

## FTAs and Gender Justice

### FREE TRADE POLICIES AND THEIR IMPACT ON SUSTAINABLE DEVELOPMENT, SOCIAL AND GENDER JUSTICE

#### A Case Study of the EU-India Trade Relations

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It's nearly two years that we started this project of networking, exchange and capacity building between Indian and European civil society organisations with a focus on the Indo-EU-FTA, and on social and gender justice. Based on shared development, social and gender concerns we had a triple purpose in mind: 1) we did not want to allow policy makers and governments on both sides to decide upon deals and policies which are decisive for the life and livelihoods of nearly 1,5 billion people in India and the EU without any transparency and democratic involvement of civil society, 2) we did not want to allow policy makers to separate trade policies from development objectives and social policies, but we want trade policies to be shaped in a pro-development, pro-equity- and pro-poor way. 3) We wanted to raise awareness amongst CSOs and policy makers about the gender implications of trade policies.

At the workshop one and a half years back, we highlighted the asymmetries between the so-called "equal partners" India and the EU in terms of GDP, trade balance and tariff reduction, and we raised concerns that the EU-imposed principle of reciprocity among unequal partners will result in unequal gains. We flagged the WTO plus issues on the EU agenda and raised concerns that the new trade regime would favour corporate interests, in the EU and in India, and cause high development and social costs in terms of food and social insecurity, loss of resources and livelihood to be borne mainly by small and vulnerable actors in the markets, among them many women.

Where are we standing now? What's new?

First of all: The global crisis. The financial crash and the economic meltdown hit the EU much stronger than India, the food and climate crises however severely effect India. Although it is obvious that liberalisation and deregulation of the financial sector led into the financial crash, although it is evident that fossil-fuel-intensive industrialisation in the North has been the root cause of climate change, although it is obvious that commodification, industrialisation and speculation with food security resulted in skyrocketing food prices and in hunger, both, India and the EU have revitalised their commitment to trade liberalisation as the driver for economic growth. Due to shrinking demand and exports, both sides accelerate their efforts to proliferate bilateral economic cooperation and trade agreements additional to the Doha Development Round. EU's focus - as outlined in its *Global Europe* policy - is on "tackling non-tariff regulatory barriers" in order to boost business and competitiveness of EU corporations in emerging markets because profit opportunities are severely limited in EU markets. The cause of the multiple crisis - liberalisation of markets, investments and unregulated flow of capital - is taken as remedy against the crisis.

New is India's recent Foreign Trade policy. In the earlier WTO negotiations, India strongly opposed - in the name of the global South - the regime of agricultural subsidies in industrialised countries, it opposed new issues like government procurement and WTO plus issues, and any constraints on domestic regulation. It defended policy space for the sake of development interests such as public health through the provision of low-cost generic drugs, and farmers rights to genetic resources, including seeds which have been preserved, developed and exchanged in particular by women over centuries.

Recently, India has been in full swing to conclude, negotiate and initiate an amazing number of trade and economic agreements, It wish to establish itself as a trade hub and aims to double its exports of goods and services within the time span of its new Foreign Trade Policy 2009 to 2014. However, with its commitment to market opening and export orientation, India manoeuvres itself into trade-off situations and a vice to accept WTO-plus issues e.g. regarding intellectual property rights. Rules stipulated in FTAs and harmonisation of regulations restrict the existing national policy space which can be used to promote development objectives and positively discriminate disadvantaged groups in society. In the FTA framework, India is under pressure to give up the policy space it has used to resist the extension of patents beyond 20 years and data exclusivity (TRIPS plus and UPOV 91). That would undermine the role of the Indian pharmaceutical industry as leading manufacturer of generics and as a supplier of low-cost medicines to developing countries, and would result in increasing prices of generics and in a risk to public health in India and other poor countries.

New are the mounting protests by social movements in India against the adverse effects of FTAs. In particular the protests by fisher folk and pepper growers in Kerala which are supported by the Keralese cabinet, the resistance by small retailers against big retailers and the kisan opposition against imported agricultural goods brought the issue of trade liberalisation back into a broader public debate after some years of being dormant after the anti-WTO campaigns. These new protests challenge policies by asking: What kind of development, what kind of growth is pursued through further export orientation, foreign investment and trade liberalisation?

Trade liberalisation implies a restructuring of economic sectors towards an industrialised, efficiency-centred mode of production and servicing, for the sake of investment- and profit-oriented growth and corporate interests. I want to exemplify this with regard to the retail sector and the dairy sector. In the EU, the industrialisation of milk production and processing resulted in overproduction, prices for milk falling below costs and an increasing interest to export dairy products. In India, the largest milk producer in the world, the dairy sector is an 80 percent small-scale sector and 80 % of them are women. This sector contributes one third of the gross income to rural households - meaning it is a tremendous livelihood resource for the poor. Since decades, for their economic empowerment women got microcredits for cattle raising, for the formation of dairy co-operatives or for "income generating activities" in food processing, street vending or small retailing. When India imported large quantities of highly subsidised milk powder from the EU in 1999/2000, immediately women's dairy cooperatives and small dairy farmers were adversely effected.

Big retailers and the cash&carry-wholesale, however, implement a different business model than the small-scale producers. They set up different value chains, based on standardised, meaning industrialised mass production, on an efficient marketing infrastructure and on the principle of "get modern or get out" vis-a-vis small-scale

farmers, traders, and small and medium enterprises. Further market opening and foreign investment in the retail sector will marginalize and outcompete the value chains and livelihood of a large number of small farmers and retailers, and will gradually extinct the cooperative dairy sector which is already weakened and neglected due to the neoliberal policy tilt in India, as well as mandis get pushed aside. Even if dairy products will be included in the list of sensitive products with regard to tariff liberalisation this would not make much of a difference to the mode of value creation, production and marketing imposed by foreign investors and the cash & carry-model.

Trade liberalisation - and this is the main message I want to bring across - is unlocking business opportunities for the corporate sector but locking up development objectives of small-scale market agents, and thus widens social rifts in society. Trade and investment liberalisation for example in the retail and dairy sector runs counter to the development objective of women's empowerment, promotion of the co-operative sector and of small and medium enterprises. It is a glaring example of the incoherence of trade and development objectives. If India would liberalise additionally government procurement - and this a priority on the EU agenda -, driven by foreign investors, the efficiency- and competitiveness-model would confine the policy space which is needed to protect and support vulnerable segments of the population. India would have to give up its preferential treatment of village and khadi industries, women's development organisations and self-help groups, and small-scale industries as a political tool to advance the goals of equity and social justice.

Our question is whether the investor-driven and export-oriented economic model is suitable to India's stage of development and suitable to all its economic sectors despite different levels of development. Can it meet people's needs and livelihood interests? Is it open to democratic decision making, the local governance structures of the PRI system? Where are the spaces to bring voices of the local communities, of vulnerable groups, of women?

Neoclassical economists assume that trade liberalisation unavoidably will displace people from "traditional", "unproductive" sectors but would provide new opportunities for them in modern sectors. Women's employment in export production is always referred to as an successful example for this shift. Presently an Indian trade delegation is touring with road shows through European countries in order to attract investors for the Indian textile sector. They advertise cheap labour costs which is strongly based on women in export industries and in the informal economy as comparative advantage. The Indian delegation invites EU corporations to "Come to India, manufacture in India, sell in India, make money in India!" However there is no cheap production and no money making without social and environmental costs. Who shoulders those social costs? Where are the considerations of social justice and female textile workers' livelihood? Should we guess that all displaced dairy farmers and street vendors will get a job and decent work in SEZs?

There is now a large body of research to show that trade policies, like any other economic policy, involve and impact men and women differently, while intersecting with caste, class, ethnicity, religion and other social categories. Opening of markets have redistributive effects and change national economies and domestic markets as gendered processes of production, reproduction and consumption.

The recent *UN World Survey on the Role of Women in Development 2009* highlights a contradiction in the gender and trade linkages. Women's economic empowerment has

positive multiplier effects for development, efficiency and growth on the micro-economic as well as on the macro-economic level. However, trade policies generate growth strategies which gear towards investment, cost reduction and profits, and do not centre around employment, redistribution, and social and gender equity. Increasingly, women get integrated into the global monetarised economy but mostly at high hidden costs, continued structural discrimination and in a context of growing social disparities. They are concentrated in low-paid, informal, precarious jobs while gender segmentation of labour markets and the gender pay gap persist. It is women who are working at the bottom end of the whole transnational value chain, as exploited and exhausted seamstresses in factories and sweatshops in China, Bangladesh or India as well as saleswomen in discounters and supermarkets like Tesco, Carrefour, Aldi and Lidl in Europe where they face highly volatile, hazardous, and unregulated working conditions. Exactly those sectors where they are deemed to be the winners of foreign investment and trade liberalisation, the export industries are highly unsustainable due to the race to the bottom and additionally due to the crisis. They give evidence of the download of costs and risks to the bottom. The majority of electronic workers on the Philippines are contract labourers who are called into the factory only when orders come in. Then they have to work flexible, fast and overtime, and are forced to take leave after finishing the order. Manufacturers shift the risk to the workers: no order, no work, no income. The same holds true for Indian textile workers in the informal sector. The insecurity of the workers is the security of the entrepreneur. This is a typical pattern of employment in open markets which is encroaching all labour markets, including Europe, and effects in particular women as flexible labour force.

How could just and equitable development be incorporated into trade policies? How could social and gender concerns be made guiding principles from the very beginning. With regard to gender there are three debates going on. The first one was propagated this week in Delhi by the World Economic Forum saying: Each country that wants to be competitive in the global market has to invest in its women and use its “female talents”. The focus is on women entrepreneurs, assuming: if women become entrepreneurs, then they will benefit from trade liberalisation. The EU proposed to cover gender concerns in the FTA under the sustainable development chapter and decent work. However, India strongly refuses labour standards and considers them as protectionist ploy. UNCTAD advised to take gender, concretely women’s employment as criterion for the selection of special products to be excluded from tariff liberalisation. However, it is highly controversial whether those three approaches will be able to cushion or to change the negative impact of trade liberalization on vulnerable economic groups, in particular poor women. Instead, a comprehensive restructuring of trade liberalization, trade relations and trade rules is needed which within a development framework serve the interests of sustainable economic development, and put basic needs and rights, food sovereignty, and poverty eradication at their core.

While the corporate sector lobbies for more trade liberalization, civil society forces demand not only more Keynesian intervention but a conversion of key industries, a transition to a low-carbon economy and a redressing of economic and trade imbalances. On both sides, EU and India, civil society organisations have called for a hold of the negotiations in order to reclaim policy space to shape trade policies in a more socially just, gender equitable, sustainable and democratic way. Today and tomorrow, we will discuss a number of studies, which will substantiate our claims for more coherence between development and trade objectives, and regulation of markets for the sake of the welfare of all citizens, and a redistribution of economic resources

and opportunities. We want a trade regime that unlocks human, social and sustainable development, including women's development.