CHAPTER 2

Globalisation, Trade and Women-owned Small and Medium Enterprises

Globalisation and Trade Liberalisation

Overview

Globalisation is a broad-based historical phenomenon linked to the development of capitalism. It includes a fundamental transformation in the composition of economies. Production processes are being relocated to developing countries and barriers are being lowered to the movement of goods and capital across national and regional boundaries. Neo-liberal economic and social policies are being adopted worldwide, involving an increasing reliance on trade liberalisation, less government spending, and government adjustment to the fiscal demands of international capital markets and international institutions such as the World Bank and International Monetary Fund (IMF).

The impact of globalisation will be different in each country and region, but they all need to respond to the following trends:

- The internationalisation of production that allows corporations to locate production sites in different geographic locations, so that parts of products are produced in one place and assembled elsewhere.

- Rapid technological change in information, micro, bio and telecommunications technologies, which affect countries' competitive position and cause a shift in some countries from manufacturing towards services and high technology.

- Trade liberalisation accompanied by attempts to remove all restrictions on foreign direct investments.
- The formation of regional trade and economic blocks across many groups of countries.
- The rise and extreme mobility of financial capital as a global player and its resulting strong influence on national policies.
- The increasing power of transnational corporations (TNCs)

The restructuring of the state (with an emphasis on reducing the provision of social welfare, privatisation, de-regulation) and increased ceding of power to multilateral frameworks or regional machinery, for example the World Trade Organization (WTO), the North Atlantic Free Trade Agreement (NAFTA) and the Free Trade Area of the Americas (FTAA).

These trends are bringing about transformations at the national level. These include changes in production and labour-management processes; changes in the nature and definition of 'the job'; the increased prevalence of the virtual office, e-commerce and e-jobbing; and ultimately changes in the orientation of economies from the industrial age to the information age. These changes are more dramatic in developed countries and may not even be occurring to any significant degree in developing countries. In fact, given the vast difference in the acquisition and creation of assets, information, communication facilities, capital, technology, human resources and infrastructure that differentiate nations, some countries will play an active role while others will respond passively to market forces. Nevertheless, globalisation is forcing both developing and developed countries to undergo a restructuring process. In some developing countries, this economic reform is being imposed by the World Bank and IMF in the form of structural adjustment programmes (SAPs). These usually involve four elements: export production/promotion; privatisation and deregulation; devaluation; and a reduction in the size of the public sector.

Trade liberalisation is linked to market opening and the intensification of trade between trading partners. Ultimately, all members of the Commonwealth are involved in the same process of being competitive and eliminating what are seen by international institutions such as the WTO, World Bank and IMF to be barriers to the expansion of the market. Rapid

trade, investment and financial liberalisation are presented as unambiguously beneficial to all countries regardless of their level of development. Ideally, they should increase growth and income within each country, resulting in a wide range of benefits such as increased employment, decreased wage differential, and enhanced access to technology. However, the economic, political and social restructuring that is accompanying the rapid integration of trade in goods and services, investment and finance, is creating upheavals and dislocation as well as opportunities. The evidence that trade liberalisation leads to higher growth is inconclusive, with increased openness and the ability to export often following growth (and human development) rather than the other way around (Çagatay, 2001).

The gender impact of trade liberalisation

Trade liberalisation provides opportunities for some businesses to access new markets and generate wealth. However, the gender gaps that exist for women entrepreneurs in terms of access to credit, information, markets, technology and training often leave them at a disadvantage in terms of taking advantage of these new opportunities. Trade liberalisation leads to increased competition, which demands a swifter response to the market, and women generally lack fast and easy access to capital. Trade changes will also have a different impact on women and men because they are located in different places in the economy. The nature of the liberalisation measures (for example, tariffs, government procurement, privatisation measures) and the process by which these are decided and put in place will also influence women and men's experiences. It is increasingly being recognised that, in order to accurately assess the impacts of economic liberalisation, it is important to consider key aspects of gender relations, such as women's unpaid reproductive work and their limited access to resources in the household and the wider market economy. Otherwise, the liberalisation process could potentially contribute to widening some of the inequities that already exist between women and men, rich and poor and rural and urban.

Trade liberalisation has increased women's access to paid employment. This is particularly true in the case of manufacturing, services and non-traditional agriculture (such as cut flowers). These opportunities provide women with income, which can contribute towards increasing their autonomy and empowerment in the household and community as well as improve

TRADE LIBERALISATION AND WOMEN IN INDIA

India has a large and diversified industrial base and women entrepreneurs have been active across all sectors in the Indian economy. They are particularly active in food production and processing, textiles and garments, especially sericulture (silk production), jute and coir, handicrafts and in services. There are also many examples of women building and running successful businesses in machines and components, chemicals, cosmetics and certain sectors of electronics such as optical fibres as well as information technology (IT).

Trade liberalisation is having a significant impact on women-owned businesses, in part because many of the sectors in which women are very active are those with high import and export ratios. This creates both opportunities and challenges. Textiles, garments and handicrafts are among the largest contributors to exports and all three sectors have experienced strong growth in exports since 1991. Trade in services is becoming increasingly important, especially travel and tourism and the provision of ancillary services to transnational companies (TNCs) investing in India. At the same time, Indian SMEs face competition from foreign TNCs which are well established, enjoy economies of scope and scale, and benefit from brand recognition, marketing networks, advanced technology and techniques and high levels of efficiency, not to mention significant cash reserves. SMEs also face competition from efficient low-wage, low-cost producers in other developing countries. In order to face these challenges, women SMEs need to engage in active technology and skill upgrading, and improve quality and efficiency.

the nutrition of the household. However, many of these jobs in developing countries are in state-promoted export processing zones (EPZs) or involve outsourcing and an increase in home-based work. This leaves women increasingly vulnerable to capital flight risk and labour abuses. The industries that offer these jobs are frequently not covered by national labour legislation. If they are, the women workers are sufficiently isolated that they are either unaware of their labour rights or are unable to organise to protect themselves. Problems include long hours, insecure employment, unhealthy

conditions, low wages and, often, sexual harassment (Çagatay, 2001). Also, in certain sectors, such as traditional agriculture and textiles, and in particular countries, women have been displaced from employment. In agriculture, there has been a focus on incentives to large-scale businesses involved in the export of cash crop agriculture. Women are predominantly small farmers who generally produce food for domestic consumption and have been ill equipped, relative to men, to shield themselves from negative effects and take advantage of the positive effects of trade liberalisation.

The economic reform called for by trade liberalisation involves the shrinking of the state and the increase of the private sector, which is seen as a way to improve efficiency and productivity in the market place. In turn, the state is cutting public expenditure in services (such as health, education, welfare benefits, agricultural subsidies) in favour of market mechanisms of service delivery. This has a disproportionately negative impact on women in the form of unemployment in the public sector and due to their primary responsibility for household and community management. The withdrawal of subsidies for food production is increasing food insecurity. This has been made worse by the reduction or elimination of tariffs and other barriers on agricultural products which has led to a dramatic inflow of foreign goods and the loss of market for local producers, most of whom are women.

Understanding the Rules of the Global Trading System

Introduction

Women wishing to export goods or services need to familiarise themselves with the details of the trade rules and agreements relating to their product or service. The purpose of this section is to provide some basic information about the multilateral trading system, the body of international rules by which countries are required to abide in their trade relations with one another. It provides a short history of the World Trade Organization (WTO), as well as an overview of WTO agreements, including relevant gender issues and implications of the agreements and some key issues for export-ready SMEs. It also looks briefly at the International Monetary Fund (IMF) and the World Bank.

The World Trade Organization

The modern global system of economics and trade developed out of the system established by the Bretton Woods Conference (1944). The Conference had two main aims: to bring about reduced tariffs and other barriers to international trade in order to promote full employment and increase real income; and to create a global economic framework with the idea of avoiding the economic conflicts which had been partly responsible for the outbreak of World War Two (Malanczuk, 1997). In order to meet these aims, the Conference created three institutions: the International Monetary Fund (IMF), the World Bank and, later, the General Agreement on Tariffs and Trade (GATT).

The GATT included a provision for establishing the International Trade Organization (ITO), a UN agency that would regulate global trade within its social mandate. This initiative failed for various reasons, mainly because the US refused to accept it. However, over time, the GATT was expanded and given more authority even though in legal terms it was only a temporary organisation. It now covers all aspects of trade in merchandise and goods of all member countries. The result has been the creation of an international trading system without constraints and with a far greater authority than was originally intended. Moreover, its objective has changed from trade that would result in full employment, to trade for the sake of trade (WEDO, 1999).

The World Trade Organization (WTO) came into existence on 1 January 1995 on the completion of the 1986–1994 Uruguay Round (UR) of trade negotiations. It encompasses the GATT and several other multilateral agreements. Unlike the GATT, the WTO has a 'legal personality', giving it an international status equivalent to the United Nations but with the addition of having enormous enforcement powers. This includes the power to challenge national laws, practices and policies and strike them down if they are seen to be too restrictive to trade (Barlow, 2000).

The WTO currently has 144 member nations (as of 1 January 2002) and others are seeking to join. Membership is granted on the condition that the country fulfils the commitments found in the WTO agreements and principles. The WTO recognises four groups of countries: developed, developing, least developed and transitional.

A Ministerial Conference of member countries meets at least every two years, while day-to-day matters are handled by the WTO secretariat and the General Council (GC), which is headed by the Director General. The GC acts as the Dispute Settlement Body and the Trade Policy Review Body and acts on behalf of the Ministerial Conference. Three councils (for trade in goods, trade in services and Trade-Related Intellectual Property Rights) each handle a different broad area of trade and report to the GC. The WTO is responsible for:

- overseeing implementation of all multilateral and plurilateral (signed by a group of members for a specific issue) agreements that have been negotiated under the Uruguay Round or will be negotiated in the future;
- providing a forum for further negotiations on matters covered by the agreements as well as on new issues;
- settlement of disputes among member nations; and
- periodic reviews of the trade policies of member nations.

Some concerns about the WTO

As mentioned in the introduction, the WTO has come under increasing criticism from civil society in recent years for its lack of transparency and the fact that important debates and decisions take place in secret without the knowledge of or participation of member nations. Unlike other intergovernmental organisations that have gradually welcomed the participation of civil society, the WTO does not allow non-governmental organisations (NGOs) to participate as observers or consultants to the General Council or its subsidiary bodies. At the same time, transnational companies (TNCs) and industry lobby groups have a large, if often invisible, presence. The WTO is also alone among intergovernmental organisations in its failure to recognise a gender dimension to its policies (WEDO, 1999).

Three issues in particular have sparked large-scale protests by a wide range of civil society organisations outside WTO meetings. One is the feeling that it is overly influenced by the agendas of TNCs, while ordinary citizens lack the infrastructural means to influence its decisions, which will nevertheless affect them. Another is the fear that globalisation and trade liberalisation

will widen some of the inequities that already exist between women and men, rich and poor and rural and urban. A third is that the WTOs adoption of minimum standards is eroding progressive national labour legislation and health and safety standards.

In addition, developing countries have been critical of the WTO process and have called for a comprehensive review of the various agreements to offset the imbalances in them and the negative effects they have on development.

WTO Agreements

General Agreement on Tariffs and Trade (GATT)

The Uruguay Round (UR) of trade negotiations under the GATT addressed a number of new issues. It brought textiles and agriculture under the authority of the WTO, and contained agreements on Trade-Related Investment Measures (TRIMS), Trade-Related Intellectual Property Rights (TRIPS) and trade in services (General Agreement on Trade in Services, GATS). It also expanded GATT rules to cover what are known as 'non-tariff barriers to trade'. These include food safety laws, product standards, investment policy and other domestic laws that affect trade. The WTO's rules limit what non-tariff policies countries can implement or maintain.

The UR was supposed to lead to significant gains for developing countries, but the actual results have been disappointing. Between 1995 and 1999, the average rate of export growth from developing countries was actually lower than in the previous period. The prices of primary and manufactured export products have also fallen sharply.

One of the most important developments of the UR was the inclusion of agriculture in the WTO framework. This was expected to dramatically increase the ability of developing countries in general to export agricultural products as well as increase the prices on world markets through the reduction of subsidies in the US and EU. However, the Agreement on Agriculture has allowed developed countries to maintain high rates of subsidisation and to protect their markets.

General Agreement on Trade in Services (GATS)

The GATS applies the general rules of 'trade in goods' to 'trade in services'. Goods are tangible and visible; services are intangible and invisible. The

WTO Secretariat has divided services into 12 sectors:

- Business services (including professional and computer)
- Communication services
- Construction and engineering services
- Distribution services
- ducational services
- Environmental services
- Financial services (insurance and banking)
- Health services
- Tourism and travel services
- Recreational, cultural and sporting services
- Transport services
- Other services (not included elsewhere).

Four modes of transaction of service trade are recognised and covered under the WTO:
Cross-border supply: Services supplied from one country to another (for example telephone calls)
Consumption abroad: Consumers purchasing services in another country (for example tourism)
Commercial Presence: A foreign company setting up a subsidiary or branch to provide services (for example, a bank)
Presence of natural persons: Individuals travelling to another country to work

Services is the fastest growing sector in international trade and, of all services, water, education and health will potentially be the most lucrative: Global expenditures on water services now exceed $1 trillion every year; on education, they exceed $2 trillion; and on health care, expenditures exceed $3.5 trillion (Barlow, 2000). Already, many parts of the world have been obliged by structural adjustment programmes (SAPs) imposed by the IMF to dismantle their public infrastructures, allowing TNCs to come in and sell these services to those who can afford them and leaving the rest of the population without access.

GENDER ISSUES RELATING TO GATS

The approach of developed countries is to regard the provision of essential services such as water, health care and education as commodities and to pressure developing countries to privatize the provision of these services. However, these are not mere commodities but rather basic human needs. Governments, including those supporting privatization at the GATS negotiations, have undertaken international commitments to guarantee access for all as a human right (Fosse, 2001). In developing countries, access for the poor means subsidized access, which would be removed if the services were to be privatized. Women in particular would suffer most: first, because they are the prime users of water and health care because of their domestic roles; and second, because research around the world has shown that girls and women gain most from the public provision of education and their access tends to be reduced where fees are imposed. Privatized education at any level is likely to be accompanied by *de facto* discrimination against girls and women.

Trade Related Aspects of Intellectual Property Rights (TRIPS)

The TRIPS Agreement requires all countries to recognise and protect patents, trademarks, etc. Before the Agreement, many developing countries did not have legal protection for intellectual property and have since been required to create a legal framework. The Agreement:

- Sets out minimum levels of protection for intellectual property rights (IPRs): 50 years for copyright, 20 years for patents and seven years for trademarks, renewable indefinitely.
- Requires the protection of process as well as product patents. This means that developing countries will no longer be able to use 'reverse engineering' whereby a copy of a product is produced using an original process.
- States that patents can be denied to plants and animals other then micro-organisms and methods of treatment for humans and animals. However, plant varieties must be protected by an effective *sui generis* system if not by patents, or by a combination of the two.

GENDER AND SME ISSUES RELATING TO TRIPS

Fundamental gender issues related to intellectual property rights include access to seeds for food production/food security, medicines, land, the use of natural and genetic resources, and recognition of and compensation for traditional knowledge. Women have traditionally been the keepers of knowledge in agriculture, healing, natural resource management and the preservation of nature. Patent claims by corporation to the invention or discovery of medicinal plants, seeds or other living organisms that are part of indigenous knowledge evolved through generations have been described as 'biopiracy'. Some have argued that in this regard, the UN Convention on Biodiversity (which promotes the conservation of biological diversity and the sustainable and equitable use of genetic resources) should take precedence over TRIPS. There is also discussion over whether developing countries' calls for mechanisms to promote technological innovation in the South and to accelerate the transfer of technology should be given priority in future negotiations.

The enforcement of TRIPS will have an impact on all businesses. SMEs will be required to meet all requirements for use of patented and copyrighted materials, and ignorance of the law will not be an excuse for infringement. Also, SMEs are innovative and creative businesses and must ensure that their rights to inventions and new processes are protected by the required, patents, copyrights, etc.

Many argue that the TRIPS agreement favours the interests of developed countries as over 90 per cent of patents are held there, increasingly by TNCs. Moreover, the TRIPs agreement allows IPRs to be claimed, and a patent obtained, if the patent-seeker adds anything, however small, to existing knowledge. This effectively creates a period of monopolistic use for the patent holder. During this period the product cannot be developed, sold or priced by anyone else, anywhere in the world (WEDO, 1999). An issue of particular concern is the protection of traditional knowledge in agriculture, since farmers in developing countries currently meet some 80 per cent of their needs for seeds through re-utilisation and exchange. Recently, a case has been brought by the Indian government against an

American firm that holds the IPRs to a strain of basmati rice. The Indian government has challenged the patent on the grounds of originality. The case demonstrates the risks to domestic producers if governments do not strongly protect traditional knowledge.

Articles 7 and 8 of the TRIPS Agreement allow governments some flexibility to impose compulsory licensing or to allow parallel imports (imports from a third country where the intellectual property is not protected) in cases where key public health/safety or economic objectives are threatened by the protection of intellectual property. These provisions have not been used extensively and their use has been strongly opposed by large pharmaceutical companies (although a deal has recently been struck to allow an Indian company to produce anti-retroviral drugs to fight HIV/AIDS in southern Africa).

Trade Related Investment Measures (TRIMS) and Foreign Direct Investment (FDI)

TRIMS deals explicitly and exclusively with investment matters. Its statement of principles declares that no country should institute any measure that is inconsistent with the two important principles of the WTO system: national treatment (giving others the same treatment as one's own nationals) and the prohibition of quantitative restrictions. The Agreement also outlaws a list of measures relating to investment. These measures all relate to 'negative' TRIMS, which involve some form of limit on the activity of the corporation as a condition for investment. The TRIMS Agreement therefore prevents governments from using a variety of policies including:

Local content requirements: a corporation must use a certain value or volume of local products as inputs

Import balancing: a corporation must export goods to the value of goods imported by that corporation

Import limitation: relating imports to export levels or local content requirements

Foreign exchange limits: limits on access to foreign exchange in relation to the foreign exchange generated by exports

Export limitation: relating exports to a share in total production or the type of product exported.

GENDER AND SME ISSUES RELATED TO TRIMS

Many women-owned SMEs are involved in supplying inputs or ancillary services to TNCs and therefore will be affected by this agreement, particularly the removal of any local content requirements which means that TNCs will be free to source inputs from any low-cost competitor. Suppliers in some countries will risk losing out to countries with lower wage rates. It will also no longer be possible to require companies to conduct technology transfer. The treaty recommends technology transfer but leaves this to the discretion of firms and does not impose any legal obligation on them.

Agreement on Agriculture (AOA)

The Agreement on Agriculture requires countries to make changes to border measures to control imports and reduce export and other subsidies that governments grant to support the prices of agricultural products and assure a reasonable income to farmers. The negotiations on restrictions applied to tropical products brought about further removal of remaining most-favoured-nation (MFN) tariffs and other restrictions on export to developed countries. MFN treatment means that a country should not discriminate between its trading partners (they are all, equally, granted 'most-favoured-nation' status).

However, most of the world's food is controlled by just a handful of TNCs. The wealthy countries still maintain very high subsidies on farm produce while their borders remain practically closed to agricultural exports from the South (Keim, 1999). Developing countries argue that a review of the AOA should put greater emphasis on eliminating export subsidies and import restrictions by the United States and the European Union. When countries are pressured to buy their food from countries where it is most cheaply produced, the livelihood of family farmers and subsistence farmers is destroyed or threatened, while consumers do not benefit in price or quality (WEDO, 1999).

Agricultural production and food security are important non-trade concerns and need to take account of development needs, including food security and rural development. General food security implications of the AOA have not yet been adequately addressed by policy makers.

GENDER ISSUES RELATING TO AOA

Small-scale women farmers are unable to compete with cheap, heavily subsided products from the North. Women farmers have less access to land and credit, are generally less educated than their male counterparts or women operating in the manufacturing sectors and are at a disadvantage because they lack the sophistication required to sell successfully in the international market. They face the challenge of meeting international environmental and sanitation standards but generally lack knowledge of the standards.

Agreement on Textiles and Clothing (ATC)

The Uruguay Round (UR) established that trade in textiles and clothing would gradually be brought into the WTO framework. Before the UR, such trade had been covered by the separate Multifibre Agreement (MFA) which set quotas on developing countries exports to developed countries. It was agreed that these quotas would be phased out by 2005.

SME ISSUES RELATED TO ATC

Traditionally, SMEs in the textile and clothing industry in developing countries have produced and exported standard products such as T-shirts and printed fabrics. They have found a ready market because of low prices, and a knowledge of fashion and design trends has not been necessary. However, in recent years a change has been taking place in the developed markets away from cheap imports towards better-finished, higher-quality casual fashion and more individual clothing. In an increasingly competitive environment, comparative advantages will increasingly depend not just on cheap labour but on a workforce that is both relatively cheap and technologically skilled. This calls for increased investment in workforce training and skill development for the future, and drawing on the latest in information technologies and marketing systems.

Source: **International Trade Centre, 2001**

Although the ATC was initially hailed as a victory for developing countries, there have been a variety of complaints about its implementation. Developing countries have criticised the developed countries for 'back-loading' by delaying liberalisation in sectors of key importance – two-thirds of developed country textile and clothing remain subject to quotas until 2002 and the most sensitive items are not due to be liberalised until the end of the period (2004/5). The benefits to developing countries to date have been very limited.

Agreement on Technical Barriers to Trade (TBT)

Broadly speaking, these are national technical requirements, found in laws, regulations and standards, that affect the design, manufacture, marking and use of products in the country concerned. The TBT states that mandatory standards adopted by governments to protect the health and safety of its citizens and the environment should not be applied in such a way as to cause unnecessary obstacles to trade. Standards do not create unnecessary barriers if they are uniform and are based on internationally agreed standards. The Agreement also covers Process and Production Methods (PPM), which are standards relevant to agri-food products.

Developing countries have had some problems implementing and operating the TBT Agreement and have requested technical assistance to enable them to comply with standards and product requirements. NGOs, especially those working in the area of the environment, have raised concerns that the TBT may limit the ability of the government to regulate in the public interest.

SME ISSUES RELATED TO TBT

Despite the TBT, the problem of technical barriers is likely to continue for some time. The exporter needs to be aware of these technical requirements so that s/he can consider them early enough to ensure the product is acceptable when it finally reaches the target market. Failure to take these requirements into consideration can result in time consuming delays and lost sales, loss of profits and even bankruptcy, to say nothing of the damage to the reputation of the company and country of origin.

Source: British Standards Institution, 1999

Agreement on Government Procurement

The rules of GATT specifically exempt purchases made by governments and their agencies from the national treatment rule. The Agreement on Government Procurement, which is a plurilateral agreement, requires signatories to accord national treatment and MFN treatment to government purchases. The obligation also applies to the purchases made by agencies listed in the annexes to the Agreement. The Agreement requires the agencies to make their purchases through a tendering process in which foreign suppliers have a fair opportunity to participate.

In most countries, the purchases made by governments and government agencies are in the range of 10–15 per cent of gross national product (GNP). Under this Agreement it is expected that enterprises in foreign countries will have an opportunity to compete for government contracts, and that the decision to purchase will be made 'solely in accordance with commercial considerations, including price, quality, availability and marketability'. WTO members are not required to join this Agreement.

GENDER AND SME RELATED IMPLICATIONS OF THE AGREEMENT ON GOVERNMENT PROCUREMENT

The Agreement on Government Procurement has significant implications for women-owned enterprises and SMEs as it restricts the ability of governments to award contracts on social, environmental or broad economic grounds. For example, in many countries, including the US, there have been government procurement policies which have given preference to women-owned SMEs or firms owned by minority groups. Such policies have provided valuable opportunities for women entrepreneurs, who are unlikely to be able to compete with TNCs which may now tender for the same contracts. Attention should also be paid to the possible secondary and tertiary effects of liberalised government procurement practices on the microenterprise sector, in which women are well-represented.

Agreement on the Application of Sanitary and Phytosanitary Measures (SPS)

This Agreement deals with how governments can apply food safety and animal and plant health measures. It recognises the importance of high

standards to protect consumers and calls for transparency to mitigate the chances that standards would be used as disguised trade protectionism. The implication for exporters in the South is that, in order not to be caught out by regulations, high standards have to be met consistently, requiring advanced levels of technology and reliable infrastructure. In order to address this challenge, and also because developing countries have complained that they are unable to participate fully in the development of internationally-agreed standards, five international organisations – the WTO, UN Food and Agriculture Organization, Office International des Epizooties (OIE – the world organisation for animal health), World Health Organization (WHO) and World Bank – committed themselves at the 2001 WTO Ministerial Conference to capacity building and providing technical assistance (WTO website).

Agreement on Subsidies and Countervailing Measures (SCM)

The SCM prohibits or restricts the use of subsidies in the industrial sector that have trade-distorting effects, but allows for a transitional period of eight years for developing countries and exemption for countries with a per capita income of less than $1,000. Special cases where injury to local industries can be established are also allowed. Under the agreement, a country can use the WTO's dispute-settlement procedure to seek the withdrawal of the subsidy or the removal of its adverse effects. Alternatively, the country can launch its own investigation and ultimately charge extra duty ('countervailing duty') on subsidised imports that are found to be hurting domestic producers.

Agreement on Safeguards

The Agreement on Safeguards permits importing countries to restrict imports of a product for a maximum of 8 years when it has been established that a sudden increase in imports has caused or threatens to cause serious injury to the domestic industry.

Agreement on Anti-Dumping Practices (ADP)

The ADP Agreement authorises countries to levy anti-dumping duties on products that are being dumped.

The International Monetary Fund and the World Bank

The International Monetary Fund (IMF) and the World Bank were both established by the Bretton Woods Conference of 1944. According to Article IV of the IMF Agreement, the essential purpose of the international monetary system is 'to provide a framework that facilitates the exchange of goods, services and capital among countries, and that sustains sound economic growth'. It is also intended to assist in the 'establishment of a multilateral system of payments in respect of currency transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade' (Article 1). The IMF monitors economic and financial developments and policies and gives policy advice to its members; provides loans to member countries with balance of payments problems; and provides the governments and central banks of its member countries with technical assistance and training in its areas of expertise

Headquartered in Washington, D.C., the IMF has a membership of 183 countries. Unlike some international organisations that operate under a one-country-one-vote principle (such as the UN General Assembly), the IMF has a weighted voting system: the larger a country's quota in the IMF – determined broadly by its economic size – the more votes it has. The Executive Board is made up of at least 20 directors, of whom five are appointed by the members with the five largest quotes – the US, UK, Germany, France and Japan. The other fifteen are elected. This puts the actual decision-making power in the hands of those with the largest quotas (Malanczuk, 1999).

Membership of the World Bank requires membership of the IMF and the voting system and structure of the former resembles the latter. While the IMF's focus is chiefly on macroeconomic performance, and on macroeconomic and financial sector policies, the World Bank is concerned mainly with longer-term development and poverty reduction issues.

Despite this professed concern, however, the lending policies of the IMF and World Bank have been heavily criticised for many years for actually causing an increase in poverty and more dependency by developing countries on the wealthier nations. Due to excessive loans by international institutions, industrialised countries and private banks – usually with strings attached that involved purchases from industrialised countries in return – developing countries became heavily indebted in the 1960s and 70s.

Eventually there was a 'debt crisis' when they were unable to make repayments. The IMF or World Bank then provided loans, but on the condition that the country put in place structural adjustment programmes (SAPs). These require less spending on social services and development while debt repayment is made the priority. This has had a negative impact on the poor, particularly women, and there is limited evidence about SAPs' effectiveness in the long run.

The World Bank in the past also funded large-scale projects in countries (such as dams) based purely on economic criteria without regard to the social and environmental consequences. It has now become more sensitive in its project funding and, over the last few years, has begun to make gender a focal point in its operational, research and policy work in poverty reduction and economic management (WEDO, 1999).

Challenges Faced by Women-owned Small and Medium Enterprises

Specific obstacles that women entrepreneurs face in starting and expanding SMEs include gender-based barriers in access to resources and their invisibility in many areas. The barriers include women's lack of access to finance, markets, training, infrastructure, technology and policy-making. Invisibility can be statistical, sectoral and organisational, and also includes the invisibility of women's 'double burden' balancing work and family responsibilities.

Gender-based barriers in access to resources

Some of the barriers that women face in accessing the resources needed to set up and operate businesses are discussed below. Diagram 1 provides an overview of these issues, showing both those challenges that are greater for women than for men ('women intensive') and those faced by women only ('women exclusive').

i. Access to finance

Access to finance is a key issue for women. Women find it more difficult to get financing from banks because they lack information on how to go about securing a loan, and because bank managers are more reluctant to

lend to women than to men. In many countries, they face unequal inheritance practices and laws, discriminatory laws on ownership of property or access to bank loans, or discriminatory practices by banks. In some countries, banks continue to demand the husband's signatures for loans to businesswomen even when the collateral is in the name of the woman. Women may not have a credit history due to working in the informal sector and also lack the necessary skills to prepare a business plan. Because of their generally poorer access to and control over resources such as capital and property, businesswomen will respond differently from men to economic and trade policies.

BARRIERS TO WOMEN IN TRADE IN GHANA

Women exporters in Ghana have not been able to fully exploit new opportunities arising from trade liberalisation because they are not prepared for them and are unable to face the intense international competition. Three challenges that they face are: meeting international quality standards; supplying products to order on a timely basis; and meeting the required scale of production. Most women-owned enterprises are small-scale and hence have difficulty filling large orders, and they may not be able to afford to implement quality control measures. Attempts to meet overseas sub-contracting orders have failed due to inadequate monitoring. Other issues identified include women's low levels of education, poor knowledge of WTO Agreements and poor understanding of markets. Women tend not to participate in seminars, conferences and workshops because of time constraints or lack of interest.

Lack of forward and backward linkages among SMEs in general, and women-owned enterprises in particular, has also contributed to the inadequate capacity of these enterprises to respond promptly to the demands of the global market. The existence of a small domestic market also constrains expansion into the export market. Women entrepreneurs believe that they can only enter the export market successfully with contacts in those markets to assist with marketing.

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ii. Access to markets

The potential to benefit from globalisation depends on the ability to tap into new markets. This requires expertise, knowledge and contacts. Women lack access to training on how to participate in the market place and are unable to market goods and services strategically. Like many small businesses, women-owned SMEs are unable to take on both the production and marketing of their goods. In addition, they have not been exposed to the international market, and lack knowledge about what is internationally acceptable. The high cost of developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many small women-owned businesses. Women may also face prejudice and sexual harassment, and may be restricted in their ability to travel to make contacts.

iii. Access to training

In many developing countries, women on average have less access to education than men. Gender stereotypes, the prejudices of teachers, and the gender-based preferences of parents and girls themselves tend to channel girls and women into the more general and social rather than scientific or technical areas of education, as well as lead them to terminate formal education sooner than young men. As a result, women are educationally less well equipped to manage some kinds of business and, in the less developed countries with low overall levels of education, may be less well equipped to manage business in the formal sense in general. Such disadvantage affects their capacity to access formal sources of credit, technical support and government small business programmes. When training is available, women may be unable to access it because it is held at a time when they are meeting family responsibilities and/or the content and method of delivery may not be appropriate.

iv. Access to infrastructure

Owners of SMEs may be hampered in their business by a lack of reliable physical infrastructure (road or air transportation) to get their goods to market. They also need a predicable trade support infrastructure, which would include a knowledgeable bureaucracy, supportive government mechanisms, etc. Women often have few or no contacts in the bureaucracy, and there may be a bias against women's businesses.

v. Access to technology

The new information and communication technologies (ICTs) are driving the current phase of globalisation and economic liberalisation. However, they are in far more widespread use in developed countries and are expected to remain inaccessible for most people, particularly in the poorest countries, for many years (Mansell and Wehn, 1998). There are enormous disparities among countries in terms of access even to telephone lines, and within countries there is a gender gap between the information 'haves' and the 'have-nots'; the latter are usually the rural poor and women (McGregor and Bazi, 2001). Women everywhere have less access to specific (technical) areas of education and training than men. Older women and women with low levels of education and literacy are particularly disadvantaged, and the dominant use of English as the medium of communication also hampers many women's participation.

vi. Access to policy-makers

Most women have little access to policy-makers or representation on policy-making bodies. Large companies and men can more easily influence policy and have access to policy-makers who are their peers. Women tend not to belong to, far less reach leadership positions in, mainstream business organizations, limiting their input into policy-making through lobbying (see 'Organisational invisibility' below). Women's lack of access to information also limits their knowledgeable input into policy.

The chart opposite outlines the challenges that are greater for women than for men ('women intensive') and those faced by women only ('women exclusive').

Diagram 1. Competing in International Markets: The Challenges Faced by Women-owned SMEs

Challenges faced by SMEs (Women intensive)	Challenges faced by women-owned SMEs (Women exclusive)
Access to Finance	
• service companies face difficulties due to the nature of their businesses • cost of capital relative to other countries	• discriminatory laws • prejudice against women and women-owned businesses • difficulty in providing collateral (women do not own assets in their own right) • lack of credit/banking history (due to past, informal nature of businesses) • need for credit plus business planning and advisory services
Access to Markets	
• access to quality, up- to-date information • contacts through personal networks • small size of businesses	• prejudice against women • difficulty in travelling to make contacts • sexual harassment
Access to Training	
• technical training • training on WTO and trade policy and requirements	• training needs are often overlooked • when identified, women's needs may not be met (for example, time of training, content, method of delivery)
Access to Infrastructure	
• need for reliable physical infrastructure (road transportation, air transportation) • need for predicable trade support infrastructure (knowledgeable bureaucracy, supportive government mechanisms, etc.)	• bias against women's businesses • few or no contacts in the bureaucracy

Challenges faced by SMEs (Women intensive)	Challenges faced by women-owned SMEs (Women exclusive)
Access to Technology	
• need for reliable telephone and Internet service • potential for e-commerce and e-trade • access to electronic banking and transfers • use of English as the medium of communication through the Internet	• older women and women with low levels of education and literacy are particularly disadvantaged • lack of English language skills • bias against women's involvement in technical matters
Access to Policy Makers/ Input into Trade Policy	
• large companies and men can more easily influence policy and have access to policy-makers who are their peers	• most women have little access to policy-makers or representation on policy-making bodies • lack of access to information limits knowledgeable input into policy

(Concept adapted from Carr, Chen and Jhabvala, 1996)

Invisibility

i. Statistical invisibility

Most countries do not collect statistics on the sex composition of business owners or operators. Indeed, statisticians would argue that such statistics are methodologically problematic because many businesses have multiple owners and operators, some of whom might be men and some women. In the Asia-Pacific region, for example, only Australia currently undertakes a survey of entrepreneurs (who are defined as individuals and therefore are either female or male), while the Philippines is planning to collect data on the sex composition of business operators. However, in the absence of some kind of statistical base, policy makers, bankers and others tend to assume that all businesses are owned and/or operated by men or, to similar effect, that businesses owned and/or operated by women are no different from those of men.

Although few general statistics on the sex composition of business owners and operators are available, a number of comparative studies of women-

owned and men-owned or operated businesses show quite distinct differences. On average, women's business start smaller than men's businesses and remain smaller, raise their capital from different (largely internal) sources, receive smaller loans when they do obtain financing from banks and financial institutions, and are less likely to have access to sophisticated technologies. However, most studies indicate higher survival rates among women's businesses, which also tend to employ more workers than men's businesses. Such differences suggest different needs and show that in order to make good policy it is essential to make women's businesses visible in terms of numbers, share of businesses and distinct characteristics.

ii. Sectoral invisibility

Comparative studies have also shown that women's businesses tend to operate in different sub-sectors than men's. In most countries, studies have found that women's businesses are more likely to operate in the service sector and less likely to operate in manufacturing. They are also likely to be concentrated in specific sub-sectors – such as street food vending, hand-woven textiles and small scale ready-made garment manufacture – that are either associated with women's traditional roles or require minimal inputs of capital and technology. Sectors or sub-sectors that are dominated by women entrepreneurs tend to receive little attention from policy makers who, when they do consider SMEs, are more likely to associate SMEs with manufacturing and to focus on programmes such as forward and backward linkages that are more relevant to manufacturing SMEs. Regional trade organisations are much more likely to consider liberalising trade in sub-sectors where the main beneficiaries will be businessmen, and to negotiate over border and other problems that affect sectors and industries dominated by men.

iii. Organisational invisibility

In addition to their statistical invisibility, women's businesses tend to be organisationally invisible: that is, they are not well represented in industry, trade or business associations. Both the leadership and the membership of Chambers of Commerce, Business, Trades and Industry tend to be dominated by men. Few women join or reach leadership positions in the mainstream business organisations. This means that the different needs of women's businesses do not feed into policy making through the lobbying and other

activities of these organisations. Specialist organisations of businesswomen often do little to counter this situation because their activities tend to be oriented toward charity and social work, in contrast to the business networking and policy lobbying orientation of the men's organisations.

iv. Invisibility of the 'double burden'

One characteristic that clearly distinguishes most businesswomen from their male counterparts is the responsibility they bear as mothers and wives responsible for family welfare and household work. These must be managed alongside the business. This 'double burden', or role conflict, is only somewhat alleviated if the businesswoman is assisted by her extended family or can afford paid domestic help or a domestic servant. Even where women have domestic assistance, they remain responsible for the work and behaviour of the substitute and are blamed by society for any deficiencies in the results of their work (for example, an untidy home; unruly or delinquent children). Few businessmen, unless they are single fathers, carry such domestic responsibilities.

The time taken up and the emotional burden created by these dual role responsibilities often interferes directly or indirectly with the conduct of business for women in ways that do not apply to the majority of men. Part of the reason for women's organisational invisibility noted above is the difficulty of finding sufficient time to attend meetings as well as manage their families. However, business associations scheduling meetings rarely consider such needs, and few business conferences or trade fairs provide childcare or children's programmes in order to facilitate the participation of businesswomen. It is interesting to note, on the other hand, that many business conferences, particularly in developed countries, do provide 'spouse' programmes in order to accommodate the needs of businessmen to bring along their 'non-working' wives. Similarly, few government programmes, even those specifically targeting women in micro and cottage industries (where the need may be greatest), consider the impact of women's household roles on their access to training or other kinds of support.

A major consequence of the various forms of invisibility of women's businesses is that their specific characteristics and needs are not reflected in policy formulation or other key areas of decision making that affect businesses. Few women are invited to join trade missions or delegations, due

to the combined invisibility of women-dominated sectors or sub-sectors and of women as individuals within any sector. At an recent SME Trade Fair in Asia, in a country where it has been estimated that women operate around half of all SMEs, less than 20 women were registered among the approximately 250 participants and most of those were civil servants rather than businesswomen.

Gender-sensitive Policy Responses

Policy responses are needed to address the issues outlined above in order to create a genuinely 'level playing field' where businesswomen can compete on an equal footing with businessmen and for national economies to tap the enormous potential of women entrepreneurs, business owners and business operators. There is growing awareness that gender inequality is inefficient, not only slowing growth but also having social and political costs. It means lower output, reduced development of people's capacities, less leisure and diminished well-being (Elson, 2001) State intervention in the market is therefore necessary to ensure that both efficiency and equity objectives are met. The reduction of poverty and promotion of social equity make good economic sense and are considered to be moral imperatives (Hewitt and Mukhopadhyay, 2001). They also meet governments' commitments made in international mandates (see Chapter 5).

Gender-sensitive trade policy

Trade policy changes the relative costs and prices of imported and locally produced goods and, in some cases, services. Such changes in relative prices affect consumption and investment as well as the competitive position of local and foreign producers. Women's businesses, partly because of their smaller size but also because of their concentration in the service sector, are more likely to serve the domestic market and be found in areas likely to be affected by foreign competition. In many countries, the inflow of cheaper processed foodstuffs, the opening of multinational supermarket chains and imports of low-priced items of clothing, including second-hand clothing and craft products, has seriously damaged small women-operated businesses in those areas.

In addition, women are often unable to take advantage of new export

opportunities because of their smaller size and lack of access to capital, technology and information. Smaller businesses, many operated by women, find it difficult to provide the minimum (container-load) volume of production needed for export and to meet the demands of export markets for timely delivery. Businesswomen, marginalised in the business community and therefore unable to easily access much of the information needed to export, are not aware of or able to meet the technical standards required in export markets in areas such as packaging and labelling, use of approved dyestuffs (in crafts and handwoven textiles) etc. Although many government agencies strive to provide such information, most do not recognise the specific needs of women's businesses or businesswomen. Consequently, the main beneficiaries tend to be men who operate in areas such as manufacturing that are typically targeted by these programmes, whose access is not constrained by their domestic roles and who are more likely to have the required capital, education and technology.

Since the impact of trade policy is not the same for women and men, this general gender perspective is particularly important in trade negotiations. For example, negotiations on the General Agreement on Trade in Services (GATS) are of particular concern to women (see above).

Another concern for women lies where States' obligations under trade agreements may conflict with States obligations under international human rights law and treaties, in this case particularly under the Convention for the Elimination of All Forms of Discrimination against Women (CEDAW), which expressly promotes affirmative action policies. For example, it is likely that many of the affirmative action programmes currently implemented to address inequalities between women and men would be incompatible with the free trade agreements now being pushed on developing countries (Fosse, 2001). It is ironic that the developed country governments that are most active in their support for basic human rights, micro-credit and other enterprise development programmes for the poor and particularly for poor women, are often the same governments that in the WTO are most vigorous in their support for the more intrusive aspects of trade liberalisation that are likely to restrict the capacity of developing country governments to meet their obligations under CEDAW, the Beijing Platform for Action and other international mandates.

Gender-sensitive business support and trade promotion programmes

The first step toward making programmes more sensitive to the needs of women is to address the current invisibility of businesswomen and women-owned businesses. Having identified the sectors and sub-sectors where women's businesses are most concentrated and the specific needs of business-women, programmes need to address the related but different issues of women's participation.

First, programmes should be delivered in ways that are sensitive to the differences in gender roles, capacity and access of women and men. The timing and location of service delivery and training courses in relation to access for women with family responsibilities needs to be considered, particularly for poor women and women in small business. In general, this involves very practical considerations. For example, women need easy access to transportation to attend the programmes. They must be able to manage family responsibility at the same time as they participate in the programme and must feel safe (and their families must feel comfortable with their participation).

Second, programmes must monitor the participation of women and of sectors or sub-sectors dominated by women's businesses. This applies to both business support and trade promotion. In many countries, business-women and women's businesses are very poorly represented in trade missions and trade fairs and exhibitions. Consideration should be given to ensuring a quota of women in all trade missions for industries or products in which women-owned businesses operate (perhaps in proportion to the number of such businesses in that field), and to specialised women-only trade missions. Canada and the US have promoted such missions with good success. Women are also often poorly represented on the staff of the Trade Department and in the trade missions attached to national diplomatic missions abroad. Businesswomen need to be encouraged to travel and explore business opportunities in export markets: a better representation of women among the staff in trade and commerce departments and those tasked with supporting in overseas missions would help in this regard.

The Commonwealth Businesswomen Network (CBWN) has been set up by the Commonwealth Secretariat as one example of a gender-sensitive

business support and trade promotion programme (see Appendix II). Operating both as a virtual and a physical network of women entrepreneurs from around the Commonwealth, the programme aims to support businesswomen and women-owned businesses by providing a mechanism for mentoring, technical training and sharing of best practices. To date, technical exchanges between businesswomen in South Africa and India have been developed under the auspices of the Network, which also aims to function as a gender-sensitive business response mechanism to trade policy issues of concern to Commonwealth businesswomen.

One way in which the Network aims to do this is by active representation in the Commonwealth Business Council which, though its biannual Business Forum, has an established channel to influence Commonwealth Heads of Governments. As part of the long-term sustainability plan of the Network, long-term and profitable partnerships with targeted companies and organisations will be promoted through shared interests, markets and expertise.

Unless trade liberalisation is accompanied by gender responsive programmes, the potential benefits and opportunities that it creates for new export opportunities will not be realised by women's businesses, and both women and the nation as a whole will be the poorer.