



# **Corporate-Led Liberalization of Trade is Hurting The Poor**

**“A Case of the Fox And The Stork”**

*Nelcia Robinson*

ABOUT US

The Caribbean Association for Feminist Research and Action (CAFRA) is a regional network of feminist, individual researchers, activists and women's organizations, which define feminist politics as a matter of both consciousness and action.

CAFRA is committed to understanding the relationship between the oppression of women and other forms of oppression in the society, and to working actively for change.

Women in Development Europe (WIDE) is a trans-national network of gender specialist, women active in non-governmental organization and human rights activists. WIDE aims to articulate the relevance of the principles of gender equality and justice to the development process through research, documentation, information dissemination, capacity building, advocacy and networking.

The Caribbean Gender and Trade Network (CGTN) was set up to strengthen the capacity of Caribbean Women's Organizations for understanding the impact of Trade Liberalization on women's economic and social advancement.

### **Acknowledgment**

CAFRA and CGTN gratefully acknowledges the financial support of Women in Development Europe in making this publication possible,

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#### **INTRODUCTION**

Trade Liberalisation is proceeding rapidly and comprehensively without consideration of the implementation and development cost to many developing countries especially the least developed and small island developing states, or on its impact on gender and social equality. It impacts women and men differently in terms of social and reproductive responsibilities, employment, wage level and the nature and process of pauperisation of men and women as well as their overall economic and social well being.

This recalls the story of the fox and the stork, where the fox invited the stork to a sumptuous dinner, but the food was placed on shallow plates, out of the reach of the stork, who could barely scratch the surface to pick up a morsel. Such is the level of inequality organisations like CAFRA have been accused of being very negative to Trade Liberalisation. We fully understand the necessity for trade and the benefits of trade however this corporate-led liberalisation of trade is hurting the poor, and it is our mandate as community based national and regional non-governmental organisations to point out these inequities to the policy makers.

## **SO WHAT ARE WE FUSSING ABOUT?**

### **WTO**

The World Trade Organisation (WTO) was formally established on January 1<sup>st</sup> 1995 and is the only international body dealing with the regulation of trade between nations. The WTO works through a set of “Agreements, voluntarily entered into by its members, negotiated and signed by the vast majority of trading nations”.

These agreements contain sets of “ground rules” that regulate international trade and commerce. Essentially the agreements are legal contracts entered into voluntarily by member nations of the WTO to bind governments in keeping trade practices within pre-set limits.

The dilemma for our governments is that after voluntarily joining the WTO they find themselves now hard pressed to swim in this large ocean. Like the fox, the WTO has spread a table full of food, but can the small countries eat? Beef, dairy and poultry suffered in Jamaica, so did poultry in Barbados, and I am not sure of the extent here in Trinidad and Tobago. Rice and coffee suffered in Haiti, and of course, the well known banana story has the Windward Islands, particularly Dominica on the brink of economic ruin. While this was happening in the Caribbean the USA was subsidising American farmers and steel producers, hurting Trinidad’s steel industry. The WTO/CANCUN Talks broke down because of disagreement on these subsidies. Caribbean governments are attempting to cast their nets on the other side.

## **FTAA**

The Free Trade Area of the Americas is a hemispheric formation, an attempt to be less isolated in the global arena. The FTAA emerged following several attempts at creating a regional economic alliance between the countries of North, Central, South America and the Caribbean. Some of its forerunners were the Caribbean Basin Initiative (CBI), the Enterprise of the Americas Initiative (EAI), and the North American Free Trade Area (NAFTA).

With an expanding market base of over 800 million people and a combined GDP of US\$ 10.3 trillion, this free trade zone has been designated as the FTAA and is scheduled to be established no later than 2005. When it comes into effect the FTAA is expected to provide legal and stable framework for expanding trade and promoting investment in the region. Once established, the FTAA will be the single largest free trade zone in the world. It is indeed a horn of plenty – but can we eat? All undertakings by the FTAA must be WTO compatible!

## **COTONOU**

Caribbean governments looked with hope to a longstanding arrangement they have had with Europe. We hear now of the Cotonou Agreement signed in June 2000, between the European Union and 71 countries of Africa, the Caribbean and the Pacific (ACP).

Cotonou is a direct descendant of the Lomé Conventions that were first signed in the early 1970s to facilitate the continuation of political, economic and socio-cultural relations between Europe and her ex-colonies in the ACP.

Cotonou is not limited to trade and economic relations, but includes several issues concerned with human development and endeavour. The agreement encompasses trade technical and financial assistance, industrial and agricultural development, infrastructure and human resource development, and capacity building for state and non-state entities.

Two of the more fundamental parts of the agreement, however, are its trade and aid provisions. Through Cotonou and Lomé before it, developing countries in the ACP have been the recipients of billions of dollars in trade and aid, and direct foreign investment that have come either on concessional or grant bases.

The Caribbean, for example, has benefited from preferential market access for such commodities as sugar, spice, bananas and rice on European markets, while several countries in the region have received millions of dollars in grant funding through the various grant protocols and budget lines offered through bloc grants from the European Development Fund.

Under previous Lomé Agreements, ACP countries enjoyed non-reciprocal tariff preferences. Under the new arrangements ACP countries have to negotiate Economic Partnership Agreements (EPAs). These EPAs are officially aimed at promoting the reduction and eventual eradication of poverty, sustainable development and smooth and gradual integration of ACP states in the world economy.

Here again, there is food in abundance on the table, but again I ask the question – “Can we eat?” For in fact, the EPA is a free trade agreement that provides for duty and quota free access to markets on both sides for both products and services that are compatible to rules of the World Trade Organisation (WTO).

Given the poor capacity of ACP countries in production and supply of goods and services, such a free trade agreement has sparked wide concern and fear in ACP countries. It appears that the European Union is trying to push through issues in the EPAs that developing countries have resisted in the WTO.

Unlike the Lomé or Cotonou Conventions, which give ACP countries preferential treatment in access to EU market, EPAs would provide for quota and duty-free access to the ACP market for EU products and services. However, for ACP countries, the principle of reciprocity is a principle that has yet to be accepted by developing countries.

### **HOW CAN WE EAT?**

So can we eat, and where is the positive in all this? The same fable I began with says that the stork returned the compliment and invited the fox to dinner, and he couldn't eat! The food was in a long necked jar that the fox could not access. How can we level the playing field so that both the stork and the fox can eat?

So within our National Working Committee on Trade, we want to inform and educate and strengthen the hands of our governments so that we will not be feasted upon. One researcher has asked the question – Regional Economic Partnerships – REPAS or Rip off!! Are we the harvest for the Grim Repa?

We propose to hold a series of Internal Training Sessions to:

1. Equip members of the NWCT to discuss trade processes and Cotonou in particular
2. Hold a National Training of Trainers Workshop to equip a cadre of trainers to facilitate discussions in communities and with other NGOs.
3. Conduct a public education programme

Our objective is to be neither the fox nor the stork, but to ensure that everyone can reach up to the table of plenty and have the cutlery to enable them to eat heartily!

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