



NETWORK OF WOMEN PARLIAMENTARIANS OF THE AMERICAS

DISCUSSION PAPER for the IV Annual Meeting Venezuela, November 24, 2003

IMPACT OF THE FREE TRADE AREA OF THE AMERICAS (FTAA) ON WOMEN

1. The Issues

In 1994, the Heads of State and Government attending the Summit of the Americas in Miami agreed to work toward the creation of a Free Trade Area of the Americas (FTAA). Negotiations began in 1988 and are set to be completed in January 2005. The FTAA aims mainly to increase economic integration in the Americas so as to foster growth and development. This project must thus reinforce the overall objectives of the Summits of the Americas process, to consolidate democracy, to promote human rights and to find solutions to the region's socioeconomic problems. If it comes into being, this free trade area will be the largest in the world, with over 830 million inhabitants and a combined GDP of C\$19.7 trillion.¹ However, many aspects of the agreement, including the second draft agreement, which was made public in November 2002, are not yet a matter of consensus between the States taking part in the negotiations.

The Executive Committee of the Network of Women Parliamentarians of the Americas examined the issue of the FTAA's impact on women, at its meeting in April 2001, which was held in Québec City, in conjunction with the Third Summit of the Americas. The outcome of the committee's deliberations was a Declaration in which it stated "the need for the trade liberalization policies and the process of the Summits of the Americas to reflect the needs and concerns of women."

Now, in view of the upcoming conclusion of the negotiations on the Free Trade Area of the Americas, it is important to carry this reflection process further forward, and to consider measures to ensure that the interests of women are better taken into account in the development and implementation of this trade agreement.

This document identifies the main aspects of these issues, and explores possible courses of action for elected officials, in order to contribute to their reflection process in the context of the IV Annual Meeting of the Network of Women Parliamentarians of the Americas, which will take place in Caracas, in November 2003.

¹ DFAIT/MAECI, "The Relationship of the Inter-American Democratic Charter to the FTAA," *Trade Negotiations and Agreements*, August 5, 2003 [<http://www.dfait-maeci.gc.ca/tna-nac/IYT/inter-american-en.asp>], (page consulted August 14, 2003).

2. Women's Issues

The analysis presented here covers the major sectors covered by the FTAA negotiations, namely the impact of trade liberalization on the employment market, on agriculture, on services, on intellectual property and on public procurement.

2.1 Free trade and employment

The liberalization that has been enjoyed thus far by most countries of the Americas, particularly in the framework of the Southern Common Market (MERCOSUR), the North American Free Trade Agreement (NAFTA) and the agreements of the World Trade Organization (WTO), have indeed favoured women's access to the labour market, an increase in the proportion of women holding professional and management jobs, pay increases (although still at lower levels than those paid to men) and, as a result, have led to greater autonomy for women.²

Nevertheless, certain distortion effects have also been observed. The restructuring of industries, the greater precariousness of certain local enterprises, and greater flexibility in labour standards in order to attract investments³ are direct consequences of economic integration.

In Latin America and the Caribbean, the liberalization of trade has already contributed to increased segmentation of jobs as well as to the worsening of segregation, two phenomena causing predominantly female jobs to be more prevalent in vulnerable sectors, particularly in the informal sector or in factories located in export processing zones.⁴ Hence growth has occurred, in recent years, in precarious employment. According to a number of analysts, the current FTAA text would not allow for the rectification of these undesirable effects.⁵

2.2 Agriculture

The liberalization of trade also appears to influence the type of agriculture that is practiced. Since single crop operations for export purposes are more favoured in such a context, a concentration of land ownership is being observed, resulting in changes in the modes of food supply for communities. On the one hand, competition from foreign products affects the profitability and hence the availability of local products, to the detriment of food diversity.

² Women's Edge Coalition, *Women and Trade. Investing in Women: FTAA Investment Policies and Women*, January 2002 [www.womensedge.org/trade/ftaaenglish.htm], (page consulted July 15, 2003).

³ Particularly through the creation of export processing zones, such as the Mexican maquilas.

⁴ According to United Nations data published in 2000, about 75% of the female labour force in Latin America and the Caribbean is concentrated in the service sector. Most of these women are employed in occupations reflecting the roles traditionally assigned to them: caring for the sick and for children, or household work. Wage earners constitute over 55% of the female labour force, whereas the proportion of self-employed women stands at about 15% (Caribbean) and 32% (South America). Moreover, women represent a large part of the labour force in the informal sector in countries for which data are available: from 38% (Venezuela) to 58% (El Salvador). The majority of workers in the informal sector are self-employed women or female family workers collaborating in the family business. The data for the informal sector, however, do not take into account the agricultural labour force. Marceline White and Alexandra Spieldoch specify that women account for 70% to 90% of the labour force in the Latin American export processing zones, mainly in the apparel and electronic equipment assembly sectors. United Nations, *World's Women 2000: Trends and Statistics*, 3rd ed., New York: United Nations Publications, 2000, pp. 109-150; Marceline White and Alexandra Spieldoch, op. cit., p. 10.

⁵ Mariama Williams, *Globalization of the World Economy: Challenges and Responses (Revised). Background Notes to the Statement of Dr. Mariama Williams*. International Gender and Trade Network, February 2002 [<http://igtn.org/Research/enquete.pdf>], (page consulted August 27, 2003); Ritu Sharma, in Women's Edge Coalition, *Women's lives and the World Economy III. Women Trade in the Americas. Conference Proceedings, December 15, 1999*. [www.womensedge.org/trade/ftaaconference.htm], (page consulted July 15, 2003); Marceline White and Alexandra Spieldoch, loc. cit., pp. 9-10; Institute of Development Studies, University of Sussex (BRIDGE), *Development and Gender in Brief 8: Trade Policy*, 1998, [www.ids.ac.uk/bridge/dgb8.html], (page consulted July 15, 2003); UNIFEM, *Trade Liberalisation and Women. A Situational Analysis*, 1998 [www.unifem.org/www/trade/sa7.htm], (page consulted July 14, 2003).

Furthermore, the gradual disappearance of subsistence agriculture affects the ability of populations to feed themselves adequately, and thus raises the question of the need to ensure their food security.

A number of women practice non-mechanized subsistence agriculture, and are thus seen to be particularly at a disadvantage in the context of increased openness of markets to imported agricultural products. The FTAA draft agreement, as made public in November 2002, does not provide any measure allowing women farmers to conserve their traditional production methods or to benefit equally from the positive effects of liberalization.⁶

However, it is interesting to note that new land legislation has recently been passed in Nicaragua, Costa Rica and Honduras in order to reduce gender-based inequalities as regards land ownership. In Nicaragua, some success has been achieved in considerably reducing the gap between men and women as regards the use of technological services in agriculture.⁷ It is perhaps up to each State to bring its own solutions to the above-mentioned problems.

Finally, it should be noted that several Latin American countries see the creation of the FTAA as a way of ensuring that northern countries reduce the subsidies granted to their farmers, since the subsidized products come into competition with the production of Latin American farmers in their own domestic markets, as well as with that of other countries.⁸

2.3 Services

The GATS (General Agreement on Trade in Services) constitutes the basis of discussion for the FTAA negotiations. In contrast to goods, services are not subject to tariff barriers. The importing of services produced by foreign enterprises is generally limited by the laws and regulations passed by governments. As a result, the liberalization of trade in services could lead to a reduction of the power of States to legislate or to provide services in certain areas in which private enterprises can also provide services. These fields of activity include health, education, culture, day care services, and care of the elderly.

In the event that the State is forced to withdraw from certain sectors, such as health and education, there are strong indications that women will be more severely affected than men. This is so firstly because a greater proportion of women work in these sectors, which could lead to the loss of highly qualified and well paid jobs for a large number of women, and secondly, because their work load is liable to increase, since the role traditionally assigned to them would make them responsible, as “natural caregivers”, for taking care of children, the sick and the elderly, care which the State could no longer provide.⁹

The WTO contends that governments which agree to allow foreign suppliers to provide education and health services in their markets are not committing themselves to privatize their public health care or education systems; and that they are not lowering standards; that they can require both foreign and domestic suppliers to comply with the same standards for the protection of the public, and may in fact impose additional prescriptions for foreign suppliers, if

⁶ Marceline White and Alexandra Spieldoch, loc. cit., pp. 3-4.

⁷ World Bank, “Challenges and Opportunities for Gender Equality in Latin America”, [http://wbln0018.worldbank.org/LAC/lacinfoclient.nsf/8d6661f6799ea8a48525673900537f95/e4bf3b5369a28e6285256cde0074c903/\\$FILE/challenges.pdf](http://wbln0018.worldbank.org/LAC/lacinfoclient.nsf/8d6661f6799ea8a48525673900537f95/e4bf3b5369a28e6285256cde0074c903/$FILE/challenges.pdf), p. 12, (page consulted October 27, 2003)

⁸ “FTAA Agreement Hides Divisions on Agriculture, Trade Remedies”, IICA/FAO Joint Technical Secretariat, http://www.sica.gov.ec/ingles/comercio/docs/noticias/ftaa_agreement_hides_divisions_o.htm, (page consulted October 27, 2003)

⁹ Marceline White and Alexandra Spieldoch, loc. cit., pp. 4-6.

they see fit.¹⁰ Thus, according to a document intended for parliamentarians, GATS does not threaten the right to maintain public services, and the liberalization provided for by GATS is not synonymous with deregulation.¹¹ Nevertheless, many observers recommend that certain services, such as health and education, be explicitly excluded from the trade agreements.

2.3.1 Education

As concerns education more specifically, some States want higher education, in particular distance education (or web-based learning), business education, and adult education to be included in trade negotiations, not only at the WTO but also in the creation of the FTAA.

If certain States were to demonstrate openness to having such services supplied by foreign sources, they would certainly be in a position to benefit from resources and expertise to which they otherwise could not gain access. However, this is a matter that should be decided strictly according to the dictates of each State's agenda and should not be imposed by the provisions of a trade agreement.

2.3.2 Healthcare

At this time, each State still has the power to adopt the measures and policies best suited to its needs and objectives. The long-term trend, however, is toward liberalization. If the health sector were also to be liberalized some day, any subsequent course of action designed to reverse this process would come too late, for it is very difficult to return to the former status quo in respect of commitments made under trade agreements. Thus, according to the provisions of NAFTA, and possibly in the future FTAA agreement, a government interested in excluding a previously liberalized sector from international competition could have proceedings brought against it by either another State or a disgruntled investor.

However, as users of health services, "women may benefit from increased private competition in the health sector, if indeed private competition leads to lower costs, better service provision and more health care options for women."¹²

2.4 Intellectual property

In all fields of human activity, innovations are highly dependent on intellectual property rights. There are essentially two justifications for including intellectual property rights in trade agreements. First, this form of recognition encourages investment in research and development, and creative activities. Furthermore, it contributes to the extension of markets for technology and products. However, the exclusion effects of intellectual property rights may increase the subsequent costs of innovation and of imitations. Hence, the adoption of a balanced approach is needed. Some observers state, for example, that it is necessary to ensure that the rules may vary according to the level of economic development of the countries involved.¹³

¹⁰ WTO/OMC, "WTO, "GATS - Facts and Fiction," http://www.wto.org/english/tratop_e/serv_e/gatsfacts1004_e.pdf, pp. 13-14.

¹¹ WTO/OMC, "WTO Policy Issues for Parliamentarians: A Guide to Current Trade Issues for Legislators," http://www.wto.org/english/res_e/booksp_e/parliamentarians_e.pdf, p. 27.

¹² Cathy Blacklock, *International Trade: Putting Gender Into the Process. Initiatives and Lessons Learned. A discussion paper prepared for Status of Women Canada*, Status of Women Canada, 2000, p. 16.

¹³ UNCTAD-ICTSD, *Resource Book on TRIPS and Development: Policy Discussion Paper*, http://www.ictsd.org/pubs/ictsd_series/ips/PP/PP_3CH_03.pdf, p.65, (page consulted October 27, 2003).

In particular, one must question whether it is fair to impose limits on the production of less costly generic drugs. In developing countries, one may consider that a resulting increase in the cost of medication would affect women more, as their access to basic health care is often limited.

Similarly, one must consider the effects that could arise from the enforcement of overly strict intellectual property protection rules in the area of agriculture. For example, the possibility for companies to patent seed strains used by aboriginal populations would represent a threat to food diversity. This could also cause an increase in farm production costs, which would have a serious effect on women who live on subsistence farming, in addition to depriving them of their ancestral agricultural knowledge.¹⁴

2.5 Language, culture and communications

Cultural diversity, and the various modes serving to express it, represents a considerable heritage of all humanity. It itself, cultural diversity embodies a source of wealth that all may share in. Be it in the form of the arts, languages, literature, or various communications media, culture embodies the core identity of peoples, and women represent the central link in the chain by which this diversity is preserved and passed on to future generations. Thus, culture cannot be reduced to a mere product. In addition, culture and communications are vulnerable sectors in that they require the support of public authorities for the purposes of creation, production, promotion, and dissemination.

Nevertheless, as currently drafted, the agreement leading to the creation of the Free Trade Area of the Americas will certainly have a direct impact on the capacity of national parliaments to enact legislation designed to protect and promote this same cultural diversity. This threat is all the more palpable in that it has been magnified by the emergence of a certain number of communications conglomerates, thus imparting further impetus to the phenomenon of acculturation.

It is for this reason that the Network of Women Parliamentarians of the Americas must demonstrate the utmost vigilance so as to ensure that the cultural exception is included in the texts of the FTAA agreement, for this measure will prove instrumental in preserving the capacity of States and governments to promote cultural policies that take their respective specificities into account.

2.6 Government procurement

Liberalization of government procurement could enable women entrepreneurs in the Americas to broaden their activities and to export their services and products to foreign markets.¹⁵ However, it is essential that the trade liberalization agreements provide for the setting up of support infrastructures for the development of SMEs (small and medium enterprises), particularly those owned by women, in order that they may benefit from these opportunities. In this regard, the Women Leaders of the Americas have invited the member governments to increase the opportunities for business women by adopting concrete business facilitation measures, by providing better services and by fully aligning the competition policies in all FTAA countries.¹⁶

¹⁴ For example, in the case of medicinal plants.

¹⁵ Luz Maria de la Mora, in Women's Edge Coalition, op. cit.

¹⁶ Women and the FTAA: Our Contribution to Economic Prosperity: Recommendations, Toronto, November 2 and 3, 1999.

However, if they include the clauses from Chapter 10 of NAFTA,¹⁷ particularly national treatment and most-favoured-nation treatment, the terms of the agreement could limit the ability of governments to favour local small and medium businesses in awarding contracts. Women would thus be at a disadvantage, since they dominate the micro-enterprise and small business sector.¹⁸

3. Courses of Action to Ensure that Women May Benefit from Trade Liberalization

A number of international organizations propose various measures to ensure that women and all societies in the Americas as a whole may benefit equitably from the liberalization of trade. These proposals may be useful for guiding the action of parliamentarians with regard to these issues.

3.1 Initiatives of inter-American organizations

The Inter-American Commission of Women (CIM), a specialized agency of the Organization of American States (OAS), plays a major role in promoting the rights of women in the Americas. In April 2000, at the request of the OAS, the CIM organized the first Meeting of Ministers or Highest-Ranking Authorities Responsible for the Advancement of Women. However, the CIM has not yet pronounced itself on the creation of the Free Trade Area of the Americas and its impact on women.

In contrast to the CIM, the Economic Commission for Latin America and the Caribbean (ECLAC) has dealt directly with the issue of the impacts of trade liberalization on women. In February 2000, in Lima, Peru, the Eighth Session of the Regional Conference on Women in Latin America and the Caribbean was held, organized by ECLAC. This conference concluded with the adoption of an important political declaration, the *Lima Consensus*, which presents the commitments of States toward improving the status of women, particularly in the context of economic integration. The signatory States recognize that trade liberalization can have specific and sometimes negative impacts on women, and agree to promote the implementation of the Beijing Platform for Action, adopted at the fourth UN World Conference on Women, as well as to promote the application of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women, the main international instruments for the protection and promotion of women's rights in the Americas.

3.2 Solutions proposed by NGOs and Civil Society Groups

Various NGOs and a number of civil society groups have also examined the issue of the impacts of trade liberalization on women, and have proposed various courses of action to ensure that women may benefit equitably from free trade.

Civil society organizations and groups recommend, for example, certain actions to be taken regarding the process of trade liberalization. They point out the lack of data that could be used to measure and monitor the impact of trade agreements on women. They therefore invite the States and international organizations concerned to develop indicators and to gather the data necessary for the development and monitoring of international economic policies, and for including gender-based impact analyses in the negotiation process, in such a way that this precedes the signing of the agreements. They also emphasize the importance of making the

¹⁷ Which the second draft agreement does. It should be noted, however, that this is a section on which it seems that the parties are still far from agreeing. Marceline White and Alexandra Spieldoch, loc. cit., p. 8.

¹⁸ Marceline White and Alexandra Spieldoch, loc. cit., p. 8.; Mariama Williams, op. cit.

negotiation process more transparent, and of increasing the participation of women in that process, especially women parliamentarians. Finally, they recommend that the trade agreements be made subject to the international conventions in the areas of social matters and human rights.¹⁹

3.3 *Courses of action for parliamentarians*

Various measures may be taken by parliamentarians and by the Network of Women Parliamentarians of the Americas so as to foster a hemispheric integration that is beneficial to women as well as to men. These measures may be divided under three action strategies: advocating the interests of women, monitoring of trade negotiations, and preservation of the authority of States to legislate.

3.3.1 *First action strategy: advocating women's rights*

In order to advocate the interests of women, it is important to take action to inform people and build awareness, regarding women's rights and the impacts of trade liberalization, in parliaments, but also among populations, and particularly among women, in order to develop a true social debate on the issues arising out of these questions.

Public consultations should be organized in our respective parliaments in order to gain an awareness of the concerns of populations, and especially of women, concerning trade agreements. Moreover, it is incumbent upon parliamentarians to call upon their respective governments to take greater consideration of the interests of women in developing macroeconomic policies and in setting the negotiation objectives of international agreements.

Moreover, parliamentarians could urge those governments that have not yet done so to sign and implement the international conventions in the area of women's rights. Finally, parliamentarians could influence the representatives of their respective countries in the Inter-American Commission of Women to have that Commission pronounce itself on the impact of the FTAA on women, as well as with those of the *Organization of American States* to have it take into account the interests of women in developing its positions on hemispheric integration.

3.3.2 *Second action strategy: monitoring the negotiation process of the agreements from the viewpoint of the impact on women*

With regard to the negotiation process, it is incumbent upon parliamentarians to monitor the progress very closely, so as to ensure that liberalization is done in accordance with the interests of women and, accordingly, to ensure that the agreements include all necessary reservations. It is up to them to see that the governments and, more particularly, the negotiators, be well aware of the issues that liberalization raises for women. They must demand greater transparency on the part of the governments in the negotiation process, so that they may be better informed of the goals, positions and trade commitments that have impacts on women, as well as of the agenda for the negotiation meetings. In addition, parliamentarians could demand an increase in the number of women within the negotiating teams and recommend that the presence of parliamentary observers be considered at the negotiation meetings.

¹⁹ Social Continental Alliance, *Alternatives for the Americas*, Dec. 2002 [<http://www.asc-hsa.org/pdf/Alternativas%20ene%202003%20english.pdf>], (page consulted August 27, 2003); Soraya Hassanali, *International Trade: Putting Gender Into the Process. Initiatives and Lessons Learned. A discussion paper prepared for Status of Women Canada*, Status of Women Canada, December 2000 [http://www.swc-cfc.gc.ca/pubs/0662661974/200012_0662661974_e.pdf], (page consulted August 27, 2003).

In addition, it would be appropriate to include on the agenda for each meeting of the Network an item dealing with the impacts of the FTAA on women. Finally, the Network should insist that the Parliamentary Confederation of the Americas (COPA) include women's concerns in its demands, particularly those concerning the establishment of the Free Trade Area of the Americas, and concerning economic integration, in general.

3.3.3 Third action strategy: preserving the authority to legislate

It is also important to act to ensure that international trade agreements cannot limit the sovereignty of societies or restrict the action of the legislator. It proves essential, in this regard, to defend at the appropriate levels the right of each State to make reforms and to take any measure, for example, to improve the status of women. It is the role of parliamentarians to demand that governments be accountable to the parliamentary assemblies at all stages of the negotiating process, so as to keep them informed and to involve them in developing objectives, positions and trade commitments liable to have an impact on women. Parliamentarians must also carry out an assessment of the consequences of the decisions that they are called upon to make in order to ensure that they respect the objectives that they have set in the areas of the status of women and gender equality. Moreover, they may ensure that the agreements are interpreted and implemented in their respective countries in as restrictive a manner as possible, so as to mitigate the negative impacts on women and to keep the necessary control over policy development in this field.

These action strategies of course stand as only a few examples, and aim essentially to contribute to the thinking process leading to the development of the strategy that will be seen as the most appropriate, by the members of the Network, through which to properly defend the interests of the populations in general, and of women in particular, in the economic integration process of the Americas.