



# **Remember The Ladies**

**Gender and Trade in the Caribbean**

*Sheila V. Stuart*

## **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.

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## ***GENDER AND TRADE IN THE CARIBBEAN***

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Much has been researched, written and debated with respect to globalization and trade liberalization and its impact on Caribbean economies as well as, the social and cultural upheavals brought about by this process. On the opposite side of this coin, it could be said that very, very little has been researched, written or debated regarding the **gender** dynamics of trade. In fact, the reaction from most people when questioned on this topic is to ask the question, *what does gender have to do with trade?*

The reality is that gender has a great deal to do with the global trading system of the World Trade Organization (WTO), which has helped to propel and speed up the process of global trade liberalization, as well as, the sub-regional trading agreements such as the North American Free Trade Agreement (NAFTA), and the hemispheric Free Trade Area of the Americas, (FTAA).

We need to understand that gender, that is, the social dynamism that determines the relationships not only between men and women, but also in their relationship with social and economic production. This understanding would assist in fostering a better appreciation of the need to include gender as a critical component in the design, implementation, analysis and evaluation of all policies and programmes.

### **CONCEPT OF TRADE**

The concept of free trade has a long history and is seen essentially as a method of promoting efficiency through free trade, based on competition and specialization. Basically free trade allows countries to maximize their resource endowments by producing what they can from their natural and human resources, for sale or export. The underlying principle behind the concept of trade is that of "*comparative advantage*" which also supports the view that trade is mutually beneficial. It also assumes that the inherent competition would force all producers, be they individual company or country to concentrate resources in areas where they enjoy the greatest cost advantage over their competitors.

The recent transformation of the world economic system has emerged in response to changes in the international system of production, the development of regional trading

blocs, the dynamics between financial markets and the transition to market driven economies. As a result, the world economic landscape is being severely altered by the process of what is often referred to as “**Global Economic Restructuring**”, more commonly termed “globalization”, driven by the liberalization of trade and capital markets, characterised by the rapid dismantling of barriers to the international trade in goods and services and the mobility of capital.

The more immediate results has been that of social exclusion, the marginalization of poor countries and an ever-widening gap of inequalities between rich and poor countries. For the Caribbean, this development has meant that those countries which in the 60s and 70s managed to build up a light manufacturing export oriented base, today face major difficulties in gaining access to external markets for their manufactured products.

This situation is compounded because the trend is for Industrial countries to bias their tariff structures against processed commodities. Sugar for example, an important export crop for many Caribbean countries, faces an average tariff of more than 20 per cent if it is refined before being exported to industrial countries, whereas, only one per cent is charged on exports of the raw product. Faced with the daunting array of non-tariff barriers these small territories are often excluded from Northern markets and discouraged from developing a manufacturing base.

### **The Caribbean and Trade**

The economies of Caribbean countries are extremely small and very open with limited population and market size, which makes them vulnerable to the vagaries of international trade. The limited range of export commodities, places them at a distinct disadvantage with respect to price fluctuations on the international market. This situation is further compounded by their susceptibility to natural disasters such as hurricanes and volcanoes which have served to hinder economic development in most of the small Caribbean States. (Lestrade 1981:8).

The trading arrangements of Caribbean countries are very closely tied to relationships with their former colonial masters. Although independence offered the opportunity to expand these relationships not much emphasis has really been placed on breaking the existing ties which provided a measure of protectionism for Caribbean exports amongst other concessions. In fact, much of the trade policies in the post-independence period has shown “**a marked preference toward continuation of, and deepening of relationships with Western countries**”. This has remained one of the inherent weaknesses which has impacted on trade and foreign policy in the Caribbean.

Caribbean countries are now faced with the problem of developing national level mechanisms to enable them to make the necessary transition to participate in the processes of international relations. But the **“virtual absence of trained international relations experts”**, has been a major stumbling block within the region. (Ibid: 28).

The reality is that trade and foreign policy arrangements in the Caribbean are limited by the availability of resources, including material, financial and human resources. The trade activities of Caribbean countries are therefore very restrictive and to a large extent very unequal and unbalanced in favour of the larger more developed countries with whom these arrangements are created. These arrangements are characterised by a “top-down” approach, where there is a great deal of dependency on the part of the smaller more vulnerable countries. **“Small states are invariably subjected to influences from beyond their national boundaries”**, which limits their ability to be more pro-active in the negotiation of such arrangements. (Barrow-Giles 1995:43).

This inherent weakness coupled with the lack of institutional mechanisms to deal effectively with the requirements of the rapidly changing international trade environment has been identified as factors which contribute to the inability of Caribbean countries to quickly identify and analyse the warning signs which indicate that crucial shifts in trade policy are imminent.

### **Trade Policy and Gender**

It is clear from the trends that it is trade policy which lays the foundation for socio-economic development and to the extent that these developments impacts significantly on the lives of men and women in Caribbean societies, a focus on gender issues in trade is necessary because the welfare of men, women and children throughout our societies can be determined by trade policy.

Antrobus classifies gender issues in trade as follows:

Economic issues: housework and other un-waged work; salary and wages discrimination against women in the work place, labour force segmentation, treating women as a reserve labour force, which results in lower wages for women and less job security;

Social issues: The link between the role of men and women in economic production in the public sphere, and social reproduction, reproductive health, care of children and the elderly in the private sphere; and women’s education;

Political issues: Gender-based hierarchies in households, the work-place and community:

Cultural issues: The vesting of women's right to land in the family and the implication of this for agriculture policy, women's role as consumers and in determining household expenditures; the implications of women's multiple roles as farmers and as home-makers for productivity.

### **How does Trade Impact on Women?**

When a gender analysis of the impact of trade policies is applied, the indications are that women are potentially the most vulnerable groups, as the processes of economic restructuring takes a foothold in the Caribbean. Women have suffered from the loss of employment in those countries where the apparel and manufacturing sub-sectors provided employment for large numbers of women, who have responsibility for families because of the prevalence of female-headed households, which could potentially magnify the negative impact, which is further compounded by the subordinate position of women in society.

The loss of the Caribbean's comparative advantage in terms labour costs has led to a diversion of trade, as the multinationals relocate their production processes to other countries to take advantage of the reduction in tariffs, cheaper labour and overall lower operational costs.

Women involved in agricultural production increasingly face the challenge of having to compete with the importation of cheaper agricultural products, which militates against efforts at enhanced productivity in this sector. This has led not only to a reduction in the domestic market for such produce, but also to a significant lowering of the income of family-sized producers, who are forced to sell at lower prices in order to compete.

These impacts have been compounded by the banana situation, following the loss of preferential trading arrangements leading to the restructuring of the banana industry. The impact on the OECS economies has been immediate and very visible bringing about changes in the social fabric of the society. For example, St. Lucia recorded a massive reduction in revenue earned from bananas. Banana producers face an uncertain future as the preferential access to European markets has been removed forcing them to compete with cheaper bananas grown on larger US-owned plantations in Latin America.

As women are the backbone of this sector, the prediction is that they will face severe hardships, not only as farmers in the own right who earn an income from this sector, but as managers of the families. If their male partners also suffer a loss of income, this has a ripple effect on the family and has been identified as one the contributing factors in the rise of poverty in St. Lucia.

The gender impact of trade liberalization has therefore been most evident in the area of employment. The experience of the male and female banana farmers in the Windward Islands is perhaps the most dramatic case in the region.

Linked to this is the inadequacies of Caribbean negotiators who have tended to focus primarily on market access, placing little or no attention to ensuring protection for domestic producers, such as small farmers and small business firms, who are unable to compete with the heavily subsidized (agricultural) US companies. Consequently, the Caribbean agricultural sector has experienced some of the most adverse impacts of trade liberalization, ranging from a reduction in international market access to competing at the domestic level with foreign produce, which have flooded local markets.

## **Challenges**

The challenges facing Caribbean countries relates directly to their trade negotiations capacity and capabilities. This as mentioned earlier, is linked to the historical legacy of colonialism where negotiations were carried out on our behalf, and the future of trade relations between the Caribbean and Europe, where we now have to carry out these negotiations on our own behalf. Further, the new trading environment is decidedly more competitive and complex.

The shift away from preferential trading arrangements to one based on reciprocal trade, has resulted in either "*studied complacency or sheer panic,*" among Caribbean states, who appear more interested in maintaining the existing preferential arrangements.

The developing relationship between the Caribbean and the Americas, is another challenge, (language and culture), as these relations now constitute the region's most pressing global agenda.

Difficulties for Caribbean countries are that their economies are small and fragmented with a high dependency on Europe and North America for their exports, which are being altered under the new trading arrangements and regional trading blocs. These developments can also be traced to the end of the Cold War and the shift in trade and investment opportunities away from the former colonies to new partners in Eastern Europe and the Mediterranean, and while the EU has not abandoned its ACP partners "*the geopolitical and historical justification for EU-ACP relations,*" is no longer relevant.

The importance of Caribbean countries in relation to EU trade has been declining, with insignificant trade results despite the protection of traditional exports such as sugar and rum, and have not provided any tangible benefits for Caribbean countries in terms of stimulating expansion or growth of exports.

## **Opportunities**

Predictions suggest that trade liberalization will lead to an increase in gains in the services industries, such as tourism, informatics, offshore banking and insurance, which should be harnessed and developed by government through the creation of investment incentives. However, there is need for caution, in terms of gender and the development of these sectors, which are dominated by women in the Caribbean, and the implications for both men and women in terms of their location in the socio-economic structures of our societies.

The region's comparative advantage over countries such as Mexico, in terms of a better educated labour force, should it is argued, be used to attract more skill intensive industries, such as information technology.

Research results relative to the impact of trade liberalization on women, although inconclusive, points to the association with the global increase in employment opportunities for women, as well as, the expansion of businesses owned and operated by women, which provide women with an income, thereby providing women with the opportunity for enhancing their economic autonomy and empowerment, in both the public and private spheres. However, the same opportunities provided for women by trade liberalization policies, can also serve to worsen their socio-economic status.

The offer of increased opportunities for trade and investment within the region, has prompted member states to take necessary steps to liberalize their trade and investment regimes, and to reform national level macro-economic policies in order to increase their export capacity, thereby facilitating their integration into the global world economy. Caribbean states are therefore taking steps to make the appropriate adjustments to enable them to achieve sustainable economic growth and improve their international competitiveness in order to prevent them from being marginalised.

The Caribbean region has been trying to adapt to the changing trading relationships and are taking steps to enhance economic development, in light of the removal of the former barriers to the operation of free trade, namely the removal of preferential trading arrangements and concessionary financial aid, which has been replaced by fierce global competition and free market operation.

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*This paper is a synopsis of a presentation by Sheila Stuart, and is based on a Literature Review on Gender and Trade being conducted on behalf of the Caribbean gender and Trade Network.*