Gender Justice in Trade Policy: The gender effects of Economic Partnership Agreements

Synthesis Report

ONE WORLD ACTION
FOR A JUST AND EQUAL WORLD


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(Uganda, 12-13 May 2009)

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Country studies may be found on the One World Action website at **www.oneworldaction.org**

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ACRONYMS

AfT	Aid for Trade
ACP	African Caribbean and Pacific
CARIFORUM	Caribbean Forum
EBA	Everything But Arms
EAC	East African Community
EPA	Economic Partnership Agreement
EU	European Union
HS	Harmonised System
GDP	Gross Domestic Product
LDC	Least Developed Countries
MFN	Most Favoured Nation
ODA	Official Development Assistance
TGNP	Tanzania Gender Networking Programme
SADC	Southern Africa Development Community
VAT	Value Added Tax

GLOSSARY

EPAs State of Play:
To date, fifteen countries of the Caribbean ratified a full EPA removing barriers to substantially all trade on goods and services. Amongst the six other negotiating regions, interim agreements have been signed. These regions are expected to sign an EPA by the end of 2009.

Harmonised System:
An international nomenclature arranged in six-digit codes under 97 chapters. It allows countries to classify traded goods on a common basis. Beyond the six-digit level, countries are free to introduce national distinctions for tariffs and many other purposes.

Import Competition Effect:
The import competition effect refers to the impact of increasing availability of EU imports on the market, directly competing with locally-produced goods.

Revenue Effect:
The revenue effect refers to the impact of loss of government revenue from the elimination/reduction of import duties.

Services:
Economic activities that are intangible such as banking, tourism, insurance and accounting, as opposed to goods (tangibles) such as wheat and automobiles.

Tariffs:
Customs duties on merchandise imports. Tariffs give price advantage to similar locally produced goods and raise revenues for the government.

Trade liberalisation:
Removal of obstacles to free trade, such as quotas, nominal and effective rates of protections and exchange controls.

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(Uganda, 12-13 May 2009)

EXECUTIVE SUMMARY

The distributional effects of Economic Partnership Agreements (EPAs) and trade policies in general, are gender differentiated. It is crucial therefore that, as standard practice, a gender analytical framework is used to inform both the design and the monitoring of trade agreements. This will contribute to the formulation of policies that enhance equalising trends associated with trade and offset negative consequences such as losses for specific groups of women and men.

Our research in Mozambique, Tanzania and Jamaica reveals that job losses from import displacement are likely to be small in all three countries, and would not necessarily be disproportionately female. This is because most of the imports from the EU to be liberalised appear not to be goods which are either produced domestically or in which the EU is a major exporter. These results are of course dependent on the specific socio-economic structure of the countries studied and their liberalisation schedule, and should not be generalised.

Some of the traditionally 'female sectors', such as textiles in Tanzania remain protected, but this is not sufficient to guarantee gender equitable trade outcomes. One of the main consistent findings across the three countries is that, because of restricted access to land and credit, poor infrastructure, labour discrimination, and complex power relations that limit their control over resources, the majority of vulnerable women are highly unlikely to be able to take advantage of any new economic opportunity resulting from trade.

Comprehensive and well-designed interventions are required to facilitate women's economic mobility across sectors and occupations, and to widen their options. These interventions should include, among others: supporting the full enforcement of core labour standards and anti-discrimination legislation; promoting institutional mechanisms that foster small female producers and traders' participation; designing agricultural vocational training and extension services to meet the specific needs of female farmers; promoting gender audits of trade-related administrative procedures; financing physical infrastructural projects that reduce women's time and energy burdens; protecting women's rights over their own financial assets and assisting them in claiming a fair remuneration for contributing their labour to family business.

A common argument in favour of trade liberalisation as a tool for poverty reduction is that cheaper imports will enable the poor to increase their consumption. Our finding is that it is improbable that cheaper imports from current EPAs will benefit vulnerable low-income women, as these imports include final consumption items such as washing machines and gas cookers, which can only be afforded by households with high incomes and easy access to energy sources. Other manufactured imports that may increase are intermediate goods such as irrigation pumps, agro-processing machinery and electrical devices. A greater use of these inputs could in principle contribute to enhance agricultural productivity, but it is very unlikely that this would benefit small female farmers who would have neither the capital nor the knowledge to invest in the adoption of new technologies. Measures need to be taken to avoid tariff cuts, which have a regressive impact, in the sense of improving consumption of well-off households whilst making goods and services consumed by vulnerable groups less affordable.

Trade and related policies need to give priority to comprehensive and well-designed interventions to facilitate women's economic mobility across sectors and to widen their options.

The fiscal impact of the EPA liberalisation and its gender effects depends on how much revenue is collected from the tariffs, the relative importance of tariff revenue in government financing, the alternative taxes that the government may introduce to compensate for the loss, and the extent to which public expenditure addressing gender disadvantage is a priority for the government. The hypothetical revenue loss is estimated to be larger for Mozambique than for Tanzania and Jamaica. The impact is going to be felt more strongly by Mozambique, not only because the loss constitutes a larger share of tax revenues but also because 85 percent of such loss will occur immediately. Both Mozambique and Tanzania receive substantial Official Development Assistance (ODA) (equivalent to about half of total government financing in both countries) and this poses the question of whether some increase in ODA will be necessary in order to keep current commitments to development projects.

Finally, our research exposed severe gaps in sex-disaggregated statistics. If sound gender focused analysis must be systematically integrated in Diagnostic Trade Integration Studies and any other Trade Impact Assessment, this requires, first of all, promoting more regular collection of detailed sex-disaggregated data and funding more quantitative and qualitative in-depth sectoral studies of gender-differentiated trade impacts.

Roadside Market Zambia, 2008. Photo: Tara Brace-John

01

INTRODUCTION

Gender inequalities and trade interact. Trade reforms are likely to have gender differentiated effects because of women's and men's different access to, and control over resources, and because of their different roles in both the market economy and the household. In turn, gender inequality may limit the gains from trade, through its impact on the process of innovation, for instance.

Policy should be designed to enhance gender-equalising trends associated with trade, such as when export expansion leads to the increased visibility of women's work through their greater participation in the paid economy, as well as to offset any negative consequences of trade such as widening overall inequalities or losses for specific groups of women and men. This requires that the gendered characteristics of the economy are made visible and that gender-differentiated effects of particular trade agreements are fully understood.

Despite a growing body of both theory and sound empirical evidence documenting these interactions (see van Steveren et al, 2007 and Fontana, 2009 for comprehensive reviews), gender analysis at all levels of trade policy-making and implementation remains mostly absent.

This report summarises the main findings of a research project undertaken by One World Action and the Commonwealth Secretariat, which develops a gender-aware economy-wide framework to assess the distributional effects of the Economic Partnership Agreements between the European Union (EU) and African Caribbean and Pacific (ACP) countries. The framework is applied to three countries, each belonging to a different regional grouping: Jamaica (Caribbean Forum), Mozambique (Southern Africa Development Community) and Tanzania (East African Community).[1] Whilst the CARIFORUM countries and the European Union have agreed a comprehensive EPA (signed in October 2008), the EAC and the SADC countries have concluded only interim EPAs. It is expected that full agreements will be signed during 2009.

The contribution of the current research is twofold: a) it provides the first detailed economy-wide analysis of the likely gender effects of EPAs based on the specific tariff liberalisation schedules for goods agreed by Jamaica, Tanzania and Mozambique; b) it suggests a gender-aware framework and analytical approach which could be usefully applied to other countries to examine other EPAs, or other trade agreements in the future (to be used both for ex-ante diagnostics and for ex-post monitoring).

Any assessment of the likely gender and developmental impact of EPAs is still speculative, since implementation is only just about to start, but it is now possible to make informed predictions since most key details are known. The three country case studies attempted to highlight vulnerable economic sectors as well as to point to the groups of women and men who are most likely to be affected by EPAs in their multiple roles as workers, producers, consumers, and citizens entitled to public services. The studies have also identified key gaps in sex-disaggregated data that need to be urgently addressed.

01

Economic growth through trade can be sustained only if women and men benefit equally from the gains generated. If inequalities persist, economic actors are only undermined.

This kind of analysis constitutes an essential first step towards effective implementation and monitoring of the EPAs. Ideally, a gender-aware framework should have also informed the design of the agreements and negotiation process. Without adequate attention to gender differences, it is unlikely that trade reforms will fulfil developmental objectives. Economic growth through trade can be sustained only if both women and men are equally included in the gains generated. If inequalities persist, economic actors are undermined rather than made to flourish.

The report is organised as follows. Section 2 sketches the framework for analysing the multiple channels through which trade, and more precisely the specific EPAs, can affect different dimensions of gender inequality. Section 3 offers a general picture of the gender features of the Tanzanian, Mozambican and Jamaican economies in a comparative perspective. Section 4 summarises the key characteristics of the EPA tariff liberalisation schedule in each country. Section 5 examines the key findings of the three case studies and Section 6 discusses policy options and challenges.

1 The full individual country reports are available at www.oneworldaction.org

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02

ANALYTICAL FRAMEWORK

Goods trade liberalisation alters the distribution of income between different social groups, and between women and men. The main mechanism by which it operates is through changes in the relative prices of goods. By modifying incentives, these mechanisms are expected to induce reallocation of factors of production among sectors that use them with different intensities, therefore contributing to changes in their employment and/or remuneration. The same variations in relative prices bring about changes in real incomes that affect groups differently, due to differences in their consumption patterns. Trade liberalisation is also likely to reduce tariff revenues, and this, in turn, may have group-specific effects on the size and composition of government expenditure. It is important to highlight that the intensity of these effects, as well as the direction of change, is not easy to predict and will depend on the country structure and on how various markets and institutions operate (which is often very different from what conventional international trade textbooks suggest).[2]

Trade liberalisation can therefore affect gender inequalities at the macro, meso and micro levels. For example, gender gaps in market participation might narrow if the sectors that expand are more female-intensive than the sectors that contract (macro); public provision of social services that favour women might be undermined, if loss of government revenue from reduced tariffs leads to cuts in such services (meso); female control over household spending is reduced or extended, depending on whether trade liberalisation destroys or creates sources of independent income for women (micro).

As these examples illustrate, some changes can be positive whilst others can be negative. There may be tensions between different dimensions; hence the net effect for each individual woman and man can be ambiguous.

Economic Partnership Agreements (EPAs) are based on the idea of reciprocal market access. Under EPAs, ACP countries are expected to offer duty-free access for 'substantially all' EU exports to them.[3] By joining an EPA, those ACP countries which are not least developed countries (LDCs) (such as Jamaica, Namibia or Bostwana) can avoid tariffs being increased on their exports to the EU (i.e. they can avoid a negative shock) but further improvements in market access for their exports are likely to be small.[4] The LDCs do not face the negative shock if they remain outside an EPA because they already enjoy duty-free access under the Everything But Arms (EBA) trade regime. Thus, the two most important issues to consider when assessing the likely impact of the current EPAs (as opposed to the negative shocks of non-LDCs remaining outside an EPA) are:

a. the import competition effect
b. the revenue effect.

The strength of these effects will be determined by the extent to which import prices in ACP markets will effectively decline.

The gender distribution of the EPA effects will depend on a number of factors. Whether an increase in EU imports will affect female jobs more than male jobs in a country will depend on the gender composition of the labour force in those sectors that are especially sensitive to import competition. Women as either wage workers or small producers are likely to be negatively affected if they are disproportionately employed by the sectors that contract. This situation is further exacerbated if their opportunities to find employment in other sectors are limited due to fewer alternatives available to them in relation to men due to employers' prejudices and other market biases.

02

Whether the liberalisation of imports from the EU will benefit poor consumers, and in particular women in their role as principal home managers and family care providers, will depend on tariff cuts being effectively translated into cheaper consumer goods, and on whether the cheaper imported goods constitute an important share in low income households' consumption baskets.

As for the revenue effect, loss of government revenue from reduced tariffs might undermine gender equality if it leads to reduced public provision of social services that favour women such as health, education, water, sanitation and other infrastructure to meet household needs. Even if the government manages to replace tariffs with alternative indirect taxes, these may have a gender differentiated impact.

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(Mozambique, 18-19 August 2008) Photo: Ivin Lombardt

Focus of the country case studies

1 Gender composition of the labour force. In which sectors do women and men work? What is the proportion of female and male workers in sectors which will be exposed to competition from the EU? What is the gender composition of sectors with potential for expansion?
2 Working conditions, earnings and labour market segmentation. How easily could women and men who lose their job relocate to more dynamic sectors and access 'decent' forms of employment?
3 Access and control over resources such as land, credit, inputs by gender.
4 Time burdens and gender division of household responsibilities.
5 Consumption patterns of different household groups.
6 Public provision of social services. How extensive, and who benefits?

2 For example, price changes may not translate into changes in output, or may not reach consumers, due to a few powerful actors capturing any price advantage created by liberalisation. Similarly, workers (including many female workers) may remain unemployed, or face dire working conditions, after losing their jobs in import competing sectors because unable to shift to other decent work, due to segmentation and discrimination in the labour market.
3 In practice, some exemptions are granted, with their extent varying by country.
4 Access will improve for sugar and rice (after a transition period) and for beef and a few other agricultural goods that had residual tariffs under the pre-EPA regime. The rules of origins have also been made less onerous for clothing and some countries have negotiated special deals on the rules for fish.

03
THE GENDER STRUCTURE OF THE ECONOMY

An analysis of the economy as a gendered structure can help identify ways in which gender inequalities create distortions in the patterns of resource allocation and use in a country, acting as barriers to economic and social transformation. Policies, including trade policies, which do not pay sufficient attention to these constraints would lead to inefficient outcomes and to a path of unsustainable economic growth, undermining the achievement of a well-balanced development.

This section presents an aggregate picture of the gender structure of the Mozambican, Tanzanian and Jamaican economies as background to the analysis summarised in the rest of the paper. It starts with a few broad indicators presented in Tables 1 and 2, which can already convey to a good degree the extent of gender-based economic inequalities in a country. However, a proper assessment of the gender impact of an EPA on a specific economy would require much greater level of detail and this is what the individual country studies focused on.

In all three countries, the sectoral distribution of female employment appears to be different from the distribution of male employment. As Table 1 illustrates, there are significant structural differences between the two African countries, where female workers are overwhelmingly concentrated in agriculture, and in Jamaica where the majority of women work in services (and agriculture appears to be a male-intensive activity).

Table 1. GDP structure and gender intensity of production, 2007 (or most recent available year)

	Mozambique	Tanzania	Jamaica
GDP per capita (constant US $2000)	$347	$354	$3400
Agriculture			
GDP	28%	46%	5%
Total employment	79%	76%	18%
Total female employment	91%	80%	9%
Female employment as % of agricultural employment	61%	54%	21%
Industry			
GDP	27%	19%	29%
Total employment	7%	4%	17%
Total female employment	1%	2%	5%
Female employment as % of industry employment	10%	26%	14%
Services			
GDP	45%	35%	66%
Total employment	14%	19%	65%
Total female employment	8%	18%	86%
Female employment as % of services employment	30%	48%	59%

Source: World Bank, 2008, World Development Indicators (available online) Mozambique, Tanzania and Jamaica country reports (available at www.oneworldaction.org)

03

Analysing the economy as a gendered structure can help identify ways in which gender inequalities create distortions in the patterns of resource allocation and use, thus hindering economic and social transformation.

Tanzania is the most markedly agriculture-based country (agriculture constitutes about 46 percent of GDP and 76 percent of total employment, and the rural population is 75 percent of the total). In Mozambique, agriculture gives employment to an even larger share of the labour force (79 percent) than in Tanzania, and is more female intensive (61 percent of the agricultural labour force in Mozambique is female compared with 54 percent in Tanzania). It however represents only about 28 percent of GDP, suggesting very low productivity levels in this sector. There appears to be a positive correlation between low productivity in agriculture and the share of female employment in it, reflecting women's disadvantage in accessing technology, inputs and other means of production relative to men. In Jamaica, agriculture represents only 5 percent of GDP, is characterised by high productivity and is male dominated (about 80 percent of the agricultural labour force is male).[5]

The industry sector provides employment to a much smaller share of the labour force than agriculture in the two African countries, particularly in Tanzania, and is male dominated in all the three economies. Services are a source of employment for about 8 percent of the female labour force in Mozambique, 18 percent in Tanzania, and a very significant 86 percent in Jamaica. Services are an overwhelmingly female intensive sector in Jamaica but a male dominated sector in Mozambique. In Tanzania, male and female workers appear to be participating in services in equal measure.

Gender differences in the distribution of the labour force appear more marked when looking at more specific sectors and sub-sectors. Disaggregated data from the three country studies show that more women than men in agriculture tend to work in small scale subsistence food production with little opportunities to expand to more profitable crops. The few women working in manufacturing are clustered in the textile sector while men are more evenly distributed across industrial sub-sectors. Similarly, women in services tend to be heavily concentrated in domestic work and other low paid social sectors, while men dominate better paid occupations.[6] These patterns appear to hold true, with little variation, in Jamaica as well as in Mozambique and Tanzania.

The gender division of labour is even more evident in unpaid work, but only anecdotal evidence could be found on this aspect in both Jamaica and Mozambique. Results of a national level time use survey recently produced by the Tanzania Bureau of Statistics (2005) shows that, in Tanzania, women spend 23 hours longer than men every week in unpaid tasks such as water collection, food preparation and care for family members. This unpaid work burden restricts the time women have available for other productive activities and significantly limits rural women's participation in off-farm self-employment (Seebens, 2006). A simulation exercise using the new Tanzanian time use data suggests that investing in water-related infrastructure could free up many female working hours in a year. If the freed up hours could be converted into paid employment, this could be equivalent to about a million new full-time jobs for women (Fontana and Natali, 2008).

5 These are figures provided in Jamaican official statistics which may not fully capture the unpaid labour provided by women on their family farms and hence underestimate their involvement in agriculture. The fact remains, however, that the sectoral distribution of the female labour force in Jamaica is rather different from that of Tanzania or Mozambique.

6 Further details can be found in the individual country reports.

03

In Tanzania, Mozambique and Jamaica, women have limited control over land even though official land laws grant them equal access as men.

As highlighted in Table 2, female workers invariably earn less than male workers.[7] This appears to be the case, even in Jamaica where women outperform men in educational achievements (as shown by the gender ratio in primary and secondary school which is 102; this compares with a ratio of 96 in Tanzania and 86 in Mozambique) and the level of economic development is higher than in the other two countries (Jamaica GDP per capita is ten times as much as the GDP per capita of either Mozambique or Tanzania). Despite this women are also less represented in politics: female members of Parliament are only 12 percent of the total in Jamaica and around 30-35 percent in Tanzania and Mozambique.

Underlining these patterns are widespread inequalities in access to a number of assets, resoturces and to markets. Both in the two African countries and in Jamaica, women have limited control over land even though official land laws grant them equal access as men. In all the three countries the few female farmers who own land have smaller plots than men (for example, the average size of women's landholdings is 1 hectare compared with 2 hectares for men in Jamaica, and even smaller in Mozambique), and this in turn limits their access to capital and credit. In Mozambique, women farmers use less mechanised production technologies than men and participate less in extension services according to the Minstry of Agriculture (2007) only 23 percent of women compared with about 45 percent of men. Women also appear to be less informed about prices of agricultural goods and their rights as workers, which is likely to undermine their bargaining power relative to their employers, traders and other intermediaries. In Jamaica, women constitute the vast majority of informal micro-entrepreneurs (about 80 percent of the total).

Table 2. Key gender indicators, 2007 (or most recent available year)

	Mozambique	Tanzania	Jamaica
Gender educational gap (gender ratio in primary and secondary school)	84	96	102
Gender wage gap	0.8	0.7	0.6
Women in Parliament (as % total members)	35	30	12
Rural population (%)	64	75	47
Population below poverty line (%)	54	33	19

Source: World Bank, 2008, World Development Indicators (available online)

03

Women also appear to be less informed about their rights as workers and about prices of agricultural goods. This is likely to undermine their bargaining power with their employers, traders and other intermediaries.

These are only a few examples of the greater economic vulnerability of most women relative to men in the three countries. These forms of disadvantage are likely to significantly undermine women's ability to take advantage of any potential new opportunity generated by trade.

As shown in Table 3, Jamaica, not surprisingly, is the most open of all three countries. Trade with the EU constitutes a more significant share of total trade for Mozambique than for Tanzania and Jamaica. In all three countries tariffs are an important source of revenue, representing at least 10 percent of the total.

Table 3. Trade with the EU, 2007 (or most recent available year)

	Mozambique	Tanzania	Jamaica
Exports (% of GDP)	39	22	49
Imports (% of GDP)	46	28	67
External balance on goods and services (% of GDP)	-7	-6	-18
Tariff revenue (% of total government revenue)	12	9	-13
Exports to EU as % of total exports	66	24	-27
Imports from EU as % of total imports	24	19	7

Source: Mozambique, Tanzania and Jamaica country reports (available at www.oneworldaction.org)

7 The data for Mozambique and Tanzania should be taken with great caution as they refer only to wages in the manufacturing sector which is a very tiny sector in both countries and should not be seen as representative of the gender earning gap in the wider population.

04

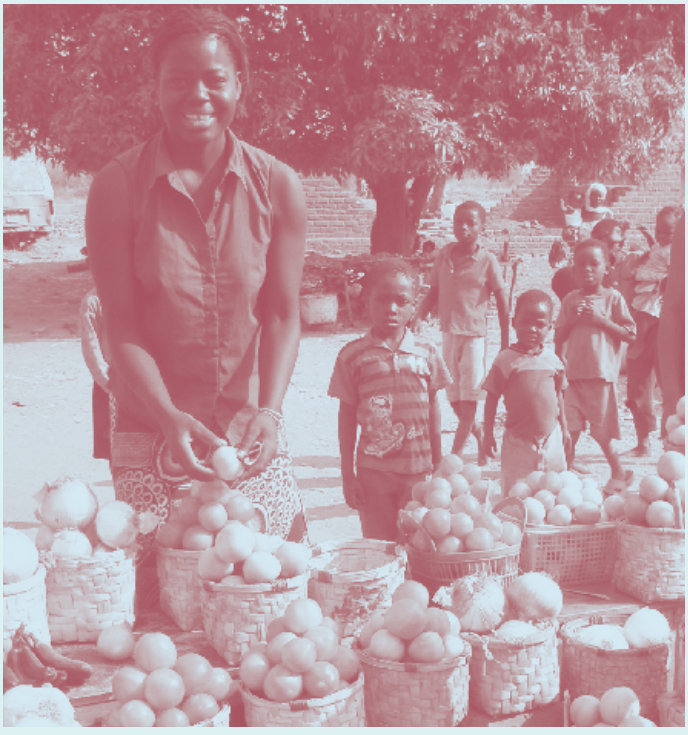
THE CONTENT OF THE EPAs

Jamaica, Mozambique and Tanzania each belong to a different regional group: the CARIFORUM, SADC and the EAC respectively. Whilst the CARIFORUM countries and the European Union signed a comprehensive EPA in October 2008, both the EAC and the SADC countries only initialled interim EPAs.

There is considerable variation across countries and regions in the range of goods to be liberalised, the timeframe set for liberalising them and the exemptions (suggesting also differences in political agendas, as well as skills and power of different negotiating teams). Tanzania is the only country for which the liberalisation commitments taken are identical to those of all the other countries in the EAC region, potentially contributing to strengthening their economic integration. Within SADC, Mozambique has agreed to liberalisation schedules that are considerably different from those jointly decided by the rest of the group (for instance, just one fifth of the items are being excluded by both Mozambique and the Botswana, Lesotho, Namibia and Swaziland group (Stevens et al, 2009)). Substantial differences between the individual countries' schedules are also apparent in the CARIFORUM EPA. This may risk undermining efforts towards further regional integration, an important objective that EPAs aim to achieve, according to pro-EPA advocates.

This section briefly summarises the tariff liberalisation commitments entered into by the three countries, focusing on both the speed and the product coverage of liberalisation. Details on other provisions envisaged in the EPAs, such as provisions on export taxes, trade related technical assistance, safeguards or infant industry are not given. These other provisions are likely to have gender implications too but an analysis of their impact is beyond the scope of the current project. A comprehensive and thorough analysis of the EPAs texts is provided in two reports by Stevens et al (2009, for Tanzania and Mozambique, and 2008, for Jamaica), on which this section draws.

The broad patterns of liberalisation are shown in Tables 4, 5 and 6. In Mozambique liberalisation will happen immediately and very rapidly while in both Tanzania and Jamaica it will commence only around 2015. The latter two countries will have longer time than Mozambique to make all the necessary adjustments.



Roadside Market Zambia, 2008. Photo: Tara Brace-John

04

Mozambique

As shown in Table 4, liberalisation in Mozambique is heavily front-loaded in that almost all liberalisation (about 85 percent of all the goods to be liberalised, which is equivalent to 70 percent of all imports from the EU) is taking place in 2009. The trade weighted average tariff of the products to be liberalised is however slightly higher in the later tranche.

The implementation period is the shortest of any EPA. The excluded goods are about 18 percent. The products group in which the largest number of items will be liberalised are: plastics, rubber and leather, paper, electrical machinery, optical goods and watch parts. The exclusions are industrial inputs and various items to protect domestic production such as fish, vegetables and processed agriculture.

Table 4. Summary of Mozambique market access schedule

	# lines	Import value - 2005		MFN tariff [a]			
		US$000	Share of total	Min.	Max.	Simple average	Trade-weighted average [c]
Total trade in HS 1–97 [b]		**266,305**	**100%**				
Goods to be liberalised:							
2009	2,109	187,809	70.5%	0	20	9.2	5.2
2023	29	29,169	11.0%	2.5	20	8.1	6.2
Excluded goods: [d]	3,239	49,326	18.5%	0	20	11.1	n/a
	5,377	**266,305**	**100%**				

Notes:

a As given in the market access schedule, augmented by data from TRAINS – see note d.

b As given in the market access schedule – see note d.

c Calculated by multiplying the import value by the tariff for each item, then totalling the results for all items, and dividing this total by total import value for all items. This was not possible for excluded items – see note d.

d The market access schedule lists only the 2,138 items to be liberalised. The number of items being excluded, and their codes, were identified by comparing the market access schedule with Mozambique's 2007 tariff schedule: any code in the latter which is not included in the former has been assumed to be being excluded. A total import value for these excluded items was derived by subtracting the value of imports of the goods listed in the schedule from the total value of imports also shown in the schedule. Because this gives only a total figure for all exclusions (with no detail on imports in the individual items), it is not possible to calculate a trade-weighted average tariff.

04

Tanzania

Table 5 shows a rather different picture for Tanzania. In this country liberalisation will occur in three tranches, the first of which involves only products with tariffs of zero percent. Most of the highest-tariff items are left for the final tranche. Clothing figures notably in the exclusion basket, followed by other light manufactures. Tanzania will have almost 25 years to complete the EPA liberalisation process–the longest transition period in an EPA.

Table 5. Summary of Tanzania market access schedule

	# lines	Import value (average 2004-06)[a]		MFN tariff [b]			
		US$000	Share of total	Min.	Max.	Simple average	Trade-weighted average
Total trade in HS 1–97		**639,035**	**100%**				
Of which, in codes listed in the EAC schedule		638,974	99.99%				
Of which, in codes missing from the EAC schedule[c]		61	0.01%				
Goods to be liberalised:							
2010	1,950	320,784	50.2%	0	0	0	0
2015-2023	1,129	165,956	26.0%	10	25	10.1	10.0
2020-2033	960	33,077	5.2%	25	25	25.0	25.0
Excluded goods:	1,390	119,158	18.6%	10	100	27.9	27.9
	5,429	**638,974**	**99.99%**				

Notes:

a The market access schedule lists total EAC import values for each item, but not those for each of the individual countries. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the EAC countries, data reported by EU25 on their exports were used to mirror EAC imports. Where more than one line in the market access schedule is covered by a single HS6 sub-head, the full value of the individual countries' imports in that sub-head has been attributed to the occurrence in which the largest total EAC imports are shown in the schedule.

b As shown in the market access schedule.

c The market access schedule is in the 2002 version of the HS, which contains 5,224 sub-heads. However, the 5,224 sub-heads covered in the schedule do not correspond exactly to the 5,224 in HS 2002. The schedule contains two codes not valid in HS 2002:

- 560190 (which appears never to have been a valid HS code); and
- 930100 (which ceased to be valid in 2001).

And it does not contain two sub-heads which are part of HS 2002:

- 392112 - plates, sheets, film, foil and strip, of cellular polymers of vinyl chloride, unworked or merely surface-worked or merely cut into squares or rectangles;
- 631090 - used or new rags, scrap twine, cordage, rope and cables and worn out articles thereof, of textile materials.

The value of imports in these latter two codes could therefore not be included in the analysis of the EAC country schedules

04

Jamaica

In Jamaica the bulk of liberalisation (table 6) will occur over 15 years. Only 11 percent of EU imports that will be liberalised will face a high tariff of 20 percent or higher. The immediate impact of the EPA is likely to be negligible as the majority of the goods scheduled to be liberalised in 2009 are already duty free (as in Tanzania). Excluded goods will only be about 10 percent of total imports and are mostly agricultural products, prepared foodstuffs and some textiles. Positive effects from export expansion through improved market access are not going to be straightforward. Under previous trade agreements, Jamaica has not been able to take advantage of quotas for sugar and bananas. A number of policy initiatives will be required to create an enabling environment to increase productivity and capacity for export.

Table 6. Summary of Jamaica market access schedule

	# lines	Import value (average 2004/06) [a]		Base tariff [b] (% unless stated otherwise)			
		€000	Share of total	Min.	Max.	Simple average [c]	Trade-weighted average [c]
Total trade in HS 1–97		**361,915**	**100%**				
Goods to be liberalised in:							
2009	3,734	239,793	66.3%	0	20	0.1	0.02
2011-13	5	1,677	0.5%	0	15	15	15
2011-18	141	1,677	0.5%	0	40	13	9.5
2011-23	991	61,342	16.9%	0	40	19.1	20.2
2013-23	2	–	–	5	5	5	0
2018-23	–	–	–	n/a	n/a	n/a	n/a
2011-28	154	7,478	2.1%	0	40.83	27.3	18.5
2013-28	5	632	0.2%	0	5	1	5
2011-33	88	9,836	2.7%	0	40	31.2	8
2013-33	1	62	0.0%	5	5	5	5
2015-33	–	–	–	n/a	n/a	n/a	n/a
Excluded goods:	456	38,299	10.6%	0	100	28.7	23.9
Totals [d]	**5,577**	**360,797**	**99.7%**				

Notes:

a As no import data are given in the market access schedule, mirror data (at HS6 subhead level) from Eurostat's COMEXT database have been used. In order to avoid double-counting (as the schedule is at a mixture of 6- and 8-digit levels), where treatment varies for different items within a 6-digit subhead the full import value has been attributed to the item with the latest liberalisation (or if some items are to be liberalised and others excluded, to the exclusions).

b 2006 MFN tariffs, obtained from UNCTAD's TRAINS database. The rates for six items are missing (and for a further 12 rates for at least one sub-component of an HS6 subhead are missing).

c Calculated on the maximum applicable ad valorem tariffs.

d Difference from 'Total trade' figure is accounted for by goods in HS Chapter 93, which is not included in the EPA.

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POTENTIAL GENDER EFFECTS OF THE EPAs

The approach taken in the individual country studies involved reviewing thoroughly both the list of goods to be liberalised and the list of exemptions for each country, and examining the gender characteristics of production and consumption of selected products in these lists.

Both final goods and intermediate goods were considered and the chain of direct and indirect effects was explored as much as the data allowed it. Some dimensions could be better documented than others. The analysis revealed still significant gaps in sex-disaggregated statistics.

The potential revenue loss from tariff reduction was also considered. This was calculated by applying the based applied tariff to the value of imports in the reference year for each country in order to generate the 'hypothetical' revenue currently being collected (Stevens et al, 2009). This calculation is based on strong assumptions but is still helpful in providing an indication of the likely extent of tariff loss.

The Jamaica EPA entails liberalisation of services as well as goods. As seen in an earlier section, services in Jamaica contribute to 66 percent of gross domestic production and employ 65 percent of the total labour force (and more than 85 percent of the female labour force). This means that the impact of the EPA on this sector, including its gender ramifications, could be significant. Unfortunately the information currently available was not sufficient to carry out a proper gender-focused assessment of services liberalisation. This is an area deserving further research.

The analysis is not based on a fully developed formal economic model but uses the authors' judgment about the relative importance of certain sectors and transmission channels. This choice was made not just because constructing such a model would have been impossible within our timeframe and given data gaps, but also because we felt that none of the currently available models would have adequately captured the many market distortions, including gender-based ones, characterising the economies under study. It should be viewed as a preliminary exploration of the gender effects of EPAs in Mozambique, Tanzania and Jamaica. The key findings are summarised along four main dimensions:

a. production/employment effects;
b. consumption effects;
c. gender-based constraints to supply response;
d. revenue loss

a. Production/Employment effects

Job losses from import displacement are likely to be small in all three countries, and in particular in the two African countries, since most of the EU imports to be liberalised appear not to be goods which are either produced domestically or in which the EU is a major exporter. These potential job losses would not necessarily be disproportionately female.

In Mozambique for example, 97 percent of the goods to be liberalised are manufactured and only 3 percent are agricultural goods. The only agricultural product of some significant value (and with a current high tariff of 25 percent) is almonds. Almonds do not grow in Mozambique and are consumed mostly by wealthy households (non-poor male headed households from the central region purchase about half of the total). Most of the manufactured imports that may increase are intermediate goods such as irrigation pumps, agro-processing machinery and electrical devices, which are not produced locally. A higher use of these inputs could in principle contribute to enhance agricultural productivity, but it is very unlikely that this would benefit small female farmers who would have neither the capital nor the knowledge to invest in the adoption of new technologies to cultivate their plots (limited access to inputs, labour and modern technology in agriculture is a typical gender-intensified disadvantage as documented for a number of African and Asian countries in Whitehead, 2008 and Quisumbing and Pandolfelli, 2008, among others).

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Some of the current exemptions may indeed help to protect female intensive production. In Tanzania, tariffs will remain in place for many locally produced agricultural goods, including those which use significant female labour inputs. Meat of various kinds will be liberalised but the extent of women's involvement in meat production and marketing is not documented. The limited available data suggests that women engage only in small livestock rearing, and associated milk production and marketing. Dairy products are all excluded from liberalisation, with the only exception of dried eggs. Fish and other seafood imports will be liberalised with only few exceptions. Although women are significantly involved in processing and trading fish, they are not involved in fishing itself. Cheaper imports may indeed cost jobs in the fishery sector (currently providing employment to about 1 percent of the labour force). These jobs could be both male (the fishermen) and female (the small traders) but the sparse data available do not allow any sound prediction. More participatory and qualitative research is needed to gain better insights into the gender dynamics of this and other sectors.

Most textiles and clothing also remain protected in Tanzania, with just a few exceptions: both ready made garments and used clothes will continue to be protected and tariffs will remain on woven fabrics containing cotton, but cotton yarn will be fully liberalised. Since the textiles and apparel sector appears to be traditionally female across the world, one could extapolate that the exclusion of such products from the liberalisation schedule of Tanzania is 'good for women'. However before reaching such conclusion a more nuanced analysis would be required. It would be important to accurately examine sex-disaggregated employment data for each textile and apparel sub-sector at least at the 6-digit level, since even within the broad industry there is often clustering of women workers in a much narrower range of sub-sectors and occupations than men.[8] Unfortunately such evidence was not available for Tanzania.

In Jamaica, too, several textiles and apparels will remain protected, but most knitwear will be liberalised (see Tables 1.1 and 1.2 of the Jamaica country report). The knitwear sector appears to be female intensive like most other apparel sub-sectors in the country (Dunn, L., personal communication). A more in depth analysis of sub-sectors would be needed to better understand whether the EPA, through liberalisation of knitwear, may contribute to further weakening this industry. The apparel industry in Jamaica has been declining for some years now, mostly as a result of competition from lower cost producing countries (such as China) and relocation of some companies to Central America where labour costs are cheaper and trade unions weaker.

A broader conclusion for the Jamaica case is that any change due to liberalisation of goods will likely affect male (most probably unskilled or semi-skilled) jobs more than female jobs, since, in this country, men are the majority of workers both in agriculture and in industry.

8 Typically, in Bangladesh, for example, women are heavily concentrated in the ready made garment sector only, while men constitute the majority of workers in the more dynamic knitwear sector. Moreover, women occupy the majority of low paid occupations while supervisory roles are mostly assigned to male workers (see for example Kabeer and Mahmood, 2004).

b. Consumption effects

A common argument in favour of trade liberalisation as a tool for poverty reduction is that cheaper imports will enable the poor to increase their consumption.

It appears quite unlikely that cheaper imports resulting from current EPAs in the three countries examined will benefit to low-income groups, particularly, vulnerable women within these groups.

Measures need to be taken to avoid regressive impact of tariff cuts like improving consumption of well-off households whilst making goods and services consumed by vulnerable groups less affordable due to social expenditure cuts or introduction of taxes on basic food item.

The case of washing machines in Mozambique provides a good example. Washing machines are one of the most important 'female' items (in the sense of being related to women's housework responsibilities) identified in the list of final consumption goods with a current tariff rate of 25 percent which will be liberalised immediately. Assuming that tariff cuts will translate into cheaper consumer prices (and will not be appropriated by intermediaries along the value chain), these lower prices will only benefit women in wealthy household who live in areas with good access to electricity. Currently, only 7 percent of Mozambican households have access to electricity and only 0.2 percent, mostly in urban areas, own a washing machine. Similar considerations are likely to apply to the case of gas cookers in Tanzania. An increased use of household appliances could also indirectly affect the demand for paid female domestic workers, but the direction of change is hard to predict.

c. Gender constraints to supply response

One of the strongest and most consistent findings across the three countries is that the majority of vulnerable women are highly unlikely to be able to take advantage of any new economic opportunity generated by trade, due to very limited access to assets and markets, and complex power relations that limit their control over resources. Restricted access to credit, poor infrastructure, labour discrimination and missing markets are severe constraints for a number of small farmers, labourers and micro-entrepreneurs, both female and male, but these disadvantages are often gender-intensified (as highlighted in section 2 and further documented in the individual country reports). Even when an activity is traditionally 'female', an increase in its profitability may cause men to enter the sector and take over production (examples of this for specific crops in selected African countries are reviewed in Fontana, 2009).

This calls for comprehensive and well-designed interventions to facilitate women's economic mobility across sectors and occupations and to widen their options. These interventions are a necessary step to maximize the gains from trade and to ensure that these are widely shared. A trade negotiation strategy solely focused on protecting a few traditionally perceived 'female' sectors would remain too limited in scope. The development strategies for each country would need to ensure that interventions aimed at overcoming gender biases in markets are given priority and an adequate financial support.

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It is not sufficient for a trade negotiation strategy to solely focus on protecting a few traditionally perceived 'female' sectors. For each country, development strategies will need to ensure that interventions aimed at overcoming gender biases in markets are given priority and adequate financial support.

d. Revenue loss

The fiscal impact of the EPA liberalisation and its gender effects will depend on how much revenue is currently collected from the tariffs, the relative importance of tariff revenue in government financing, the alternative taxes that the government may introduce to compensate for the loss, and the extent to which public expenditure addressing gender disadvantage is a priority for the government.

The hypothetical revenue loss is estimated to be larger for Mozambique (about 2 percent of total tax revenue) than for Tanzania and Jamaica (about 1 percent of total tax revenue). The impact is going to be felt more strongly by Mozambique, not only because the loss constitutes a larger share of tax revenues but also because 85 percent of such loss will occur immediately. In Jamaica, only 1 percent of the loss will happen between 2011 and 2013 whilst in Tanzania the loss resulting from the first liberalisation tranche will be 33 percent of the total, but only to be completed by 2023.

Both Mozambique and Tanzania receive substantial Official Development Assistance (equivalent to about half of total government financing in both countries) and this raises the question of whether some increase in ODA will be necessary in order to keep current commitments to development projects.

If governments were to reduce public expenditure as a result of revenue loss, measures should be in place to ensure that vulnerable women are not disproportionately affected. There are reasons to be concerned: in the past, structural adjustment in Tanzania led to expenditure cuts to key social sectors causing increases in maternal mortality and a significant deterioration in the quality of education (Meena, 1991). More recently, the Tanzanian government proposed budget cuts to the water and sanitation sector despite evidence documenting heavy time burdens for women and girls related to lack of water infrastructure (details can be found at http://www.tgnp.org/downloads/2008-2009%20Budget%20Review.pdf

Even if the government could maintain current levels of expenditure by raising other taxes, this would have gender implications (see Grown and Valodia, forthcoming). For example, an introduction of VAT on food items (currently exempted in Mozambique) would especially affect women in their role as main home managers. Evidence from a number of countries (Elson, 1991) suggests that higher food prices often result in households having to switch to cheaper foods usually requiring more input of women's unpaid labour (root crops take longer to prepare than wheat products). Shopping also takes longer as women have to look around to find the cheaper sources and to buy smaller quantities more often, which in turn increases women's time burden. Trade liberalisation does not automatically guarantee increased and more efficient production, nor does it ensure that the gains are equitably spread.

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POLICY RECOMMENDATIONS

In other words, trade liberalisation does not always translate into economic benefits and social inclusion for all members of society, particularly women. Trade policies cannot be conceived in a vacuum but must be designed taking into account the reality of how various markets function. They must be formulated and implemented in combination with other policies and need to address power imbalances, including gender inequality in access to and control over resources. Gender inequalities are a major source of market imperfections which prevent the positive outcomes from trade to be maximised.

Our research has confirmed that awareness of the gender distributional implications of EPAs and commitment to implement policies addressing gender imbalances in the context of trade reforms need to be considerably strengthened.

Because these gender effects will become apparent only overtime as the EPA rules are applied, there is everything still to play for. Governments, the EU and the donor community could take a number of actions to influence the EPA process towards more gender equitable outcomes. These actions should be aimed at:

a. creating a sound information base
b. reducing gender biases in access to economic resources and strengthening rights
c. supporting broad-based participation in trade consultations and negotiations and monitoring.

A Ensure the systematic integration of sound gender focused analysis in Diagnostic Trade Integration Studies or any other Trade Impact Assessment.

This constitutes the first foundation step required for any serious gender monitoring. It will require supporting efforts of partner governments and statistical offices to promote more regular collection of detailed sex-disaggregated data. It would also include funding more quantitative and qualitative research to gain a better understanding of trade impacts on specific groups of women and men. More specifically:

1 Agricultural data reporting employment status, types of crop and access to resources by gender are still sparse. Sex disaggregated information on earnings is even sparser than information on employment patterns. Filling these gaps is crucial especially in the agriculture-based countries of Sub-Saharan Africa.
2 Gender statistics must be collected at a highly disaggregated level: simply knowing how the female workforce is distributed across agriculture, manufacturing and services in aggregate (what is often reported in analyses that claim to be 'gendered') is not sufficient to analyse specific impacts of trade agreements, which usually list products to be liberalised using tariff codes at the 8-digit level.
3 Data need to be produced in a timely manner and at regular intervals (without an understanding of trends and changes over time, an accurate assessment of gender-differentiated impacts is impossible).
4 Donors should consider financing the collection of time-use data, with periodic updates, in a representative sample of countries where infrastructure deficits are large.
5 Donors could offer gender training to statisticians and support to local women's organisations that work closely with statistical offices and promote the regular use of gender statistics in economic policy-making (such as the Tanzania Gender Networking Programme).

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6 Both donors and governments should support more qualitative research on women and men's roles and constraints in various markets to complement the quantitative surveys. They should also support more independent trade research in key gender relevant areas more broadly.
7 Gender analysis should be regularly included in monitoring the implementation of EPAs or other trade agreements.
8 Gender-focused sustainable impact assessments of any future trade agreement should be made compulsory.

Better data and in-depth research informing the design of policies would lead to more effectively targeted interventions, for which both donors and governments must offer greater support.

B Strengthen commitments to development resources spent on trade-related sectors and improve the effectiveness and the gender focus of Aid for Trade (AfT).

The extent to which AfT has been operationalised in a gender-sensitive manner is still unclear. Gender-aware interventions in the areas of support for trade-related infrastructure and building productive capacity are crucial to enable vulnerable women and men to take advantage of improved trading opportunities. Interventions should not be limited to protect (through exemptions) a few traditionally 'female' industries or to support well-established export sectors but enhance the economic participation of vulnerable women and men at every level. Measures will be context-specific and could include, among others:

1 Support gender responsive budget initiatives to ensure that decisions on public expenditure and taxes in response to tariff revenue loss are informed by a sound understanding of the gender implications of fiscal policies.
2 Finance road and other physical infrastructural projects that reduce women's time and energy burdens.
3 Promote gender audits of trade-related administrative procedures.
4 Design agricultural vocational training and extension services to meet the specific needs of female farmers
5 Promote skills development for women to enhance their ability to participate in non traditional female sectors.
6 Support the full enforcement of core labour standards and anti-discrimination legislation.
7 Protect women's rights to their own savings and financial assets and assist them in claiming a fair remuneration for their labour contribution to the family business.
8 Promote institutional mechanisms that foster women's participation in groups, particularly focusing on small producers and traders.

C Support broad-based participation in trade consultations and negotiations and monitoring.

1 Support needs to be offered for enhancing the capacity of civil society organisations to monitor the implementation of EPAs and to hold their government and the EU accountable for their commitments on gender equality.
2 Dialogue among various government departments must be fostered.
3 Women's groups in both ACP and the EU must be consulted and engaged in an open and transparent way.

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Roadside Market Zambia 2008.
Photo: Tara Brace-John

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