

**Brief Report on the HBF (India) - WIDE (Brussels) - SAI
(New Delhi)
Organized
Capacity Building Workshop on
Trade Liberalization Policies & FTAs: Social and Gender
implications of EU-India FTA, at Amaltas Hall, IHC on
25th and 26th March 2008**

The following is a report of the recently held capacity building workshop in New Delhi that critically discussed the EU-India FTA, its impact on the most vulnerable sections of the society and the urgent need for the involvement of Civil Society Organisations in the process of decision making.

Lack of information and transparency on the EU - India FTA whose negotiations are currently on, throws up many concerns. It also calls for an urgent need of establishing a network among the Indian and EU Civil Society Organisations that could collectively propose alternative economic thinking.

The workshop jointly organised by WIDE (Brussels), the Heinrich Boll Foundation (HBF) and the South Asia Institute (SAI) aimed at enhancing the understanding of current trade policies and negotiations, creating awareness about different interests and perspectives involved, sensitise about social and gender implications of trade policies. More importantly it aimed at providing a forum to explore the EU-India FTA from a gender perspective.

The workshop brought together European and Indian Civil Society Organisations, representative of the Indian Govt., academics, researchers, non governmental organisations and activists. It provided the much needed platform for brainstorming, mapping concerns, exchange of perspectives and developing of strategies.

Since India has shifted its approach to bilateral trade, there has been a lack of information and transparency about the negotiations. Its speed, volume and complexity have hence left out the civil society. The civil society also does not have the capacity to emerge as crucial stakeholders in the negotiations. **Michael Koeberlein** from HBF therefore stressed on the need to identify sectors where civil society organisations could intervene and help establish a fair socio economic environment. Considering all the aspects, he went on to state that there was an urgent need of information dissemination, awareness raising and capacity building on the current

trade and market liberalisation policies in general and more specifically in the framework of the EU -India FTA.

Christa Wichterich of WIDE then went to introduce the subject "The importance of gender in trade". One of the primary aims of WIDE was to dismantle the myth that trade policies are a win - win situation for everybody and are class, race and gender neutral. She stressed the need to highlight the links between trade liberalisation and gender. WIDE aimed at making the policy makers aware that trade rules must be consistent with human and women's rights, social and gender justice and environmental sustainability and development goals like poverty eradication. Research, she insisted has shown that women suffer more than men because of the negative impacts of trade policies.

Elaborating further Christa said that Trade and Gender are a two way relationship. Meaning Gender in particular gender division of labour has an impact on trade, on export orientation and investment. And on the other hand trade liberalisation has a differentiated impact on women and men. For analysing gender implications, 3 levels have to be taken into consideration. Firstly, the macro level of growth, production structures, international division of labour, consumption and development. Secondly the meso level of domestic markets and other institutions in particular the regulatory and policy environment in a country in the foreign sector, fiscal policies and national budgets, public expenditure and essential services. Thirdly, the micro level of households and individuals in terms of livelihoods, incomes, access to services.

She emphasized on the concern of taking into account the needs of the most vulnerable groups of the society and making the trade policies have to be made accountable to include provisions for their economic empowerment. She highlighted the need for including gender indicators in the sustainable impact assessment and seconded the lack of transparency strongly. If the very content of the negotiations was unknown, how could the CSO's lobby for human development, social justice and women's rights.

Bishwajit Dhar from Centre for WTO Studies, Indian Institute of Foreign Trade was the Moderator of the first session. He began by briefly setting the scene for liberalisation policies and EU-India-FTA. He then introduced the speakers on the first panel.

R.S.Ratna, Director of the Department of Commerce, Govt. of India, made the first presentation for the day. Right at the outset he began by giving an explanation to the much talked about issue of lack of transparency by claiming that his very presence in the workshop should be a comfort. His presentation which primarily focussed on the status of the negotiations highlighted India's stand on the negotiations. EU as a block is India's largest trading partner.

He went to stress that the EU-India FTA was not a conventional one, rather a comprehensive one. The FTA covers not only the free trade areas in services and goods but also covers agreement for investment, agreement on so many other areas (such as trade facilitation, intellectual property rights, GI's, Govt. procurement, Competition Policy, SPS, TBT etc.). An important agreement was that India will negotiate bilaterally meaning negotiating with the EU as a block and not individually with the 27 countries. He went to give the audience a few numbers of bilateral trade. Showing India's export growth to EU in 2006-07 as 15.31% as against 22.48% of its global export growth. And India's Import growth from EU was 14.66% as against 24.43% of its global import growth. He highlighted that the point to be noted was that India's trade with EU had declined in the last year even though its exports and imports had increased. And the reason he said was that India's trade with its East Indian partners had increased tremendously.

He then went to give a list of the major items traded. Export items which included apparel and clothing, mineral fuel, pearls, precious and semi precious metal, organic chemical, machinery or mechanical appliances, electrical machinery and equipment, footwear and other products, iron and steel products. Import items which included machinery or mechanical appliances, Pearls, precious or semi-precious stones, metals, Electrical Machinery, Aircrafts, Iron & Steel products and Organic Chemicals. The difference even though some of the items were common was that for eg. The machinery that India was exporting was of medium technology and labour intensive while the import from EU was high tech.

He again stressed that the reason why the govt. has not shared much of the facts with the Civil Society and the domestic stakeholders was that the first three rounds were only the setting up, as to whether there would be an agreement on how the negotiations be held. However, the HLTG Report was now available on the govt. website. He also mentioned that bringing a lot of transparency could

be a problem for a negotiator as there is some confidentiality that needs to be maintained from the negotiating party. Hence, not all info can be put in the public domain. Feedback though is taken from representatives of industries whose items are not in EU's concession items list. He also informed the audience of India's offensive interest in the sector of agriculture. And that India was looking forward to FDI inflows. Both sides had agreed that there would be tariffs which would be liberalized on 90% of the trade value. He finally went to admit that India's foreign trade policies were as yet gender neutral.

Bernd v. Muenchow-Pohl, German Councillor for Economic Affairs, German Embassy, New Delhi went on to say that EU couldn't any longer ignore the development of emerging trade agreements. Also, that EU strongly believed that a bilateral trade agreement between India and EU could be a win-win situation for both. EU's special interest in India pertains to the fact that EU is India's largest trading partner. EU is also the largest source of investment in India. The sheer size of India's market makes it an interesting trading partner. Though there were issues where India and EU did not see eye to eye, EU believed that India and EU were equal partners in trade. There would have to be give and take. Hence, Public Procurement was a point of discord among the 2 negotiating parties. But, the outcome remained a priority even though the nature of the agreement is complex.

Bishwajit Dhar, then with his prerogative went to highlight the lack of follow up by mainstream civil society as civil societies were working in their own constituencies. This posed a problem when trying to look into the larger perspective of gender implications of trade policies. He also insisted on the need of initiating a parallel process of conducting studies in various sectors that would provide valuable information and insight into the implications of the trade policies which could then be fed back to the government. Trade liberalization must have a development dimension.

The two presentations were then followed by a question-answer round from the audience.

The second session brought out the Indian and EU Civil Society perspective on the FTA.

Manichandran, Centre for Education and Communication, gave a presentation on the Indian Civil Society Perspective. He went on to highlight particular issues

which were of a major concern. The first among many being trade in goods. EU's ambition on trade in goods is to achieve elimination of duties on 90% of tariff lines. This threatens to eliminate the minimum protective measures to safeguard the Indian industry and its workers. Also, the removal of export taxes on sensitive goods and raw materials would drastically affect the production of value added goods in India and would negatively impact the industrialisation process.

He then went on to mention that the call for strict implementation of Intellectual Property Rights would deeply affect subsistence farming and the livelihood of poor farmers. Especially in the aspects of seed sharing, increasing prices of agro chemical products. It will also mean no protection for indigenous knowledge held by Indian farmers. The entry of EU corporations would hence further intensify the ongoing agricultural crisis. IPR would also have an impact on the generic manufacturing of the Indian pharma industry leading to deprivation of lifesaving medicines for the rural and urban poor. Another concern was that the opening up of financial sectors would lead to a dominance of EU's finance capital and its MNC's on the Indian Economy.

Concluding, he said that if we were to avoid the negative impacts of trade on labour rights, the govt. must adopt concrete measures to promote workers participation in EU-India FTA and evolve a comprehensive policy to protect the rights of the workers. And it was important that the govt. came out with a detailed sector wise analysis of sustainability impact assessment.

The moderator, **Kasturi Das**, then went on to mention that the presentation by Manichandran was one perspective of the many and that sensitive issues such as labor standards required that India has its own policy space to decide on them.

Christa Wichterich, WIDE provided the EU Civil Society Perspective. She began by giving an introduction of the EU Commission's new trade policy "Global Europe - Competing in the World". Given the "competitiveness first" goal of EU, she highlighted the criteria of the selection of new partners as being: market potential and size and high level of protection against EU exports and investors.

Going on to share the concerns of the EU Civil Society, she highlighted that the "competitiveness first" goal gave emphasis to competition over cooperation, disregard

of development objectives resulting in a failure of considering the needs of the most vulnerable groups of the society. By giving an example of the fact that the Indian GDP is only 7% of the EU GDP, she highlighted the high asymmetry prevalent in many sectors and areas and criticised the underlying assumption that the EU and India were equal partners.

She also stressed the fact that if not protected, the local industries, small scale farmers, petty traders and women in the informal sector will be placed in direct competition with advanced, powerful European corporations and will be crowded out to a large extent. Going on to highlight the adverse effects of EU demanding govt. procurement while not excluding essential services, she brought the threat to basic human and women's rights and social security to the forefront. And advocated that such investment policies must respect the policy space of other governments regarding domestic regulation to protect domestic markets, promote development objectives and affirmative action towards vulnerable groups like poor and single women, dalits, adivasi, unemployed, the elderly etc.

Marianne Hochuli, Bern Declaration projected the EFTA Civil Society Perspective.

She delved into her presentation by highlighting the fact that EFTA had decided to conclude as many FTA's as possible with the most interesting markets and stating the obvious that India was one of them. Highlighting the fact that Switzerland being very strong in sectors such as pharmacy, seeds and financial sector was seeking to gain market access for its industries as was in competition with the EU. EFTA also has many offensive interests like EU especially IPR. She also went to give an example of how the Norwegian fish exports had gone up by 40 % after an agreement with South Korea. Contrary to EU, EFTA had absolutely no mention of sustainable development as a clause in its FTA's. And that its implications would counter any poverty ridden society.

Audience then responded by probing the need to define social and gender implications and positioning oneself better vis a vis trade so as to be able to navigate better. The workshop saw a broadening of its perspective: instead of confining oneself within the framework of the trade agreements, and to the acceptance that trade agreements were a reality and (multilateral and bilateral) trade rules were needed for a global economy, at the same time what is needed is linkages to the larger picture and stringent rules when opening up markets which

relate trade to development objectives, and to the needs of vulnerable groups in society.

The second session moderated by **Smitu Kothari** began with seeking to address the challenges that lay before by expanding in terms of research and analysis of gender implications, monitoring the process before and after its coming into being, creating wider public awareness of the instrumentalities and having political campaigns and expand the base of the political campaigns and collaborations between the regions and linking various trade agreements. One of his primary concerns was that civil society was only allowed an intervention post facto. And taking the decision as written in stone was an assumption that needed to be urgently contradicted. As Communities have to define and participate in discussions to be able to come up with alternatives that are far more people and environment enhancing.

Monali Zeya, CSE gave a presentation on Extractive Industries and Resource Protection. Posing the question Rich Lands poor people: Is sustainable mining possible? Backed with research numbers she went to show how the richest mining areas of the countries were also the least developed, characterised by low per capita income, lower growth rates and higher level of poverty and food security. The primary reason being that the mining wealth did not trickle down to the mining areas and was a major cause of displacement. Also that mining degraded land, water and forest resources and did not provide any local employment.

She stressed the need for including a social contract wherein mining would not happen without the consent of the local people being affected by it and that they would have a substantial share of the benefits. And that companies involved would be monitored and severely penalised in case of damage to environment.

Shalini Bhutani, from GRAIN provided the knowledge about the laws and policies pertaining to food, farm and fuel which had women at its centre. The key concern is the ongoing shift from public to private. She went on elaborating the biodiversity laws, seed legislation, agriculture policies, biotechnology rules and energy policies. She emphasised on the need to acknowledge women's traditional knowledge as outside of trade (non-tradable).

Devaki Jain, the moderator of the next session made a very valuable intervention. She was a member of the world

famous South-Commission in the 1980s which functioned as a think-tank for development in the South. They were searching for alternative paths of development to tackle the problems of the South - approaches and strategies different from the development driven by industrialisation and the capitalist market in the west. However, since then the economic development agenda and the trade policies of countries in the South have adjusted themselves very much to the global economy which is governed by principles of competition and efficiency, and by the paradigm of corporate profit making. Unfortunately, an alternative South-South-trade still has to be developed in Asia.

Biplove Choudhary, Asia Pacific Trade and Investment Initiative, UNDP. Made a presentation on challenges of gender mainstreaming in trade agreements: role of development agencies. At the very outset he highlighted the growing importance of trade and the need for a conceptual framework for a gender aware approach to international trade. Bringing to the forefront the challenges of gender mainstreaming he stressed the need for intensive sector wise research and in-depth analysis of gender-trade linkages/impacts. And concluded by suggesting development agencies to take on a broad, holistic approach on building awareness and enhancing capacities on gender linkages at different levels.

The day ended with a vote of thanks by Peter Braun, Director SAI.

The second day of the workshop began with the question "How to Engender Trade Policies?" Bipul Chatterjee of CUTS moderating the first panel of the day brought to the core that no trade or economic activity has ever been gender neutral. He went on to invite **Shipra Nigam** to introduce the subject to the participants. Shipra provided an in depth introduction to the neo - classical theory through a gender lens. Arguing that mainstream economics is gender blind and that it was based on an incomplete understanding of how economies work. Going on to highlight the implications of gender and trade of mainstream economies, she earmarked the feminist contributions to the theory of gender and trade.

This was followed by a perspective from the ASEAN Region. **Naty Bernardino**. Giving an insight into the EU-ASEAN FTA, she pointed out the threat of de-industrialisation in ASEAN and impact on women workers. The quantitative

impact study commissioned by the EU had predicted a decline in the production sector, where women alone made up of 90% of the work force. Also that it was women who had to shoulder the burden of increasing costs of services when privatised. She also provided an insight in to the "care drain" phenomenon.

She highlighted concerns that need to be addressed: trade and investment policies between unequal negotiating partners, - policies that threaten the policy space of governments to define their own development priorities and policies, - policies aimed at the liberalisation and privatisation of public services that subordinate essential public services to the profit interest, - policies that destroy food security and food sovereignty of the people in developing regions which are a threat to people's survival, - policies that threaten are a threat to basic human and women's rights and prevent the implementation of global social rights

The next session headed on to identify key sectors and issues. **Neetha Pillai** pointed out how volatility affected women first as has been the case world over, with women being thrown out first incase of any volatility of export production. Also, a lot depended on the export basket and there was not really only one linkage between gender and trade but many. She highlighted that the primary reason for India's competitiveness in the world market owed its genesis to cheap labour especially women. With opening up of markets there will further pressure to become even more competitive. She contradicted the advantages of home based work for women as they had no safety provisions and that they could be persuaded to work longer hours on low wages at the same time shouldering the burden of domestic responsibilities.

Ratna Sudarshan of ISST gave a presentation on the IT Sector. Given the consequence that trade liberalisation would open up opportunities, lead to outsourcing contracts, one tried to place women in these opportunities. Women's employment was restricted to low wage jobs such as data - entry workers or jobs that required soft skills such as inter-personal skills, public relations promotion etc. Concluding she stressed the need for data on women's work in the IT Sector and the need for increasing opportunities for skill acquisition and upgrading.

Narsimha Reddy represented the handloom sector and provided an insight into the policy framework concerning

the sector. Given that there is an 80% work participation of women, the chunk of this work was still unrecognised and poorly paid. He stressed on 3 things that needed to be done. At the production level, it was important to bring the women to the value addition level such as designing etc. At the sectoral level, women needed to become a part of the trade unions, marketing, cooperatives i.e. positions of resource control and decision making. At the national level, a need for a policy specifically concerning handloom sector which didn't exist until now.

Vidya Rangan from EUATIONS spoke about the gendered impacts of trade liberalisation on the tourism sector. She said that in most countries, trade and economic policy is gender blind while tourism policy is outright gender discriminatory and does not account for the serious impacts that tourism activities have on women. To emphasise further four parameters which are affected by gender-blind or discriminatory gender policies were used: 1)Employment of women in the formal tourism labour market: As currently designed, trade policy in the tourism sector does not address the inequities in revenue distribution between tourist-generating and tourist-receiving countries and is not oriented to improve direct local community benefit from it. It therefore also restricts the ability of such policies to directly contribute to women's empowerment in the formal industry. 2)Activities in the informal tourism sector and its links to sustainable livelihood: In the developing world, 60% of women (in non-agricultural work) work in the informal sector. Much of this is linked directly and indirectly to tourism. But the roles and activities that women perform in tourism are treated as invisible or taken for granted. With increased liberalisation, many sectors in India today are being de-regulated not just with respect to the investment regimes but also labour and environmental laws. Such deregulation has led to an increased informalisation of sectors, including employment in tourism. Can trade policy ensure that greater trade leads to more jobs of a more permanent and secure nature in economies of the South? 3) Socio-economic empowerment of women through tourism in terms of use of and access to resources: Unregulated tourism development is guilty of reducing and even denying access to basic resources such as and, water, coasts and forests in places where it develops. There is a direct correlation between the depletion of natural resources and increased burden on women in daily work in any region of the world. Women's access to and control over forest produce and water comes into sharp conflict when tourism

usurps these very resources needed to fulfil their life and livelihood needs. Trade policy, designed to push for increasing levels of deregulation in tourism does not provide sufficient national policy space for ensuring that tourism does not impinge on community rights to resources, and in fact places a positive role in guaranteeing and protecting such resources. 4) Women's influence and decision-making on tourism policy and their access to political spaces: like in most other areas of their development, tourism activities are also plagued by poor consultative processes that do not provide an adequate voice to women.

Marianne Hochchuli made a presentation about the gender specific effects of a deregulated financial sector. She highlighted the fact that the opening the country to global financial markets and dropping all protective regulations is not the way to improve credit opportunities for poor people and especially for women in India. Their presence wouldn't really increase the investment level in a country as foreign banks, ignorant of the local situation would prefer to invest their money on the international financial market. On the gender effects of the IPR, she emphasised how they undermined the local knowledge of women threatened by the encroachment of Western systems of intellectual property.

The last session's first presentation was by **Anushree Sinha**, NCAER. She outlined that women and men respond differently to economic and trade policies as they have different sets of private resources and levels of access to public ones. She stressed on the need to analyze policy impact on women and a clear framework which answered gender sensitive questions. She initiated the participants to think on the lines of Gender Equilibrium Models which are economy wide models and are multi-agent, multi-commodity models.

This was followed by a presentation by **Bipul Chatterjee** of CUTS. He stated the positive implications of the gender implications of the EU - India FTA Negotiations. An overall implication that he stressed was the positive impetus for the Indian manufacturing and service sector which would absorb women from the rural sector into the formal non-agricultural sector. Though an important concern of wage discrimination against women in the wake of industrial expansion remained.

Trade liberalisation at the end of the day was seen in an ambivalent and controversial way. Given the fact that trade was also inevitable, Some participants probed

themselves to break the assumption of approaching trade liberalisation because of its negative impacts alone. They identified positive implications and many opportunities that arose from economic globalisation e.g. that it led to higher information and better environmental standards. This way industry could be made to comply with international standards. Others insisted on highlighting the adverse effects of trade liberalisation on the weaker sections of the society, esp. farmers and women in the informal sector, and the many hidden costs behind the growth rates and gains made in order to avoid that wrong policy decisions are taken. It was also flagged to strengthen interventions on education, health system etc.

Hence the outcome of the workshop could be summarised with 3 questions that the participants asked themselves. 1) From what perspective would one look at the gender perspective? 2) What are the institutions we want to target and work with? Our interventions should go beyond the Ministry of Commerce to other ministries? Which other institutions at the national and regional level have to be addressed? 3) How are we going to overcome the problems of lack of information and transparency? What strategies do we need to make timely interventions?

The question: How we will make the linkages was hovered over. A need for a forum was established. It was also assessed that it was critical to involve other governments. That one could make use of levers such as the media to be a medium of awareness. At the European level, it was required that pressure be put on the World Bank, on ADP/ADB. Since the whole process of formulation of trade policy was critical, there is an urgent need to build a compelling case with broad involvement of all the stakeholders. It was also agreed that there was a need for looking at research in a long term fashion. And even more important was the need for monitoring ex-post.

The two day workshop concluded on the note of linkages among Indian and EU CSOs as a sign of solidarity which through research, awareness, and analysis vowed to propose alternative scenarios to the policy maker so parameters could be changed.
