

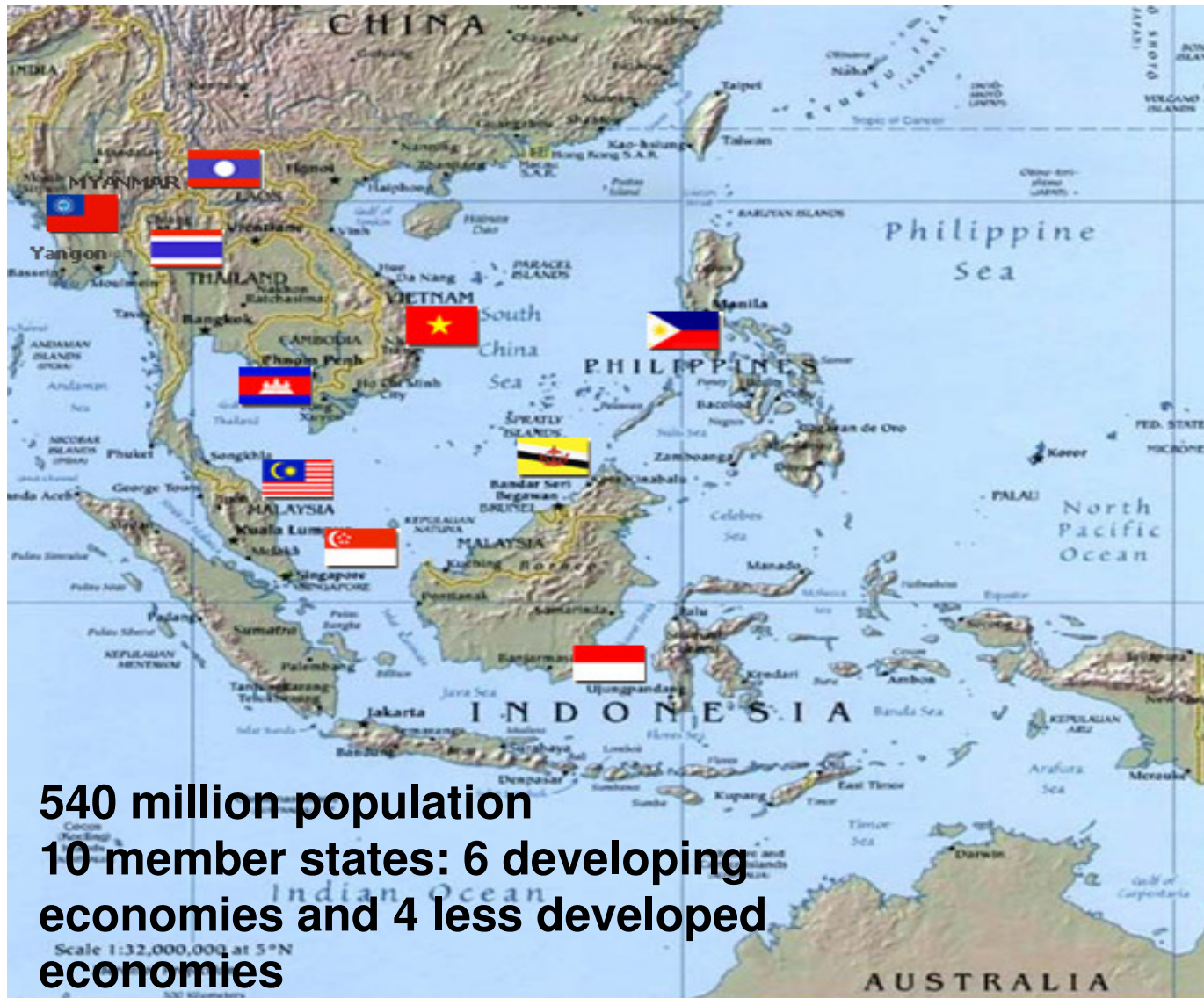
The EU-ASEAN FTA: Gender Issues and Advocacy

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International Gender & Trade
Network - Asia



Association of South East Asian Nations



540 million population
10 member states: 6 developing
economies and 4 less developed
economies

- 1967 – establishment of ASEAN with the 5 original members: Indonesia, Malaysia, Philippines, Singapore and Thailand
- 1984 – Brunei Darussalam joined
- 1995 – Vietnam joined
- 1997 – Laos and Myanmar (Burma) joined
- 1999 – Cambodia joined

EU and the ASEAN

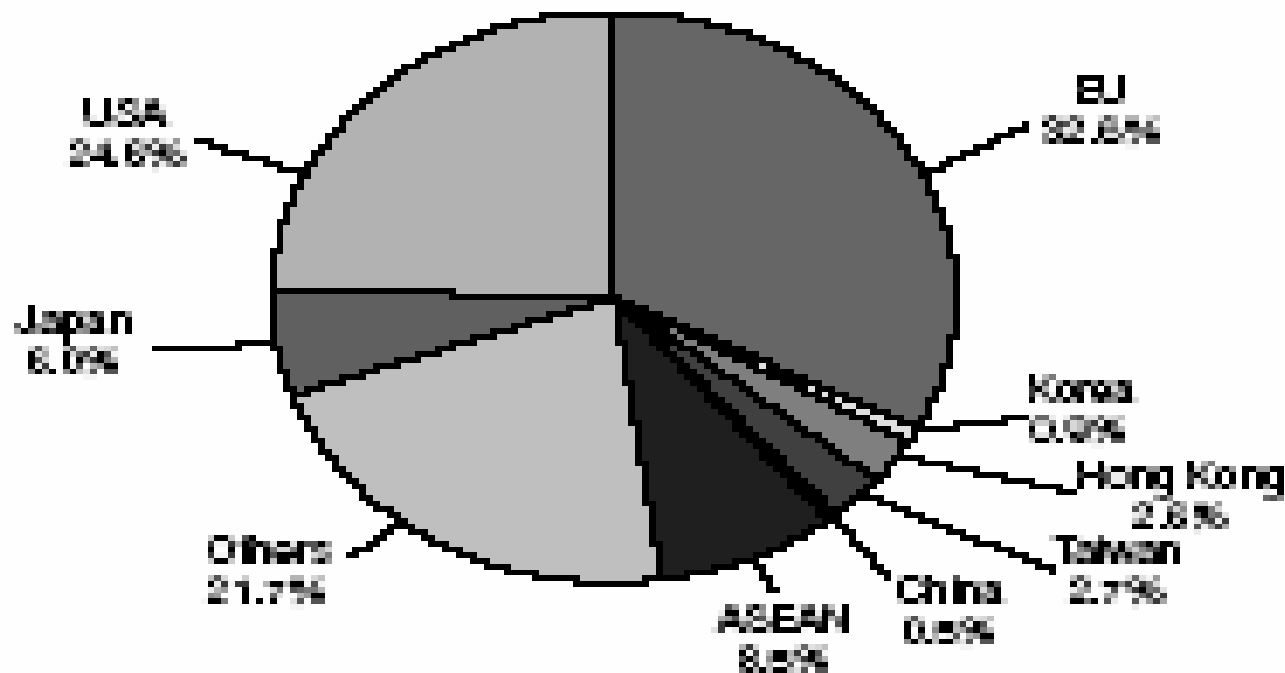
- ASEAN GDP is equivalent to only 6.5% of EU GDP
- Southeast Asia is EU's 6th largest trading partner
- EU on the other hand is ASEAN's third largest trading partner, next to USA and Japan.
- EU accounts for 12.5% of total exports from and 10.3% of total imports into ASEAN.

Trade and Investment between the EU and ASEAN

- ASEAN's main exports to the EU:
 - textiles and apparel, machinery and electrical appliances, as well as fats and oils from palm and coconut.
- EU's main exports to ASEAN:
 - high tech industrial products such as turbojets and other automotive vehicles, machinery and electrical appliances, pharmaceutical products, perfumery and cosmetics, optical precision instruments, and iron and steel products.

EU-25 as a group is the largest foreign investor in the ASEAN, with about a third of annual inflows.

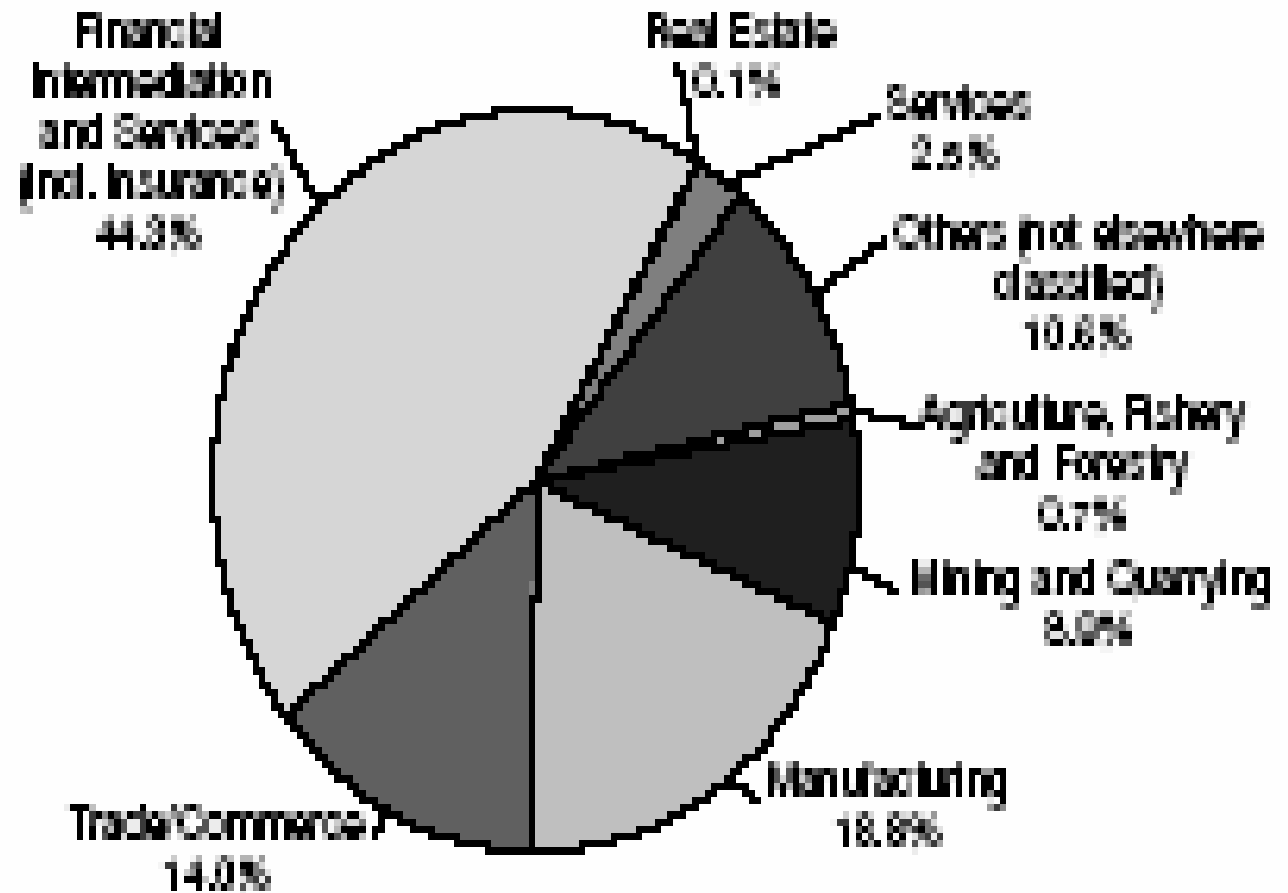
Chart 1.15. Total FDI in ASEAN by Investing Country (cumulative flows 1999-2001, balance of payment basis)



Source: ASEAN Secretariat

Chart 1.17. EU FDI in ASEAN by broad sectors of industry (cumulative 1999-2001, balance of payment basis)

EU investments are mainly in financial services (44%) manufacturing (19%) trade & commerce (14%)



Source: ASEAN Secretariat

The EU-ASEAN Free Trade Agreement

- May 4, 2007 - official launch of the FTA negotiations following the EU Council's approval of the negotiating mandate in April;
- A joint committee was created to develop the details of the modalities, work program and time schedule for negotiations
- 3rd meeting in Brussels – exchange of papers; no draft text yet

The EU-ASEAN FTA main negotiation areas: “WTO Plus” and revival of Singapore issues

- **On trade in goods** → full elimination of tariffs for 90% of trade and tariff lines within 7 years
- **On trade in services** → substantial sectoral coverage
- **On investments** → national treatment, lifting of FDI restrictions on performance standards, removal of controls for volatile capital flows;
- **Elimination of Non-Tariff Barriers (NTBs) and Trade Facilitation**
- **government procurement,**
- **intellectual property rights (IPR)**
- **competition policy**
- **Technical assistance and capacity building**

EU corporate interests in the FTA with ASEAN

- **Trade liberalization in services and investments**
 - owing to EU's large advantage in the field of knowledge-based services (e.g. financial services, business services, computer services)
 - Apart from financial services, the EU is eyeing energy, water and environmental services as potential investment opportunities
- **Elimination of Non-Tariff Barriers, trade facilitation and harmonization of standards**
 - NTBs in the ASEAN are considered as the main obstacles to trade compared to tariffs; altho' the EU wants to remove certain ASEAN industrial tariff peaks (e.g. automotives in Malaysia, electronics in Philippines)
- **IPR, government procurement and competition policy**
 - non-enforcement of IPR rules, non-transparency in government procurement and divergent country policies on competition in the ASEAN

Implications of the EU-ASEAN FTA on Gender & Economic Justice:

1. The threat of de-industrialization in ASEAN and impact on women workers
2. Liberalization of public services and its implication to women's social reproductive work
3. Mode 4 of services liberalization, women migrants' rights and "care drain"
4. EU's protectionism in agriculture and its implications to rural livelihoods and food security in the ASEAN

Gender statistics in the ASEAN

- **Female labor force participation in the ASEAN increased significantly since the 1970's, ranging from 40-70%, which was largely brought about by the growth in garment and electronic exports manufacturing.**
- **Female wages are only 60-70% of male wages in most Asian countries.**
- **The “Asian miracle” was founded on gendered wage inequality and on a particular gender ideology in East Asia that glorifies subservience and sacrifice as female virtues (Truong 2000 in Young 2003).**
- **In general, the participation rate of females in the labor force is usually lower by half to two-thirds that of males.**
- **In the services sector, women employment is higher than that of men although managerial and top positions are still male-dominated.**

1. The threat of deindustrialization in ASEAN and impact on women workers

- The quantitative impact study commissioned by the EU predicted large gains from the FTA amounting to more than 2% of the GDP in 2020, but also expected that production will decline in the ASEAN especially in manufacturing while huge gains are expected in the services sector.
- The declining trend for example in the garments and electronics industry, where women make up 90% of the total workforce, has led to job losses, deterioration of wages and labor conditions, and job insecurity arising from labor contractualization and informalization.
- According to the qualitative impact study commissioned by the EU on the prospects of an FTA with ASEAN, the relative comparative advantage of the ASEAN over the EU in textile and apparel has actually been declining in the last ten years.

- Economic downturns generally exhibit the worse impact on women. Although unemployment may hit both men and women workers, the degree of labor casualization and informalization affects more women than men.
- During the Asian crisis for example, unemployment in the Philippines affected more men but women's average wages fell more than men's. Lim (2000) asserts that *“at a time when women were forced to shoulder greater domestic care duties, their working hours as wage earners also increased relative to men. One central coping strategy during the crisis was to increase the working hours of women, leading to more “idleness” for men due to unemployment, underemployment and shorter working hours.”*

2. Public services liberalization and implication on women's social reproductive work

- European corporations are targeting key public service sectors such as energy, water and environmental services as promising investment ventures under the FTA. Opening up public sector goods and services to private and foreign investors has in many cases led to increased prices and imposition of “user fees”.

Example: Philippines - privatization of water and electricity utilities led to a ten-fold increase in prices.

- Women who perform most of the social reproductive tasks of providing health, education, and other care work in the household had to shoulder the burden of increased costs for these services.
- These services are public goods that should remain in the public domain and not surrendered to the profit-driven realm of the market.

3. Mode 4 of services liberalization, women migrants' rights and "care drain"

- **Mode 4 of services liberalization (Temporary Movement of Natural Persons) under the current disciplines of the WTO General Agreement on Trade-related Services (GATS) and in all other existing bilateral FTAs only involve facilitating the movement of foreign expatriates, professionals and highly-skilled technical staff of multinational corps. Domestic workers are not included in the occupational categories eligible for Mode 4 services liberalization.**
- **Health professionals such as nurses and caregivers on the other hand are still subject to strict border controls and tough recognition requirements.**
 - Example in the UK: Filipino nurses are required to pass the British licensure and board examinations before they are recognized and can work as nurses.

Migration of women health professionals and domestic workers: the “care drain” phenomenon

- Exodus of nurses and caregivers from the Philippines led to a shortage of health professionals; WHO predicts a “health systems crisis” in the country if trend is not abated.
- Care drain is also experienced at the level of the household of migrant women workers whose absence often affects the quality of care provisioning in the family especially in the case of mothers.
- At the level of the female migrant worker herself, a care deficit likewise occurs as she is often subject to abusive treatment and inhumane working conditions by her employer, not to mention the psychological and emotional pressures of having to leave their families and adjust to a different cultural environment, including cases of racial and sexual abuse.

4. EU's protectionism in agriculture and its implications to farm livelihoods and food security in the ASEAN

- **The EU is notorious for its protectionist policies in agriculture. These include:**
 - a. the huge subsidies it gives to European agricultural producers and exporters have been largely responsible for a distorted world trading regime where EU agricultural exports sell at prices below their production costs.

Since the issue of agricultural subsidies can only be addressed in the multilateral trading system and not in bilateral FTAs, the reciprocal elimination of agricultural tariffs in the EU-ASEAN FTA could only bear greater benefits for EU producers and exporters than to their ASEAN counterparts.
 - b. the EU has consistently maintained a list of sensitive agricultural and fishery products exempted from tariff reduction and elimination.

- c. Another major barrier to ASEAN exports to the EU consists of non-tariff barriers such as sanitary and phytosanitary standards (SPS), technical testing procedures and environmental regulations.
- > Although the EU-ASEAN FTA provides for the elimination of non-tariff barriers, ASEAN countries however will still have to meet these standards through a harmonized system in accordance to the WTO SPS agreement and other associated provisions in international organizations.
- > In return, the EU commits to provide cooperation and technical assistance to ASEAN countries to build their capacity in complying with such harmonized standards.
- > Experience shows however that only a few large agricultural exporters in developing countries, which usually are transnational corporations (TNCs), are capable of compliance with harmonized standards. Small producers, given their level of resources and technology, are therefore left out of the competition.

- In sum, EU's protectionist measures in agriculture create an unfair competition for ASEAN agricultural products both in the domestic and EU markets.
- > Import dumping due to EU's large agricultural subsidies has resulted in the loss of farm livelihoods for men and women in developing countries and increased threats to food security both at the national and household levels.
- > Food security is particularly important for women's social reproductive role of making sure that there is food on the family table.

Policy advocacy of IGTN

1. The predicted decline in key manufacturing sectors such as in the apparel industry where women workers are a majority, could lead to more job losses, deteriorating wages and working conditions, and increased labor contractualization.

While social safety nets have been the usual recourse to soften the impact of dislocation, these measures should be coupled by a more prudent and targeted liberalization policy or scheme that takes into account the vulnerabilities of certain sectors, especially in terms of possible job losses for men and women.

A **targeted liberalization scheme** should also consider the importance of retaining FDI policy instruments and domestic regulations that are vital for national development.

2. Women's double burden is compounded by the privatization of essential public services that are important for their social reproductive work.

Energy, water and other basic services that the EU is targeting for private investment by European corporations are crucial public goods that should not be subject to the vagaries of the market nor to the profit-driven realm of private capital.

3. Women migrant workers' rights should always be protected. Address the impact of "care drain".

Developed countries like the EU should initiate measures that will compensate the effect of "care drain" in sending countries. These could include cooperation and financial assistance for public hospitals and other health care services, medical school scholarships and other similar forms of assistance in exchange for every migrant health professional sent to their country.

4. EU's protectionist policies in agriculture should be dismantled to protect the livelihoods of small farmers in developing countries and ensure food security for all.

Unilateral moves by the EU to substantially cut and eliminate its trade-distorting subsidies can be considered without waiting for the conclusion of talks in the WTO.

While the EU's cooperation and technical assistance for ASEAN's harmonization of standards is a positive step, it should couple this with specific mechanisms ensuring that priority is given to small farmer producers.

5. Finally, on Positive Conditionalities:

- Human rights, labor standards, sustainable development are serious international normative frameworks that should not be made secondary insertions to the neo-liberal goals of an FTA.
- Framing these under an FTA is not the right location; it is redundant and totally unnecessary, if not self-contradictory
- These normative intl. agreements were arrived at through multistakeholder processes/consensus while trade agreements are mostly executive agreements and shrouded in secrecy.
- A sign of sincerity or hypocrisy? Or “big brother” colonial mentality?

Thank you.