRODUCTION

Since independence, the United Republic of Tanzania has experienced massive economic changes from a market economy to state control in 1967, and from state control to market economy in the mid-1980s. The economy largely depends on agriculture, which contributes over 70 per cent of total foreign exchange and 54 per cent of annual GDP, and provides employment for over 80 per cent of the labour force. Following the poor performance of the economy in the 1970s and 1980s, Tanzania has been undertaking economic reforms supervised by the World Bank and the International Monetary Fund (IMF) since the mid-1980s. During the economic reforms era, Tanzania was faced with the challenge of building a sustainable economy so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs.

In the context of a changing economic and development environment; when environmental problems detract from sustainable development, they are increasingly attracting the attention of the Government and the general public. This is shown by the move of the Government to put all environmental issues under the responsibility of the Vice President's Office and by the establishment of a National Environmental Council. Tanzania was also represented at the Conference on Environment and Development held by the United Nations (UNCED) in Rio de Janeiro in 1992, and participated in the preparation of Agenda 21, which recommends a global plan of action for achieving sustainable development. In implementing Agenda 21, Tanzania has introduced a National Conservation Strategy for Sustainable Development (NCSSD) whose main focus is on sustainable utilization of natural resources with the aim of encompassing the goals and strategies of this Agenda.

In addition the Government has also prepared the National Environmental Plan (NEP) as a means of linking and coordinating efforts in all sectors of the economy in fulfilment of the national environmental plans and ensuring implementation of the Agenda. According to this Plan the key policy instruments and strategies identified as important for achieving sustainable development are environmental legislation, environmental impact assessment, economic instruments, environmental indicators and standards public participation.

The Government also revised the National Environmental Policy in 1996 to cater for implementation of the Agenda. In order to ensure effective channelling of financial resources in environmental conservation efforts, Tanzania has incorporated environmental aspects into the ongoing macroeconomic policy reforms, especially regarding fiscal policies, financial sector reforms and other reforms in government revenue and expenditure.

With these efforts to manage the environment, the Government has also been faced with the challenge of promoting trade for growth and development. To be able to trade more and thus achieve development there must be a better degree of resource utilization. The higher the growth rate of trade the higher the resource extraction and hence less sustainability. In the same way, the sex composition of participation in economic activities, including trade, and its relation with resource use and other development issues is increasingly being subjected to national debate and consideration. Tanzania has also been participating in international efforts to establish a clear approach to these issues. This paper gives an overview on a number of these issues in broad terms. Specifically, it provides a case study of Tanzania and its experience that can be shared with the participants in this Expert Workshop focused on trade, sustainable development and gender.

II. ISSUES OF SUSTAINABLE DEVELOPMENT AND TRADE IN TANZANIA

A. Resource use and sustainability

There is a strong relationship between the nature of development, trade and technology. In most cases poor technology has resulted in unsustainable development and trade. The use of fire to clear agricultural lands, for example, in many parts of the southern highlands of Tanzania is held responsible for increased desertification and deforestation. In the same way, destructive fishing practice in Lake Victoria, e.g. the use of poisons for fishing, has already resulted in significant pollution in the area. Energy-intensive technology relying on fuelwood, especially in foundries, bakeries, and other small-scale industries in Tanzania, has also been criticized as being unsustainable and not environmentally sound.

Regarding Tanzania's economy and trade in general there is great concern that, to a large extent, the mode of production, technological choice and trade patterns are not environmentally sound and cannot produce a satisfactory sustainable development and trade. Specifically, Tanzania is faced with some environmental problems which typify the state of unsustainability of its economic activities, including trade. Six major problems of environment have been identified within the National Environmental Action Plan of Tanzania. These are land degradation, lack of accessible water supply and poor water quality, environmental pollution, deterioration of aquatic systems, loss of wildlife habitats and bio-diversity, and deforestation. These problems appear in several forms which are discussed below: (i) pressure by peasants to extend agriculture, search for woodfuel, timber etc at the expense of forests. Poaching, where poachers hunt large mammals for horn and ivory, are the more frequently observed acts, which affect wildlife resources and habitat. These have resulted in a decline in population of elephants and other large mammals; (ii) overgrazing of animals in the semi-savannah areas of the northern and central part of the country has resulted into the exceed of regions carrying capacity by 200 per cent (DANIDA's 1989). About two-fifths of the livestock population in Tanzania is concentrated in the three regions of Shinyanga, Arusha and Mwanza of the 25 regions in the country; (iii) overfishing and destruction of fish habitats, through the use of very small-mesh net sizes, uncontrolled dynamite fishing and illegal sand quarrying in the riverbeds close to the coast; (iv) motor traffic, exhaust fumes, industrial pollution and solid waste burning have resulted in higher concentrations of carbon monoxide, sulphur dioxide, suspended particulate matter, nitrogen oxides, hydrocarbons and atmospheric lead in Tanzania's air environment; (v) improper liquid waste management and disposal of liquid waste and water and industrial sewage have resulted in the constant addition of pollutants into lakes, rivers and the sea, and (vi) poor methods of farming and improper use of fertilizers.

B. Trade and sustainable development

Tanzania's trade possesses characteristics that are similar to those observed in many other developing countries. The main exports consist of primary products (agricultural and a small quantity of minerals), which account for 75 per cent of total exports. This feature can be traced back to the early years of independence. In the 1960s, primary products accounted for almost 50 per cent of the value of the GDP, and three crops, namely sisal, cotton and coffee were contributing over 50 per cent of the total export value. Diamonds were the leading non-agricultural exports and in 1966, for example, contributed about 11.2 per cent of the total exports. Manufacturing exports were negligible and limited to the exportation of processed products, such as beverages and foods, processed coffee and tea and meat and meat preparations.

The other striking feature of the country's trade is that exports have represented only a small portion of the country's total GDP, indicating that Tanzania was less dependent on exports as less of the domestic output was sold abroad. However, this situation is now changing. Between 1981 and 1985, for example, exports averaged 9 per cent of GDP, but from 1986 to 1990, they averaged 14 per cent.

The country was hard hit by economic difficulties during the 1970s up to the mid-1980s. Deterioration of international trade was one of the major problems that then faced the country's economy. The economic reform measures adopted from the mid-1980s have *inter alia* aimed at promoting trade-led growth. These measures have influenced all economic sectors of the economy intensively to expand production to cater for an accelerating trade promotion. However, the trade expansion has also been strongly influenced by three factors:

- (a) Traditional comparative advantage, whereby much of the already existing capacity is in primary exports.
- (b) Level of competitiveness and ability to penetrate into the foreign markets.
- (c) Existing technological level and capability.

Due to these factors, Tanzania has been overexploiting the agricultural sector and a few other sectors in which flexibility is made possible. In forestry, for example: the Government has already realized that some species of hardwood have been overharvested and may be moving towards extinction. To rectify this situation, it is currently not allowed to export hardwoods in raw form, except where the value added is significant, e.g. in furniture, etc. Fishing is another area where the impact of efforts of trade promotion is observable. More people have joined the industry for export purposes, but the methods of fishing appear to be destructive in some areas and the Government, in collaboration with interested groups, is moving to improve the situation in this sector. To date, the export of fish to the European Union markets is banned. The ban also extends to all East African states. Trade in live animals and birds is also one of the emerging activities responding to increased trade promotion.

III. GENDER ISSUES IN SELECTED ECONOMIC SECTORS

A. Gender aspects in the economy of the United Republic of Tanzania

Sex composition in various economic activities has been a matter of concern not only in Tanzania, but in all developing countries. This thus creates a need to have alternate information on the nature and distribution of gender in various statistics in the economy. According to the 1988 population census, women constitute nearly 51 per cent of the total population. Overall, available statistics also indicate that the female labour force is slightly lower than is the male force. The last labour force survey undertaken in Tanzania indicated that women accounted for over 50 per cent of all persons in peasant agriculture, while only 10 per cent were in craft, mechanics, and professional occupations. The opposite was the case for men, i.e. most of the skilled professional, technical and managerial jobs were occupied by them.

Recently there have been discussions in Tanzania on sustainable development and trade. Almost invariably, this public discussion has emphasized the implications for gender. Two central issues have emerged. First, the question has been raised of the effects of environmental degradation on sustainable development, trade and gender and it has been suggested that these effects are likely to be felt differently by women and men. Second, the question has been asked as to who are likely to be the major polluters in terms of sex composition.

It is undisputable that men and women make different contributions to the national economy. The economy is predominantly agrarian, based on smallholding agricultural producers. Of the total active population engaged in farming 75 per cent are women. The sector contributes over 75 per cent of annual foreign exchange. But agriculture depends on a wide range of resources, the major ones being land, energy, water, capital and others. In such a situation even participation in trade differs with regard to sex composition.

B. Some gender aspects of the pattern and structure of Tanzania's trade

Various sectors of the economy in Tanzania contribute differently to the country's trade. The gender participation also displays different magnitudes. It is therefore assumed that efforts to ensure trade and sustainable development should be considered case by case and, to the extent possible, identify which is the more dominant sex participation and why? It follows that, efforts to achieve sustainable agriculture in an agrarian economy like Tanzania must be strongly focused on women who constitute such a large proportion of the labour force engaged in farming. The analysis of sector-specific activities in Tanzania according to trade, gender and sustainability is summarized below.

Following measures to revamp the industrial sector as part of the comprehensive economic reform measures, the industrial sector has shown a more promising performance, although not as well as it was expected to perform. The contribution of the sector to annual GDP has remained at 8 per cent on average for the past 10 years. But overall production of the sector displayed an upward trend by increasing by 5 per cent in 1997. Significant increases were attained in food production, beverages, tobacco and cigarettes, textiles and garments as well as in basic metal products.

C. Gender aspects and sustainability in the manufacturing sector

In the industrial sector, although there has been some increase in number of women employed in some industry categories, nevertheless, due to low technical and academic qualifications, their overall participation is still small compared to that of men. Generally, industry in Tanzania remains a male domain. They control all levels of decision-making ranging from management and technology to implementation. Men also get priority in job allocation in industries. However, women are generally found operating in the small-scale industries.

In the past four years, the industrial sector has accounted for about 15 per cent of total foreign exchange earnings for Tanzania. Its share of the GDP remains at around 8.3 per cent. Industries in Tanzania are classified as large, medium and small, according to size of the labour force employed. The sector utilizes many products from other sectors in its production processes. Energy is among these inputs and has been obtained at the expense of environmental sacrifice. Small-scale industries in Tanzania are the major users of unsustainable energy sources, especially fuelwood.

Other environmental problems associated with the promotion of manufacturing exports are: (i) increased water pollution from industrial processes; (ii) hazardous and toxic waste; (iii) land degradation and pollution, and (iv) waste by-products arising from the consumption of industrial products. [In response to these problems the Government of Tanzania has recently adopted a new industrial policy named "Sustainable Industrial Policy". This policy aims at encouraging the growth of sustainable industries in Tanzania.]

It follows therefore that, in order to alleviate these problems, emphasis should be given to: (i) upgrade technology in all industrial subsectors with special focus on small-scale industries where women are mainly employed; (ii) training of women to the middle and top managerial levels in those specific industries in which the existing female participation stands at low levels, e.g. in electronics, pharmaceuticals, food processing, textiles etc., and (iii) development of women's entrepreneurship where the potential already exists.

D. Gender aspects in the mining sector

The major mineral products are diamonds, gemstones, gold, gypsum, lime and limestone and petroleum products and of these, coloured gemstones, gypsum, lime and limestone and salt are the chief exports. The sector is very promising and possesses one of the largest export potentials both in the country and in the East African region. In the past three years it has shown tremendous growth and is estimated to have increased its export earnings by 50 times compared to the period prior to economic reform. In 1997, for example, the sector grew by 17.1 per cent in real terms compared with 9.7 per cent in 1996, the value of mineral exports increasing from US\$ 54.1 million in 1996 to US\$ 92.8 million in 1997 at current prices.

E. Participation of women in the fisheries industry

Marine products have also been making a significant contribution to Tanzania's non-traditional exports, these being non-traditional exports recently introduced. Some of these products are; prawns, lobster, crabs, sea shells, beche-de-mer, shark fins/jaws, octopus, fresh fish, dried fish, live fish, seaweeds, shell meat and squids. The basic external market for these products is large and extensive, but domestic production is low, mainly due to the traditional methods of production that still dominate the sector. The total catch in 1997 was 356,960 tons valued at Tshs 58.67 billion.

Exports of these products have, however, been affected by fluctuating demand in the world market, and particularly by a ban on exports to European markets.

The participation of women in this industry is usually limited to processing the catch, e.g. smoking, drying and marketing. In some areas, women have been involved in shallow water fishing and other fish-related activities on a seasonal basis. The abundance of fish resources offers possibilities for further exploitation of the resources in which employment opportunities for women could be increased.

But women need to be given technical and management training to enable them effectively to organize, plan and implement their fishing activities for sustainable fishing. The training programmes in this industry should be a complete package focused on fish processing as well as on the repair and maintenance of fishing equipment, which can be easily used by both women and men. The current fisheries development projects in Tanzania need to be tailored to meet women's needs.

F. Participation of women in the forestry industry

The interest of women in this sector is centred on their role in the provision of energy for the family and trading. In addition, women are among the major users of forest products as fuel, particularly in the informal sector. Statistics indicate that women in Tanzania are the major participants in selling charcoal, local beers, cooked food and firewood, hence they directly and indirectly contribute to a large demand for forest products. It is not surprising, therefore, that evidence reveals that women have taken the initiative in tree planting campaigns throughout the country. The exports are mainly in semi-finished form, thus creating a sound base for developing wood processing industries that will also be export oriented.

G. Forestry products and agriculture

It was already noted above that agricultural production in the Tanzania is associated with several environmental problems, which affect the sustainability of trade and overall economic development. The key environmental issues in Tanzania's agricultural sector are the low level of technology and innovation, together with weak management, that are said to be responsible for land degradation and the low level of agricultural productivity. Women in Tanzania form the main productive force in rural communities, with their daily activities related to agricultural production, domestic household chores and family maintenance. They have almost total responsibility for subsistence farming as well as cash crop production. Women spend up to eight hours a day planting, weeding, manuring and harvesting. During peak periods they spend even more time on these activities and on their way home they search for and collect bundles of firewood.

While the spread of agricultural mechanization has been emphasized in the national agricultural policy, hired manual labour has also been recognized as an important input in both private and public farming. The available technology has reduced the workload for men, while compounding that of the women. However, it must be noted that introduction of tractors and animal-drawn equipment has reduced male workloads and permitted an expansion of the area under cultivation, thus increasing labour demand for women in sowing/planting, weeding and harvesting.

Although women are the main producers, it is mostly the men who participate in the agricultural extension education, learn the new techniques and use the new tools and equipment.

The conclusion here is that the women need assistance in the form of efficient extension services, training, marketing facilities, credits and access to improved technology that would make agricultural production more sustainable, environmental friendly and result in a significant contribution to the growth of trade.

Products from the forest industry also form part of Tanzania's non-traditional exports, and the demand for these products is higher than the supply in both the domestic and export markets. Some of the forest products exported are fine hardwood timbers, honey, beeswax and paper products. The country also produces a large quantity of softwood, which is exportable.

The environmental issues that create the most concern with regard to the agricultural and forestry activities as they are currently practised in the Tanzania may be summarized as follows: (i) poor agricultural techniques (failure to conserve the soil and water), especially relating to cultivation in marginal and sensitive areas like hillsides, hill tops, river banks, roadsides, deserts and wetlands, (ii) large-scale farming, currently state farms, employing fertilization and fumigation techniques which have proved to be environmentally unsound, (iii) small-scale farms which overuse pesticides, herbicides, fungicides and fertilizers, (iv) urban agriculture that creates improper disposal of animal wastes, overgrazing of public areas etc., (v) overexploitation (and misexploitation) of forests, resulting in degradation of water sources with impacts on human health, wildlife and fisheries. Other impacts are loss of biodiversity, degradation of wildlife habitat, depletion of fuelwood and other forest produce supplies with resulting consequences for rural, wood-dependent Tanzanians, and (vi) given that women are the major source of fuel supply they suffer more than males as they have to spend more time in fetching fuel, thus reducing their time for more productive activities.

IV. POLICY IMPLICATIONS: ACTIONS AND RECOMMENDATIONS

A. Harmonization of environmental management strategies with sectoral policies

In order to achieve sustainable trade and development which to a large extent implies attention to gender considerations in a desirable manner, efforts must be made to harmonize environmental management strategies with sectoral policies as well as with social policies. In the same way, efforts should be extended to harmonizing these policies with those prevailing/developing in other countries.

These efforts may include:

- (a) *Sectoral policies.* These policies relate to specific sectors of the economy, such as trade and industry, tourism, investment, energy, transport and communication etc. Priorities should be given to securing harmonization of such policies that have an impact on environmental aspects, trade and gender, and should emphasize ways and means of realizing environmental conservation, gender considerations and sustainable trade promotion.
- (b) *Development of technological capacity.* The available evidence shows that development of a minimum technological capacity is the prerequisite for sustained development and trade promotion. In connection with this it is apparent that women and men have different degrees of accessibility and acquired technology. Women are disadvantaged in the sense that they have less technological capability, and therefore increased focus should be directed to their needs.

- (c) *Energy is vital for economic/social development.* At the same time, energy sources may be associated with serious environmental degradation. Thus, the gender aspects of developing and using available energy supplies require special attention. The development of biogas and other alternative sources of energy to fuel-wood need to be actively explored.
- (d) *Making women more responsive.* Sustainable development has been defined to mean “Continued development to meet the need of the present generation without compromising the ability of future generations to meet their own needs.” More simply, it can be said to be development that lasts. Since women are in the major contributors to environmental degradation in Tanzania, they should be made more responsive to the consequences of their actions through developing legislation and administrative structures, and by providing needed skills, and ensuring the adequate funding of these public actions.

B. Strategies for ensuring proper gender representation in Tanzania's economy

The following would assist in ensuring more efficient representation: (i) to encourage and facilitate participation of both men and women in all economic sectors and other development activities, (ii) review of the institutional, legal framework, and other policies in order to facilitate equal access of women and men to opportunities for growth and development, for example, training and education; and to stimulate the creation of public awareness of the need for trade and sustainable development, (iii) to integrate gender, environmental, and sustainable development issues into all development plans. These measures should include involvement of both sexes in administrative responsibilities and in decision-making, (iv) to work to eradicate all obstacles hindering women from having access to employment, technology, and sustainable economic activities, and to encourage men to participate in activities which are now regarded as only suitable for women, and (v) to work to eradicate from the society the ideas, conduct, norms, values, customs and traditions, which hinder women and men from participating fully in certain economic activities.

C. Improving women's knowledge and economic understanding

A large proportion of women in the labour force are less educated than are the men. Evidence reveals that ignorance is an important cause of environmental damage and a serious impediment to finding solutions. This indicates that the Tanzania is faced with a double-edged sword phenomenon. Because women in the Tanzania are less educated they form a large portion of the polluters. On the other hand, they are less educated, they are not effectively represented in decision-making for seeking solutions to these problems, and also they will not easily comply with proposed solutions, due to their ignorance. It follows, therefore, that efforts to ensure sustainable development in the Tanzania must include efforts to educate women who are the major players in agricultural activity, but have so far received much less education and training.

D. Further measures and specific actions

On the basis of the elements presented in this paper, the following could be recommended:

- (i) Baseline studies should be carried out, so as to form clear ideas on the extent of the existing problems and how they can be tackled.
- (ii) There is a need for regular exchange programmes among nations to share their experience of dealing with trade, sustainable development and gender within the global context.

- (iii) There is a need for an assessment study in the Tanzania to know exactly the type of skills available, the existing gaps, and the way forward for closing these gaps on a more appropriate gender basis.
- (iv) The general public should be informed and encouraged to participate fully in the formulation of policies, which will enable the attainment of sustainable development that also embraces gender considerations.
- (v) The Government should formulate appropriate policies that will focus on dealing effectively with environmental issues.

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AN LDC BUSINESS-WOMAN'S PERSPECTIVE ON ISSUES RELATED TO TRADE, SUSTAINABLE DEVELOPMENT AND GENDER

by

Mary Marealle

Tanzania National Women's Council (BAWATA)

Dar es Salaam, United Republic of Tanzania

I. INTRODUCTION

This statement reflects my personal experience in the area of trade and development, as one of the few women in the United Republic of Tanzania who has worked for one of the leading private companies in Tanzania (ICL Tanzania Ltd) before deciding to secure my independence and start my own business running a Secretarial and Computer Services company. I believe my personal experience can assist this Expert Workshop to get a better understanding of the limitations facing women entrepreneurs in a least developed country and, in this way, gain insights that will enable us to design better policies and programmes to assist women like myself. In this presentation, the aim is to answer the question: would my situation have improved if I had been a man? If the answer is **yes**, then my gender has hindered my development as a career businesswoman, and action should be taken to rectify the situation. If the answer is **no**, then the problem lies elsewhere and that is where action should be taken. If the answer is both **yes** and **no**, then the solution is to adopt a mixed strategy to look for gender and non-gender solutions to assist women in the situation that I describe.

The presentation falls under two main headings. First, I give an outline of my career history, narrating the experiences and pointing out decisive factors which influenced my life. I started as a public employee, later joined a private company, then started my own firm, and finally joined a feminist women's organization in which I was later elected as the national treasurer.

Second, I present a more detailed analysis of the factors which influenced my career history, and try to generalize this to relate to women's lives in Tanzania. What are the conclusions and lessons to be drawn, and how are we to solve the existing problems? In deciding to base this presentation upon my own life experience and career history, I do not wish to imply that my life is typical of all women in Tanzania. I am aware of the differences. My aim is to assist this Workshop in identifying ways and means to devise better economic strategies and policies to assist women in my group, because I know I am not alone in my experience.

I. FIRST CAREER EXPERIENCE IN A PUBLIC CORPORATION

My career started in one of the country's largest public corporations, the Tanzania Electric Supply Company Ltd. (TANESCO) where I worked for nine years. In those years my male colleagues with similar qualifications were able to advance faster than I did. In theory salaries were uniform for men and women, but in reality things worked differently, and men received more pay than women through indirect means, such as more frequent travelling and training opportunities. My male colleague, who joined the company on the same day as I did with the same qualifications, and undertaking similar duties, was selected and sent on training courses twice before I got the chance. And this chance came only after I had complained to the authorities.

The fact that I had to take maternity leaves served as a convenient excuse to delay my promotion. This, despite the fact that maternity leave was only for three months, and that ordinarily I was a hard worker, putting in long overtime hours. My bosses used to commend me for being a hard worker, but this applause was only verbal, and not translated into financial/material remuneration or promotion. Finally, my male colleague was promoted to be the head of the computer department when everybody knew I was better at this work than he was. This was the time when I decided that enough was enough and I resolved to quit and join a private company. I wish to emphasize that this experience was not only limited to me but has also been narrated to me by other women in similar situations. What is even more relevant is that these situations still continue. What can women do therefore to change the situation of discrimination at the workplace? As I indicate below, I moved on to the private sector because I was pioneering in what was at that time a rare profession, computer programming. But I know of a number of cases where women in the face of discrimination simply stopped working and became housewives. One would have expected that the employment of women in the public sector was more fair and secure, but my experience has been different.

III. SECOND CAREER EXPERIENCE IN A PRIVATE COMPANY

I found that working with a private company was challenging and more interesting. I worked as hard as I used to work in the parastatal company, designing computer systems, writing programmes and training computer users of different companies and parastatals. Here I met many people and received credits from the companies where I implemented their computer systems. I was promoted as the general manager of one of the group's companies after showing my capabilities. However, one thing that did not change was that I was the only woman in the management team and when it came to decision-making, the men would often decide without consulting me, and even changed the decisions that I made without bothering to give me any good reasons for doing so. Quite often, important decisions affecting the company I was supposed to lead would be taken at meetings in social places (clubs) in which I was not a member, and this, of course, meant that I was not being consulted. After eight years I decided, once again, that enough was enough, and that it was now time for me to establish my own business.

IV. EXPERIENCE WHEN SELF-EMPLOYED

I decided to stick to the computer industry where I had specialized, and in which there were good prospects. I started with a small capital from my own savings and some financial aid from my husband. Also, in recognition of my service, the private company for which I had worked gave me one computer and leased me another, which helped me to take-off. When I inquired about taking a loan from the bank, the interest rate charges were too high, not to mention the bureaucracy involved. I therefore decided that it was not worth the trouble and delay. In Tanzania, before any business is started you are required to pay taxes forward on three months' income, without knowing what your revenue will be. The start-up was not easy, in fact, almost a nightmare. After some time, the competition became stiff and it was difficult to get customers, because in most offices where I would go to solicit for business there was usually a man. While there was no man who denied me business because I am a woman, nevertheless, I clearly felt that I would have been better off to meet with women when involved in managerial decisions. I felt lonely.

While I was qualified technically, I did not receive any business skills training, and I had to learn "on the job." This has meant that it has not been easy for me in running my own business, which is now getting well established after five years of hard work and struggle. I had to acquire more knowledge of business management, administration, accounting and marketing. Fortunately, an opportunity arose when I was selected to attend entrepreneurial training courses organized and subsidized by USAID, which has a technical cooperation project for helping small- and medium-scale businessmen and business-women in Tanzania. Unfortunately, in these courses the number of women was very small, because of the financial implications involved as we had to pay for the

courses offered in Tanzania before being sent for training in the United States. In my case, I attended the entrepreneur training in the United States in 1997 where I learned much and made a few contacts. The contacts which I made are enough to enable me to expand my business, but the same old problem of inadequate credit facilities remains a stumbling block.

V. EXPERIENCE WITHIN A NATIONAL WOMEN'S ORGANIZATION

A combination of the experience narrated above, convinced me that I should join my fellow women to discuss our life experiences and see whether we could improve situations for our children. I decided to enter into the struggle for women's rights. I was attracted to the Tanzania National Women's Council (BAWATA) because it was not affiliated to any political party, and because it promised to fight for basic women's rights, including:

1. The rights of women to get access to factors of production including land, capital and management skills. The rights of women to own and inherit property (land, housing, etc.) in matrimonial homes as well as in regard to their parents' estates, wherever applicable. This right is fundamental as without this women cannot succeed in business.
2. The right for girls to get access to good education, and also for women to get access to improved social services, health, and water supplies.
3. Fighting violence against women and the sexual abuse of children.
4. Fighting discrimination against women in the workplace.
5. Improving the participation of women in decision-making bodies at all levels of government, by encouraging women to run for elections and fighting a culture that discourages women from participating in politics and in economic and social innovations.

When I joined BAWATA I recognized that this was an effective way for the women in Tanzania to organize to fight poverty and to create the networking that I was missing as a businesswoman.

VI. CONCLUSIONS AND POLICY RECOMMENDATIONS

This paper has described my career experiences with a view to drawing some general conclusions on the basis of which an organization like UNCTAD might wish to take some corrective actions focused on the national and international level. The main conclusions and recommendations arising from my experience can be stated as follows:

1. Women face discrimination in the workplace, both in public and private employment, and require support to overcome such discrimination.
2. Women's participation in business is hindered by their lack of access to capital, training, and networks to secure business and to gain entry to national and international markets.
3. Women need to organize themselves at all levels if they are to make career progress anywhere, both at workplaces and directly in business, because without such organization they will continue to struggle as individuals, and without unity they cannot get into the mainstream of society. There is no economic sector in which things are easy for women.

4. UNCTAD should undertake further studies and analyses designed to lead to sound recommendations for adoption by the governments of Member States so that each Member State enacts legislation and promotes practices to facilitate the efforts of women at all levels to be grouped, financed and assisted to raise production and thereby raise their incomes and fight poverty. Special funds made available through banks and other financial institutions should be established to finance gender-oriented projects.

A NOTE ON SOUTHERN AFRICAN PERSPECTIVES ON TRADE, SUSTAINABLE DEVELOPMENT AND GENDER

by

Peggy Mlewa

Senior Economist

*Department of Commerce and Trade, Ministry of Commerce, Trade and Industry
Lusaka, Zambia*

I. INTRODUCTION

This paper attempts to bring out the linkages between trade and sustainable development under the multilateral trade system with special emphasis on commodities trade and, in particular, it highlights the problems unique to developing countries in these areas. It also discusses some outstanding issues in enterprise development and technology as they relate to gender.

II. TRADE AND SUSTAINABLE DEVELOPMENT

A. Multilateral trade arrangements

Restrictive lending conditions and unfavourable terms of trade have forced most African governments to reflect donor interests in their national policies and programmes. In some cases, the interests of multinational corporations have found their way into investment policy programmes, for example, with regard to the exports of South African farmers to other countries in the region under the programme to establish a “food corridor” from Angola to Mozambique. On the other hand, structural adjustment programmes in many developing countries, and especially in the LDCs, have not been sustainable, especially in the area of trade due to structural rigidities, such as technological backwardness, lack of finance and lack of expertise and weak development of human resources.

Furthermore, the multilateral trading system which on the one hand offers greater international market access, also requires member States to abide by its rules and obligations through the adoption of liberal trade policies to facilitate the smooth flow of international trade. However, as indicated above, the LDCs are constrained in terms of human and financial resources from participating in the system in a mutually beneficial way.

Even worse is the prospect that at the end of the transitional periods stipulated under different WTO agreements, with trade preferences being eroded, the developing countries have to implement the provisions of the WTO in full, and will thus have to bear the full impact of adjustment costs, which will include exposing their fragile local industries to stiff international competition.

In the agricultural sector, the main economic activity for most women in the LDCs, the agreement on agriculture will have serious implications for countries that wish to provide government support to their farmers by way of subsidies under the prohibited category. Furthermore, in some cases, structural adjustment programmes adopted unilaterally at country levels will pre-empt LDCs from taking advantage of the special provisions provided for them under the multilateral trading system agreements. Therefore, a deep and honest review of the Uruguay Round agreements may soon be necessary with a view to amending certain sections which may be judged to impede sustainable development.

B. Commodities

Trade and trade liberalization offer both threats and opportunities to economic development to all countries. Whether a named country pursuing these policies benefits by way of economic growth depends on several factors ranging from its natural resource endowment, the price of its export products, their relative demand situation and the country's capacity to supply the products as demanded. Similar considerations apply to imports, which occupy the other side of the spectrum.

Despite the fact that most developing countries have adopted trade liberalization policies, they have still continued the old practice of exporting products mostly in their primary or raw state, whose commodity price on the international market has continued to decline, while the bulk of their imports constitutes industrial products whose price continues on an upward trend. This results in low net foreign exchange earnings and subsequently a heavier pressure on the debt burden. Furthermore, through the practice of tariff-rate escalation, the developed countries have encouraged the export of raw or primary products as opposed to value-added products.

In the case of Zambia, the reduction of import duties and tariffs in general, following the introduction of more liberal trade policies, has resulted in the influx of relatively cheaper imports flooding the domestic market for similar locally produced products leading to a shrinkage of the local manufacturing base, as most of the local companies have failed to compete effectively.

Therefore, for trade liberalization to contribute to sustainable development, it must be matched with the relevant conditions, stages and levels of development which may exhibit a unique element from country to country. Increased globalization of the world economy, coupled with falling commodity prices and the implementation of structural adjustment programmes with the aim of promoting trade liberalization, have exposed developing countries to overexploit their natural resources.

III. GENDER CONCERNS

It is a known fact that women account for one-third of the manufacturing labour force world wide. The greatest proportion of the female labour force is to be found in micro- and small-scale enterprises in both the formal and informal sectors. Women's work not only sustains their families but also makes a major contribution to socio-economic development.

A. Science, technology and gender

The ongoing globalization process and increasing competition entails that industry continues to undergo rapid changes as a by-product of trade, capital and technology flows. Therefore, the negative effects of these changes will affect women more than men, having in mind the bottlenecks that are already existing with respect to women in the area of appropriate technology. It is specially to be noted that the rapid changes or "revolutions" in the global market seem to favour technology-intensive production and use of skilled labour.

Therefore, in order to enable women to participate fully in the technology-based industries, retraining programmes aimed at upgrading their skills and also helping them to acquire access to new and more appropriate technology are very necessary.

The introduction of new and appropriate technology will not only enable women to play a full role in economic development but also help to improve their working environment as well as improving their income-generating activities. The provision of low-cost, energy saving and efficient production technology for women is very vital especially in the small and medium-scale enterprises (SMEs). However, the problem of access to this technology is compounded by the fact that credit available for women is normally very scarce or extremely limited.

The case of African women in the leather industry in East Africa as well as those engaged in gemstone mining in the SADC region, Zambia inclusive, serves to show just how far women can advance economically, given the right form of assistance.

B. Entrepreneurship and gender

The role of women in the SMEs cannot be overlooked, especially taking into consideration the fact that SMEs play a vital role in industrial development. This stems from their ability to respond quickly to market changes and opportunities, and also to their propensity to rapidly absorb technological innovations. The issue of outdated and inefficient practices and technology continues to mar progress in this sector resulting in most LDCs operating at below capacity because of inability to produce internationally acceptable quality products.

In Zambia, even though some commercial banks have special schemes where women account holders are given a slightly higher interest rate on their savings, access to entrepreneurship credit is limited. For example, micro-lending institutions, which offer credit to small-scale business-women entrepreneurs, can only give a maximum loan of about US\$ 200 at a time per individual lender. Other schemes and the commercial banks demand a high interest rate on their credit and require provisions of collateral, which most of the women in Zambia, as in other developing countries, do not have. Therefore, there is a need for deliberate policy programmes to assist women in meeting the challenges of industrial restructuring and technology changes so that they too can participate on an equal level, both in industrial decision-making and in securing the benefits of development.

IV. CONCLUSION

In the case of developing countries, sustainable development will depend inter alia on efficient allocation and use of land and land-based resources including the human resources of women. These considerations lie at the centre of all societal, political and economic relations in Southern Africa. There is therefore a need to develop appropriate strategies with respect to finance, trade, technology use and human resources (including full use of women's labour and skills) in order to actualize sustainable development.

For developing countries their future success will depend on their ability to adapt and respond effectively to the challenges arising from the continuing globalization of the world economy and to turn these challenges into economically advantageous opportunities in which gender equality will increasingly be featured.

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INVOLVING STAKEHOLDERS IN POLICY-MAKING: THE CASE OF EXPORT-ORIENTED SHRIMP CULTURE IN BANGLADESH²³⁹

by
Mustafizur Rahman
Professor, Faculty of Business Studies
University of Dhaka
Dhaka, Bangladesh

I. INTRODUCTION

The evolution of the export-oriented shrimp culture in Bangladesh over the last decade encapsulates both the challenges and the opportunities which the process of globalization entails for the LDCs. Taking advantage of the domestic incentives favouring shifts from tradable to non-tradable economic activities, and global opportunities favouring export-orientation as against import substitution, Bangladesh witnessed a rapid commercialization of the country's shrimp sector during the last decade. Over this period export-oriented shrimp culture gradually evolved into the second most important non-traditional export sector in Bangladesh. As is known, in many countries as resources have switched from non-tradables to the tradables sectors of the economy, and as major shifts have occurred in production structure and cropping patterns in response to global market-induced demands, adverse environmental consequences were being increasingly manifested as by-products of this particular pattern of growth. As in some countries in South and South-East Asia, such export-oriented commercialization of the shrimp sector has caused some concern in Bangladesh because of its potentially negative implications in terms of environmental degradation and adverse consequences viewed from a sustainable development perspective. The compulsion to increase foreign exchange earning capacity as well as ensuring sustainability of the development process itself, poses a serious dilemma for policy makers in Bangladesh. The need to resolve this dichotomy has confronted them with some hard policy choices.

The present case study focuses on three issues which are of critical importance for Bangladesh: (i) evolution of the shrimp sector in relation to the policy changes; (ii) environmental consequences of export-oriented shrimp culture, and (iii) design of a policy framework to address the environmental concerns from the perspective of ensuring sustainable shrimp culture in the particular context of Bangladesh.

I. EVOLUTION OF EXPORT-ORIENTED SHRIMP CULTURE IN BANGLADESH

A. Commercialization of shrimp culture in Bangladesh

Bangladesh is the world's fourth largest producer of fish sourced from inland waters. Although subsistence shrimp culture had been a constituent of the country's fisheries sector for hundreds of

²³⁹ This case study is based on the results of a recent report on the theme of Environmental Impact of Structural Adjustment Policies: The Case of Export-Oriented Shrimp Culture in Bangladesh, which was prepared for the United Nations Environment Programme (UNEP) by Dr. Debapriya Bhattacharya, the present author and Dr. Fahmeeda Akter Khatun. The study was carried out at the Centre for Policy Dialogue (CPD), Dhaka, Bangladesh.

years, shrimp culture as an export-oriented activity is a development of relatively recent origin. Exports of shrimp from Bangladesh were worth only US\$ 2.9 million in 1972-73, accounting for 1 per cent of the country's total exports. This amount increased to US\$ 33 million in 1980 and to US\$ 90.0 million in 1985. However, until the mid-1980s shrimp culture was principally dependent on open-water catches of shrimp. Culture of shrimp through commercial farming is predominantly a development of the period beginning from the mid-1980s. Induced by domestic policy incentives, and taking advantage of emerging global market opportunities, the shrimp sector in Bangladesh demonstrated further robust growth rates throughout the 1990s. Exports of shrimp increased from US\$ 90.8 million in 1986 to US\$ 197.6 million in 1994 and to US\$ 260.4 million in 1998. A visible shift is discernible in the trend line for shrimp exports in 1991-1992, when major trade policy reforms were initiated in the country in line with structural adjustment policies (SAP). The fiscal and financial incentives and institutional support provided under the reform programme played an important role in creating an export-friendly and conducive environment that stimulated commercial shrimp farming in Bangladesh.

Under the above mentioned reforms which constituted an important part of the export-oriented growth strategy adopted by Bangladesh in the mid-1980s, the average tariff rate for imported inputs was brought down from 88 per cent to 21 per cent, anti-export bias in the trade and investment regimes was substantially removed, and the private sector was encouraged to invest in export-oriented activities. As far as the shrimp sector was concerned, provisions such as zero-tariff access of imports, fiscal incentives for direct and deemed exports, income tax rebates, subsidized credit, lease of land - both private and khas land (government) - under favourable terms to shrimp growers, and various institutional support measures for setting up downstream factories created an environment that encouraged and stimulated private sector investment in shrimp culture, shrimp processing, and shrimp exports. The provisions of duty drawback, cash compensation schemes, concessional interest rates etc. also promoted private sector investment in export-oriented activities in the shrimp sector.

The conducive domestic policy environment during the 1990s was also reinforced by the emerging global market opportunities. The growing demand for shrimp in developed economies originated at a time when (a) there was a significant fall in shrimp production in some of the major exporting countries, and (b) capture of wild ocean shrimp was becoming more expensive and erratic. Thus the sector's robust performance in Bangladesh was induced both by domestic as well as global factors.

B. Profile of shrimp farming in Bangladesh

Bangladesh accounts for 4.1 per cent of global production of commercial shrimp in 1997 (about 30 thousand tons of a global production of 721 thousand tons). The area under shrimp culture registered a threefold increase over the last decade and total shrimp area under coastal aquaculture now covers about 130 thousand hectares. This is 12.7 per cent of total global area under shrimp culture. The 750 km coastline provides a favourable natural environment for commercial shrimp culture in Bangladesh. Two areas in the south, the Chittagong-Cox's Bazar belt and Khulna, Shatkira-Bagerhat belt accounts for 95 per cent of total acreage of shrimp in the country. Production of shrimp by coastal aquaculture accounted for about 30 per cent of annual shrimp production, while the relative shares of marine capture and fresh water capture were 23 per cent and 47 per cent respectively. The production of shrimp by aquaculture method is a 100 per cent export-oriented activity, taking place in about 9,000 farms and processed in about 57 processing units. While shrimp from fresh water is destined predominantly for the domestic market, a part of the

marine capture is also processed in the shrimp processing units operating mainly in the southern regions of the country. About one million people are directly associated with commercial shrimp farming-related activities, with female labour dominating in such activities as catching of shrimp fries, construction of shrimp farm boundaries and in preparation of the shrimp for processing. The major part of the shrimps exported from Bangladesh is destined for the United States (31.8 per cent), Japan (18.3 per cent), Belgium (16.2 per cent) and U.K. (11 per cent). Shrimp culture in Bangladesh is predominantly carried out by non-local entrepreneurs on leased-in lands. Shrimp is cultured mainly by an extensive method; in some instances, a semi-intensive method is also practised. The average yield rate is as low as 130-250 kg/hectare/per annum, which is five to eight times less than in farms with semi-intensive and intensive shrimp culture practised in some of the neighbouring countries.

B. Evolving scenario and policy debate

In recent years the culture of shrimp as an export-oriented commercial activity has come under close scrutiny in Bangladesh. NGOs, civil society and stakeholders in shrimp cultivation areas have drawn attention to various negative consequences of shrimp culture in the southern regions of Bangladesh. They point out that negative externalities generated by commercial shrimp culture, e.g. destruction of the irreplaceable mangrove resources in the south, increasing salinity, declining productivity of land, increasing deforestation, growing landlessness and increasing shrimp-related violence etc., far outweigh the tangible incremental economic gains. According to some of them, since shrimp culture runs contrary to the very concept of sustainable development this 'global casino based on blue death ought to be closed altogether'. They argue that commercial shrimp farming in Bangladesh has developed without any sensitivity to local knowledge, practices, preferences and resource use. Control over local resources has shifted from communities to external institutions. Some have questioned the production relations in the sector, arguing that private property regimes are not the most suitable ones for sustainable management of aquatic resources, including coastal aquaculture.

In contrast to this view, those who have advocated support for export-oriented commercial shrimp farming are of the opinion that the sector has been contributing significantly to the nation's foreign exchange reserves, has created employment opportunities for about a million people, many of them women, and has generated significant multiplier impact. They argue that the sector should be provided with additional incentives in order to enhance its competitive strength in the global market. However, they also favour introducing policies that would induce the entrepreneurs to factor-in environmental concerns into shrimp farming.

Taking cognizance of the negative externalities generated by shrimp culture, but at the same time appreciating the vast opportunities that the sector projects for Bangladesh, there is a strategy position in the country which advocates that a set of environmental policy instruments should be designed to ensure that free trade does not reduce overall welfare and that shrimp culture does not contradict the needs of sustainable development in the Bangladesh context. This approach recognises that absence of appropriate environmental policies and proper enforcement of such policies, and dependence on conventional estimates of incremental gains accrued from export-oriented activities may overstate the gains to society, which in turn puts a short term perspective on a phenomenon which inherently has long term implications and consequences. This view recognizes that if appropriate policy measures could be designed and implemented, it is possible to practise sustainable shrimp farming in the Bangladesh context. Such a strategy would be economically profitable and environmentally viable.

II. POLICY CONCERNS AND POLICY CHOICES

Thus, policy makers of Bangladesh are obviously faced with a choice. The choice lies in: (a) continuing the “business as usual” to the detriment of the environment, (b) closing down commercial shrimp culture at the cost of export deceleration, loss of employment and foreign-exchange income with major adverse socio-economic consequences and (c) incorporating environmental concern-induced policy measures in order to strike a balance between short- and long-term consequences as well as private and social welfare.

Obviously, if the third choice appears to be the most desired option, then the issue of developing the shrimp sector with an in-built environmental sensitivity in the policy package, incentive systems and regulatory framework should be the focus of government attention and action. Admittedly, a consultation process participated in by all the stakeholders in the sector would be critical in achieving a better understanding of the related issues which alone can generate feasible and practicable solutions to problems encountered both at the farming stage as well as at the processing stage in the shrimp sector.

Design of a holistic approach to ensure sustainable shrimp culture in Bangladesh must take into cognizance some of the specificities of the sector in the particular context of Bangladesh. Some of these are: (i) shrimp culture has been carried out predominantly by absentee entrepreneurs having little or no stake in sustainable shrimp farming; (ii) increased salinity in the shrimp farming area has led to drastic decrease in soil fertility; (iii) shrimp culture has done irreparable damage to traditional economic activities, such as cattle grazing and poultry keeping; (iv) there has been considerable damage to household vegetation and social forestry; (v) shrimp culture has led to loss of common property rights; (vi) income erosion and income inequality has been aggravated; (vii) shrimp culture is causing irreversible damage to the Sunderban mangrove forest which is the largest of its kind in the world, and (viii) there has been substantial damage to the flora, fauna and bio-diversity in coastal areas because of commercial shrimp culture.

The policy makers, in parallel, have also to take cognizance of the importance of commercial shrimp farming in the Bangladesh economy and the growing importance of the sector as the country's second largest non-traditional export-earning activity. The short-, medium- or long-term negative impacts have also to be considered by keeping in view the benefits generated by the sector in terms of foreign exchange earnings, incremental employment and incremental income generation. It is further underscored that the benefits are not only limited to entrepreneurs; there is a substantial multiplier impact which accrues to the local community as a whole. Some estimates found cost-benefit ratios in the sector to be 0.21 (production loss basis) and 0.30 (restoration cost basis) after factoring-in some of the environmental concerns. However, although economic gains outweigh the environmental costs, conclusions have to be carefully reached because environmental costs are far-reaching, and the impact may be observed subsequently over a long period of time. Moreover, some of the environmental impacts, such as biodiversity loss, are irreversible. The value of these is far greater than any quantifiable amount since these are essential for human existence. Keeping these limitations in mind it can be argued that a substantial part of the damages could be minimized, and benefits could be increased if the right type of policy measures and interventions are introduced in Bangladesh.

The role of the Government of Bangladesh (GOB) has figured prominently in the discourse over the future of shrimp cultivation in the country. The GOB's favourable disposition to shrimp cultivation played a critical role in stimulating entrepreneurial activities in the shrimp sector. In the initial period government provided crucial support to the sector in terms of acquisition of land, leasing of khas (state-owned) land to shrimp farmers and provision of fiscal and financial incentives

in the production and processing of shrimp. It is felt that it is the GOB which should now take the initiative to contain the adverse consequences of shrimp cultivation in Bangladesh and should be implementing appropriate policies to ensure sustainable shrimp cultivation in the country.

III. PROMOTING ENVIRONMENT-FRIENDLY AND SUSTAINABLE SHRIMP CULTURE IN BANGLADESH: THE POLICY INTERVENTIONS

An analysis of the environmental problems that inhibit commercial shrimp culture in Bangladesh reveals that most of them originate in three types of failures: market failures, policy failures and institutional failures. Accordingly the policy interventions also need to be designed and geared to address these particular failures.

This requires an effective policy-mix that should include both market-based and non-market-based measures. The market-based instruments are relatively easier to implement since these essentially embraces fiscal and financial incentives which transmit signals that stimulate activities in a particular direction. However, given the limited efficacy of the incentives in certain cases, command and control type instruments are also needed to address the situation. As the direction of changes in resource use will depend to a large extent on the nature of intervening institutional factors, the role of the institutions in implementation command special treatment.

The challenge of integrating environmental and economic (sectoral) policies in the context of sustainable shrimp culture may be largely addressed through identification and adoption of instruments for environmental management. Such instruments motivate behavioural change, inducing differential response by economic units and allowing them flexibly to adjust to evolving circumstances. Instruments may also be used to generate financial resources to underwrite the development of financial infrastructure.

A. Market-based or economic instruments

The first group of market-based instruments. This group is related to price-related measures and fiscal incentives. If used properly, such measures and incentives can be mutually beneficial for entrepreneurs, workers and the community at large. Three specific instruments, viz. land use tax, effluent charge on water pollutants and a Soil Conservation Fund may be considered from this perspective.

1. Land Use Tax

Since there is no tax on agricultural land it is considered as a free good and, therefore, tends to be misused. This can be reduced through a tax imposed on the users of land for shrimp cultivation. This would make certain tracts of areas unprofitable for shrimp culture. This measure has relatively lower monitoring and enforcement costs and may raise substantial revenues. The revenue earned could be used for financing technological adaptation that would reduce shrimp cultivation-induced, natural resource degradation.

2. Effluent charge on pollutants of water

Shrimp farms should be required to pay for polluting the water through effluent charges on pollutants, such as BOD (biochemical oxygen demand) and COD (chemical oxygen demand). This charge could vary according to the size of the farms in order to account for their varying pollution intensity. Apart from the positive revenue effect, this would provide entrepreneurs with an incentive to develop more environment-friendly production practices. The revenue raised could be used for financing water treatment plants, and the charge rate could be increased gradually over time so that prices are corrected.

3. Soil conservation fund

Shrimp farms could be encouraged to conserve lands through the provision of loans. Such loans could be given on flexible terms to the shrimp farms for adapting appropriate technologies to reduce salinity and waterlogging. However, it needs to be recognized that (subsidized) soil conservation loans for adapting appropriate technologies is not a dynamically efficient instrument, since it might make shrimp farming more profitable, induce additional entrants into the sector, and make things worse in the long run.

The second group of market-based instruments. This group is to be designed to promote appropriate technologies in shrimp cultivation. The technology requirements in shrimp cultivation are mostly indigenous by nature. Two specific, but complementary, means could be thought of in this regard: a rice-shrimp mix culture and a semi-intensive shrimp farming.

1. Rice-shrimp mix culture

This culture is already practised in some of the coastal areas in southern Bangladesh, and it could be further encouraged through provisions favouring shared leasing of land between crop farmers and shrimp farmers for the shrimp-rice cultivation cycle. In this practice, since the farmers have to maintain the quality of their land to produce rice, they will therefore be required to take measures to prevent land degradation. The shrimp farmers will also have to allow the monsoon sweet water to wash away the salinity of the shrimp cultivating lands. This culture may thus serve the dual interests of the land-owning small farmers and landless poor people of the area as well as the protection of the environment.

2. Semi-intensive shrimp farming

Some areas in coastal Bangladesh could be suitable for this type of cultivation. A pilot project could be designed to monitor the productivity realized; understand the hydromorphological changes; develop a practical technology to overcome the siltation problem; and to identify the necessary safeguards that need to be taken.

B. Regulatory or command and control-based measures

The command and control measures required include land zoning, mandatory forest development, a ban on trawler shrimp catches, licensing, strengthening of property rights and legal reforms.

1. Land zoning

There is a tendency to horizontal expansion of shrimp farming, which is responsible for destruction of mangrove forests and agricultural lands. There should be definite guidelines for use of resources of the brackishwater area for culture of marine and freshwater shrimp, including other suitable species of shrimp and fish. Criteria for selection should be on the basis of topography, tide fluctuations, salinity, soil quality etc. The Government should decide upon the areas for shrimp cultivation after extensive survey of the geographical and environmental features of the location. Accordingly, there should be a clear area demarcation and land zoning for shrimp cultivation with a view to minimizing the conflict between shrimp culture and agriculture and also to protect the environment.

2. Licensing

Licensing of shrimp farms should be reintroduced, which would help to control the indiscriminate and unplanned expansion of shrimp cultivation.

3. Mandatory forest

It should be made mandatory for shrimp cultivators to develop a green belt of mangrove forest to maintain the biodiversity of the area. It should be extended over least 30 per cent of the total cultivated area. It would maintain the aqua and plant diversity of the coastal area and mangrove conservation provisions could be introduced for this purpose.

4. Ban on trawler shrimp catches

Trawlers contribute only about 3.5 per cent of total shrimp production and they mainly catch the matured shrimp. These catches should be banned, in order to increase the supply of broods for hatcheries and to enhance the natural breeding.

5. Strengthening of property rights

Land-use rights favouring the local people should be considered as one of the major prerequisites for sustainable shrimp culture. At present government lands are leased out to the shrimp cultivators on flexible terms, leading to inefficient use of land. Land registration and land title regulations need to be strengthened and adequate compensation for people losing lands to shrimp cultivation should be ensured. A minimum level of the per unit leasing costs of agricultural land to shrimp farmers could be introduced.

6. Legal Reforms

Apparently, a plethora of guideline and regulations exists, which are aimed at containing the negative environmental consequences of shrimp cultivation. Most of these policies and regulations, however, are never properly implemented. There is often a dearth of necessary supportive legislative action. There is a need to review all of these provisions and to develop a single,

comprehensive law (e.g. Sustainable Shrimp Culture Act), which would then encompass all the important dimensions of shrimp-culture related activities.

C. Institutional initiative for sustainable shrimp culture

Currently, a large number of public agencies are involved in one way or another in regulating shrimp culture in Bangladesh. The major players are the Ministry of Fisheries, the Ministry of Land and the Ministry of Forests and Environment. The Ministry of Industries is involved in the shrimp-processing phase, and the Ministry of Commerce deals with shrimp exports. Research support with respect to shrimp cultivation is expected to be forthcoming from the Fisheries Research Institute (FRI), Bangladesh Agricultural University (BAU), and Khulna University. Law enforcing agencies are quite often involved in mitigating shrimp cultivation-related violence which erupts periodically in the shrimp-culture areas.

In addition to these public institutions, a host of private bodies and NGOs are also actively engaged in the sector. The Bangladesh Frozen Food Exporters Association (BFFEA) is the most representative trade body of the entrepreneurs. The NGOs (e.g. Nijera Kori) and the political parties are involved in mobilizing the small and marginal cultivators as well as landless labourers for protecting land rights, and often in actions against the shrimp cultivation itself.

With regard to the of overall problem of governance, the effective interdependence and complementarities of these institutions may be achieved through a tripartite initiative involving the government, private sector and NGOs. For such an initiative to generate the expected results, the Department of Environment has to emerge in a lead role with the private sector committing itself to a socially responsible (environment-sensitive) code of conduct. Local communities need to be involved through a social mobilization process in which the NGOs could play an important role.

IV. CONCLUSIONS

Unfortunately, the policies undertaken by the Government of Bangladesh have until now failed to address the issue of sustainable shrimp culture effectively in the particular context of Bangladesh. The outcome of the above discussion therefore is that all the stakeholders need to be closely involved in the conceptualization, design and implementation of a comprehensive policy for an environmentally sustainable shrimp sector in Bangladesh. The set of policy interventions suggested above may serve as a focus around which such initiatives could be gradually broadened and deepened.

TOURISM AND GENDER: OPPORTUNITIES FOR LDCs IN AN INTENSIFIED GLOBAL ECONOMY

by
Anna Fälth
Associate Expert
Assistant to the UNCTAD Focal Point on Women
UNCTAD

I. INTRODUCTION

Although tourism, gender and globalization are closely interrelated, the links may not always be very clear. Neither globalization nor tourism development is gender neutral,²⁴⁰ which means that the effects of policies and measures have a different impact on women and men. With the introduction of gender to a previously researched area, globalization and tourism, it is possible to conduct a more thorough examination of how the expansion of tourism affects men and women differently. Moreover, in the context of the ongoing process of globalization and liberalization, which is currently the driving force of international trading relations, the Least Developed Countries (LDCs) are facing difficulties. This paper will, therefore, argue that LDCs need to strengthen their positions within the world markets, and that they need to diversify their economies in order to enhance export opportunities. Development and expansion of the tourism industry is discussed as an example of what could lead to a successful extra dimension in the trade policies of LDCs. However, in order to benefit from globalization and tourism development, the LDCs need to improve the human capital stock, to increase the level of technology and to invest in infrastructure.

Furthermore, in the formulation of a tourism policy framework, LDCs must remain cognizant of the potentially detrimental effects accompanying tourism development. These may induce heavy social, environmental and health costs on the population. The following arguments supplemented by case studies, will serve to highlight some of the advantages and disadvantages of developing the tourism industry in LDCs. The case studies also provide the results of experiences gained by developing and least developed countries in order to assist policy makers in formulating more coherent policies, which can properly take into account the relevant circumstances of LDCs, including important social, environmental, and political considerations. With the further assistance of gender analyses,²⁴¹ which are incorporated in each case study, the opportunity is provided for conducting a more thorough examination of how the expansion of tourism trade affects men and women and how gender affects the treatment of operators engaged in tourism trade.

²⁴⁰ Gender refers to the differences between women and men within the same household and within and between cultures that are socially and culturally constructed and change over time. It considers both men and women and their interdependent relationships (see WFP *Gender Glossary*, 1999).

²⁴¹ Gender analysis refers to the examination of a social process, which considers the roles played by women and men, including issues such as the division of labour, productive and reproductive activities, access to and control over resources and benefits, and socio-economic and environmental factors that influence women and men. It also refers to the systematic investigation of the differential impacts of development on women and men (see WFP *Gender Glossary*, 1999).

II. GLOBALIZATION AND THE NEED FOR LDCs TO DIVERSIFY THEIR ECONOMIES

This section provides a brief description of the impact of the globalization and liberalization processes on the development efforts of LDCs. It will further highlight the extent to which their efforts have led to increased participation within the world market.

Globalization is the term used for the increasing integration of the global economy. It implies that the geographic constraints earlier recognized are now shrinking and that the globe is increasingly seen as a single market-place instead of a set of different markets, totally independent of each other. The process of globalization is, however, not a new phenomenon.²⁴² It began with the first transborder transaction which resulted in increasing and expanding that trader's market for trade and settlement.²⁴³ Today, the expansion of globalization is assisted by evolving information technologies and advances in telecommunications. Furthermore, information technology has made many services increasingly tradable, and the lowering of communication costs has added a new dimension to global integration, with important implications for least developed countries as they seek to enhance their participation in the world economy.²⁴⁴ For example, the tourism industry is expanding due to decreasing transport and communication costs.²⁴⁵ Globalization, and the increased flows of trade and investment between countries and regions, is also a fundamental factor with regard to the growth of business travel and the tourism embedded in such travel.

Financial markets, often characterized by boom-and-bust cycles, are also affected by the process of globalization. During boom periods, capital flows rather freely to borrowers, often limited with regard to potential risks. These periods are often followed by busts, when capital is withdrawn quickly from borrowers when risks have been systematically overestimated. Globalized finance, with its access to large amounts of information, instant communication and the capacity to move large amounts of money across borders in short periods of time, has moved the boom-and-bust cycle into the international arena. As a result, the volatility of capital flows to countries through these markets has increased greatly in recent years.²⁴⁶

As countries compete for international capital, the liberalization of markets and financial policies has become a prerequisite for countries to participate in and benefit from the globalization process. Liberalization attracts capital flows but may give rise to unrealistic expectations and therefore to risks. In addition, free flows of international capital in the absence of appropriate controls at the national level to offset potential risks associated with sudden capital flight often make financial markets much more unpredictable and vulnerable. To the extent that unfettered capital flows reduce long-term economic growth and render it less stable, developing countries, and especially the poor and women within these countries, are likely to be particularly harmed. Experiences from boom-and-bust development indicate that women are the first to lose their jobs, but are often also the first to get new job opportunities as the country expands its exports again.

²⁴² Although the word "global" is over 400 years old, the common usage of words such as globalization, globalizing etc. did not begin until about the 1960s. See Waters (1995).

²⁴³ However, Waters (1995) suggests that globalization is contemporary with modernization and that it therefore has been proceeding since the sixteenth century. In addition, he argues that the process has accelerated through time and is currently in the most rapid phase of its development.

²⁴⁴ See UNCTAD (1998a).

²⁴⁵ In the past 10 years, revenues from tourism have almost tripled. The trade flows due to the tourism industry are expected to grow by a further 50 per cent by the year 2000, which is the highest growth rate of any mainstream economic activity. It accounts for more than 60 per cent of all air travel and employs some 100 million people. John Madeley, no year indicated. See John Madeley's CIIR Briefing papers, no year indicated.

²⁴⁶ See ECESA (1999).

Financial liberalization per se is not sufficient to make a country better off, but it may have positive effects such as the availability of finance capital for entrepreneurs at lower costs. Liberalization of international capital flows may also have important implications for domestic economic policies. Some developing countries, for example, finance liberalization measures from their national budgets. This results in the reduction of available resources for public expenditures on important social services. In crisis situations, fiscal reforms are often chosen, which may lead to reduced social expenditures, the introduction of charges for previously free public services, the reduction or removal of food subsidies and other subsidies, e.g. on transport or health care services.²⁴⁷ These fiscal charges tend to harm women, in their reproductive work such as, *inter alia*, food and health care providers, much more than men.

The East/South East Asian crisis is an example of how prudent and sustainable economic policies have now been transformed from being seen as economic "miracles" into structurally unstable systems in the minds of so many observers.²⁴⁸ Never has the economic outlook for such a large group of economies changed so radically and so rapidly.²⁴⁹ It has been argued that the crisis was prompted by an excessively rapid liberalization process undertaken by these countries. However, it was not the capital liberalization per se that caused the crisis, but the pace at which it took place in structurally and politically unstable economies. It is also held that the crisis was the joint product of globalized international financial markets and excessively rapid financial and capital market liberalization unaccompanied by a corresponding strengthening of financial regulations.²⁵⁰

The crisis has not only had effects in Asia but has also indirectly affected other regions of the world, such as Africa where foreign direct investment (FDI) flows from Asia decreased substantially as a result of the crisis.²⁵¹ The extremely weak and poor economies were, however, not among the more seriously hit countries, as they had obtained little access to the private financial markets in the first place.²⁵²

The crisis experience provides concrete examples of the opportunities and risks of opening economies to trade and to free capital flows, and the need for appropriate economic and fiscal policies to balance potential risks. Developing country economies rely heavily on export earnings, which are generally concentrated on a few selected commodities. These earnings are used to finance the import of a number of key goods and services. This has made them very vulnerable to fluctuations in the world market.²⁵³ These economies are also more vulnerable to exogenous shocks, for example to floods, drought, cyclones, pests and other natural disasters, and to threat of armed

²⁴⁷ See the discussions in UNCTAD's forthcoming (Nov. 1999) report on International Monetary and Financial Issues for the 1990s, Volume XI.

²⁴⁸ In the concept "sustainable development" both the environmental and the employment-generating aspects are considered. If, for example, a boom creates employment but then this employment quickly disappears in depressed times these policies may be questioned regarding their sustainability.

²⁴⁹ See UNCTAD (1998b).

²⁵⁰ See UNCTAD (1999).

²⁵¹ When the crisis broke in 1997, there was a strong belief that the crisis would be confined only to the Asian region and that the recovery would be relatively rapid. By the middle of 1998 it was clear that this was not the case. It had also sharply reduced growth rates in most other developing and transition economies. Effects are now also to be seen in the Russian Federation and in Brazil. It has, therefore, been argued that the "East/South East Asian Crisis" may not be appropriate and a more suitable name would be the "Global Crisis". For further discussions, see Chapter III of UNCTAD's forthcoming Trade and Development Report, September 1999.

²⁵² See the UNCTAD Secretary-General's Keynote Address to the High Level Symposium on Trade and Development, World Trade Organization, Geneva, 17 March 1999.

²⁵³ In addition, commodity prices on the international market are currently declining whereas prices of industrial products are following an upward trend. Therefore, countries that rely too heavily on commodities will have to increase their exports or decrease their imports in order to maintain a viable balance of payments.

conflicts. In order to reduce these risks, developing countries are urged to diversify their economies. They cannot remain outside the globalization and development processes in which the rest of the world is engaged. There are many advantages and benefits to be had, but precautions must be taken in order to avoid the risks.

In developing countries, especially small island economies, where impediments to the potential for industrial development exist, economic development is further constrained by a number of factors. These include: (i) small population and workforce; (ii) limited land area and resources; (iii) isolation from major trade routes; (iv) restricted range of marketable products; and (v) limited number of markets and suppliers. Tourism could play an important role in national development. However, few LDCs have developed their tourism industry to any significant extent. The United Republic of Tanzania, Maldives, Cambodia, Nepal and Uganda are a few examples of LDCs which have achieved the highest international tourism receipts, accounting for over a half of the total of such receipts for all LDCs in recent years.²⁵⁴

The United Nations and the World Tourism Organization have been asked to undertake various initiatives, including the promotion of sustainable tourism development, in order to increase the benefits from tourism resources for the population in host communities and to maintain the cultural and environmental integrity of the host economy.²⁵⁵

III. ADVANTAGES AND DISADVANTAGES OF TOURISM DEVELOPMENT

In considering whether to undertake investments necessary for a well-functioning industry, the pros and cons must be taken into account. This section will therefore address the advantages and disadvantages of tourism development.

The advantages of tourism may result in the increased accumulation of foreign exchange (in order to keep or increase import capacity); and help to achieve more stable revenues than those resulting from the falling prices of commodities;²⁵⁶ promote a more efficient national fiscal and taxation structure; create increased employment opportunities; promote income generation; and create multiplier and spillover effects on the rest of the economy. In addition, tariffs and quota barriers are avoided and the sector faces high-income elasticity.

While tourism creates jobs for both men and women, the employment opportunities given to women in particular are, according to the World Tourism Organization, often unskilled, low-level skilled and poorly paid. ILO's estimations show that 2.98 per cent of the labour force in tourism in India, 14.9 per cent in Sri Lanka, 35 per cent in the Caribbean and Latin America are women and that women are more likely to be found in the informal sector, in such activities as laundry, cooking, babysitting and prostitution, rather than in the formal sector. Tourism has, therefore, the potential of paradoxically improving women's status in the labour force, while degrading their capacity in terms of the quality of employment opportunities available in the sector.²⁵⁷

²⁵⁴ See UNCTAD (1998c).

²⁵⁵ See UNCSD (1999).

²⁵⁶ In addition, LDCs, as small economies, will have more chances to act as price makers in the tourism sector instead of being price takers in the world market for commodities. However, recent experiences of sharp, short-term exchange rate fluctuations, due to the East/South East Asian crisis, have had implications on the interregional and intraregional tourist traffic. See also UNCTAD (1998c).

²⁵⁷ Madeley, no year indicated.

Among the *disadvantages* associated with the expansion of tourism-related activities is, for example, the spread of the HIV virus which poses a serious threat to many economies. The spread of HIV has often been associated with the expansion of tourism-related activities, and if no ex-ante precautions are taken, i.e. preventive education of youth and adults, of the local population as well as foreigners, developing country and LDC governments will face enormous ex post medical costs.

Employment creation has been indicated above as an advantage but there may also be a downside to this for a number of reasons. First, the modern and formal tourism industry may pay higher wages, especially when under foreign ownership, which could give incentives for the local operators and entrepreneurs to change their occupations.²⁵⁸ Transition from certain activities to others, for example away from agriculture, could have implications for food security. Certain traditional occupations risk being crowded out, which could have an effect on the society as a whole. However, it could also be that the large hotels choose to keep wages low and reap most of the benefits themselves.

Secondly, tourism development may displace local workers from their homes and traditional work activities because areas and land are used for tourism projects. This has been experienced in the fishery sector where, for example, traditional fishermen cannot use the beaches, which have been used for centuries. Moreover, women who have traditionally used beaches to clean vegetables before bringing them to market or who have used the water for washing may in certain areas have to operate even further away from home, which increases their work burden. Water pipelines or wells could be complementary investments.

Drain on water supply is an additional problem. The demand for water by hotels can mean less local water for nearby farmers, which can affect food production and increase the workload of women in collecting water from other sources. The establishment of golf courses can also put severe constraints on water supplies, and on the expansion of land for local agricultural production and forests. These externalities could be internalized through appropriate taxation.

Migration of women, both from within developing counties and from abroad, to service the tourist trade can be seen as another negative side as it may lead to family breakdown. For example, Russian women are migrating to Thailand and the Philippines.²⁵⁹

Moreover, there is a danger of too heavy reliance on tourism if it becomes the major sector in the country. For example, in Antigua and Bermuda, tourism accounts for 84.5 per cent of GNP.²⁶⁰ Countries may then become dangerously vulnerable to the changing taste of holidaymakers. UNCTAD's 1998 report on LDCs cites the example of Gambia, which is now facing competition from other "sun-and-sand" destinations, which can compete effectively in terms of price and quality. Developing countries should, therefore, consider exploring the specificities of their country and to identify more efficiently an appropriate niche to help to promote the development of the sector in a sustainable manner.

Niche-marketing is thus an important aspect of tourism development, and a country needs to identify the segment of the market best suited to exploiting its comparative advantages.²⁶¹ Uganda offers a good example of a country which is successfully developing the low-volume, high value-

²⁵⁸ As discussed in the case study of Nepal, the reallocation of female labour from agriculture to tourism has had positive implications for women as their burden of work has decreased.

²⁵⁹ See Madeley, op.cit.

²⁶⁰ Ibid.

²⁶¹ UNCTAD (1998a).

added tourism market. Uganda has used its comparative advantages in niche-marketing “Uganda” as an attractive destination for ecotourism.²⁶²

Diversification of the supply of tourist services is an important element in developing policies. It reduces dependence on, for example, the weather and on taste. It also refers to the variety of services that could be supplied within the country, for example, in different areas (lakes, rivers, mountains, seaside etc.) and within a given place (historical heritage, cultural activities, shopping centres, restaurants, theme parks etc.).²⁶³

Advantages and disadvantages can also be discussed with regard to different types of investments occurring within the sector such as, for example, joint ventures, franchising, hotel consortia,²⁶⁴ and also in respect of cultural invasion, but such discussions fall outside of the main purpose of this paper.

IV. CONSTRAINTS ON AND BARRIERS TO DEVELOPMENT OF TOURIST SERVICES

There may be constraints on the development of the tourism sector, and in order to escape these constraints, investments of different kinds may have to be undertaken. One such constraint may be lack of trained labour for the new industry. In addition, if the local suppliers of tourism services (hotels, tourist guides etc.) have weak bargaining power and lack of negotiation skills compared to larger operators, the consequences could be unfavourable contractual conditions.²⁶⁵ These constraints call for training of both men and women to acquire negotiation skills. With respect to lack of trained labour, effort must be undertaken to ensure that men and women have equal opportunities in acquiring the skills. Governments should make it a priority to provide education to the population, especially for women, as they suffer from the highest rates of illiteracy in almost all countries of the world. For example, in 1994, about 960 million people were illiterate, of which three-fourths were women. 70 per cent of the 130 million children who never started school were girls.²⁶⁶

Another constraint may be lack of financial resources to make the initial investments. Foreign direct investment has, therefore, played an important role in respect of financial constraints. However, in general, FDI has not been equally distributed, 80 per cent of FDI in developing countries goes to only twelve countries.²⁶⁷ In addition, the share of FDI to sub-Saharan Africa has decreased from 16-18 per cent in 1970-1980 to 7 per cent in 1997.²⁶⁸ Furthermore, investments by transnational corporations (TNCs), presently undertaken, are not fully benefiting the developing countries. The leakage of high percentages of foreign exchange is one example, which indicates the risks of being too dependent on TNCs. Only a small share of the income generated goes to the developing countries, as most of the money spent on holidays is for air fares and hotels, which are mostly owned by the TNCs. For example, there are leakages of 30-80 per cent in the countries of the Caribbean and 77 per cent in Gambia.²⁶⁹

²⁶² Ecotourism typically involves the operation of small-scale tours to natural areas of wildlife habitats, and since it is less capital-intensive than mass tourism it offers greater opportunities for local SMEs.

²⁶³ UNCTAD (1998c).

²⁶⁴ Ibid.

²⁶⁵ Ibid.

²⁶⁶ See Wieslander (1994).

²⁶⁷ The six largest receivers are Argentina, Brazil, China, Indonesia, Malaysia and Mexico. See Singh and Sammit (1999).

²⁶⁸ Ibid.

²⁶⁹ See Madeley, op.cit.

Furthermore, the attempt to attract foreign investment has often led governments to offer much better incentives to TNCs than to locally owned hotels, which as a result have difficulties to remain competitive. Such hotels often have links with the local community and infrastructure and could provide more opportunities for the local population than the TNC-owned hotels.²⁷⁰

Market access has been a constraint for many suppliers of tourist services in developing countries as most of the holidays that are focused on developing countries bring 67 per cent of the tourists originating mainly from 14 different developed countries.²⁷¹ However, electronic commerce, i.e. electronic media and communication, and the Internet, have become very powerful tools. They have opened up significant opportunities to promote the development of the tourism sector and to access the world market. Here again, women are in weaker positions than men in terms of their education and training.

Air traffic access has also been another problem for developing countries. It is strongly hindered by two factors: (i) the long distances between the demanders and suppliers of the services, (ii) the low international air traffic density. These two factors make it difficult for developing countries to compete with destinations in developed countries.

LDCs have been largely left out of the globalization process in the area of air transport services, as manifested by the low regional distribution of scheduled traffic. For example, Africa's share of the total international traffic in 1997 was only 4.1 per cent, while in Asia and in the Pacific it accounted for 13.1 per cent. This can be compared to the 69.1 per cent share of Europe and North America.²⁷² LDCs are constrained by several serious deficiencies, for example, by low quality of supply of air transport infrastructure, (including airports and air traffic control systems), by shortages of qualified and skilled technicians and by the fact that they are often geographically located outside of main aviation markets. In order to alleviate the existing severe underdevelopment of the sector and to promote commercial activity therein, and to further secure a position in international trade and international trade negotiations in air transport services, LDCs will have to develop both infrastructural and technical capacity to support air transport services.²⁷³

In fostering high potential growth of the tourism industry, the elimination of the above bottlenecks and creation of an enabling environment is indispensable for the development of the tourism sector.

V. CASE STUDIES

The following case studies on Bali, Jamaica, Nepal and Western Samoa give examples, on a local level, of the possible effects of tourism development.

²⁷⁰ *ibid.*

²⁷¹ *ibid.*

²⁷² See Wichramasinghe (1999).

²⁷³ Establishment and development of infrastructural networks and a skilled labour force, within the context of international air transport services could strengthen LDCs bargaining position in international negotiations. In this context, it is also important to highlight that international air transport services, which are still mainly governed by the arrangements negotiated under the Chicago Convention of 1944, were not included in the Uruguay Round negotiations due to the strong bargaining power of some countries.

*A. Bali*²⁷⁴

Bali is an Indonesian island that has found its niche in the tourist industry. For example, a newly-emerging destination area in the interior of the island with a scenic view of the Ayung River and the peaceful setting and rafting activities has developed its comparative advantages. However, at the time when the first hotel was built in 1980-1982, the local population was not prepared for the development of tourism as they did not have the required skills.²⁷⁵ Since then tourism has given new employment opportunities to men and women and the population have been stimulated to open new business directed towards tourists. They have also learnt to recognize that existing business should include provision of consumer goods directed toward the needs of tourists.

Based on local information of the Ayung river area, it may be noted that the supply of hotels varies from a few small-scale low budget guest-houses (US \$ 30-50 per night) to more expensive alternatives, such as the bungalow style hotels (US \$ 100-700 per night). However, local village women have faced the most constraints in securing employment, especially in the more exclusive hotels. In the early 1980s, only 25 per cent of the employees were women, of which only four per cent came from the local village itself. In addition, none of the hotels had full-time female employment that exceeded 31 per cent. This share was only five per cent for the local women. Some of the reasons were that (i) certain jobs were considered masculine; (ii) the work in night shifts was only permitted for men; and (iii) lack of training. In small hotels, however, there was no defined gender division of labour so that women could more easily find jobs.²⁷⁶ Men, on the other hand, have also gained new job opportunities as, for example in the restaurant business in cooking.

Furthermore, self-employment in small shops, for example, has proven to be a successful occupation for women. It has enabled them to combine this work with their domestic activities. Statistics from these local villages show that the flow of women from jobs in hotels to self-employment in shops occurs as they are getting married. Only 24 per cent of the female employees in hotels were married, whereas in shops 67 per cent of the women were married. For example, a deciding factor concerning whether women would continue working after marriage was whether they would be permitted to do so by their husbands. There are, however, other constraints to the establishment of female business. Lack of education, training and entrepreneurial skills, poor access to capital and the effects of cultural values and traditions are major constraints faced by women.

This case study on a rural community in Bali strengthens the argument for the need for female education and training. It also clearly highlights the opportunities available to married female entrepreneurs. This requires identification of appropriate measures to strengthen their positions in the market.

*B. Jamaica*²⁷⁷

The Caribbean is a well-known tourist destination. The Bahamas and Cuba were the two first islands to develop tourism. In 1919, some 45,000 tourists spent their vacation in the area, and by 1991, this had expanded to 11.65 million tourists.

In western Jamaica, gender roles have been rather clear in the tourist sector;²⁷⁸ men have provided capital for women of the family to establish guest-houses offering accommodation for

²⁷⁴ The case study is based on information from the paper by Judie Cukier, Joanne Norris and Geoffrey Wall (1996).

²⁷⁵ Some 62 per cent of the population is occupied in rice cultivation and 36 per cent involved in other services and trade.

²⁷⁶ This refers to the overall societal pattern, which allots one set of gender roles to women and another set to men.

²⁷⁷ The case study is based on information from the paper by Janet Henshall Momsen (1994).

tourists. Women's tasks have been seen as an extension of their domestic role. However, women have complained about the attempt by men to control the running of the guest-houses.

As women tend to have less capital and usually depend more on selling home-made products, they have often been occupied in selling food, clothing and other hand-made items. In addition, they are employed as maids in hotels, which is classified as unskilled labour and are, therefore, paid accordingly. Men tend to be more occupied in selling jewellery and souvenirs.

Statistics from the region give a picture of the transfer of employment from different sectors to the tourism sector. Women tend to come from clerical jobs, sales or other non-tourism service jobs, and domestic services. The reasons given for this trend are that the salaries are higher, there are more regular hours and less individual work. Men, however, tend to come from the manufacturing sector. The increased income generated by tourism has led to a redistribution of authority within the family.

This case study of Western Jamaica has placed emphasis on the natural roles of women in the tourism sector. It has also highlighted the need for complementary measures such as improving their access to capital. The increasing reallocation of men from the manufacturing sector may also exert economic effects on the industrialization path of the country.

C. Nepal

In Nepal tourism is an important sector, which was already recognized in 1959. In 1996, it contributed as a principal source of foreign exchange some 20 per cent of total export earnings. As a further example of its growing importance, the contribution of tourism to the country's foreign exchange earnings increased by 80 per cent between 1993 and 1996. The further development of the sector is, however, constrained by several factors, including lack of a coherent tourism policy and growing pollution in Kathmandu.²⁷⁹ UNCTAD suggests, in considering the limited ability of the country to absorb the growing number of tourists and the need to arrest environmental degradation,²⁸⁰ that Nepal could focus its strategies for the development of the sector on the upper level of the market, that is, put the emphasis more on quality and less on the number of tourists. Furthermore, such a change may reduce the competition that the country faces from similar tourist destinations in Asia.

In 1996, around 400.000 tourists arrived in Kathmandu. The formal tourism sector accounts for 6.7 per cent of the total employment. The informal sector, i.e. tea shops, lodges along the trekking trails, and other indirect employment, i.e. agricultural industries, transport and communication services, also plays an important role for the country's economy.

Nepal has developed the tourism industry in a rather small-scaled fashion. Families in the mountains have opened small lodges, teashops, restaurants, etc. The required capital has been drawn from former army pensions. In Damphus, in the mountain area, 35 per cent of the lodges and teashops are owned by women. In addition, modest capital-intensive enterprises benefiting from tourism have developed from this environment. Examples are: horticulture which has developed

²⁷⁸ Gender roles are classified by gender, in that this classification is social, and not biological. Gender roles are learned and vary widely within and between cultures. As social constructs, they can change. Gender roles determine access to rights, resources and opportunities (See WFP *Gender Glossary*, 1999).

²⁷⁹ See UNCTAD (1998a).

²⁸⁰ Only 10 per cent of recorded tourist arrivals are by road, which is a critical bottleneck for tourism expansion, see UNCTAD, op.cit.

due to the increased demand for fresh vegetables; petty trade; domestic help to the lodges; increased demand for fuelwood for the lodges; brewing and selling of alcohol; etc. This has led to rising standards of living in the village, with improved dietary food habits etc.

The tourism development has had positive implications for women's workload. The transfer from agriculture to tourism has decreased women's time spent in the fields. Investments in time-saving technologies (for water, toilets, rice mills etc.) have been introduced and men have contributed to reducing some of the extra workload from tourism imposed on women. Women have become more active and have gained confidence and are more aware of the importance of education, health and sanitation.

The negative consequences of tourism in Nepal have, however, been identified as deforestation, litter pollution, cultural invasions, declining interest in agriculture, and the preference of local youth for tourism-related jobs rather than education, etc. However, the shift away from agriculture has eased the work burden of women living in mountain areas. The country has also benefited from infrastructural investments (on improved drinking water and roads), which have saved time for productive activities, better sanitation and children's education.

In this context, the gender perspective must be mentioned for its inclusion in the Government's tourism policy (Eighth Master Plan, 1990-1995),²⁸¹ and has had positive implications for the people, especially women, in tourist areas.

This case study of Nepal has highlighted the potential benefits to rural women in a variety of activities. The development of the sector has been assisted partly by complementary investments, such as in time-saving technologies. These improvements have enabled women increasingly to participate in productive activities, as opposed to the reproductive work. However, the high rate of female illiteracy may prove to be an additional constraint on tourism development. Moreover, the pollution in Kathmandu has become a serious threat to the health of the population in the valley as well as to tourists. Solutions to these constraints and externalities have to be found in order to provide a sustainable development of the tourism sector and of the Nepalese economy as a whole.

*D. Western Samoa*²⁸²

In Samoa, an island in the Pacific Ocean, the first advertisement for tourism was announced in 1965. In 1990, the tourism capacity was for 892 guests. Each hotel is operated as a locally run family business except for one which is Japanese-owned. Still, tourism currently contributes 17.4 per cent to foreign exchange earnings. The economic development of the country, which has limited resources of land and agriculture with 70 per cent semi-subsistence production, has been constrained by the factors typical for small islands, as already mentioned above.

Due to the small potential for industrial development, tourism may play an important role in future economic growth. Ways to attract investors are duty exemptions, loans and tax holidays, in order to speed up tourism expansion. However, the Government has shown a very cautious attitude regarding infrastructural development with explanations that: (i) heavy investment subject to fluctuations in external economies and rising energy costs presents inevitable risks; (ii) lack of

²⁸¹ A gender perspective is a method of thinking, or conceptualizing, a cognitive structure that enables policies and programmes to be designed, assessed, monitored and evaluated in terms of their relative implications, in contributing and in impact, for women and men. (See WFP *Gender Glossary*, 1999)

²⁸² The case study is based on information from the paper by Peggy Fairbairn-Dunlop, 1994.

readily available finance for capital investment, and (iii) the widespread fear that tourism will undermine the indigenous culture, which is a major factor. In addition, the fact that 80 per cent of the land is held in customary tenure necessitates that tourist ventures be village/family ventures, and enthusiastic negotiations for tourist ventures have foundered on questions of land ownership.

Tourism has developed according to the indigenous values and home-based traditional hospitality. The majority of today's hotels began from a small spare room in a family house, used by the family when there were no guests.

According to estimates in 1990, some 720 people were employed in the tourist sector (excluding airlines, transport etc.), and according to unofficial estimates, 80 per cent of these were women. Women are engaged at various levels. Although they hold some management positions, a large proportion of women are also engaged in the informal tourism sector (handicrafts, tours, family guest-houses, selling etc.). Taxi driving is the only tourism-related enterprise where men outnumber women. The reasons given for this gender division of labour is that: "women are good at hospitality, at looking after people"... "women do it because there's little money in tourism"... "it's not a full-time job..." "it doesn't bring in regular money...". Moreover, women have built new and lucrative enterprises out of the initial small-scale activity by skilfully identifying a market and responding to opportunities. This has been possible because the endurance of customary values has ensured that women have not been denied an education; are used to taking the initiative and being responsible for their decisions; and are willing to work hard at any task which may benefit the family. In addition to these personal skills, the indigenous culture has provided women with a royal family support network, which has enabled women to take risks as they explore new business directions. Women have utilized the family system-operating norms to the advantage of the business itself, and to the advantage of family members.

This case study of Western Samoa gives an example of a country which has purposely restricted the pace of tourism development in order to maintain its socio-cultural values. It also shows the importance of female education in the development of tourism.

VI. CONCLUSIONS

This paper has attempted to show the important role that tourism development can play in generating foreign exchange to promote sustainable economic and social development in LDCs. Tourism development may also help to alleviate the dependence of LDCs on commodity-based trade and to create important linkages with other sectors within the economy in order to boost industry and production, generate employment, and to promote transfer of skills and technology. There may be many constraints to development and negative externalities associated with tourism expansion. Therefore, precautions must be taken and the danger of "mass-industry" with its negative effects must be analysed. A possible solution to these problems is to develop the niche-marketing of the sector and the exploration of the country's comparative advantages in order to reach sustainable development. Involving both men and women in the development process must also be seen as indispensable. The gender roles and responsibilities and opportunities should be considered. For example, men and women may face different constraints with regard to: (i) access to resources; (ii) availability of time; (iii) skills; (iv) access to jobs; and (v) access to markets. Entrepreneurs at all levels should have the opportunity to use the market effectively, for the benefit of everybody. A stimulating environment not only offers incentives to the local people, but may also attract domestic and foreign capital for investment.

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STATUS OF TRADE, SUSTAINABLE DEVELOPMENT AND GENDER ISSUES IN NEPAL

by
Mahesh Kumar Agrawal
President
Nepal Chamber of Commerce
Kathmandu, Nepal

I. INTRODUCTION

Nepal is one of the least developed countries in the world characterized by slow growth and a high level of poverty. Its population is 23 million with an annual growth rate of 2.7 per cent. It is estimated that almost a half of the population lives in poverty. The annual GDP in 1997 was US\$ 4.9 billions and the GNP per capita US\$ 210. The pace of economic growth averaged 5.95 per cent annually from 1987 to 1990, 4.6 per cent from 1991 to 1994 and 3.61 per cent from 1995 to 1998. Poor management and lack of overall efficiency of the economy appear to be important causes of this dismal scenario.

The country is also landlocked and to a large extent dependent on India for the inward/outward movement of commodities and products for its international trade. The rugged topography makes it difficult and very expensive to connect the country effectively with even a minimal acceptable level of infrastructural services. Thus, achieving sustained economic growth and development poses a strong challenge for Nepal. The objective of sustainable development in particular has been set as a priority. In this context, the important contribution of women, particularly in agricultural activities contributes a traditional feature of the society, but women also represent a large part of the country's poor. The investment needs in the various infrastructure sectors of Nepal are substantial, but the public funds available for infrastructure investments are extremely limited. The fiscal resource base is small and grows slowly, which leaves the government highly dependent on external loans and assistance. Recognizing these financial constraints, as well as the lack of efficiency in the performance of state enterprises, the Nepalese Government is keen on attracting private sector investment into infrastructure development.

II. DEVELOPMENT POLICY AND RESOURCES

Nepal has been following a five-year Plan strategy for its national development for the past four decades. The current ninth five-year Plan (FY 1992-2002) emphasizes the eradication of Nepal's widespread poverty as its major development objective. The Plan recognizes the need to accelerate economic growth from an average of 4.5 per cent per annum in the past decade to 6 per cent per annum over the Plan period and a slowdown in the population growth rate. The Plan also lays emphasis on increasing employment opportunities for a rapidly growing labour force, improving socio-economic conditions and further widening the basic infrastructure to raise living standards and to facilitate economic development, while reducing regional gender and ethnic disparities. To expedite economic development, the Plan proposes to exploit the growth potential that exists in agriculture, hydroelectric power and tourism; to undertake required investments in infrastructure and human resource development; and to create the base for industrialization through increasing exploitation of trade and investment opportunities that are available with neighbouring countries and also at the regional level. The Plan recognizes the pivotal role of the private sector in economic development, the complementary role of the public sector as a facilitator and provider of social and economic infrastructure and the imperatives of liberal and open market-oriented economic policies.

Since 1990, the government's economic policies have been mainly based on globalization, liberalization and privatization. In conformity with these approaches, doors were opened to the private sector in almost every field - finance and banking, civil aviation, hydroelectricity, health and education and so on. The trade sector was increasingly liberalized and licences for establishing enterprises were abolished. Foreign investment was allowed in the manufacturing and service sectors. A number of state-owned enterprises have been privatized – and more sectors opened for private sector investment. The coming introduction of new industrial and trade policies; a Foreign Investment and One Window Policy; a Privatization Policy, the Industrial Enterprises Act; the Foreign Investment and Technology Transfer Act and other policies regarding tourism, finance and banking, hydroelectric power and civil aviation are also anticipated to exert an important and positive impact on the Nepalese economy.

A. Agriculture

Nepal is an agrarian economy with agriculture contributing 43 per cent of GDP and with over 90 per cent of the population dependent upon it. However, the contribution of this sector to the national economy is said to be decreasing every year resulting in the increase of unemployment. The agricultural land, particularly in the Terai (plain areas in the south of the country bordering India), could yield much higher labour output, especially from an effort to expand the workforce and to emulate the customary energy and application of the women who are notable for their extreme hard work in agricultural activity.

In successive programmes of economic liberalization, the priority accorded to the agriculture sector for securing a broad-based and sustainable development has been continuously emphasized. The Agricultural Perspective Plan (APP) was approved in July 1995 and, within its framework of priority to accelerate growth, essential basic inputs, namely, fertilizers, irrigation, agricultural roads, rural electrification and technology, have been identified. Similarly, the Plan has identified livestock, high-value crops, agribusiness and community and leasehold forestry, as well as principal cereal and cash crops and priority outputs. The Plan stipulates that if implemented fully, it would reduce the present high level of poverty from 49 per cent to 14 per cent by 2014-2015. Thus, the APP is also a blueprint for poverty alleviation in Nepal.

B. Hydroelectric power

Nepal is renowned for its rich hydro-resources and for having one of the highest hydroelectric power potentials in the world. Theoretically, it is estimated that 83,000 MW of power could be generated. As of 1998, only 262 MW or 0.3 per cent of this potential has been harnessed. The expected demand for electricity is estimated to be around 400 MW. Thus there is an energy gap of about 100 MW. This has led to irregular supply and load-shedding (it is estimated that future power demand will grow by about 10 per cent per annum). Load-shedding not only disrupts normal life, but also seriously affects the industry and business sectors. In a country where industries are finding it difficult to compete in the market, load-shedding has further reduced their competitive performance. In this situation, Nepal needs to make an extra effort to overcome this problem and harness its most important natural resource to accelerate the pace of development.

The hydroelectric power development policy of 1992 emphasized exploiting Nepal's power potential to meet national demands, to initiate rural electrification, to export surplus power and to improve the quality of supply. The law encourages both domestic and foreign investment in harnessing hydroelectric power, but despite enormous potentiality, Nepal has not been able to develop this sector. The returns of the Enron Company and the Arun project are illustrations. In order to overcome these problems, the following strategies have been suggested: (i) A sound master plan to harness water resources of the country should be designed, and the prioritization of projects should be based on effective returns and true benefits; (ii) Environmental considerations must be taken into account, not only at plant level but also at the operational level; (iii) Any glitches and

gaps in the policies and legal framework should be removed quickly and strategies to develop fundamental infrastructure and to reduce costs should be emphasized; (iv) Consultation, transparency and dissemination should be integrated in the strategies, and (v) Market exploration must be undertaken in neighbouring countries and negotiations should be pursued with the Indian authorities to create a better environment for exporting surplus power at competitive prices.

C. Tourism

Tourism is an important source of foreign exchange earnings for Nepal. The country was opened up to tourism in the 1950s and soon acquired world recognition as an exotic destination, sometimes even seen as a Shangri-La. With a 4 per cent contribution to the GDP, the annual growth rate in number of tourist arrivals is 8 per cent to 10 per cent. In 1998, the number of tourist arrivals reached 460,000. The major tourist attractions in the country are the high peaks, natural beauty, a rich social, cultural and architectural heritage and varied ecological resources. For its betterment, the preservation of the ecology, pollution control measures, and their strong monitoring and supervision are all essential.

The tourism industry has been identified as an employment-generating industry with a strong competitive advantage – it could also become an important sector for enlarging and improving the quality of women's contribution to the economy. This has been listed as the second important thrust area in the perspective vision of the ninth five-year Plan. The concept of village tourism is gathering momentum, and a sound development of Nepal's tourist industry could lead to a significant contribution to the growth and development of the economy.

D. Trade

In 1992 the country's Trade Policy was redesigned to recognize a realistic exchange rate, the rationalization of tariffs, the removal of quantitative restrictions, the introduction of an effective duty drawback system and the implementation of export development programmes. In pursuing these policies, full currency convertibility has also been introduced. This new approach to international trade was oriented toward open and liberal policies, but for the successful operation of these policies improvements are needed, mainly in the bureaucratic/administrative area, institutions must be created or strengthened and the policy action processes should be properly monitored and evaluated. Nepal's total foreign trade grew from Rs. 1 billion in 1970-1971, to Rs. 30.6 billion in 1990-1991 and to Rs. 116.4 billion in 1997-1998. Nepal's foreign trade is characterized by the export of carpets and garments; and manufactured products constitute the bulk of the country's imports creating a large annual trade deficit.

The following strategies are recommended for improving this situation: (i) Institutions/organizations should be created to develop market links, conduct product research, promote products and address other issues to facilitate trade and smooth out difficulties; (ii) Import and export duties should be rationalized, and the tax registration process simplified and made hassle free; (iii) Nepal must initiate efforts to identify and develop products to diversify its export base taking account of its production/marketing potentials; (iv) Strategies should be determined after proper analysis to take advantage of WTO membership and to meet the challenges and obligations of membership; (v) Various macroeconomic and sectoral policies should be integrated, and the necessary legal framework should also be designed to facilitate implementation of these policies; (vi) Technical support should be provided to developing potential export products; (vii) Analysis and study of competitors in Nepal's export markets should be updated; (viii) An export-led growth

package programme should be initiated and developed, and (ix) Monitoring and evaluation of activities to stimulate creation of forward-looking policies and programmes should be undertaken.

E. The industrial sector

Although industrial development in Nepal has been accorded high priority, such development has not taken place on a sustainable and desired basis. As a result, this sector is still unable to develop its competitive strength. Industrialization is necessary for employment generation and sustainable development, but the lack of a conducive industrial environment has been the major obstacle in achieving industrialization. Various changes have also been noticed in the industrial arena following the introduction of liberal economic policies. Nepal's manufacturing sector is still relatively small, although its share in GDP (slightly above 4 per cent during the 1970s) had increased to around 9 per cent in the early 1990s. However, in 1996-1997, the average growth rate was 5.5 per cent, slightly higher than the overall national economic growth rate. It is reported that many industrialists have become disillusioned with the adaptation of liberalization policies that has encouraged both domestic and foreign competition in the domestic market.

The present ninth five-year Plan has brought a new policy imperative by defining a long-term vision for 20 years. It mainly focuses on doubling the contribution of the manufacturing sector to 20 per cent of GDP. Basically it aims at making the manufacturing sector more competitive and market-oriented, increasing the domestic inputs and transferring the existing skills and entrepreneurship to manufacturing establishments, etc. To attain these objectives it defines the strategies as development of the labour market, manpower development, protection and monopoly, encouraging foreign investment, privatization of public sector enterprises, creating an industrial infrastructure, promoting domestic investment, controlling pollution, promotion of cottage and small-scale industries, developing mineral-based industries, promoting productivity and technology transfer, and increasing and maintaining the quality of manufactured products. It has also defined the following ten thrust areas:

- | | |
|-------------------------------------------|----------------------------------|
| 1. Hydroelectric power. | 6. Agro-based industries. |
| 2. Tourism-based industries. | 7. Commercialization of forests. |
| 3. Energy-oriented industries. | 8. Leather-based industries. |
| 4. Computer software. | 9. Financial sector. |
| 5. Local non-metallic mineral industries. | 10. Sericulture/Floriculture. |

III. THE NEED FOR FOREIGN INVESTMENT

Before 1990, there were only 59 approved foreign investment projects in Nepal. The number had risen to 494 projects in December 1998. In the total project cost, the average share of foreign investment accounted for 21.8 per cent. The foreign investment realization rate has been quite low with only 43.7 per cent of projects being operational. There has been little success achieved in attracting foreign investment when compared to that flowing into neighbouring countries. The total foreign investment in Nepal to date is about US\$ 250 million, which must be considered small. The annual flow of about US\$ 30 million is not a sizeable sum even from the Nepalese perspective.

But foreign investment capital should be attracted and mobilized in vital sectors and regional projects like infrastructure, industry, hydroelectric power and so on, considering that Nepal remains a strategically important country, being in proximity to the two largest markets of the world, China and India. In view of this strategic importance, Nepal should be developed as an international

financial centre. To attract foreign investment, the economy should be competitive, transparent, account-based, corruption-free and judicially reliable. The following initiatives should be taken:

1. Revenue administration must be improved significantly in terms of efficiency and effectiveness, and any misunderstandings must be eliminated at the time of registration and assessment.
2. Revenue policy must be transparent and sustainable.
3. Nepal's development potential and competitive advantages should be well publicized to potential investors.
4. The industrial and investment policies should be clearly designed and specified, in order to ensure transparency, engender confidence and make the One Window system effective.
5. Procedural clarity and simplification should be emphasized.
6. Continuous upgrading of the country's infrastructure is necessary.

IV. POVERTY IN NEPAL

The eradication of poverty - largely affecting women - has been recognized as one of the most critical objectives in Nepal today. In this context, first, the theoretical definition of poverty has been adapted from the FAO, based on the calorie intake per person per day. Second, in Nepal, land has been traditionally used as the operational definition measure, and the standard minimum set at 0.5 hectares of land per household with an average of six members each. Using such measures, the magnitude of poverty in Nepal was assessed at 49 per cent in 1992 and at the end of the eighth five-year Plan it was determined at 45 per cent in 1997. In the ninth five-year Plan, 1998-2002, the objective is to bring this down to 32.5 per cent.

The rampant poverty in Nepal could result in social chaos and environmental deterioration and therefore gives rise to the Government's concern and the need to reduce it as a priority objective. The causes of poverty are first, spatial poverty resulting from the lack of infrastructure, resulting in the high transactional cost of acquiring inputs and selling outputs, which creates spatial poverty pockets. Second, poverty due to the rapid increase in population growth and consequent pressure on natural resources. Third, poverty due to loss of opportunities. The alleviation of poverty is therefore contingent upon the precise diagnosis of its cause. The alleviation of poverty is urgently necessary, otherwise much harder days will have to be faced by the poor. Without an accompanying social infrastructure development, the income-generating activities will not bear any fruit. To eliminate poverty and unemployment it is necessary to achieve a high annual economic growth rate by accelerating production, stimulating agriculture and job creation. In the ninth five-year Plan the priority sectors are agriculture, hydroelectric power, human resource development, industrialization, tourism and infrastructure. The vicious circle of poverty can only be eliminated through converting an agrarian society into an industrialized one with the maximum involvement of women.

V. ENTERPRISE DEVELOPMENT AND LIBERALIZATION

Guidelines for setting up a successful enterprise start with the identification of viable and profitable projects based on innovative ideas and market research. The products must be of high quality standard, production should be cost effective to remain competitive and the capital employed should be managed legally. The project should use the latest affordable technology,

including information technology, as a business tool, while customer care and after-sales service should be given top priority. A successful entrepreneur should display a sense of social responsibility towards workers and employees and, finally, the project should be eco-friendly.

Subcontracting is a very important marketing method. Strategic linkage between the large- and small-scale enterprises is very crucial for the survival of both types of undertakings. In Japan, 75 per cent of the small enterprises are linked with large ones. In Nepal many cottage and small-scale industries face marketing problems and so efforts should be made to develop trading houses or marketing companies. Private sector development in Nepal is the crucial need of this time and small-scale enterprises are wholly located in the private sector.

The required quality of entrepreneurship exists abundantly among women. Women are born administrators, they know how to run a family and the community and get the best results. In the northern mountainous region of Nepal adjoining Tibet, women-dominated societies are still there. They are the major decision-makers and economic controllers in the family and society. They work hard and are energetically involved in economic activities. This reveals that women have the necessary qualities to be successful entrepreneurs, and further discussion of this and its likely future relevance to the economic development of Nepal is the basis of section IV below.

The economic liberalization process was initiated in Nepal in 1986 with the commencement of the Structural Adjustment Programme. In 1992, Nepal had earlier entered into an Enhanced Structural Adjustment Facility arrangement with the IMF. Nepal adopted relatively open policies compared to its other South Asian neighbours, but the conducive climate has not yet helped the cause of investors. In view of the challenges of globalization, the time has come for Nepal to pursue strategies to break the shackles of slow growth and alleviate poverty with total commitment. To address this situation the government viewed it to be essential to link the Nepalese economy with the global economy on the basis of competitive strength, by encouraging the private sector's capital resources and skills for this development. Economic liberalization encourages the creativity and entrepreneurship of the private sector and helps to maximize the utilization of available resources.

Some of the policy instruments used to promote liberalization have been in operation for over a decade. Therefore, it has become necessary to analyse these measures in the light of the major goal of poverty alleviation as declared in the ninth Plan. With the passage of time and taking account of the continuing sluggishness of the Nepalese economy, a number of other measures have been proposed by the multilateral agencies, either openly or in other ways such as deregulation of interest rates, restriction on certain types of foreign investment, opening of the financial sector for foreign and private sector investments and privatization of public enterprises. The following specific measures have also been taken in recent years: (i) Exchange rate adjustment; (ii) Restraint of domestic borrowing; (iii) Rationalization of the tariff regime; (iv) Direct tax measures and (v) Legal and administrative changes.

Unless the majority of rural people is benefited, the liberalization process will not receive popular support and therefore cannot become the mainstream of development. It has therefore been decided by the Government to implement the following working policy to bring the benefits of liberalization to the rural people: (i) The economic reform programme will be extended to cover agriculture, forestry and unorganized sectors; (ii) Available surplus resources will be invested in the creation of social and physical infrastructures and human resource development; (iii) Access of the rural poor to income and employment opportunities created by economic liberalization will be extended and increased and (iv) Social security assistance will be provided to the disadvantaged citizens of the country.

VI. GENDER AND DEVELOPMENT

The women of Nepal, that collectively constitute half of the country's total population, could increase their vital contribution to the development of the national economy. Economic empowerment of women would contribute significantly to the eradication of poverty and raise the standard of living of the people. In fact, women are now placed at the centre of poverty alleviation strategies in the developing countries. In a formalized sense, women's entrepreneurship is a new phenomenon in Nepal, but certain ethnic communities in the country, especially the Newars and northern highland groups, such as the Sherpas, Gurungs and Thakalis, are known to have a long tradition of their women being involved in small-scale business enterprises. The Nepal Chamber of Commerce, when sending business delegations to participate in the Dynamic Asia Fair and the Osaka International Fair in Japan, ensured that many women entrepreneurs participated with their Nepalese products, which is a good sign of entrepreneurship development. The Nepal Chamber of Commerce has also organized a special exhibition/sale specialized on the products of women entrepreneurs, which was successful.

The women involved in cottage and small-scale industries in Nepal face numerous problems in the field of production techniques, management, finance and marketing as well as in policy-related matters, for example: (i) Problems in identification of viable projects; (ii) Lack of access to land and property and control over financial and productive assets or resources; (iii) Lack of access to bank loans and credit and lack of fixed and working capital; (iv) Lack of adequate level of education and appropriate business training; (v) Lack of support from families and society; (vi) Limited government resource allocation for women's programmes; (vii) Lack of information dissemination about the appropriate technologies, and (viii) Problems of marketing.

There is now a strong realization of the economic significance of women's productive activities. They are being encouraged to join in the economic mainstream as equal partners in Nepal's economic development. Consequently, there are now various programmes in support of women's entrepreneurial activities, as follows, but they are not always adequately financed:

1. The *Micro-enterprises Development Programme (MEDEP)* is a joint venture of His Majesty's Government, the Ministry of Industry and the United Nations Development Programme (UNDP). The main objective of the Programme is to reduce the poverty of low-income families. The goal of poverty alleviation is considered to be realizable if more women become active participants and as the women are not required to furnish collaterals for loans, the development of women's entrepreneurship is a major concern of this joint venture.
2. The *Small Farmers Development Project (SFDP)* is the result of the collaboration between the Government and the banking sector and emphasizes the promotion of women. Under this Project the concept of group formation and group-based lending as an alternative to the requirement of physical collateral was introduced for the first time in Nepal.
3. *NGO's acting as financial intermediaries* is a proposal currently being discussed in Parliament and following the enactment of the proposed Act, an additional micro-financing window would be added in the rural financial services market.
4. *Savings and Credit Cooperatives* have been operative since 1992, when the Cooperative Act was enacted, more than 5,000 savings and credit cooperatives have now been established. Of these, some have been established with only women members. As a result of these efforts, the cumulative total of Rs. 2.7 billion had been disbursed to more than 150,000 rural women by mid-July 1998.

VII. CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the potential benefits to Nepal of stimulating the entrepreneurial activities of women are considered to be very strong and, in order to promote actively the extent and quality of women's entrepreneurship, the following recommendations are suggested for implementation at national and regional levels.

A. National level

- (a) Various skills development training courses for women and women entrepreneurs should be conducted by the Government, NGOs, and Chambers of Commerce and other private sector associations to provide *inter alia* necessary training on product design, marketing, costing and pricing and bookkeeping.
- (b) Government resource allocation should be adequately increased for implementing the various women's development programmes.
- (c) Government should legalize equal inheritance rights of land and property for women and men.
- (d) Access to bank loans and credit should be improved by the Government for women and women entrepreneurs.
- (e) Proper channels should be developed for dissemination of information on appropriate business technologies.
- (f) Women entrepreneurs should improve their mobility.
- (g) Awareness should be created for the economic opportunities available to rural women.
- (h) Women entrepreneurs should be motivated to cultivate cash crops (tea, coffee, lentils, etc.) and to develop knowledge and skills in sericulture, horticulture and floriculture.

B. Regional level

- (a) Opening marketing networks for women entrepreneurs.
- (b) Organizing skills exchange development programmes within the South Asian region.
- (c) Organizing economic/business observation tours for women within the region.
- (d) Establishing a regional micro-enterprise fund for South Asian women.
- (e) Establishing a South Asian regional women's entrepreneurship development centre.

C. International level

UNCTAD, together with relevant regional organizations and seeking support from the international community, should assist in framing policy measures for regional economic cooperation. These should be designed in such a way as to enhance the logistic capacities of the participating countries, especially in terms of developing subregional or regional ports, inland container depots or dry ports, high-speed railways, inland waterways, air cargo terminals, transit corridors, communication infrastructure, harmonization and simplification of customs, transportation and banking formalities, market centres for cross-border trading and other relevant requirements. There is a need to identify and develop the modality of regional and international cooperation by multilateral institutions, like UNCTAD, in areas of trade and investment where the role of the private sector could be prominent. UNCTAD could also work out a modality for addressing the issue of developing an interrelationship between gender and sustainable development for intergovernmental consideration together with the participation of the private sector.

In view of the challenges and potentialities for sustainable development to reduce widespread poverty as reviewed in this paper, a number of issues need to be tackled urgently for which UNCTAD could assist in identifying appropriate modalities for consultation and action, both at the intergovernmental and the private sector levels, and that could also enhance the vital contribution which women can make to the economy and society.

PART V

AGREED CONCLUSIONS AND RECOMMENDATIONS

AGREED CONCLUSIONS AND RECOMMENDATIONS

On 12-13 July 1999, UNCTAD convened an Expert Workshop on Trade, Sustainable Development and Gender to develop recommendations for mainstreaming a gender perspective into its policies and programmes, consistent with the Beijing Platform for Action (1995), the UNCTAD IX Midrand Declaration (1996) and the agreed conclusions on gender mainstreaming (ECOSOC 1997).

I. GLOBALIZATION, TRADE-RELATED ISSUES AND GENDER

1. Uncertainty about future developments in the international economy has grown in the aftermath of the global financial crisis, which demonstrated the volatility of international private capital flows and its damaging effects on levels of economic activity and people's livelihoods in developing countries. There are doubts also about the ability of the international system to accommodate new challenges to the international trade regime. In these circumstances, countries may need to reinvigorate investment and public expenditure policies aimed at enhancing the productivity of domestic market-oriented production. Government policies, aid and debt relief are all needed for strengthening measures to protect men and women alike from the social costs of turbulence in international economic relations.
2. Although trade expansion can be an instrument for fostering the development process, official development assistance (ODA) also plays a critical role in financing important capital investments, particularly in social and physical infrastructure, for which trade flows and foreign direct investment – if available – are not always an effective substitute. The fall, since 1992, of over 20 per cent in ODA (in constant dollars) undercuts the trade expansion potential of developing countries, particularly as greater proportions of available foreign exchange earnings are directed towards debt servicing.
3. The gender impact of global economic integration is complex, and so far, its effects have been mixed. To date, it has in some places reduced income imbalances and gender disparities. It may, however, have done very little to minimize gender inequalities over the long term. In some circumstances, globalization has intensified these inequalities, adding to the gender-based discrimination inherent in much economic development experience. The gender impacts of trade expansion have been most sharply observed in the manufacturing sector. The increased orientation of manufacturing in developing countries towards exports has led to significant increases in the share of women workers employed in the manufacturing labour force. Indeed, no developing country has increased its exports of manufactures without greater recourse to women workers.
4. This gives rise to an important feature of development within the context of globalization: export-led industrialization has been strongly female intensive. In some situations, this has represented a huge leap forward in the participation of women in monetized sectors of the economy. On the other hand, in times of economic crisis, women are just as quickly ejected from the waged labour force, absorbing a disproportionate share of economic shocks. There is also mixed evidence on benefits related to the development of the modern service sector. In a number of countries, especially those undergoing systemic changes, women do not participate equally with men in the rapid expansion of modern market-related services, which is often driven by foreign direct investment (FDI).
5. Furthermore, the major part of the labour force remains outside of the manufacturing sector, and women continue to constitute the majority of the rural poor. They carry most of the responsibility for food production and family food security. Where trade expansion has led to increased production of traditional cash crops, women's labour has been mobilized without proportionate monetary reward. At the same time, however, in parts of Latin America, Africa, and South Asia, a new form of "industrialized" agriculture for exports is emerging which is drawing some women into wage employment in rural areas. Globalization has also provided the impetus for the outward migration of women from many developing countries in search of better economic

opportunities. There are, however, social costs related to female outmigration that should be given special consideration.

6. It is particularly appropriate that UNCTAD examine the gender impact of these developments in all economic sectors with special attention to the situation in the least developed countries: all aspects of its work programme, including research and analysis, intergovernmental discussions and technical cooperation should reflect a response to the gender dimension.

7. The current period of review of the implementation of the outcome of the major United Nations Conferences and Summits held in the 1990s, presents UNCTAD X with a unique opportunity to mainstream gender into UNCTAD's work and enables UNCTAD to highlight key issues relevant to its mandate, some of which intersect with the work of other agencies of the United Nations development system. UNCTAD IX decided that activities relating to empowerment of women should be treated as cross-sectoral issues and should be integrated into the work of UNCTAD's intergovernmental machinery. The Expert Workshop looks forward to Ministers' agreement to continue this policy following UNCTAD X and hopes that, as in 1998, any mid-term review undertaken between UNCTAD X and UNCTAD XI will consider this matter. Additional impetus needs to be given to the integrated follow-up to these conferences in the form of concrete action-oriented recommendations.

8. In response to this opportunity, the Expert Workshop offers the following recommendations:

- (a) UNCTAD should strengthen the coordination of its activities on gender issues with national, regional and international organizations in order to foster a coherent approach.
- (b) UNCTAD should undertake analytical work and, where appropriate, develop possible initiatives for action at the national, regional and international levels with regard, *inter alia*, to the following:
 - (i) The impact of globalization and of the implementation of the Uruguay Round agreements (including new forms of protectionism) on gender equality, female participation in trade (domestic and transborder) and employment conditions in industry, agriculture and services;
 - (ii) The gender implications of adjustment and macroeconomic policies that combine fiscal compression and tight monetary policies with trade and/or capital account liberalization. Here, special attention should be paid to the effects on wage incomes, allocation of resources at the household level and unpaid labour;
 - (iii) The gender impact of debt-relief schemes and examination of possibilities for swapping debts in favour of programmes addressed especially to women;
 - (iv) The gender implications of current patterns of foreign direct investment, sourcing by international business and relocation of production facilities;
 - (v) The comparative analysis of transnational corporations (TNCs) and domestic firms' employment practices with respect to gender;
 - (vi) The assessment of skills needs of women for better female employment and mobility;
 - (vii) The gender dimension of barriers to credit and financial services, in particular with respect to small and medium-sized enterprises and export-oriented activities;

(viii) Gender-sensitive, ethical trade and investment; and

(ix) The implications for the conditions of women at work in export-related activities, especially in export- processing zones, as well as for migrant women workers.

9. UNCTAD should promote the participation of non-governmental organizations (NGOs) and other civil society groups with trade and gender concerns in UNCTAD activities, in order, through them, to enhance dissemination of information on trade rules, development of female entrepreneurship and support of workers' safety-nets as well as cross-border cooperation and networking of women's organizations.

10. The UNCTAD flagship publications - the Trade and Development Report, World Investment Report and Least Developed Countries Report - should include, on a regular basis, gender dimensions of various national policies and programmes and gender-related issues of major international economic trends.

11. UNCTAD should ensure that consideration of the gender dimension is integrated into the annual discussions at the regular sessions of the Trade and Development Board.

12. UNCTAD should initiate cooperation with other relevant agencies to identify sources of gender disaggregated data, identify needs for data collection to fill gaps and initiate data collection activities relevant to its mandate.

13. UNCTAD should promote the full and equal participation of women in trade-related market activities at all levels in all its operational and technical assistance work, in order to increase and sustain women's employment and income gains from trade.

14. To facilitate the sharing of experience with alternative development patterns, UNCTAD should identify successful models, best practices, failures and lessons learned in:

- (a) Supporting women's participation in the most dynamic economic sectors, especially service activities including FDI-related service activities.
- (b) Building awareness at the national and community level about the factors, particularly relating to the gender dimension, which encourage investment; in assessing costs and benefits of particular investments, and putting in place an environment that attracts investment in areas of critical importance for development.

15. In conjunction with the United Nations Commission on the Status of Women, UNIFEM and other appropriate organizations, such as the International Development Law Institute, UNCTAD should organize activities that will identify and build awareness among policy makers of factors that limit women's access to the institutions and processes of the legal system, and that limit their ability to participate in the formal economy.

16. UNCTAD, in its capacity as the secretariat for the United Nations Commission on Science and Technology for Development (UNCSTD), should review the recommendations made by the UNCSTD Gender Working Group as well as those outcomes of the Beijing Conference which dealt specifically with science and technology. Also, UNCTAD should identify areas where it could take a leadership role in fostering greater gender equality in science and technology as part of the

development process; including the impact of technology on women, their access to technology and to education, training and employment in science and technology.

17. UNCTAD should serve as a catalyst for the establishment of procedures to research, document, monitor and evaluate the gender impact of science and technology programmes, including regular reporting of results and lessons learned to the governing bodies of United Nations organizations.

18. UNCTAD should develop a strategy to ensure that attention to eradicating gender inequalities is a core part of its activities. Elements of a strategy should include *inter alia*:

- (a) Assessment of the degree to which UNCTAD's programme of activities related to trade and sustainable development includes attention to reducing gender inequalities and fosters such activities;
- (b) Conduct of gender analysis and gender-sensitive impact assessment studies as a regular part of the preparation of its policy recommendations and programme activities to ensure that decisions adopted and activities undertaken reflect the appropriate gender sensitivity, and that equal opportunity be given to men and women to participate in and benefit from all of UNCTAD activities;
- (c) Staff training to ensure that the gender dimension is mainstreamed into UNCTAD's activities;
- (d) An analysis of the particular constraints facing women in LDCs and measures by which UNCTAD could assist in building broad awareness of the impact of these constraints and in providing solutions to them; and
- (e) An action plan to phase in the analytical work, technical cooperation and training activities identified in the recommendations above.

II. SPECIFIC PROBLEMS OF LEAST DEVELOPED COUNTRIES (LDCs) AND GENDER

1. In relation to the special problems of LDCs, UNCTAD, as an analytical and policy-making institution, should not only undertake economic development research and analysis, but should also act as an organization striving, by all means, to support the poorest countries in their efforts to overcome economic disparities and to tackle the various problems which act as constraints to development.

2. Among its other responsibilities, UNCTAD should promote and act as a vehicle for women's economic empowerment. As the principal United Nations organization dealing with trade and development, as well as providing technical assistance in the trade sector, UNCTAD has a duty to assist women through increasing their role, effectiveness and influence in this sector.

3. Constraints on the advancement of women in general and discrimination against women in trade are acute in LDCs. Women are, as a result, being excluded from international trading operations, though they play an important role as small traders.

4. The Expert Workshop recommends that UNCTAD should involve itself in the following in order to promote the interests of women from LDCs in trade:

- (a) Through policy analysis and dialogue, UNCTAD should encourage the governments of LDCs to put forward concrete plans to empower women economically, including by identifying the policy instruments which will alleviate the negative effects experienced by women in the trade sector. A person discriminated against in factor markets (such as those for land, labour and capital) cannot effectively engage in trade.
- (b) As part of its treatment of gender as a cross-cutting issue, UNCTAD should examine how the disadvantages suffered by women in respect of education and skills training and access to investment, credit and finance, and technology constrain the ability of LDCs to take full advantage of the opportunities that arise from globalization.

5. UNCTAD should ensure that the concerns of women and the needs they have for participating fully in the international trade sector be addressed within the Joint UNCTAD/ITC/WTO Integrated Technical Assistance Programme in Selected African Countries (JITAP).

6. UNCTAD should liaise with the International Trade Centre (ITC) to discuss the possibility of designing for women a specific basic skills training for trade.

7. While women are presently concentrated in small and medium-sized enterprises, UNCTAD should also assist women “to think big”. Big business should not be off-limits for women. Given the necessary encouragement, there is no reason why women should not succeed in such business.

8. The concerns of women also need to be built into and addressed within the UNCTAD/ITC/WTO/UNDP/IMF/World Bank Integrated Framework for trade-related technical assistance to LDCs.

9. UNCTAD should identify the specific needs for capacity building in LDCs, especially with respect to institutions and systems (including NGOs and civil society) to support women's access to economic opportunities and to participate in cross-border and international trade. Its activities in LDCs should include strong capacity-building elements, for example, by using technical assistance for policy analysis and dialogue, an assessment and analysis of their effectiveness, and reporting of best practices and lessons learned.

10. UNCTAD should recognize and support, through work aimed at capacity building, the effects at both national and regional levels to promote and support the interests of women engaged in small-scale and cross-border trade.

11. Given the importance of local and international agricultural trade in LDCs, and the crucial role of women in agriculture, UNCTAD in cooperation with other organizations involved specifically with agricultural development for the poorest, such as the International Fund for Agriculture and Development (IFAD), should encourage research into the possibilities of modernizing and transforming this sector in order to raise productivity and eradicate poverty.

ANNEX

LIST OF PARTICIPANTS

ANNEX 2

List of Participants

A. Experts

Argentina

Mr. Carlos M. Correa
 Director, Maestría en Política y Gestión
 Ciencia y Tecnología
 Monasterio 1138
 Vicente López
 1638 Buenos Aires, Argentina
 Tel: 5411 508 3618 ext. 114
 Fax: 5411 479 16047 / 432 26970
 E-mail: quies@infovia.com.ar

Mr. Andrea Repetti
 Third Secretary
 Permanent Mission of Argentina
 10, route de l'Aéroport
 Case postale 536
 1215 Geneva 15, Switzerland
 Tel: 41 22 929 8600
 Fax: 4122 798 5995
 E-mail asr@mrecic.gov.ar

Austria

Ms. Elke Atzler
 Head, Unit III.2c
 Multilateral, Economic and Social Matters
 Federal Ministry of Foreign Affairs
 Schenkenstrasse 8-10
 A-1014 Vienna, Austria
 Tel: 431 531 153453
 Fax: 431 536663453
 Email: elke.atzler@wien.bmaa.gv.at

Bangladesh

Dr. Mustafizur Rahman
 Professor
 Faculty of Business Studies
 University of Dhaka
Dhaka 1000, Bangladesh
 Tel: 8802 5020 80 (Res.)
 Tel: 8802 842 796 (Off.)
 Fax: 8802 865583
 E-mail: rahman@citechco.net

Bolivia

Ms. E. Zulema Alanes Bravo
 Delegada, Academia de Ciencias de Bolivia
 Calle Pinilla 502, Sopocachi
La Paz, Bolivia
 Tel: 5912 434805 / 01565976
 Fax: 5912 379681

Brazil

Ms. Salete Maria Brisighello
 General Coordinator on Technological Areas,
 Secretariat of Industrial Technology
 Ministry of Development, Industry and
 Commerce, Esplanada dos Ministerios
 Bloco J, sala 215, 2o.
Brasilia, Brazil
 Tel: 5561 329 7849
 Fax: 5561 329 7286
 Email: saletepinv@mdic.gov.br
 saletemb@inpi.gov.br

Mr. Claudio Abramovay Ferraz do Amaral
Instituto de Pesquisa Econômica Aplicada
(IPEA), Avenida Presidente Antonio Carlos
51-17 andar
Rio de Janeiro 20020-010, Brazil
Tel: 5521 212 1130
Fax: 5521 212 1021
E-mail: cferraz@ipea.gov.br

Cameroon

Mr. Pouédogo Pouédogo
Chargé d'Etudes Assistant/CSI
Direction du Développement industriel et de
l'artisanat
Ministère du Développement industriel et
commercial
Yaoundé, Cameroun
Tel: 237 23 2637 / 237302001 (home)
Fax: 237 22 6679 / 237 230951
E-mail: pouedo@hotmail.com

Canada

Ms. Karen McCarthy
Permanent Mission of Canada
Rue du Pré-de-la-Bichette 1
1202 Geneva, Switzerland
Tel: 41 22 919 92 00
Fax: 41 22 919 92 33

Chile

Ms. Patricia Bifani-Richard
International Consultant on Gender and
Development
Instituto de Estudios Políticos para América
Latina y Africa (IEPALA)
Clarafond
74270 Frangy, France
Tel. 33 4 50 77 97 46
E-mail: p.etp.bifani@wanadoo.fr

Costa Rica

Mr. Sergio Corella
Minister Counsellor
Permanent Mission of Costa Rica
11, rue Butini
1202 Geneva, Switzerland
Tel: 41 22 731 25 87
Fax: 41 22 731 20 69

Côte d'Ivoire

Ms. Diblété Helène Koné
Sous Directrice du développement industriel
et des PME
Abidjan, Côte d'Ivoire
Tel: 225 21 6478 / 437999 (home)
Fax: 225 21 8993
22 B.P. 674 Abidjan 22 (personal add.)

Cuba

Ms. Olga Fernández Fernández
Especialista en Política Comercial
Dirección de Organismos Internacionales
Ministerio de Comercio Exterior
Infanta 16
Ciudad de la Habana, Cuba
Tel: 537 55 0452 / 54 3126
Fax: 537 55 0355
E-mail: doimail@infocecx.cu

Denmark

Ms. Birgit Madsen
Royal Danish Ministry of Foreign Affairs
Department S.Q.
Asiatisk Plads 2
1448 Copenhagen, Denmark
Tel: 45 3392 0000
Fax: 45 325 40533
E-mail: um@um.dk

Ethiopia

Ms. Nigest Haile
Head, Women's Affairs Department
Ministry of Trade and Industry
P.O. Box 704
Addis Ababa, Ethiopia
Tel: 251 1 51 8025- 29/ 1506 27
Fax: 251 1 515411 / 51 42 88

Ms. Woinshet Tadesse
First Secretary
C/o Permanent Mission of Ethiopia
Rue de Moillebeau 56
P.O. Box 338
1211 Geneva 19, Switzerland
Tel: 41 22 919 70 10
Fax: 41 22 919 29
E-Mail: mission.ethiopia@ties.itu.int

Germany

Ms. Sabine Trommershäuser
Deutsche Gesellschaft für Technische
Zusammenarbeit, Eschborn
Division 42
AState and Economic Reform, Quil Society@
P.O. Box 5180
65726 Eschborn, Germany
Tel: 49-6196- 791645
Fax: 49-6196- 796104
E-mail: sabine.trommershaeuser@gtz.de

Honduras

Ms. Sandra Villars
C/o Permanent Mission of Honduras
Rue du Cendrier 15
1201 Geneva, Switzerland
Tel: 41 22 741 05 05
Fax: 41 22 05 08
Ms. Brenda Napky
C/o Permanent Mission of Honduras
Rue du Cendrier 15
1201 Geneva, Switzerland
Tel: 41 22 741 05 05
Fax: 41 22 05 08

India

Ms. Jayati Ghosh
Associate Professor, Centre for Economic
Studies and Planning
School of Social Sciences, Jawaharlal Nehru
University
New Delhi, India
Tel: 91 11 618 5641
Fax: 91 11 616 9962 / 616 5886
Email: jayati@ndf.vsnl.net.in

Italy

Ms. Maria Lustri
Ministero dell Industria del Commercio
dell Arligianato
DG C11
Via del Giorgione 2b 00147
Rome, Italy

Japan

Mr. Hitoshi Kikuchi
First Secretary
Permanent Mission of Japan
3 chemin des Fins
1211 Geneva, Switzerland
Tel: 41 22 717 31 11
Fax: 41 22 788 38 11

Ms. Yasuko Muramatsu
Professor
Department of Sociology and Economics
Tokyo Woman's Christian University
2-6-1 Zempukuji, Suginami-ku
Tokyo, Japan 167
Tel: 81 3 3395 1211
Fax: 81 3 3399 9863 / 3399 3123
Email: yasukom@twcu.ac.jp

Kenya

Ms. Elizabeth M. Kiio
Trade Development Officer
c/o Permanent Mission of the Republic of
Kenya, Avenue de la Paix 1 - 3
1202 Geneva, Switzerland
Tel. 41 22 906 40 50
Fax. 41 22 731 29 05

Lithuania

Ms. Raimonda Balniene
Deputy Director
International Business School at Vilnius
University
Sauleteko 9, II R, 816kb
2054 Vilnius, Lithuania
Tel: 370 276 9371 / 3709846617 (mob.)
Fax: 370 2300828
Email: raimonda.balniene@ef.vu.lt

Libyan Arab Jamahiriya

Ms Zakia Sahli
Counsellor
Permanent Mission of Libya
Route de Lausanne 319
1293 Bellevue, Switzerland
Tel: 41 22 959 8900
Fax: 41 22 959 8910

Mexico

Mr. Alejandro Nadal
Coordinador, Programa sobre Ciencia,
Tecnología y Desarrollo
El Colegio de México
Camino al Ajusco 20
México DF 01000, México
Tel: 525 645 5955
Fax: 525 645 0464
Email: anadal@colmex.mx

Nepal

Mr. Mahesh Kumar Agrawal
President
Nepal Chamber of Commerce
Shankerdeep Building, Khichapokhari
P.O. Box 1275
Kathmandu, Nepal
Tel: 977 1 25 00 66 / 249 880 / 249 953
Fax: 977 1 249 105
E-mail: kusum@ccsl.com.np

Norway

Ms. Ingrid Mollestad
Second Secretary
Permanent Mission of Norway
35 Avenue de Budé
P.O. Box 274
1211 Geneva 19, Switzerland
Tel. 41 22 918 04 00
Fax. 41 22 918 04 10/11/26
E-Mail: delgen@ud.dep.telemax.no

Pakistan

Mr. Haider Ghani Mian
Senior Coordinator
Environmental Economics Programme
IUCN - The World Conservation Union
1, Bath Island Road
Karachi 75530, Pakistan
Tel: 9221 586 1540 / 42
Fax: 9221 586 1448
Email: haider@iucn.khi.sdnpk.undp.org

People's Republic of China

Ms. Zhang Bin
Permanent Mission of the People's
Republic of China
28 Bd. du Pont d'Arve
1205 Geneva, Switzerland
Tel: 41 22 320 6221
Fax: 41 22 320 6049
E-mail: bin.zhang@ties.itu.int

Philippines

Ms. Ruth D. Samonte-Limjuco
Ambassador,
Special Assistant to the Undersecretary
for International Economic Relations
Department of Foreign Affairs
Manila, Philippines
Tel: 632 832 3312 / 834 4100
Fax: 632 834 1451 / 831 8988

Ms. Ma. Angelina M. Sta. Catalina
First Secretary
Permanent Mission of the Philippines
Avenue Blanc 47
1202 Geneva, Switzerland
Tel: 41 22 716 1930 / 716 1933
Fax: 41 22 716 1932
E-mail: mission.philippines@ties.itu.int

Ms. Maruja de Villa Lorica
Supervising Science Research Specialist
Philippine Council for Agriculture, Forestry
and Natural Resources Research and
Development (PCARRD)
Los Baños, Laguna, Philippines
Tel: 6349 536 0014 / 536 0017
Fax: 6349 536 0016 / 536-0132 /
63028371651
Email: mvlorica@ultra.pcarrrd.dost.gov.ph

Ms. Regina Irene Sarmiento
Attaché
Permanent Mission of the Philippines
Avenue Blanc 47
1202 Geneva, Switzerland
Tel: 41 22 716 1930 / 716 1933
Fax: 41 22 716 1932

Poland

Ms. Maria Anna Knothe
Founder and President of the Center for the
Advancement of Women
Warsaw, Poland
c/o 19, chemin ancienne route, Apt. 402
1218 Grand Saconnex, Geneva, Switzerland
Tel. and fax: 41 22 798 20 54
Email: mknothe@worldcom.ch

Ms. Ewa Ruminska-Zimny
Associate Professor
Warsaw School of Economics
Consultant Human Development Report
173, Les Terrasses
01710 Thoiry, France
Tel: 33 450 412262
Email: ewa.zimny@wanadoo.fr

Republic of Korea

Mr. Byung-yun Kim
Deputy Director
Development Cooperation Division
International Economic Affairs Bureau
Ministry of Foreign Affairs and Trade
Permanent Mission of the Republic of Korea
Route de Pré-Bois 20
P.O. Box 1828
1215 Geneva, Switzerland
Tel. 41 22 791 01 11
Fax: 41 22 788 62 49
Email: by4782@shibiro.com

South Africa

Ms. Namane Magau
Executive Vice President: Human Resources,
Council for Industrial and Scientific Research
(CSIR), P.O. Box 395
Pretoria 0001, South Africa
Tel: 2712 841 3849
Fax: 2712 841 3484
Email: nmagau@csir.co.za

Thailand

Ms. Lalana Jitsattananee
Economic Officer
Department of Economic Affairs
Ministry of Foreign Affairs
c/o Permanent Mission of Thailand
Chemin du Petit Saconnex 28B
1209 Geneva, Switzerland
Tel: 41 22 734 20 10
Fax: 41 22 733 36 78
Email: mission.thailand@ties.itu.int

Ms. Mingsarn Kaosa-ard
Associate Professor, Faculty of Economics
Chiang Mai University
also Director, Center for Sustainable
Development Studies
Thanon Huay Kaew, Amphoe Muang
Chiang Mai 50200, Thailand
Tel: 66 053 942 164 / 66 2 718 5460
Fax: 66 053 892 205 / 662 718 5461-2
Email: mingsarn@chmai.loxinfo.co.th /
mingsarn@cmu.chiangmai.ac.th

Tunisia

Ms. Leyla Khaiat
President
World Association of Women Entrepreneurs
(FCEM)
Immeuble Yasmine, App. 11
Les Berges du Lac
1080 Tunis, Tunisia
Tel: 216 1 862 399
Fax: 216 1 862 609
Email: wpresd.fcem@planet.tn

Ms. Rafla Mrabet
Secretary
Permanent Mission of Tunisia
P.O. Box 272
Rue de Moillebeau 58
1211 Geneva 19, Switzerland
Tel: 41 22 734 84 50 / 734 84 59
Fax: 41 22 734 06 63
Email: mission.tunisie@bluewin.ch

Uganda

Ms. Sarah Kitakule
CEEWA's Project on Women
and Export Trade
P.O. Box 21331
Kampala, Uganda (personal addr.)
Fax: 256 41 347635
Email: skitakule@presto.bushnet.net
Tel: 256 41 347481 / 3 (office) /
348 306 (personal)

United Kingdom

Ms. Stephanie Barrientos
Business School
University of Hertfordshire
Mangrove Road
Hertford, Herts SG13 8QF
United Kingdom
Tel: 44 1 707 285485
Fax: 44 1 707 285489
Email: s.barrientos@herts.ac.uk

Mr. I. S. Danson
First Secretary
Permanent Mission of the United Kingdom
to the Office of the United Nations
37-39 rue de Vermont
1211 Geneva 20, Switzerland
Tel. 41 22 918 23 00
Fax. 41 22 918 23 33
Email: mission.uk@itu.ch

United Republic of Tanzania

Mr. Godius Kahyarara
Programme Coordinator
Center for Environmental Economics and
Development Research
P.O. Box 33838
Dar es Salaam, Tanzania
Tel: 255 51 811 332503
Fax: 255 51 170571
Email: gkahyarara@hotmail.com

Ms. Mary Marealle
Tanzania National Women's Council
Bawata, P.O. Box 11669
Dar es Salaam, Tanzania
Tel: 255 51 111388 / 113802
Fax: 255 51 113554 / 112500
Email: mmary@intafrika.com

United States of America

Ms. Joan Dudik-Gayoso
 Senior Advisor, Science, Technology and
 Development Policy
 Bureau of Oceans and International
 Environmental and Scientific Affairs
 United States Department of State
 Room 7821 New State Dept. Building
Washington D.C. 20520, USA
 Tel: 1 202 647 4891
 Fax: 1 202 647 2746

Uruguay

Ms. María Inés Terra
 Departamento de Economía
 Facultad de Ciencias Económicas
 y Administración
 Universidad de la República (UDELAR)
 José E. Rodó 1854
 P.O. Box 6248
Montevideo, Uruguay
 Tel: 5982 409 2973 / 401 7707
 Fax: 5982 408 1917
 Email: ines@decon.edu.uy

Viet Nam

Mr. Viet Cuong Bui
 Minister Counsellor
 Permanent Mission of Viet Nam
 Chemin François Lehmann 18a
 1218 Genève, Switzerland
 Tel: 4122 798 2485
 Fax: 4122 798 0724

Zambia

Ms. Peggy Mlewa
 Senior Economist - Trade
 Department of Commerce and Trade
 Ministry of Commerce, Trade and Industry
 P.O. Box 31968
Lusaka, Zambia
 Tel: 2601 228301
 Fax: 2601 226673 / 226727
 E-mail: zdintrade@zamnet.zm /
 comtrade@zamnet.zm

Zimbabwe

Ms. Maria Tendai Dendere
 Agricultural Economist
 Assistant Deputy Director
 Gender Issues Department
 Office of the President and Cabinet
 Private Bag 7700, Causeway
Harare, Zimbabwe
 Tel: 263 4 727562 / 68 /69/26
 Fax: 2634 733796 / 790316

B. International, United Nations system and non-governmental organizations

Mr. Ala-a Al-Yousuf
 Economist
 International Monetary Fund (IMF)
 58, rue de Moillebeau
 1209 Geneva, Switzerland
 Tel: 41 22 918 0300
 Fax: 41 22 9180303

Mr. Richard Anker
 ILO Task Force on Country Studies on
 the Social Dimension of Globalization
 International Labour Office (ILO)
 4, route des Morillons
 1211 Geneva 22, Switzerland
 Tel. 41 22 7996111
 Fax. 41 22 7988685

Ms. Maria Thérèse Bellamy
International Confederation of
Free Trade Unions
46, avenue Blanc
1202 Geneva, Switzerland
Tel. 41 22 738 42 02
Fax. 41 22 738 10 82

Ms. E. Milena Bellini
International Council of Environmental Law
(ICEL)
Godesberger Allee 108-112
53175 Bonn, Germany
c/o Chemin des Granges
1273 Arzier (VD), Switzerland
Tel/Fax: 41 22 366 42 39
E-mail: mbellini@vtx.ch

Ms. Ariela Blatter
International Law Association
Charles Clore House
Flat 4, 43 Buckland Crescent
London NW3 5DJ, United Kingdom
Tel. +44 1 71 323 2978
Fax + 44 1 71 323 3580

Ms. Josiane Capt
Enterprise and Cooperative
Development Department
International Labour Office (ILO)
4, route des Morillons
1211 Geneva 22, Switzerland
Tel. 41 22 799 61 11
Fax. 41 22 798 86 85

Ms. Rudo Mabel Chitga
Development Innovations and Networks
(IRED)
P.O. Box 116
3, rue de Varembe
1211 Geneva 20, Switzerland

Mr. Andrew Crosby
Programmes Director
International Center for Trade and
Sustainable Development (ICTSD)
Ch. des Anémones 13
1219 Geneva, Switzerland
Tel: 41 22 979 9492
Fax: 41 22 979 9093
E-mail: acrosby@ictsd.ch

Ms. Amelita de Jardin
Development Policies Department
International Labour Office (ILO)
4, route des Morillons
1211 Geneva 22, Switzerland
Tel. 41 22 799 61 11
Fax. 41 22 798 86 85

Ms. Christine Elstob
International Programme on More and Better
Jobs for Women
Employment and Training Department
International Labour Office (ILO)
4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel. 41 22 799 61 11
Fax. 41 22 798 86 85

Dr. Adnan El Telawi
Chief
Arabic Labour Organization
Rue de Lausanne 44
1211 Geneva 1, Switzerland
Tel. 41 22 732 58 06

Ms. Pilar Filomeno
Consultant
Espace Femmes International
Rue de la Tannerie 2
1227 Carouge, Switzerland
Tel: 41 22 300 26 27
E-mail: pfilomeno@hotmail.com

Mr. Branislav Gosovic
Officer-in-Charge
South Centre
P.O. Box 228
Chemin du Champ d'Anier 17
1211 Geneva 19, Switzerland
Tel: 41 22 791 8050
Fax: 41 22 798 8531

Ms. Mariko Hara
Junior Programme Officer
UNEP Economics and Trade Unit
15, chemin des Anémones
1219 Châtelaine, Switzerland
Tel: 41 22 917 85 36 / 917 85 37
E-mail: mariko.hara@unep.ch

Ms. Marianne Hochuli
 Berne Declaration
 Quellenstrasse 25
 P.O. Box 1327
 8031 Zurich, Switzerland
 Tel: 41 1 271 64 25
 Fax: 41 1 272 60 60
 Email: evb@access.ch

Ms. Gyung-Lan Jung
 Economic Justice Intern
 Women's International League for
 Peace and Freedom
 P.O. Box 28
 1, rue de Varembe
 1211 Geneva 20, Switzerland

Mr. Rashid S. Kaukab
 Senior Consultant
 South Centre
 P.O. Box 228
 Chemin du Champ d'Anier 17
 1211 Geneva 19, Switzerland
 Tel: 4122 798 80 50
 Fax: 4122 798 85 31

Ms. Jessica Kehl-Lauff
 International Alliance of Women
 Representative to the United Nations
 Swiss Association for Women's Rights
 P.O. Box
 9035 Grub, Switzerland
 Tel + fax: 41 71 891 45 84
 Email: secretariat@feminism.ch

Ms. Mireille Kingma
 ICN Consultant
 Nursing and Health Policy
 International Council of Nurses
 3 Place Jean-Marteau
 1201 Geneva, Switzerland
 Tel. 41 22 908 01 00
 Fax. 41 22 908 01 01

Mr. E. Nana Kouanang
 Président
 Association Nationale des Juristes
 d'Entreprise (ANAJE)

Ms. Joanna Koch
 Associated Country Women of the World
 A. Landstrasse 89
 8802 Kilchberg, Switzerland
 Tel: 41 1 715 19 46
 Fax: 41 1 715 41 37

Mr. Bounandele Koumba
 Directeur du Département du Commerce et de
 la Libre Circulation à la Communauté
 Economique et Monétaire de l'Afrique
 Centrale
 (CEMAC)
 Tél + Fax: 236 61 21 35

Ms. Helen Lom
 Director-Adviser
 Office of the Deputy Director-General
 World Intellectual Property
 Organization (WIPO)
 34, chemin des Colombettes
 1211 Geneva 20, Switzerland
 Tel. 41 22 730 91 11

Ms. Carol R. Lubin
 IFS Representative at the United Nations
 International Federation of Settlements and
 Neighbourhood Centres (IFS)
 3, chemin de Pont Céard,
 1290 Versoix, Switzerland
 Official address: 1095 Park Avenue
New York, NY 10128, USA

Ms. Elisabeth Merz
 Associate Liaison Officer
 United Nations Industrial Development
 Organization (UNIDO)
 Palais des Nations
 1211 Geneva 10, Switzerland
 Tel: 41 22 917 33 64 / 917 33 67
 Fax: 41 22 917 00 59
 Email: unido-geneva@ccmail.unicc.org

Ms. Ingela Nilsson
Economic Affairs Officer
Development Division
World Trade Organization (WTO)
Centre William Rappard
P.O. Box
154, Rue de Lausanne
1211 Geneva 21, Switzerland
Tel. 41 22 739 51 11
Fax. 41 22 731 42 06

Ms. Krishna Ahooja Patel
Women's International League for Peace and
Freedom
International Secretariat
P.O. Box 28
1, rue de Varembe
1211 Geneva 20, Switzerland
Tel: 41 22 733 61 75 (Off.) or
(Res.) 41 22 755 1634
Fax: 41 22 740 1063

Ms. Mireille Perrin
Trade and Investment Officer
WWF International
Avenue du Mont Blanc
1196 Gland, Switzerland
Tel. 41 22 364 90 26
Fax. 41 22 364 82 19 or 06 40
Email: mperrin@wwfnet.org

Ms. Conchita Poncini
Coordinator of UN/ILO Representatives
International Federation of University
Women
7, ch. Champ Carre
1256 Troinex, Geneva, Switzerland
Email: cponcini@ifuw.org

Ms. Shara Razari
UNRISD
Palais des Nations
1211 Geneva 10, Switzerland
Tel. 41 22 917 28 85

Mika Repsäläing
Enterprise Development Officer
Trade Division Office 429-A
UN/ECE
Palais des Nations
1211 Geneva 10, Switzerland

Ms. Janine Rogers
Office of the Special Advisor
for Women Workers= Questions
International Labour Office
4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel. 41 22 799 61 11
Fax. 41 22 798 86 85

Ms. Elina Sana
World Food Programme
Via Cesare Giulio Viola
68 Parco dei Medici
Rome 00148, Italy
Tel: 39 06 65 131
Fax: 39 06 65 13 28 17

Ms. Colette Samoya
Consultant
Terre des Hommes
Bangwe Project
Bureau E2-1 NYO L
Palais des Nations
1211 Geneva 10, Switzerland

Ms. Jacqueline Sims
Technical Officer
Department of Health and
Sustainable Development
World Health Organization (WHO)
20 Avenue Appia
1211 Geneva 27, Switzerland
Tel. 41 22 791 21 11
Fax. 41 22 791 07 46

Ms. Alexandra Spieldoch
Center of Concern
1225 Otis St., NE
Washington D.C. 20017, USA
Tel. 1 202 635 27 57
Fax. 1 202 832 94 94

Dr. Antal Szabó
Regional Adviser on Entrepreneurship
UN/ECE
Avenue de la Paix
1211 Geneva 10, Switzerland

Ms. Madhura Swaminathan
International Labour Office (ILO)
4, route des Morillons
1211 Geneva 22, Switzerland
Tel. 41 22 799 61 11
Fax. 41 22 798 86 85

Mr. Grant B. Taplin
Acting Director
International Monetary Fund (IMF)
58, rue de Moillebeau
1209 Geneva, Switzerland
Tel: 41 22 918 03 00
Fax: 41 22 918 03 03

Ms. Manuela Tomei
Development Policies Department
International Labour Office (ILO)
4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel. 41 22 799 61 11
Fax. 41 22 798 86 85

C. Resource persons

Mr. Debapriya Bhattacharya
Executive Director
Centre for Policy Dialogue
10, Eskaton Garden
GPO Box 2129
Dhaka 1000, Bangladesh
Tel: 88 02 83 67 37 / 83 87 90
Fax: 88 02 83 57 01
Email: debpriya@bdonline.com

Ms. Asha Singh Williams
External Relations Officer
Department of External Cooperation
and Partnerships
World Health Organization (WHO)
20 Avenue Appia
CH 1211 Geneva 27, Switzerland
Tel. 41 22 791 21 11
Fax. 41 22 791 07 46

Ms. Jane Zhang
Special Adviser on Women Workers=
Question, International Labour Office
4, route des Morillons
1211 Geneva 22
Tel: 41 22 799 69 30
Fax: 41 22 799 63 88

Mr. Justin B. Zulu
International Monetary Fund (IMF)
58 rue de Moillebeau
1209 Geneva, Switzerland
Tel. 41 22 918 03 00
Fax. 41 22 918 03 03

Ms. Janice Goodson Foerde
International Coalition for Development
Action (ICDA), Belgium/KULU (Women and
Development), Denmark
Lyngbyvej 32B, 9 t.h.
2100 Copenhagen, Denmark
Tel: 45 39 29 22 62
Fax: 45 33 32 53 30
Email: kulu@inform-bbs.dk

Ms. Susan Joekes
Fellow
Institute of Development Studies (IDS)
University of Sussex
Brighton BN1 9RE, United Kingdom
Tel: 44 12 73 60 62 61
Fax: 44 12 73 621202 / 691647
Email: s.joekes@ids.ac.uk

Ms. Magdalena T. Kaihuza
Administrator and Planning Manager,
Tanzania National Women's
Council (BAWATA)
P.O. Box 11669
Dar es Salaam, Tanzania
Tel: 25 5 51 11 35 54 / 25 58 11 60 32 85
Fax: 25 5 51 11 35 54
Email: bawata@udsm.ac.tz

Ms. Padma Mallampally
Senior Project Expert on
Foreign Direct Investment
Division on Investment, Technology and
Enterprise Development (DITE)
International Investment, Transnationals and
Technology Branch, UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 63 04
Fax: 41 22 907 01 94
Email: padma.mallampally@unctad.org

D. UNCTAD secretariat

Mr. Rubens Ricupero
Secretary General of UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 58 06
Fax: 41 22 907 00 42
Email: rubens.ricupero@unctad.org

Mr. Carlos Fortín
Deputy Secretary-General of UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 57 89
Fax: 41 22 907 00 47
Email: carlos.fortin@unctad.org

Ms. Cathi Eisenring
Intern at DITE Division
UNCTAD
Student at the Faculty of Economics
University of Zürich
Private address:
Rainstrasse 20
8104 Weiningen, Switzerland
Tel: 41 01 750 24 74
Email: cathi@access.ch

Ms. Estela Erb-Paniagua
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 56 44
Fax: 41 22 907 01 22
Email: estela.erb-paniagua@unctad.org

Ms. Anna Fälth
Associate Economic Affairs Officer
Assistant to the UNCTAD Focal Point
on Women
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 58 82
Fax: 41 22 907 01 22
Email: anna.faelth@unctad.org

Ms. Fulvia Farinelli
DITE
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 58 69
Fax: 41 22 907 01 22
Email: fulvia.farinelli@unctad.org

Mr. Frederick Glover
International Trade Development
Consultant/Editor
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 12 34
Fax: 41 22 907 01 22

Mr. Khalil Hamdani
Chief, National Innovation and
Investment Policies Branch, DITE
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 62 88
Fax: 41 22 907 01 97
Email: khalil.hamdani@unctad.org

Ms. Gloria-Veronica Koch
in the capacity as Departmental Focal Point
on Women
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 56 90
Fax: 41 22 907 01 22
Email: gloria-veronica.koch@unctad.org

Ms. Gabrielle Koehler
Economic Affairs Officer
International Investment, Transnationals and
Technology Flows Branch
DITE
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 2 907 58 78
Fax: 41 22 907 01 22
Email: gabrielle.koehler@unctad.org

Mr. Dieter Koenig
Scientific Affairs Officer
Competitiveness and Technological
Capacity-Building Section (CTCBS),
Enterprise Development Section (EDB)
DITE, UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 56 61
Fax: 41 22 907 01 22
Email: dieter.koenig@unctad.org

Ms. Willa Liburd
Associate Economic Affairs Officer
Least Developed Countries
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 575 9
Email: willa.liburd@unctad.org

Mr. Daniel Martel
Desktop publishing support, Departmental
Focal Point on Women
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 56 90
Fax: 41 22 907 01 22

Ms. Lorraine Ruffing
Chief, EDB
DITE, UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 4122 907 58 02
Fax: 4122 907 01 22
Email: lorraine.ruffing@unctad.org

Ms. Masoumeh Sahami-Malmberg
Chief, SME Support Services Unit
Division for Services Infrastructure for
Development and Trade Efficiency (SITE)
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 55 37
Fax: 41 22 907 00 52
Email: masoumeh.malmberg@unctad.org

Ms. Angela Thompson
CTCBS, EDB, DITE
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 13 30
Fax: 41 22 907 01 22
Email: angela.thompson@unctad.org

Ms. Anna Tibaijuka
Special Coordinator for the Least Developed
Countries
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 20 33
Fax: 41 22 907 00 46
Email: anna.tibaijuka@unctad.org

Ms. Sophia Twarog
Economic Affairs Officer
Trade, Environment and Development
Section, Division on International Trade in
Goods and Services, and Commodities
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 50 82
Fax: 41 22 907 00 44
Email: sophie.twarog@unctad.org

Mr. Rene J. Vossenaar
Chief, Trade, Environment and Development
Section, Division on International Trade in
Goods and Services, and Commodities
UNCTAD
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 56 79
Fax: 41 22 907 00 44
Email: rene.vossenaar@unctad.org

Ms. Simonetta Zarrilli
Economic Affairs Officer
Trade Analysis and Systemic Issues Branch
DITC
Palais des Nations
1211 Geneva 10, Switzerland
Tel: 41 22 907 56 22
Email: simonetta.zarrilli@unctad.org