

TOPIC: Trade–Finance Linkages and Gender

Conceptual rating: INTERMEDIATE TO ADVANCED level

Suggested module objectives:

- 1) Understand the practical and political coherence between the IFIs and the WTO, in terms of promoting neo-liberalism and the deepening unequal integration of Southern nations into the global economy.
- 2) Deepen participants’ knowledge of a gender analysis of trade, investment and finance.

Key concepts:

- 1) Goals and methodologies behind trade and investment liberalization
- 2) Examples of particular country policies and bilateral and multilateral treaties promoting trade and investment liberalization
- 3) The “Iron Triangle” in terms of the inter-connections between the WTO and IFIs’ promotion of trade and investment liberalization
- 4) Gendered dimensions of this type of liberalization
- 5) Political implications of this type of liberalization, e.g. shrinking of “policy space” for Southern nations in part because the fiscal base is permanently restructured and shrunk.

Cross references:

- ***Link with Module 6:*** Gender and trade. This module provides a good foundation for Module 8.
- ***Link with Module 7:*** Investment and trade. This module provides a good foundation for Module 8.

Time required: 2 hours

Suggested methodology: Large and Small group DISCUSSION. ROLE PLAY in the form of a DEBATE or MOCK NEGOTIATIONS. Mini LECTURE, if needed.

Note to facilitator: consider first offering some version of Modules 6 and 7 in order to establish a base for this analysis.

Relevant readings:

- Anderson, Sarah and Sara Grusky, “Challenging Corporate Investor Rule”, Food and Water Watch and the Institute for Policy Studies, April 2007.
- Caliari, Aldo, “The Fiscal Impacts of Liberalization”, 2007.
- Caliari, Aldo, and Williams, Mariama, “Capacity of the International Financial Institutions to Support Trade Liberalisation in Low-income and Vulnerable Countries”, A Civil Society Briefing Paper prepared for the 2004 Commonwealth Finance Ministers Meeting, 2004.
- Grown, Caren, and Seguino, Stephanie, “*Feminist-Kaleskian Macroeconomic Policy for Developing Countries*”, The Levy Economics Institute, Working Paper. No. 446, 2006.
- Iorio, Maria Rosario, Mukherjee, Avanti and Peralta, Athena, “Trade-Finance Linkages and Gender: Implications to Asia Women”, IGTN –Asia, 2006.
- Nageer, Farah, Fact Sheet #4: “What You Need to Know about Trade-Finance Policy Coherence”, Center of Concern and IGTN-US, 2004.
- Seguino, Stephanie, “Gender Inequality in a Globalizing World”, The Levy Economics Institute, Working Paper No. 426, 2006.
- Sparr, Pamela, “The World Bank, IMF, and Trade”. Bank Information Center IFI Info Brief No. 3, 2006.

Preparation and supplies needed:

- Newsprint pad/flip chart paper and markers to record certain parts of the discussion
- Review suggested reading material.
- Create some large, colorful signs, each one bearing the name of a specific WTO agreement or part of an agreement (current or under negotiation) that is of special significance to your country/region (e.g Agreement on Agriculture; Non-Agricultural Market Access; GATS; Trade-Related Investment Measures...). Write large so someone at the back of the room can see the name. Affix them to the wall and beside or underneath it, affix some blank newsprint.
- Decide how much technical information your audience will want about what the IMF and WB are doing to promote trade and investment liberalization, and how deep of a political analysis the group wants. Then tailor the outline accordingly.
- Gather information about how the IMF, WB and relevant regional development bank are supporting trade and investment liberalization in your country. Prepare to share this in the session.
- Distribute the Caliari-Williams paper and the IGTN-Asia paper to everyone in the group before hand and ask them to read them in advance of the session.

- Decide whether you want the small group work to feed into a debate, a panel discussion (role play), a mock negotiation, or some combination. Decide whether people will volunteer for certain groups and roles spontaneously, or whether you will write roles on small slips of paper (one for each person in the group) that they will draw out of a hat or box or basket to determine which small group they will be in.

Suggested content to be covered:

- Review the basic generic components of liberalization in trade and investment rules in terms of policy changes or implementation.
- Review major agreements administered by the WTO (and any relevant regional or bilateral agreements appropriate for your audience) and those under negotiations that illustrate the thrust of that liberalization.
- Outline the different ways the WB and IMF promote and influence trade and investment liberalization. The Caliri-Williams paper and IGTN-Asia resource especially can help with this.
 - a. **LOANS:** to promote certain export sectors - project and policy-based loans
 - b. **POLICY CONDITIONALITY:** to alter exchange rate regimes, investment regulations, trade policy, restructure sectors to make them attractive to foreign investors, prepare certain sectors for integration in the global economy through trade.
 - c. **LOANS to facilitate countries' transitions to a free trade regime:** e.g. the IMF's trade integration mechanism; and to deal with unexpected major trade imbalances e.g. the IMF's Compensatory Financing Facility and the Exogenous Shock Facility.
 - d. **AID FOR TRADE** – including technical assistance and loans related to customs services, storage and transshipment facilities, transportation infrastructure, training to meet phyto-sanitary provisions, training government officials to prepare for trade negotiations, etc.
 - e. **RESEARCH AND ANALYSIS** – creating statistics, tracking trends, studies, market forecasts, etc. affecting countries' perceptions of trade opportunities, challenges, policy needs, development strategies, influencing the conditions put on loans through PRGFs and PRSCs, for example. See the WB's Integrated Framework as one particular example.
 - f. **EXPORT-IMPORT INSURANCE/CREDIT** to stimulate private sector investments, business transactions by the private sector
 - g. **INVESTMENT DISPUTE RESOLUTION MECHANISM (WB)**
- Examine the gendered dimensions of these mechanisms and policy thrusts.
- Discuss the political ramifications of the practical and policy coherence between the IFIs and WTO. Two particular points you may want to focus upon:

- a. unilateral cuts in tariffs and elimination of import quotas, etc. create a tremendous disadvantage for debtor countries in trade negotiations at the WTO and individually with economically powerful trading partners.
- b. the negative feedback loop created for national budgets/national finances. In several countries, tariffs represent a significant source of overall budget revenue and cannot be easily replaced. This creates financial pressures on the government and further reduces “policy space”.

Description of how to conduct the session:

1. Welcome by host group(s) and introduction of facilitator(s); provide any needed logistical information; outline goals for session.
2. Depending on size of group, invite participants to introduce themselves, share an expectation or question they bring. (Record expectations or questions on newsprint, if you are doing this step, and refer to them throughout the session.) This part can be omitted or shortened if the group has met before.
3. **Large group DISCUSSION.** Point to signs on wall with various acronyms/names of key trade agreements/provisions. Go through several of them, asking the group to explain what the agreement covers, and how it advances a liberalization agenda. Write key points on newsprint underneath the sign to preserve the group’s thinking. As you work on each agreement, ask people what a gendered analysis/critique would be. How are males/females affected differently by this agreement? Would a feminist economist/activist bring some new or different concerns to those points already made?

Note to facilitator: essentially you are getting the group to define the liberalization agenda, give concrete examples of it at work, and provide a gendered critique of it. This does not have to be totally thorough. This step is serving as an audience “warm up”. Once key points are made, you can move on to the next step.

4. **Large group DISCUSSION or Mini LECTURE.** Review the various operations of the IMF, WB, and relevant regional development bank related to trade liberalization in your country. If the group is fairly knowledgeable, draw the material out through questions and discussion. Where there are gaps, fill in with a Mini lecture.
5. **Small group DISCUSSION.** Tell everyone that they will be working in small groups for about 40 minutes to answer a series of questions and prepare for a role play/debate/mock negotiations. Divide the group into 3 teams of equal numbers: **your government** (trade minister, health minister, labor minister, Prime Minister/President, etc.); **foreign officials** (EU trade minister; US trade representative, IMF economist; WB representative in your country; UNIFEM economist); **local experts** (feminist economist, farmer,

female small business owner; worker, housewife, etc.). Have them discuss the following questions in small groups:

- a) What is your position on trade liberalization? What kind of position or actions would you like the government of x [name of your country] take in this regard? Why? What arguments can you make for your position? Are there points of difference (in emphasis or actual view) among people in your group?
 - b) What kind of carrots, incentives, threats, bargaining chips, or pressure points do you have at your disposal to encourage the government to take this position? What is the most effective way for you to use them?
 - c) If the government takes this position and implements your demands, what is likely to happen concretely? If it doesn't, what is likely to happen concretely?
6. **Large group. DISCUSSION/DEBATE/MOCK NEGOTIATIONS.** Bring the group back together and explain the set-up if you are going to hold a debate or mock negotiations. Note: if you are doing mock negotiations, several could be going on simultaneously – for example, the farmer could be negotiating with the agriculture minister, the worker with the labor minister, while the Trade Minister is off negotiating with the EU trade minister, etc. Breaks could be called to allow the teams to reconvene, check how their strategies are going and prepare for more lobbying/negotiations. If you are de-briefing through large group discussion, consider checking in with all the groups before going to the next set of questions.
7. Synthesize the comments and findings, filling in gaps as needed related to gendered consequences of various aspects of trade and investment liberalization, and the “coherence” agenda between the WTO and IFIs. Close by making the political points, if they haven't already been made, related to “unilateral disarmament” of debtor nations vis a vis WTO and other trade negotiations, and shrinking policy space. If there is time, and the group is interested, discuss existing advocacy and academic efforts to change this situation.
8. If this is part of a larger economic literacy effort, link this session to the next one. Provide logistical details related to the next session, as appropriate. Thank the audience for their participation.

Ideas for alternative methodologies/modification of the level of discussion:

- **For an advanced audience:** For groups familiar with the fundamentals of trade and investment liberalization and a gender analysis, the session can begin with a discussion of the specific mechanisms by which the IMF and WB link with the WTO and promote trade and investment liberalization. Time could be devoted to a close look at the ICSID and investor rights granted in trade agreements. (Anderson and Grusky paper.) The discussion could be enriched with the research findings of Seguino, Braunstein and Heintz.

- **For an advocacy-oriented audience:** the weight of the time can be spent on the political implications of this coherence (see the last content point listed above) and how they are playing out in your country.

Some useful organizations or websites related to this topic:

www.coc.org Consult the “Rethinking Bretton Woods Project” section for additional general background material and advocacy updates.

www.igtn.org This will have background readings and advocacy updates from a gendered perspective.

www.twinside.org.sg and www.focusnet.org will track negotiations and offer analyses from a progressive Southern perspective.

www.undp.org. This one UN source for analyses of trade-finance linkages.

www.worldbank.org. This will provide materials related to World Bank views and actions.

www.worldbank.org/icsid. This is the section of the World Bank general website which describes the nature and function of the International Centre for Settlement of Investment Disputes, which is growing in importance as the preferred adjudicatory body for multinational corporations in dispute with nation States.