

# Making Trade Work for Women

The Likely Impact of the  
Economic Partnership Agreements on  
Women's Rights and Gender Equality in  
Mozambique, Namibia and Zambia

Zohra Khan  
August 2006

ONE WORLD  
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FOR A JUST AND EQUAL WORLD

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# One World Action

## Our Vision

A Just and Equal World, where there is no necessity for One World Action.

## Our Mission

To create the power and opportunity for the poorest citizens to transform their own lives; and to challenge the international policies that make and keep people poor.

## Our Values

We work with partners, South and North, in ways that respect different perspectives and build on the strengths of diversity; we believe strongly in gender equity and full participation of women in all development processes; we seek to put into practice the principles of good governance and democracy in our own organisation and behaviours.



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# 1. Introduction

The Economic Partnership Agreements (EPAs) are World Trade Organisation (WTO) compatible trading arrangements under negotiation between the European Union (EU) and the African, Caribbean and Pacific (ACP) group of countries. The EPAs will replace existing trade arrangements between the EU and ACP that are covered by a WTO waiver due to expire at the end of 2007. Under EPAs, ACP countries will be expected to remove tariffs on '*substantially all*' imports from the EU. Our report questions whether these agreements, based on the idea of reciprocal market access, will bring about positive changes for women's lives in Southern Africa. Our research shows that the effects of EPAs will not be gender neutral. They will impact women's and men's livelihoods in different ways due to gender inequalities in access to resources, employment, markets and decision-making. Our report acknowledges that it is much too early to know what the *actual* impact of EPAs on women's livelihoods will be because no finalised EPA exists. The research therefore set out to examine the *likely* impact of EPAs by analysing women's involvement in three key export commodities: sugar in Mozambique, beef in Namibia and cut flowers in Zambia. It makes recommendations on how to integrate gender analysis more systematically in regional trade negotiations and agreements in order to ensure that such agreements promote women's rights and gender equality.

## Background to the EPAs

Negotiations are in progress between the EU and the regional groupings of countries in the ACP to establish EPAs. Formal negotiations for EPAs at the level of all ACP countries began in 2002 and are due to conclude in 2007. The proposed EPAs are based on the principles of reciprocity, regional integration and WTO requirements for removing trade barriers. The move to reciprocal free trade from trade preferences for ACP will have a profound impact on women's and men's livelihoods. For example, critics of EPAs have argued that ACP countries will have to provide reciprocal market access to EU imports in a time scale that will make it difficult for them to compensate for loss of tariff revenues or deal with supply side constraints that prevent their producers competing successfully with EU imports. However, no finalised EPA exists so it is only possible to make some assumptions, based on

negotiating mandates, on what an EPA might contain and what its potential impact might be. One World Action is interested in ensuring that EPAs promote, and not undermine women's rights and gender equality. Using new Institute for Development Studies (IDS) methodology<sup>1</sup> we assessed the probable impact of different kinds of EPAs on women's livelihoods based on the interpretation of '*substantially all*' trade. We applied the IDS analysis to the Zambian and Namibian sensitivity lists (we were unable to obtain the Mozambique list) and concluded that while it is difficult to identify precisely which goods should be excluded from liberalisation in order to protect women's interests, governments must ensure that more rigorous attention is paid to sectors where women are particularly vulnerable to trade liberalisation, such as agriculture.

For this reason, One World Action's research focused on export commodities in the agricultural sector. We chose commodities where women dominate such as cut flowers in Zambia, as well as male-intensive sectors such as beef production in Namibia that have important indirect effects for women, for example through coercion into working for male intensive export agriculture at the expense of their own food production and well-being. We also wanted to look at the implications of EPAs for the informal economy and cross-border trading and therefore focused on the example of sugar in Mozambique.

## Critical areas of concern

The EPA negotiations have raised several critical areas of concern for ACP countries including: a) the impact of revenue loss; b) influx of subsidised EU goods into ACP markets; c) regional integration; d) supply side constraints. Additionally, the pace of the negotiations and the asymmetry between the two negotiating groups in terms of political power, expertise and know-how have caused concern among non-state actors in both the EU and ACP countries. Some analysts<sup>2</sup> support the view that EPAs could undermine progress towards poverty reduction and sustainable, equitable development largely because of the EU's emphasis on reciprocity. It is argued that EPAs, in their current form, would lead to new and unfair trade areas between the EU and regional groupings of ACP countries by: demanding reciprocity between unequal

<sup>1</sup> The IDS has developed a methodology and set of databases that can be used by stakeholders in each ACP state to identify the potential effects of an EPA on both imports and exports in a specific country. On the import side they can identify which products should be included or excluded from liberalisation under an EPA. For exports they can discover the extent of current tariff preferences on the goods they sell to the EU and whether or not scope exists to extend them.

<sup>2</sup> See for example, research by ActionAid (Trade Traps) 2005, European Research Office, Christian Aid (The economics of failure. The real cost of 'free' trade for poor countries) 2005, Aprove's work on EPAs in Zimbabwe (EPAs: What's in it for women?)

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trading partners, reducing policy space that ACP countries need to develop their economies and eradicate poverty, and undermining regional integration. On the other hand, the EU<sup>3</sup> has reiterated that EPAs will facilitate the economic integration of ACP countries into the global economy which will eventually lead to poverty eradication. They maintain that reciprocity in market access will increase competition and lead to economic growth and, to this end, EPAs are development-centred agreements designed to stimulate such growth. Views have been polarised.

The critical areas of concern raised above pose particular challenges for women but the direct and indirect impacts of EPAs on women will depend on a variety of factors including income, labour market conditions, access to public services and food security. The impact will also vary in each country owing to different levels of economic development, domestic policy priorities and objectives and the role of women in the productive and reproductive economies. While our research focus in each country was very specific, it provides an analysis of issues that could arise and ways of tackling them.

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<sup>3</sup> Directive for negotiations of Economic Partnership Agreements with ACP countries and regions.

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## 2. Gender equality, trade and development: An analytical framework

Trade, as an important aspect of globalisation and a major source of growth and development, can have either positive or negative effects on gender equality.<sup>4</sup> In recent years, gender and women's rights have become an important part of the trade policy discourse with emphasis on social reproduction or the care economy, employment access and decent work.<sup>5</sup> Despite a strong empirical base demonstrating the differential impact of trade policies on women and men's lives, most discussion on trade and macro-economic policies has little or no gender analysis. Trade policy is often discussed in economic growth terms and the socio-economic impact of changing trade patterns on women's livelihoods is treated as marginal to mainstream policy. Yet, it is often women who bear the brunt of unfair trade policies through precarious forms of work, low wages and exploitation of reproductive work. The importance of gender analysis is that it highlights these problems and encourages a broader conception of poverty which goes beyond income and expenditure patterns and involves an analysis of social relations, power and entitlements.<sup>6</sup> Our research set out to examine the likely impact of EPAs on gender equality in Mozambique, Namibia and Zambia and posed two key questions:

1. To what extent could an EPA exacerbate or eliminate gender inequalities in relation to women's employment and access to social services, in the three countries?
2. To what extent could women's productive and reproductive roles prevent them from benefiting from the potential gains resulting from an EPA?

For our analysis, we developed a set of questions on women's role in the productive and reproductive economies and sought to demonstrate how they would gain or lose from the new trade agreement.<sup>7</sup>

We therefore focused on women's employment and wages in the three sectors; their use of public services; policies to address women's poverty in the three countries; and spaces for participation and influence. We addressed the following key questions:

### Employment and wages

- What types of jobs do women do in the cut flower, beef and sugar sectors?

- How do women's reproductive work and related gender inequalities impact on their participation in these industries?
- Looking at the issue of reciprocity, what impact could an EPA have on employment levels?
- Could an EPA generate more income or better working conditions for women?

### Tariffs and revenue

- In what ways precisely is the sector affected directly or indirectly by import and export trade? What is the impact on women relative to men?
- To what extent could revenue loss incurred by the government due to reductions in tariffs affect the delivery of social services such as health and welfare that women need?

### Policy overview

- What kinds of national policies/strategies are in place to address poverty and unemployment?
- How does current trade policy and other government trade related policies (e.g. on marketing inputs and outputs) affect the situation – what is the relative importance within this group of policies of the ones that might be changed in an EPA? How would women be affected relative to men?
- How will the status quo change if the current policies are altered in the way that may be necessary under an EPA? What would this mean for women relative to men?
- Are there other policies (not affected – or not necessarily affected – by the EPA) such as labour market or development policies that could be used to offset any adverse effects?

### Participation and influence

- Has the government consulted with non-state actors on the EPA process?
- Do mechanisms exist for such engagement?
- Have women's organisations and women themselves been consulted?

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<sup>4</sup> UNCTAD, Trade and Gender: Opportunities and Challenges for Developing Countries.

<sup>5</sup> See Elson (1995); Cagatay (2001); Fontana, Joekes and Masika (1998).

<sup>6</sup> Barrientos and Kanji. 2002. 'Trade Liberalisation, Poverty and Livelihoods: Understanding the Linkages'. Review for the African Policy and Economics Department. DFID UK. IDS. University of Sussex.

<sup>7</sup> In developing our framework we drew on the work of McCulloch, Winters and Cirera and the Network Women in Development Europe (WIDE). WIDE conducted a similar study in 2001 on the gender impact of the EU-Mercosur trade agreement. The study is called International Trade and Gender Equality – A Gender Analysis of the trade agreements between the European Union and Latin America: Mexico and Mercosur (GEM-WIDE-CISCA, 2001). Our research drew on some of the questions posed in that study. We also drew on the McCulloch, Winters and Cirera framework in the book Trade Liberalisation and Poverty: A Handbook, published by the Centre for Economic Policy Research.



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# 3. Potential impact of EPAs on gender equality and women's livelihoods

## 3.1 Employment and wages

Trade liberalisation can affect women's employment and income in two key ways. If women are net consumers of the goods which are liberalised, then trade could open up possibilities for cheaper goods. However if women are net producers of those goods which are negatively affected by increased competition from imports, then liberalisation of markets could bring loss of employment and therefore income. Both the production and consumption effects are driven by changes in prices of goods. The next section looks at the effects of price change on women's consumption and production patterns.

In Mozambique, the sugar sector has increased production since its rehabilitation in the 1990s. Some argue that trade and investment liberalisation in the sugar sector will improve economic growth which in turn will increase women's participation in the labour market and reduce poverty. However, women represent a small proportion of the labour force in the sugar sector. Those who are employed work in poor conditions and mostly on short-term and seasonal contracts. Salaries are low and unable to meet basic needs like education, health and other services. Women with household responsibilities such as home-based care and reproductive work have even less access to employment in this sector. Women are not benefiting from this growth. In fact, the push to privatisation and a market economy has resulted in deteriorating working conditions and labour standards. Our finding is not dissimilar to other research on women working in export production in Mozambique. For example, studies on the cashew nut sector (which in contrast employs high numbers of women) show that liberalisation and privatisation of processing have led to lower wages and poorer working conditions.<sup>8</sup>

Our research indicates that the Mozambique sugar industry is not likely to be influenced directly by the EPAs, given that Mozambique benefits from the Everything-But-Arms (EBA) initiative. However, if the sector needs to meet the market requirements in terms of volume of exports and price competition, it is likely that there will be a need to increase production and this will have a direct impact on the sector. The 'best case' outcome of such expansion might be to give incentives to local cane producers to increase their cane production thereby creating local employment, improving working conditions and income, and consequently reducing poverty levels. However, there is much evidence that producers will aim to increase production while simultaneously

reducing production costs. The tendency is to squeeze those workers who are at the bottom of the production chain, and given the gendered structure of the chain, it is likely that women will lose employment or continue working under precarious and unsafe conditions. So if the industry is expanded under an EPA:

- Working conditions will worsen, given that employers will be aiming to increase output without increasing costs.
- Women will continue to have limited access to employment higher up the production chain, owing to low literacy levels, limited capacity to negotiate better contracts and the gender division of labour that limits their participation in productive work.
- An increase in the area under cane production may be at the expense of women's ability to grow other crops to meet household nutritional needs which could result in a decline in food security.

The gendered nature of global production chains is also visible in the Zambian horticulture and floriculture industry. In 2004, the industry employed over 12,000 people of whom more than 50% were women.<sup>9</sup> Although more women than men are employed in this sector, conditions of employment at different levels in the production process differ, such that most women are employed on a casual or seasonal basis while men have permanent contracts.

Permanent employees receive a monthly salary, contribution towards a statutory pension scheme, paid leave days, sometimes a health scheme on a cost share basis, housing allowance, transport allowance, statutory lunch allowance and gratuity for those on long term contracts. On the other hand, casual and seasonal workers are given contracts of between three and six months with no social security. According to Chapter 276 of the Minimum Wages and Conditions of Employment Act of Zambia, casual and seasonal workers are supposed to be paid a monthly minimum wage of ZK 95,000 (\$30), granted two days leave if s/he works for six months continuously, and ZK 20,000 lunch allowance per month. After working for six consecutive months, the employee becomes permanent.

The practice of dismissing and re-hiring casual and seasonal workers to cause breaks in contracts is common – this mostly affects women because they fall into the category of casual and seasonal workers. While our overall finding was one of low wages and

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<sup>8</sup> Kanji,N. 2004. 'Corporate Responsibility and Women's Employment: The cashew nut case'. IIED Working paper 3. London.

<sup>9</sup> Export Board of Zambia. 2004 Horticulture/Floriculture Sector Report.

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summary dismissal, there are examples of better practice where workers derived some benefit. For example, one farm that employs 3,000 workers, of which 80% are women, pays the casual and seasonal workers a daily wage of about ZK 6,800 which is higher than the minimum monthly wage provided for in the Act.

The growth, through export oriented production, of the horticulture and floriculture industry in Zambia and the sugar industry in Mozambique appears to depend on the exploitation of cheap female labour implicitly considered as a 'comparative advantage' in international trade.

Gender sensitive domestic labour legislation could combat some of the problems highlighted above. In Zambia and Namibia, there are national efforts underway to strengthen labour policies. For example, Zambia's National Gender Policy (2000) and Strategic Plan (2004-2008) will review labour laws and social security systems in order to make them gender responsive. In Namibia, the Department of Women Affairs (DWA) established in 1990 in the Office of the President has the mandate to advocate for policies and legislation which are gender-sensitive. Mozambique, Namibia and Zambia are also signatories to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) that compels state parties to eliminate discrimination against women in all aspects of employment and to review labour legislation periodically to ensure compliance with Article 11 of the CEDAW.<sup>10</sup> Beyond the legal obligations, these national initiatives are important for developing a climate of respect for women's human rights. Furthermore the EU Directive for negotiating EPAs includes core labour standards as a fundamental element of the ACP-EU partnership. In this context, protecting and addressing core labour standards (CLS) should be central to an EPA. From a gender and women's rights perspective, it is important to ensure that CLS are coherent with Article 11 of CEDAW and the Beijing Platform for Action.

### Consumer effect

The two important questions when analysing how trade liberalisation affects women's production and consumption are: is there a gender bias to consumption or production (are women more likely to be one or other compared to men), and how can the EPA regime be designed so that imports do not increase for goods that are most important to women

as producers and that they do increase for goods that are most important to women as consumers. But the impact is not always so straightforward. Just as the notion that imports are always bad is wrong, so is the view that exports are good. If supply does not increase (either domestically or from imports) export growth will restrict goods available on the local market and consumers will have to pay more. Even if supply does increase, there may be distributional consequences if the 'new' supply is not available to the old consumers. So there are gender question marks, not evidence or conclusions, on both the import and export side of the EPA

In Mozambique women are generally involved in small-scale trading activities in the informal sector which contributes significantly to the Mozambican economy. Although there is insufficient data on the contribution of informal trade to the economy it is known that such activities are the basis of subsistence for many Mozambican families especially in urban areas.<sup>11</sup> In the urban areas many women supplement their wages with some informal trade activities. Children are also very visible participants in informal trading; some of these children are family heads, others trade to help their mothers provide for the household.

Many women are involved in informal cross-border trade, importing sugar from neighbouring countries and selling it at competitive prices. But in 2005, the Mozambican government imposed import tariffs to limit imports and stimulate local production. This led to a drastic reduction in white sugar imports. From January to September 2005, a total of a little more than 10,000 tons of sugar was imported. During the focus group discussions, women mentioned that these tariffs have had a negative impact on them: *'things are worse now because we cannot import any more sugar from Swaziland... the local price is very high and we cannot afford it'*. While on one level the policy benefits the local sugar companies, it has negative implications for women's livelihoods as they are forced to either pay the local price, which is high, or shift to other products.

So such changes affect Mozambican women as consumers of goods engaged in cross-border trading directly. This will have a further knock-on effect on women in the informal economy who are supplied by cross-border traders.

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<sup>10</sup> <http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm>

<sup>11</sup> The National Institute of Statistics in Mozambique is starting an Informal Sector Survey with Italian donor support. The aim is to capture the impact of the informal economy in terms of labour force use, types of activities covered and the level of production and consumption and its distribution throughout the country.

The example of the Mozambican sugar industry highlights the complexities of the effects of trade liberalisation with regard to different types of policies involved (e.g. tariffs are not always good or bad) and groups variously affected (e.g. women involved in cross-border trade versus women employed in the local sugar industry versus women consumers of sugar). From a poverty reduction point of view, it is important to ensure that those women on low incomes are not negatively affected by cheaper imported goods. More research is needed to identify what items should be liberalised because women are more consumers than producers, and which should be protected because women are more producers than consumers. Such issues need to be carefully balanced in EPA negotiations.

## 3.2 Tariffs and revenue

### Reciprocity

Much debate on EPAs has focused on the issue of reciprocity i.e. under the Cotonou Agreement, the ACP must provide reciprocal market access to the EU which involves removing tariffs on 'substantially all' imports from the EU. The EU argues that reciprocity, a key objective of the EPA, will increase competition and lead to economic growth. Critics argue that reciprocity will result in an influx of cheaper subsidised EU goods that would flood ACP markets and put local farmers and producers out of business. This polarised debate has led to an 'either – or' approach to EPAs. The ACP negotiating guidelines<sup>12</sup> adopted on 19 July 2002 underline the crucial importance of the structural transformation of ACP economies and the possible adverse effect of reciprocity on such transformation. The guidelines point to the critical need for negotiations to address:

- The external effects of the CAP leading to price distortions making it difficult for ACP farmers to compete with EU farmers;
- The supply-side constraints facing ACP producers such as poor infrastructure, unreliable public utilities (electricity, water), unskilled labour force;
- The fiscal consequences of moves towards free trade with the EU, for example in the form of tariff revenue loss.

As LDCs both Zambia and Mozambique are covered by the EBA and therefore do not necessarily need to negotiate an EPA. However, most LDCs are engaging in EPA negotiations. Several explanations have been suggested: the EBA is a unilateral decision of the EU and could be retracted at any time which means that LDCs are uncertain about future trading relations whereas an EPA is a negotiated agreement and therefore binding; LDCs wish to develop or strengthen regional trading links; the linkages between aid, trade and political dialogue in the Cotonou Agreement make it difficult for LDCs to stand outside the EPA negotiations.

For the cut flower sector in Zambia the issue of reciprocity will not be a critical consideration for an EPA because there is no domestic market for EU flowers. Ninety eight percent of Zambian flowers are exported and the industry already enjoys duty free, tariff free access to the EU market and this situation will remain the same once EPAs are in place. However if Zambia increases its imports, or begins to import, agricultural items (cereal, dairy, processed foods) from the EU then there would be effects both on tariff revenue and possibly on domestic production. The impact on women will depend on whether they are net consumers or net producers of these products.

For Namibia, the case is quite different. The existing free trade agreement between the EU and South Africa called the Trade, Development and Cooperation Agreement (TDCA) involves the introduction of duty free access for around 86% of EU exports to the South African market. In return the EU will open up to 95% of South African goods. The BLNS countries (Botswana, Lesotho, Namibia and Swaziland) are locked into the TDCA because they form part of the Southern African Customs Union (SACU) and share common external tariffs.

In Namibia, analysis to date suggests that meat and meat products, dairy products, flour, flour based products and beer and specialist alcohol that are produced for local and regional markets, could be adversely affected by the implementation of the EU-South Africa trade agreement. The TDCA has already set out what the liberalisation will be; the range of effects of an EPA (on Mozambique, Namibia and Zambia) will be exactly the same. Only the numbers will be different, and more speculative at present, because the details of the EPA are unknown. Here also, the impact will depend on where women are in the meat and dairy supply chain.

<sup>12</sup> ACP Guidelines for the negotiation of the ACP-EU Economic Partnership Agreements – June 2002.

In Namibia for example, focus group discussants working in the beef sector raised the following concerns about increased EU beef products in the Namibian market.

*'It could bring poverty because there will be no selling of our own produce. We won't be able to pay school fees. It will also drive prices down and we will be forced to sell our cattle at lower prices. There will be plenty of meat available. It will be a case of take it or leave it.'*

The focus group discussants felt that certain key conditions needed to be met if they as producers are to increase their production so that Namibia can compete at regional and international levels. They were:

- Women must be given the right to determine and haggle over prices.
- The farmers' unions must have their capacity built so that it can assist farmers and act as their voice. Farmers feel cheated by the intermediate institutions to which they sell their cattle.
- Government needs to facilitate market access through transport to auction places as well as bringing water points closer to homesteads.
- Opportunities for income generation and safety nets need to be increased.

### **Sensitive products<sup>13</sup>**

Within the EPA negotiations ACP countries can choose which imports to liberalise and which need special protection. In line with Article XXIV of the General Agreement on Tariffs and Trade (GATT), ACP countries do not need to liberalise all of their imports but only "substantially all".<sup>14</sup> This means that they may classify some products as sensitive and therefore maintain tariffs on these. Using the IDS database methodology we analysed the Zambian and Namibian sensitive products in conjunction with data on imports from the EU, in order to assess the extent to which it may be possible to exclude them from liberalisation.

It was difficult to identify precisely which goods should be excluded from liberalisation in order to protect women's interests. Views can differ but we have made one possible selection of items to see if EPAs

necessarily pose a problem for them. A further problem was the lack of sex disaggregated statistics on the role of women in the economy making it even more difficult to identify in which sectors women are particularly vulnerable.

We used both EU export and Zambian national import data in order to work out Zambia's defensive position. According to 2003 Zambian data on imports at the 8-digit national tariff line level (i.e. the same level as the sensitivity list), 134 out of the 359 products on the list were imported from the EU, and they accounted for 4.7% of the total value of imports.<sup>15</sup> According to EU export data for the same year, items on the sensitivity list accounted for a maximum of 8.9% of the value of total exports to Zambia.<sup>16</sup> So these shares are well within the c.20% exclusion basket that Zambia will need to identify. There is no technical reason, therefore, why they should not all be excluded from liberalisation – however they could be shouldered aside by other products which more powerful vested interests wish to have protected instead. According to 2005 data on Zambian MFN tariffs obtained from UNCTAD's Trade Analysis and Information System (TRAINS) database, four of the items on the sensitivity list (codes 04021010, 04022110, 04022920, 04029110 – all milk products) are already duty free, and c. 30 others have only a 5% tariff. From this it would appear that the Zambian government does not have the same view as our research on what should be protected, and therefore government lobbying is needed. Civil society organisations should urgently take up this matter with government.

The Namibian list of sensitive items was provided at the much less detailed HS 4-digit level, and according to national data on imports the items on it accounted for between 2.7% and 7.0% of the value of total imports from the EU in the years 1999-2003.<sup>17</sup> According to EU export data, the equivalent share in 2003 was 3.4%. Like Zambia there would be little problem excluding these items from liberalisation provided they are not barged aside by other products. However, as was the case with Zambia – but to a far greater extent, according to the 2005 SACU tariff data in the TRAINS database – many of these items are already duty free. Of the 109 HS 4-digit headings on the sensitivity list, 31 have a zero tariff for all items within the heading (and a further 30 have zero tariffs for some). Another 13 of the HS 4-digit headings have

<sup>13</sup> Analysis was carried out by Jane Kennan of IDS.

<sup>14</sup> For the purposes of this study, we understood 'substantially all' to mean 80%.

<sup>15</sup> In Harmonised System (HS) Chapters 1-97, in which normal trade is classified (Chapters 98 and 99 being used to record special transactions).

<sup>16</sup> It is not possible to determine the precise share because the HS is common only to a maximum of six digits, so the sensitivity list (which is specified at 8-digit level) cannot be matched with EU export data at the same level of disaggregation. However, the 359 items on the sensitivity list fall within 317 HS 6-digit sub-heads, of which 63 – accounting for 8.9% of total exports in HS Chapters 1-97 – were exported to Zambia in 2003.

<sup>17</sup> 5.9% in 1999, 6.7% in 2000, 5.8% in 2001, 2.7% in 2002 and 7.0% in 2003.



a maximum tariff for any item of 10% (and for 6 of these all tariffs are less than 10%). There is divergence between our research and the Namibian and South African government, which is the one that effectively sets the tariffs in SACU, on what should be protected.

Sex disaggregated statistics on women in the economy are limited making it difficult to apply his methodology thoroughly. We conducted the analysis on one selection of items and saw divergences between our research and the government's selection of sensitive sectors. We therefore recommend that further studies with alternative lists be conducted. In order to make informed choices about which goods should be excluded from liberalisation to protect women's interest, ACP governments must compile information that on export intensity, import penetration and female intensity for each sector. If this information is available, a much clearer picture will emerge.

## Revenue

The second major area of concern is anticipated revenue loss with the introduction of an EPA. In Namibia, the existing free trade area agreement between the EU and South Africa will result in the progressive introduction of duty free access for around 86% of current EU exports to the SACU market. The potential costs of reciprocity could be great for BLNS countries.

There has been much speculation about the impact of the SA-EU trade agreement on revenue and adjustment costs to BLNS countries.

Citing the results of studies commissioned by the BLNS states and financed by the EU, a January 1999 memorandum prepared jointly by the BLNS governments predicts that revenue losses associated with the South Africa-EU agreement will have "particularly severe" effects on the budget deficits of Lesotho and Namibia, which stand to lose some 13-21 per cent and 9-14 per cent of fiscal revenue, respectively. The revenue losses will also have "serious consequences" for Swaziland, says the memo, with only Botswana appearing to have any "real scope" for making the personal and corporate income tax increases that would be required to manage the fiscal adjustments.

Africa Recovery – Volume 13 #1. June 1999. 'Likely revenue losses worry some Southern African states'.

The anticipated revenue losses through SACU could pose a threat to government revenue, which in turn will affect public spending in Namibia as the country generates significant tax through SACU. Our study shows that potential reductions in public spending will affect women directly as Namibia allocates more than 20% of its annual budget to social services. Women are heavily reliant on such services and therefore any reduction will mean fewer services available. This will have a knock-on effect on women's time as they fill in the gaps by increasing their care work.

The Mozambique study on the sugar industry shows that any reduction in public spending would have dire consequences for women workers. For example, the impact of HIV/AIDS on the Mozambican work force has been exacerbated by the lack of social security in the sugar industry. Given that most women are seasonal workers or have short term contracts, they have limited access to care and treatment due to high costs of medical supplies. Further, the HIV/AIDS infection rate has been steadily increasing especially among young women. In 2003 the prevalence rate was 14% and this increased to 16.2% by 2005. Efforts to reverse the spread of this pandemic have not yielded good results. HIV/AIDS directly affects rural and agrarian sustainable development in the following ways:

- *Loss of work* – women will reduce their participation in farming or will shift to less intensive crops; women may also be forced to spend more time on domestic activities. Women spend time caring for family members infected or affected by HIV/AIDS as home based care is mostly carried out by women;
- *Loss of capital* – Women may sell their productive assets to meet financial needs created by HIV/AIDS;
- *Loss of traditional agrarian methods* – including inter-generational knowledge, specialised skills and good practices;
- *Declining labour reserves* – High morbidity and mortality rates among women in the rural areas will weaken the supply capacity of the sugar industry. The high costs of prevention and treatment and the reinvestment in new labour force to recover losses would require large amounts of capital.

Adequate spending on health and education is crucial to combat the effects of HIV/AIDS. These issues must be addressed if EPAs are to be developmental. ACP

countries need to calculate what the benefits of entering into an EPA would be vis-à-vis revenue loss and the impact of this on countries tackling poverty and inequality.

To combat revenue loss from tariffs, ACP countries could impose domestic taxes on goods and services. These could be in the form of direct tax on income, which is levied against individuals, or through indirect tax such as value added tax which is levied against everyone. If alternative taxes are applied, the issue then becomes how much revenue is raised from these alternative taxes. If there is a sales tax on all goods, instead of a tariff on some goods, then the impact on the poor will be determined by (a) whether the tax rate is lower than the tariff (as it should be if it is used to raise the same amount of revenue – because it will be levied on everything and not just on some things) and (b) whether the poor consume more of the things on which there were previously tariffs (for which the price should have come down – because the sales tax is lower than the tariff) than of the things on which there was previously no tariff (the price of which will go up as there is now a sales tax). However because retailers collude with each other, prices never come down, they only go up. So the poor will be worse off. There will therefore be asymmetric (and negative) effects on the poor.

Whatever ACP countries decide, taxation and its effects are not gender neutral. Indirect taxes impact the poor, many of whom are women, and tend to worsen gender inequality (see adjacent box). Gender analysis of taxation is important in understanding how tax levies have a differential impact on women and men. For example if a tax is levied on bread, then poor households could be forced to switch into buying flour to make their own bread. From a time point of view, this would require much more input from women because of the gendered division of labour. In Kenya, taxes levied on kerosene had a disproportionate negative impact on poor families since they could not afford to use kerosene so switched to cheaper sources of energy such as wood and coal. This resulted in women spending much more time collecting wood and coal.<sup>18</sup>

## Public Finances: Gender-oriented public policy

Public budgets reflect government policy. They reveal whether or not the government has translated its social and economic declarations of intent into genuine revenue and expenditure policy. This also applies to commitments to achieve greater gender equality. Gender orientation and gender budgeting can be stimulated in various areas:

- Taxation policy and administration
- Budget policy and systems
- Fiscal decentralisation.

In addition to efficiency, effectiveness, applicability, predictability and transparency, a good taxation system is marked by **justice in taxation**. Fiscal-policy instruments must be geared to the ability of the citizens to pay. In contrast to the direct taxation levied on individuals, households or businesses, **indirect taxes** (value-added tax, excise duties) do not take into account the personal circumstances and ability of the individual to pay. They affect poor population groups, the majority of whom are women, relatively more harshly than the rich, and tend to worsen gender disparities.

In many development cooperation partner countries, there is a very limited tax base for direct taxes. A very few individuals pay comparatively high taxes, while the majority of the population manage to evade even reasonable taxation. Not just the small group of the very rich are meant here – people who are able to use contacts or other methods to avoid taxes. The entire informal sector, too, is almost impossible to tax on the basis of rational fiscal criteria. In order to generate the revenue it requires the state thus often relies on **indirect taxes**, which are borne by all.

Taxation policy advisory services must work to avoid the **disproportionate taxation** of certain population groups. In the case of indirect taxes, care must be taken to ensure that daily necessities are taxed at low rates, or better still exempted from taxation altogether. Gender-sensitive instruments can be used to determine which goods tend to be consumed by which groups. Tax rates must then be correspondingly differentiated, with luxury goods, for example, being taxed at higher rates. In addition, corruption within the tax authorities often leads to the exemption of persons with higher incomes, so that consequently the tax burden falls chiefly on poor population groups, and thus most likely upon women.

Source: <http://www2.gtz.de/gender-budgets/english/index.html>  
GTZ (German Technical Assistance)

<sup>18</sup> Personal communication with Jane Kiringai (Analyst) at the Kenya Institute for Public Policy Research and Analysis (KIPPRA) on the 24 August 2006.

Losses of tariff revenue and corporate tax revenue could lead to severe cutbacks in the state's public expenditure at a time when Southern African countries are struggling to combat HIV/AIDS, illiteracy and food insecurity – issues disproportionately affecting women's livelihoods. Decreasing public expenditure would be inconsistent with the current global consensus that increased expenditure is necessary to meet development objectives. Many ACP countries place increased public spending at the heart of their poverty eradication plans. The EPA negotiations must take the issue of revenue loss into account and find ways to mitigate the negative impact of such loss.

In all three countries women are more likely to carry the burden of adjustments arising from fiscal revenue loss or competition where it occurs. The impact of these adjustments is much more visible at a micro level for example in small stock development or the informal sector where it is harder to compete.

The ESA and SADC EPA negotiations and the adjustment process must be phased so that they minimise the negative effects of adjustment and maximise the positive ones, while taking account of the various individual national implementation concerns of member states. For a developmental EPA, additional resources must be allocated to support infrastructure development, technical assistance, investment and market access to promote economic growth and development.

From the point of view of overcoming gender disparities, the EU must support programmes of assistance targeted to women in order to increase their productive capacity. There is some evidence that the EU does not want to commit additional resources for adjustment at this stage.<sup>19</sup>

### 3.3 Supply side constraints

ACP countries face constraints on their ability to produce competitively in the world market. These constraints are well known and include:

- Unreliable provision of public utilities (electricity and water supply);

- Poor public infrastructure (run down roads and railways);
- Weak institutional and policy frameworks (leading to fluctuating exchange rates and high inflation and interest rates);
- Low labour productivity (arising from poor education, health and housing provisions).

These constraints affect men and women in different ways. Women have less access to credit and productive resources; they are poorly trained and educated; they tend to be more dependent on state provided services such as education, health and housing. Furthermore, women's weaker property rights in land and other resources, and a rigid gender division of labour, have limited the gains from trade to women in Africa.<sup>20</sup> Our case studies have shown that the disproportionate burden of household responsibilities (and care responsibilities resulting from HIV/AIDS) have prevented women from seizing new opportunities, both in agriculture and in waged employment. These factors are also likely to have contributed to the weak supply response of African agriculture to export opportunities.<sup>21</sup>

For example, in the Mozambican sugar industry, women do not have access to credit in order to invest in cane cultivation. They are unable to enhance their productive capacity. Their role in the male dominated industry is mostly in waged work. The gendered division of labour further limits women's participation in productive activities as they are involved in care and reproductive work. Although this kind of work is important for the economy, its invisibility means it is rarely taken into account. As a result, women are seen as minor contributors to this sector. Furthermore, when women are overburdened at the household level there is lower productivity affecting both the household and market economies thus perpetuating poverty (see box overleaf).

<sup>19</sup> At an ESA – EC EPA brainstorming meeting held on the 12-13 May 2005 in Nairobi, the EC made the following comment about additional funding for adjustment. 'The EC does not want to discuss additional funding at this stage of the negotiations and it is not willing to look at additional funding beyond the 9th EDF.' For ESA, adjustment costs and addressing supply side constraints, which will require additional funding, are of critical importance and an issue they wish to discuss before they start discussing market opening.

<sup>20</sup> Fontana, M. 2003. 'The Gender Effects of Trade Liberalisation in Developing Countries: A Review of the Literature' Discussion Paper 101. Department of Economics: University of Sussex.

<sup>21</sup> Joekes (1999) in Fontana, M 2003. 'The Gender Effects of Trade Liberalisation in Developing Countries: A Review of the Literature' Discussion Paper 101. Department of Economics: University of Sussex.

### **Workloads and poverty**

Compared to men, women operate under severe time constraints which limit their options and flexibility to respond to changing market opportunities. Women involved in cane and sugar production have huge time constraints given their multiple roles and responsibilities which combine subsistence agriculture and home-based care activities with their commitments as employees.

Low substitutability of male and female time in domestic activities reduces women's ability to respond to changing market and non-market opportunities. Women's outputs and money income are lower than they would be if time constraints were reduced.

The time burden on women is considered to be a contributing factor to maternal mortality. This situation is worse nowadays with the effects of the HIV/AIDS pandemic.

*Source: ECA, 2004*

Similarly women in Namibia face severe supply side constraints that threaten their food security. They lack fertiliser, implements and the technical know-how to boost the productive potential of their fields. Drought is an ever-present threat for communal farmers whose harvests, in the absence of agricultural inputs, depend even more directly on good rainfall. The declining natural resource base limits women's ability to produce food for both household consumption and export production.

A growing body of evidence shows that redistributing both physical and human resources from men to women, would lead to higher economic growth.<sup>22</sup> The EU has placed considerable emphasis on gender equality and eliminating gender discrimination in its policy frameworks, however research by One World Action and APRODEV<sup>23</sup> shows a glaring gap between policy and practice. There is little evidence of targeted programmes of assistance aimed at enhancing women's supply side capacity. If women are to benefit from increased liberalisation, they would need additional support to make them more productive and competitive. Supply-side capacity-building is one important way in which this could be done.

## **3.4 Regional integration**

The EU and ACP countries are negotiating EPAs within six regional groupings.<sup>24</sup> Our research focused on two of these viz. SADC and ESA. A key objective of the EPA is stronger regional integration among ACP countries. Both the EU and ACP countries want to achieve this objective. However the issue of regionalism has raised much speculation because the six regional groupings that have been created for these negotiations have posed particular challenges for ACP countries. The current configuration could actually undermine regional integration.

For example, Zambia is negotiating an EPA under the Eastern and Southern African group of countries, even though it is a member of SADC. As a regional body SADC has made much progress toward integration of its fourteen member states. It has established regional infrastructure/institutions such as the Council of Ministers, Integrated Committee of Ministers (aimed at ensuring proper policy guidance and harmonisation), National Committees and the SADC Secretariat created to ensure continuous dialogue and joint administration. For Zambia, the EPA must support regional integration as set out by the African Union and as outlined in the Lagos Plan of Action.

Namibia is playing an active role in at least three regional groupings, SACU, SADC, and COMESA, which provides an opportunity for effective regional integration within the context of the EPAs. However, the implications of multiple memberships should be considered from the perspectives of comparative advantages and disadvantages.

The EU states that a key objectives of the SADC EPA is to 'further the regional integration process in the SADC region'<sup>25</sup> but our research suggests that it could undermine the important strides that SADC has made. The ESA EPA should contribute to reinforcing regional integration, in particular by contributing to the regional harmonisation of rules. In this respect, the ESA EPA should first aim to consolidate ESA markets, and give due regard to the strengthening of links between ESA and other African regional markets, before fostering trade integration with the EU.

<sup>22</sup> See for example Chris Udry in Journal of Political Economy 1995 on gender and agricultural development in Burkina Faso.

<sup>23</sup> One World Action and APRODEV. 2002. Everywhere and Nowhere: Assessing Gender Mainstreaming in European Community Development Co-operation. One World Action. London.

<sup>24</sup> The six regional groupings are Central Africa Region, the Eastern and Southern Africa (ESA) Region, the Southern Africa Development Community (SADC) Group, the West Africa Region, and the Pacific Region.

<sup>25</sup> European Union News: October-December 2005. Page 4.



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### 3.5 Technical barriers to trade

EU sanitary and phytosanitary rules are considered a major obstacle to more equal trade between the EU and ACP. In Zambia EU sanitary and phytosanitary rules have led to increased cost in the production of roses. Prior to April 2003, Zambian roses exported to the EU market were not subject to mandatory phytosanitary inspections for quarantine pests and diseases. However, the EU introduced new regulations which established plant inspections for all roses imported into the EU, including Zambian roses. The Dutch Phytosanitary Service (DPS) assessed the Zambian product to be of 'low risk' and decided to impose an inspection fee of 5% of the total flower consignment entering the Netherlands from April, 1 2003. In the case of Zambia, it was established that the minimum requirements for qualifying for the 'reduced checks' status had not been met and therefore the DPS could not continue with the reduced check system. Changes had to be introduced in order to comply with the EC directives and regulations on the matter.

From January 1, 2005 the DPS reverted to inspect 100% of Zambian roses. This increased the inspection cost by more than 300% depending on the quantity of flower stems in each consignment. The cost of inspection therefore increased by €3,000 per hectare per year for a Zambian farmer, over and above what was already being incurred. This effectively disadvantaged the Zambian flower growers and exporters who in turn had to cut labour production costs. It is likely that women workers were affected most negatively by these cuts in labour since they are in the most precarious jobs in Zambia's horticulture and floriculture industry.

The increased costs of inspections led to discussions by the exporters in the affected countries including Zambia. From January 1 2006, the inspection rate for Zambian roses has now been officially fixed at 10% from 100%. This rate may be increased in future if risk assessments reveal a need to do so. It should be noted that the risk assessment is based on the country's results of assessment and not on individual growers/exporters. Therefore, any consignment interceptions by a single grower could adversely affect the risk rating of all the Zambian exporters, with cost implications to all Zambian growers/exporters.

Similar studies to ours (such as Women Working Worldwide's study on supporting the rights of women workers on flower and vegetable farms) have shown

how stringent EU sanitary and phytosanitary rules have resulted in increased use of chemicals and pesticides with negative effects on women's health.

The quality demands of the European market also mean that there is heavy use of pesticides. Anita, 24, had to stop working because her eyesight was severely damaged by the chemicals. "When the greenhouses were sprayed the bosses did not ask us to leave or give us protective clothing. Sometimes my body was wet from the chemicals." Even on farms with better controls the mainly women workers report health problems including menstrual irregularities, backache and skin and upper respiratory diseases.

*Source: Women Working Worldwide.*

Non tariff barriers (NTB) to trade such as the sanitary and phytosanitary rules must be fully addressed in the EPA negotiations and support for ACP countries to overcome these obstacles must be part and parcel of an EPA package.

An overview of trade related assistance programmes benefiting the SADC EPA group of countries revealed that while considerable support was going to governments, firms and think tanks to build capacity in trade policy regulation and development, there was no support provided to local producers and exporters. The gender implications of this are important because where women are producing for export, they are most likely to be among small enterprise groups.

Trade Related Assistance (TRA) programmes benefiting the SADC EPA group of countries in €

	Trade policy and regulation	Trade development	Indirect impact programmes
Mozambique	–	36,000,000	303,130,000
Namibia	10,450,000	21,440,845	130,700,000
Zambia	5,689,245	3,900,000	–
SADC	141,525,000	38,000,000	22,000,000
Total	<b>157,664,245</b>	<b>99,340,845</b>	<b>455,830,000</b>

Source: Southern African Development Community; Trade, Industry, Finance & Investment section in trade Trade and Development Inventory tables documents.

According to the SADC Trade and Development Inventory Tables, international donors spend over €157.6m on trade policy and regulation capacity building; €99.3m on trade development and €455.8m on additional programmes. The EC spends the most money, while the UK Department for International Development (DFID) is implementing three projects: 'Namibia Trade and Poverty Programme', 'Regional Trade Facilitation Programme' and 'FinMark – Making Financial Markets Work for the Poor'. However, there is no evidence of support for women exporters in SMEs.

Namibia has expressed concern about the EU standards for meat products as potential barriers to trade. In response the EC has been supporting capacity building development projects related to sanitary and phytosanitary requirements as well as awareness and information campaigns on opportunities provided through regional and multilateral discussions. To further support greater trade liberalization programme like the Namibia Trade and Regional Integration Programme, the Economic Integration Support Programme in support of SACU and Namibia Agricultural Services Support Programme, have been put in place. The latter programme expands agricultural marketing and builds Namibia's capacities in agricultural trade negotiations, which includes assistance to farmer organisations to promote public dialogue. Equally important, there is the newly launched rural poverty reduction programme under EDF 9 which aims at institutional capacity building for rural development, infrastructure development (roads, water supplies) and small scale enterprise development (on farm and off farm projects) for poor households with the emphasis to mainstream gender, HIV/AIDS and environmental

concerns into all programme formulation processes, implementation and monitoring and evaluation. It remains to be seen whether these programmes have the potential to reach women and men equally.

### 3.6 Policy overview

Both SADC and ESA have recognised the importance of women's contribution to sustainable socio-economic development. The SADC Gender and Development Declaration and the COMESA Gender Policy explicitly state that women's economic empowerment is key to eliminating poverty. Additionally both policies indicate that women's participation in trade processes is vital for regional prosperity. Yet analysis of both the SADC and COMESA Trade Protocols for negotiating EPAs show that they are completely devoid of gender analysis and therefore lack coherence with these gender policies. The protocols do not indicate how states and markets in the region can be transformed to strengthen women's entitlements so they are able to benefit from increased trade liberalisation. Nor do they indicate what measures must be put in place to protect more vulnerable groups of women. The protocols do not view human development as a key objective but rather focus on market access, competition, growth and productivity. Nor do they analyse how economic growth will be generated, the pattern and rate of such growth, and who benefits from this. These protocols contain the basic guiding principles for negotiations and as such have direct bearing on the final agreement.

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On gender equality, the SADC Gender and Development Declaration makes explicit reference to women's economic empowerment, including access and control over productive resources, as a means to facilitate the achievement of gender equality.<sup>26</sup> Despite this, our Mozambique study found that there is little visible evidence of gender mainstreaming in macro economic policy and particularly in the area of trade policy. The major constraint is the lack of capacity of policy makers and planners at different levels. Similarly in the ESA region much progress has been made, with the COMESA Gender Policy, to ensure that gender equality and women's empowerment are central to its poverty reduction agenda. But this is not reflected at all in the negotiating mandates of the two regions under investigation.

### Policy coherence

Policy coherence is an important objective and is on both the EU and ACP agenda. For example, the European Consensus on Development (November 2005) is the most recent affirmation of the commitment to greater policy coherence. It states the EU will 'take account of the objectives of development co-operation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.' It explains that the 'primary and overarching objective of EU development co-operation is the eradication of poverty in the context of sustainable development, including the pursuit of the MDGs'. The EC is committed to pursuing policy coherence for development in trade policy. Other areas include environment, climate change, security, agriculture, fisheries, social dimension of globalisation, employment and decent work, migration, research and innovation, information society, transport and energy. Similarly the African Union has a strong commitment to policy coherence within the trade agenda.<sup>27</sup>

A major challenge has been mainstreaming gender effectively in all policy areas. International commitments such as the Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) are particularly important because they provide a useful framework for countries developing gender sensitive domestic policies and legislation. Many national governments have aligned their poverty reduction strategies to these international obligations reflecting the fact that women are disproportionately represented among the poor. In Mozambique,

Namibia and Zambia considerable progress has been made through the introduction of anti-discrimination legislation, labour reforms including employment and social security and national gender policies. However a critical gap remains. Our Mozambique research shows that policy discussions on the Plan of Action for the Reduction of Absolute Poverty (PARPA) II and labour law reforms do not link with trade discussions and there is no recognition of the importance of coherence from policy makers. In December 2005, Mozambique ratified the African Protocol on Women's Rights, an Addendum to the African Charter on Human and Peoples Rights which entered into force in November 2005. Article 13 of the Protocol refers to economic and social welfare and calls for promoting women's economic activities particularly in the informal sector.

In Namibia, the Department of Women Affairs (DWA) facilitates the inclusion of gender issues into national development by advocating for gender sensitive policies and legislation. It has mainstreamed gender issues in all sectors in the National Development Plan for 1995-2000, rather than as a separate section on Women in Development. At present, there are no focal points in the Ministry of Agriculture or other technical ministries for promoting gender concerns yet plans are in place to set up an inter-ministerial network on gender issues made up of representatives of line ministries.

In Zambia the government has developed a strong National Gender Policy and Strategic Plan which places women's economic empowerment at its heart. Given the importance of agriculture in the country, the strategy aims to promote programmes to reduce the burden of poverty on women by ensuring that adequate food supply is available at household level and that the quality is stable during and between years; empowering women on the use and control of their earnings; and ensuring crop diversification. While there is insufficient information on how effective these strategies could be, it is important that such efforts are not undermined.

A question of policy coherence arises here as gender equality issues and women's participation are central to the development plans of all the three countries but these are not taken up in the EPA negotiations.

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<sup>26</sup> A Gender Unit was established in 1989 aimed at facilitating and monitoring the implementation of gender objectives, including mainstreaming of gender in SADC programme of action. Under this commitment, SADC agreed on 30% quota for women in decision making at all levels

<sup>27</sup> Opening statement by K.Y. Amoako (Executive Secretary, Economic Commission for Africa) entitled 'Towards Greater Policy coherence and Mutual Accountability for Development Effectiveness'. June 2003.

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For an EPA to be developmental, it must be closely aligned with the national, and regional, priorities.

A SADC-EC Regional Preparatory Task Force has been set up to ensure that there are inter linkages and complementarities between development strategies and the EPAs. The main role of the task force is to identify key constraints and translate them into development assistance programmes. Equally important, the Economic Integration Support Programme (EISP) to SACU has been intensified in 2005 and has provided assistance for the establishment of the secretariat and tariff board in Windhoek and the ad hoc tribunal and national bodies as well as to provide support to member states and private sector to address the likely impact of the Trade and Development Cooperation Agreement (TDCA) between EU and South Africa. But it is worth noting that SADC is also divided along the lines of internal groupings i.e. COMESA, SACU and that only 7 out of 14 are linked in terms of the SADC negotiations.

If an EPA is to benefit women, then it must address the question of policy incoherence between trade agreements as they are currently negotiated and regional and international women's rights obligations that governments are obliged to put into practice.

### 3.7 Participation and influence

One World Action is interested in how citizens can engage with the state on issues affecting their lives. In line with the Cotonou Agreement which states that non state actors (civil society, NGOs, private sector, trade unions and local authorities) will have access to financial resources and be involved in the planning and implementation of programmes related to the Agreement, our study sought to investigate to what extent this was happening.

A general finding in all three countries is that the potential impact of an EPA will vary in each country owing to different levels of development, national policy priorities and levels of economic activity. In order for an EPA to deliver on poverty reduction and development with positive benefits for women, it would need to be closely aligned with national gender policy priorities. All three countries, including the regional groupings, have strong gender policies but there is little evidence of harmonisation between the EPA and the national policies. The challenges of mainstreaming gender in national policy, and

especially trade policy, have been amply documented elsewhere. One clue to this problem is the lack of women's participation in developing and framing such policies.

Gender issues are emphasized in the Cotonou Agreement as a cross-cutting issue for development and poverty reduction. The Agreement also makes specific provision for NSA participation in trade negotiations and allocates resources for this. All three countries show no participation by women in decision making related to trade policy and economic policies more broadly.

### 3.8 Lack of women's voices in the EPA negotiations

All three studies show a lack of women's participation in the EPA negotiations. For example in Namibia, the National Trade Forum does not have representation from the Ministry of Gender Equality and Child Welfare or from women's NGOs with the result that the negotiations focus more on macro and intermediate level concerns such as market access, reciprocity and subsidies but do not unpack these discussions and look at the implications for the poor. Ongoing negotiation processes in the SADC region do not involve women. Women's organisations and trade unions are not involved in EPA negotiation processes nor are they involved in the negotiation of the SADC Trade Protocol. While the Namibian government recognises that women have been left out of this process, it maintains that existing institutional support will be strengthened in order to ensure that women representatives from poor communities form part and parcel of the process.

At the regional level, currently the head of the EPA negotiation team is a woman, based at the SADC secretariat in Botswana and the lead Trade and Industry Ministry has a number of women in strategic Directorates of International Trade Relations and Trade Policy Division. In terms of consultation, the Namibian Trade Forum was established last year and met in December 2005 and the second meeting was held in March 2006. Civil society organisations and the private sector were invited for the briefing. A number of Non State Actors attended the meeting such as the Namibia Development Trust, National Economic Society, private sector representatives and business partners.

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In Zambia, there have been no deliberate efforts to incorporate gender into the on-going negotiations, as confirmed by the EU Delegation to Zambia, Ministry of Commerce Trade and Industry and COMESA. The focus has been on principles of EPAs rather than on the incorporation of cross cutting development issues like gender. During the interviews which were conducted for this study, none of the non-governmental organisations (NGO) or institutions which deal with gender equality and women's rights were participating in Zambia's NDTPF (National Development and Trade Policy Forum)<sup>28</sup> on the on-going EPA negotiations. Therefore, poor women's voices cannot be heard in decision-making processes and EPA negotiating structures that are largely male-dominated and closed to public debate. This underlies the longstanding issue of women's limited participation in trade policy making and monitoring, as well as in economic decision making generally.

In Mozambique there are strong NSAs playing a proactive role in influencing for positive change in policies and processes, particularly with regard to gender integration/gender mainstreaming. However, there are few organisations working on gender and trade at policy level. There are some organisations and trade unions from different sectors and within these there are Women Units responsible for representing women and advocating for their interests. It appears that there is not enough institutional and technical capacity to deal with advocacy at policy level on gender and trade. On the other hand, there is no effort from government to include NSAs in negotiations. The Cotonou Agreement is explicit that NSAs should also play a role in the development of political and trade relations. Recently, a working group was established and coordinated by LINK, an NGO Forum in Mozambique, in order to discuss strategies for participation of NSAs. A very limited number of NGOs and other institutions are involved in the working group and it focuses more on access to financial resources rather than discussing political dialogue and policy influence. In line with the Cotonou Agreement, the EU has committed to allocating resources for NSA capacity building to enhance their engagement in Cotonou issues. Unfortunately the EU is known for having very complex processes and requirements for accessing grants. Many organisations are limited in terms of capacity and do not apply for EU funds.

There is also a lack of gender expertise in negotiating teams. In Mozambique, knowledge of gender issues is generally very limited among technical staff of public institutions. Representatives of the Ministry of Trade and Industry revealed that gender has not been put on the negotiations table at all. It is common practice in Ministries that once policy is formulated, women's organisations are contacted to provide 'gender-proofing' of such policies. There is insufficient understanding that gender analysis must be included at the beginning of the policy formulation stage. Although there is notable high level commitment for the integration of gender into SADC's institutional framework and as a crosscutting issue, there are still no major or visible results of gender mainstreaming in public policy and particularly trade. Even where structures for engagement exist, such as the Zambia example, these are not adequately used.

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<sup>28</sup> Each ESA country, including Zambia, has established a National Development and Trade Policy Forum (NDTPF) which is multi-sectoral (includes agriculture, trade, investment, services, etc.) and representative of the public sectors and non-state actors (NSAs) involved in trade and development work. The Function of the NDTPF is to determine what the optimal development and trade negotiating position for the country is and to prepare briefs outlining these positions which are then to be used by representatives of the country in the Regional Negotiating Forum in preparation for the ESA position for negotiations with the EU.



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# 4. Recommendations

## Employment and wages

Our research has shown that removing tariffs can affect women's employment and income in two key ways. If women are consumers, then they would benefit from cheaper goods but if they are producers, then they face competition and possibly loss of employment and income. From a poverty reduction point of view, it is important to ensure that those women on low incomes are not negatively affected by EU imported goods. More research is needed to **identify which items should be liberalised because women are more consumers than producers, and which should be protected because women are more producers than consumers.** Such issues need to be carefully balanced in EPA negotiations.

Where mainly women are employed in export production such as cut flowers in Zambia, our report shows that core labour standards and decent work are often neglected. Women are concentrated in low paid, low status and precarious jobs. The growth and expansion of the sector seems to depend on the exploitation of cheap female labour implicitly considered as a 'comparative advantage' in international trade. An EPA could provide an opportunity to demand better working conditions for women. Therefore **promoting and protecting core labour standards should be central to an EPA.**

## Decent Work

**Decent work is central to achieving gender equity in the labour market.** National governments must comply fully with Core Labour Standards (CLS) and ILO Conventions providing special conditions of work and social security for women workers. Additionally the EU must support the inclusion of core labour standards in EPA negotiations with the genuine intention to improve working conditions for both, women and men, in developing countries and not as a non-trade barrier. Research shows that the countries with the best records on implementing international labour standards enjoy greater economic and social stability and tend to have a smaller informal economy. Further CLS must be coherent with the Beijing Declaration and Platform for Action and CEDAW. These international obligations provide a further layer of accountability for national governments. **Women's organisations at national level must apply pressure on governments to ensure that they comply with anti-discrimination legislation.** They must also use the international instruments to hold their governments accountable for non-compliance.

## Trade related assistance

The gendered division of labour and the inequalities accompanying this mean that women are unable to fully participate in trade. The case studies show that an EPA could increase the workload of poor women, without them sharing the benefits resulting from growth in industries. **It is important that trade related assistance be targeted to women in order to increase their productive capacities.**

## Tariffs and revenue

All three countries show some potential revenue loss arising from EPAs which will affect the delivery of public services. In Southern Africa, as elsewhere, women rely on state provided public services such as health, education, and welfare. **Cuts in spending would negatively affect the quality and quantity of services** at a time when Southern Africa is struggling to combat HIV/AIDS, illiteracy and food insecurity. This would also be inconsistent with the current global consensus that increased public expenditure in poor countries is necessary to meet the Millennium Development Goals (MDGs).

To combat revenue loss from tariffs, ACP countries would have to impose domestic taxes on goods and services in the form of direct tax on income or through indirect tax such as value added tax. From a poverty reduction point of view, it is necessary for ACP countries to ensure that necessities are taxed at a lower rate. Furthermore, **tax is not gender neutral** so measures must be taken to **ensure that women are not disproportionately affected by taxation policy.**

## Adjustment costs

To achieve a 'developmental' EPA that promotes economic growth and development, additional resources must be allocated to support infrastructure development, technical assistance, investment and market access in ACP countries. From the point of view of eliminating gender disparities, **the EU must support programmes of assistance targeted to women in order to increase their productive capacity.**

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## Agricultural subsidies

For the EPAs to be seen as economically advantageous to all stakeholders, developed countries must substantially reduce as soon as possible support to agriculture in the developed world; immediately phase out agricultural subsidies in the developed world that distort production and trade thereby leading to dumping; eliminate all types of export subsidies; introduce a development package on agriculture to enable developing countries to support and protect their small farmers and key food crops. The need for effective agricultural safeguards must be addressed in negotiations. This would enable a level playing field and allow ACP producers to compete more effectively with EU producers. **If women's productive capacity were simultaneously increased, it would enable them to benefit from trade activities.**

## Enhancing supply side capacity

Additional support to enhance the supply side capacity of ACP countries must be made available through an EPA. There is evidence that the EU does not want to bring this issue to the negotiations but ACP countries have identified such constraints as a key barrier to free trade. **In particular women's lack of access to productive resources including land, labour, inputs and technology; as well as support services, such as credit, extension and research, must be addressed in order to make them more productive and competitive.** Supply-side capacity-building is one important way in which this could be done

## Consulting and engaging non-state actors

EPAs will have economy-wide impact and national governments must ensure that non-state actors, in both ACP and EU, are **consulted and engaged** in an open and transparent way. Special efforts must be made to ensure that women's organisations are included.

## Collecting statistics on women's economic activities

The three country studies show that even basic sex-disaggregated statistics on women in the economy are absent. Government and statistical offices should encourage compilation of basic data such as employment figures for sectors which are particularly vulnerable to trade. Statistical tables **providing information jointly on export intensity, import penetration and female intensity for each sector should become part of the standard set of basic statistics regularly issued.**

## Maintaining policy coherence

The EU must ensure policy coherence between its development and trade policies. Gender equality is one of the nine key cross cutting issues and should be mainstreamed throughout development and trade policy discussions. The EU cites trade and aid as twin pillars of EU development policy yet the need for coherence between gender equality objectives and aid and trade policy objectives, are seldom recognised. It is generally agreed that trade liberalisation can have a positive impact on women but the reverse is also true as this research has demonstrated. The gender effects of trade are complex, with winners and losers, among women themselves. A coherent policy framework needs to take these complexities into account and make provision for addressing these. The EU must ensure that EPAs contribute to closing the gap between men and women in terms of income, employment and opportunities and not exacerbate existing gender inequalities. In this regard, the **EU must ensure that its gender policies and practice are consistently applied throughout all trade and development policies to ensure such coherence.**

## Aligning EU position with development objectives of ACP

The EU must ensure that it closely aligns its negotiating positions with the poverty reduction and development plans of ACP countries. Further, EPA implementation must be gradual and accompanied by adequate trade related assistance. **EPA impact**

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**assessment must include gender as a key indicator to assess the impact of this trade agreement on women's livelihoods.** Such studies should be disseminated widely.

## **Lobbying at national, regional and international level**

NGOS and community-based organisations working on women's rights and gender equality issues must lobby governments at national level to ensure that EPAs do not undermine women's rights. This could be done through face-to-face meetings, workshops and seminars. Making links with European women's and development organisations also working on EPAs would allow joined-up lobbying and action. **Women's organisations in both the ACP and EU must also lobby at regional level.**



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