

Why Fair Trade, Not Free Trade for Women Workers in the Informal Economy*

Homenet Southeast Asia

Most of the employed people in Asia are workers in the informal economy. Among them are homebased workers, vendors, stall sellers, waste recyclers, small transport drivers, construction workers, etc. Many of them are women who, aside from having to work to earn a pittance to ensure survival, also shoulder the burden of housework, child care, and community service.

In the whole of Asia, *the share of employment in the “formal economy” for both men and women tends to be relatively low—for both men and women, informal employment usually provides the majority (65%) of non-agricultural employment.* In the member countries of Homenet Southeast Asia, the percentages are 78% for Indonesia, 72% for Philippines, and 51% for Thailand (ILO 2002). In addition, **women** are particularly involved in informal employment (averaging 65% of all women in non-agricultural employment), and when agriculture is added in, women’s share of informal employment goes way up, since women tend to be very much involved in agricultural work.

Informal Economy Growing Fast

The unprecedented growth of the informal economy worldwide has given birth to a global movement to redefine the concept “worker” away from very narrow notions associated with formality, regularity, and clear employer-employee relations which refer only to a shrinking male minority of working people in the world. A much more inclusive definition of worker is “anyone who lives by selling his or her capacity to work, either for wages or for other forms of income” (Gallin 2002: 1). Such a defini-

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tion covers the majority of workers in the world who work in the informal economy, or all those who have unprotected and unregulated work. This means “all work in informal enterprises as well as informal jobs (jobs that pay no benefits or provide no social protection), thus including the *self-employed* in informal enterprises (for example home-based workers or street vendors) and *paid workers* in informal jobs (for example casual workers without fixed employers, most domestic workers, even factory workers in unregulated and unprotected work)” (Ibid.).

The informal economy has been growing in both North and South, due to the combined effects of liberalization, deregulation, and privatization which altogether drove out millions of workers from the formal economy (24 million, according to the ILO, in East Asia alone in the aftermath of the Asian financial crisis, in itself a consequence of the liberalization and deregulation of financial markets culminating in the successive domino-like devaluation of Asian currencies). At the same time, as exemplified by the production or value chains spearheaded by transnational corporations particularly in the garments industry, the informal economy serves as the bottom end of the production ladder, providing cheap and unprotected labor vulnerable to exploitation while management saves on costs by retaining a small core of permanent and regular workers.

The informal economy is also highly gendered, consisting mostly of women who were among the first to be displaced from formal work as globalization progressed. But women have also been the mainstay of the informal sector even before the onslaughts of globalization since informal work (e.g., homebased work) is compatible with their reproductive work (child care, domestic chores), and since their status as secondary or supplemental earners often deprive them of opportunities to find formal employment.

Informal Workers Adversely Affected by Trade Liberalization

Many women workers in the informal economy have been adversely affected by trade liberalization. Those at the bottom of the value or pro-

duction chain in the garments industry have been hit by foreign competition in both the domestic and the export markets. In many countries in the region, cheap imports and second-hand clothing from abroad are flooding local outlets and streets, driving out or marginalizing many local producers. In the Philippines, homebased workers who used to derive their main income from subcontracted embroidery for export products, are suffering from a drastic decline in orders due to competition in the global market from cheaper sources as well as the impact of labor-displacing computer-aided embroidery machines. The same fate has befallen Indonesian homebased workers.

A similar trend may be seen in weaving and other handicraft. For example, in Lao PDR and other Southeast Asian countries, there are reports of traditional weaving facing competition from imports that duplicate the same traditional patterns but are able to sell the cloth for less, thus threatening local weavers (usually low-income women whose families depend on the income from these sales). In the Philippines, indigenous women talk about the influx of imported blankets made of synthetic fibers that cut into their markets. Despite rising cost of raw materials, not to mention the cost of living, their incomes and piece rates have remained stagnant for many years. Indigenous weaving is one of the best artistic traditions of indigenous peoples and local communities, passed on from generation to generation. If it loses its market, this will be a loss to the richness and diversity of culture.

In many parts of Southeast Asia where bamboo craft is a long-standing tradition, bamboo-made furniture is being sidelined by cheap monobloc chairs and other products from abroad. Women who used to produce bags made of indigenous fiber no longer get orders from local outlets since there are cheaper bags from other countries now on sale. Baskets, cooking utensils, traditional mats and carpets made of local fibers are also taking a beating.

In insular Southeast Asia, those who are in food production and processing also feel the negative effects of unfair trade. Vegetable raisers find their markets contracting with the influx of cheap and often smuggled vegetable items from abroad. Poultry and hog producers are disadvan-

raged by imported chicken parts and pork dumped at unbelievably low prices in the local markets. The prevalence of chemical-based agriculture and animal husbandry, which is propagated by transnational suppliers of farm inputs and feeds, also does irreparable harm to the environment as well as to the health of consumers.

Informal Workers for Changes at Macro and Micro Levels

In the face of all these challenges, informal workers have attempted to be involved in both the macro and micro levels. They have issued position papers and joined demonstrations on trade-related issues. They have been active in various forms of fair trade advocacy in collaboration with trade unions, business groups, and civil society organizations.

Through this exposure and their own discussions, informal worker leaders in several Southeast Asian countries have evolved their own **conception of fair trade**—taking it to mean changes in macro-economic policies (including tariff reform, stopping smuggling and dumping of cheap foreign products) to give an even chance to local producers to have their rightful share of the domestic market; enhancing sustainability of production by making use of locally available resources, catering to basic community needs, and safeguarding the environment; ensuring workers' rights to just remuneration, job security, social protection, and safe working conditions; and promoting gender equity through recognition of women's work, greater equality in the division of labor, and stronger participation of women in decision-making.

In relation to larger trade advocacy groups, informal workers have asked to be assured representation and participation in decision-making and implementing bodies. They have suggested that a **strong gender perspective** be infused in information, education, and communication materials and campaigns, given that it is the productive labor of women which brings in the most dollar earnings (through the export mainly of domestic workers and entertainers, of electronics products assembled locally, of garments, home décor, and other handicraft items) and it is their unpaid reproductive labor at home which keep families alive and functioning.

In addition, they have suggested that **value chain as well as gender analysis** be employed in researches on various industries, in order to better understand the roles, issues, and problems of producers and workers at every level of the chain based on their gender and resource status, and to devise realistic strategies that could best serve the interests of various stakeholders in the chain. They have also asserted that the interests not only of industry survival but also those of workers in terms of ensuring just remuneration, social protection, decent working conditions, occupational health and safety, gender equity, etc., be emphasized in fair trade advocacy. They have heeded the call of “**tangkilikan**” and **other mutual support movements**, whereby fair trade groups are motivated and mobilized to patronize each other's products. And they have done a lot of community work and advocacy on fair and sustainable trade, employing theater and other popular forms of education involving women workers and youth groups.

At the **micro level**, informal sector trainers have promoted the **concept of social enterprise**. They have conducted numerous alternative skills training in communities where traditional homemaker products and jobs are in decline in several countries in Southeast Asia. In the Philippines, for example, garments and embroidery workers have been trained in the making of slippers, rugs, candles, lace, Christmas balls, and soap, and these are already being produced and marketed by them, although still on a limited scale. Given their concern for food security and the environment, they are also going into organic vegetable and chicken raising, herbal gardening and solid waste management. Knowing that food is a basic need that will always have a market, informal sector community leaders have also gone into the making and selling of dried vegetable toppings (*Budbod Sustansya*), dried fish, boneless milkfish (*bangus*), pork or chicken-based dumplings, sweet and sour pork (*tocino*) and sausages (*longganisa*), milk-based snack items (*polvoron*), pickled vegetables (*atchara*), young coconut (*buko*) salad, crispy sweetened *pili* nuts, and chocolates.

What they feel they need to develop right now is a **strong marketing network**. To really make a difference, they have to promote trade among themselves, and between themselves and other consumer groups locally,

nationally, regionally, and globally. Homenet Indonesia is exploring production of new products, including modern *batik* drawing, food crackers, and artistic household articles made of rattan and pandan. Homenet Thailand has always been strong in traditional woven products, clothing, bags, and other accessories. This is where Homenet Southeast Asia thinks it can play an important role, in cooperation with its sister network, Homenet South Asia, which has done a lot on marketing and trade facilitation following the lead of the Self-Employed Women's Association (SEWA) of India.

In the light of ongoing efforts by social movements and civil society groups to recast international trade policies to defend the interests and promote the welfare of the most vulnerable and marginalized, organizations of homebased workers and other women workers in the informal economy now also feel the need to focus on global advocacy for better terms of trade.

Focusing on the Global

Trade policies, programs and mechanisms should result not only in profit and prosperity for those who have the means to maximize their benefits through global commerce. These should also promote sustainable human development as well as the economic and social advancement of women and men. These should also strengthen, not weaken social policies, programs and mechanisms that defend, protect, and fulfill the human rights of all people, especially the most vulnerable and marginalized. These should also recognize and support processes which aim to empower the disempowered, by eliminating barriers and disadvantages based on gender, race, employment status and other inequalities. (Hernandez 2005:4).

Predominantly women organizations such as Homenet Southeast Asia are also guided by international mandates such as the Beijing Platform of Action (BPA) of 1995 which binds governments "*to ensure that national policies related to international and regional trade agreements do not have an adverse impact on women's new and traditional economic activities.*" The BPA also urges governments to "*Analyze, from a gender perspective, policies*

and programmes—including those related to macroeconomic stability, structural adjustment, external debt problems, taxation, investments, employment, markets and all sectors of the economy—with respect to their impact on poverty, inequality and particularly on women; assess their impact on family well-being and conditions and adjust them, as appropriate, to promote more equitable distribution of productive assets, wealth, opportunities, income and services. —BPA Government Commitment 58 (b)

The trade regime which ensued after the establishment of the World Trade Organization (WTO) in 1994 has led to many adverse effects on majority of the world's women, prompting a re-examination of current conditions based on the strategies laid out by the BPA. Ten years after, many researches have shown that trade and other forms of liberalization have done more harm than good for most developing countries; in fact, these have led to more poverty, more inequality, more displacement, and insecurity (WEDO 2005). These affect women more than men, and result in greater suffering of the working people, particularly those in the informal economy. As earlier explained, the latter has expanded by leaps and bounds due to massive displacement of workers in formal employment, and the need to work in unprotected jobs or create self-employment activities in order to survive. Women comprise a large section of informal workers because they are more likely to accept marginal occupations due to lack of other economic opportunities and the need to fulfill their domestic responsibilities at the same time.

Yet, the developed countries, through the WTO, are pushing for more tariff reductions in agriculture (through the AoA or Agreement on Agriculture) and industrial goods (through NAMA or Non-Agricultural Market Access), the opening up of services (through the GATS or the General Agreement on Trade in Services) as well as more control over intellectual property (through TRIPS or Trade-Related Intellectual Property Rights Agreement.)

What will be the impact on women? On homebased workers and other workers in the informal economy?

Agreement on Agriculture

The main issue here is that rich countries protect their markets subsidize their agriculture by as much as \$70-80 billion while preaching to developing countries that they should not do the same. Thus, they are able to dump their produce on less developing countries whose unprotected and unsubsidized farm producers cannot survive the competition. Rural homebased and other workers in the informal economy are dependent on agriculture for food, raw materials, and livelihood (many of them are simultaneously small livestock and vegetable raisers). What happens to agriculture in their countries affects them deeply. In the Philippine case, for example, trade liberalization in agriculture and the concomitant smuggling of food commodities (i.e., rice, chicken, onions) has had a very damaging impact on rice, corn, poultry, hog and vegetable producers. Overall, food prices continue to go up, not down, as promised by those who say liberalization is a good thing. Food security is endangered as countries like the Philippines continue to import staples like rice while their own farmers are increasingly ruined by high cost of farm inputs, low farm gate prices for their products, and shrinking domestic market due to cheap foreign competition. In contrast, Philippine tuna and banana exports could not freely enter the US, European and Australian markets which imposed restrictions despite the WTO rules forbidding these.

In this regard, the Group of 20 (which includes Indonesia, the Philippines and Thailand) has been pushing for the reduction of agricultural subsidies in Europe, the US, and other developed countries. The Group of 33 alliance of developing countries (led by Indonesia and the Philippines) is pushing for special differential treatment (SDT) of special products (SPs) and Special Safeguard Mechanisms (SSMs). These are meant to defend local producers and markets from dumping and other trade distorting practices, and to foster the right of governments to advance food sovereignty, thereby ensuring food security, defense of livelihood, and rural development. Such initiatives should have the support of civil society organizations, including informal workers' groups.

Non-Agricultural Market Access (NAMA)

NAMA negotiations aim to lower tariffs for a host of products not classified as agricultural, which includes natural resources (fisheries, forests, minerals) as well as industrial goods not earlier covered by tariff reduction. The inclusion of fisheries has caused an uproar among small artisanal fisherfolk throughout Southeast Asia because they fear that they would be inundated by cheap fish imports originating from big foreign commercial interests. Even now, they say they are facing near collapse. There will be more pressure on the environment as fishery, forest and mineral resources are increasingly commercialized for foreign trade. More open pit mining, pollution, flooding, coral reef and mangrove destruction will mean less fish, less food, more displacement of indigenous people from their ancestral domain, more migration, more poverty and vulnerability especially for the women. The indiscriminate lowering of tariffs for industrial goods also opens the market to a flood of cheap goods that is likely to drive local producers to ruin, as they already have in the case of the garments industry. This will lead to the collapse of domestic industries and therefore, to further de-industrialization in the developing countries, making it more difficult for them to equal the productive capacities of the rich countries. Among those that would be displaced in large numbers are women workers in the informal economy.

There is need therefore to push for a comprehensive exemption from NAMA and then to recalibrate tariffs for the survival of local producers.

GATS

The General Agreement on Trade in Services (GATS) will further increase women's burdens in the care economy as they are traditionally the ones in charge of providing food, sourcing water and energy (firewood, etc.), maintaining and managing the household, caring for children, the aged and the sick, participating in activities which sustain the family, communities, societies (Jubilee South, 2005). It is setting the stage towards increasing privatization of water, power, health, education services. Such basic services will no longer be freely provided by governments; women

who are in charge of household expenses will have to shoulder higher costs, they will have to work more to take care of the sick, who can no longer be attended to by state-run health care facilities. Those who work at home, such as the homeworkers and other workers in the informal economy, will be burdened by skyrocketing costs of utilities which eat a lot into their wages and profit margins.

A taste of things to come has already been provided by the experience regarding the privatization of water, which meant turning over what used to be state-run water facilities to European and US multinationals partnering with local big business interests (WEDO 2003). In many (and perhaps most) cases, this resulted in the overriding quest for profit, higher rates to implement cost recovery measures, poor service especially in “commercially unviable areas,” and unsafe, contaminated water in some instances. Women with little or irregular income, such as those in the informal economy, become more burdened financially and time-wise. As WEDO so very well put it:

Water is a vital natural resource and a human right. But access to potable water is becoming increasingly difficult. When water is scarce, polluted, or unaffordable, women suffer most acutely. As economic providers, caregivers, and household managers, women are responsible for ensuring that their families have water for daily living (WEDO 2003: 2).

Aside from basic social services and utilities, GATS also covers services to business, communications, construction and engineering, distribution, environment, financial services, tourism, sports, culture and entertainment, transport, postal services, and a host of “others.”

There are four modes of supplying services under GATS.

- 1) *cross border supply*—when such services flow from one territory to another. An example is when women engaged in “telehomework” (a more “modern” form of informal work at home) do encoding or transcribing and merely email their output to their employers abroad.
- 2) *consumption abroad*—when consumers, say tourists, buy what they need in a foreign country, which can easily lead to more prostitution-related tourism

(as is happening now in Thailand, the Philippines, and to a certain extent, Indonesia)

- 3) *commercial presence*—when foreigners establish a business providing services in another country, which means the opening of more sectors of the local economy to foreign investments, to the detriment of the locals who may not have the same amount of resources to invest or whose businesses may just be taken over by foreigners. In the case of Thailand, transnational retailers like Carrefour have driven out traditional retailers out of business.
- 4) *presence of natural persons*—movement of persons to another country, but as of now this encourages professionals from developing countries to transfer to the richer countries, thereby strengthening the “brain drain.” Ordinary migrant workers, usually women in menial jobs, are not being encouraged by a liberalized job market yet their numbers are going up by leaps and bounds because of increasing joblessness and decreasing incomes caused in turn by liberalization. Many informal workers who cannot survive under local conditions also become migrants in order to secure a future for their families.

Because GATS is so one-sidedly in favor of the rich and the powerful, its negative implications should be exposed. Developing countries must resist the pressure exerted by the rich countries for the wholesale opening up of a broad range of economic activities falling under the category “services” to transnational business at the expense of local providers.

For women workers in the informal economy, the current situation presents a challenge to social security and protection which they sorely lack and which they assert should be provided by formal government-run or—regulated systems. Such systems had barely covered women workers in the informal economy before the Asian crisis, since most could not establish clear employer-employee relations, and the self-employed did not have the information or the means to join. The situation is expected to worsen as formal social and health security systems are now under much pressure, stress, and increasingly suffering from a credibility gap. Long-standing campaigns by homeworkers' and other informal sector networks have led to some gains in terms of gaining access to the formal systems but what if these systems are no longer effective and sustainable? What if even community-based health and social assistance can no longer be provided by the state? What has

happened to Indonesia due to the prolonged economic crisis can be portentous of things to come for other countries. There, the health security system was severely strained (Wijaya, 2005).

TRIPS

The Trade-Related Intellectual Property Rights Agreement (TRIPS) enshrines the control over knowledge and technology by the rich countries through their ownership of patents. This is particularly a problem in seed production in agriculture, patenting of materials produced or planted in developing countries, and the domination of transnational pharmaceutical companies in the manufacture of drugs. In effect, TRIPS aimed to prevent developing countries from making cheap medicines on their own. However, the latter succeeded in pushing for an interpretation of TRIPS—in the form of a waiver—that would allow governments to use patents, compulsory licensing, parallel importing and exceptions to patent rights to ensure public health and access to affordable medicines (Oh 2003: 3). In fact, Thailand was able to take advantage of this waiver by passing a compulsory licensing law. This flexible interpretation is now what the rich countries seek to overturn; they also want to introduce their version of TRIPS into bilateral and regional trade talks. Such moves should be opposed. Developing countries should press their right and duty to provide access to medicines for all their citizens, especially for vulnerable groups, through an amendment to TRIPS. Local producers, including women workers in the informal economy, should also be encouraged to go into herbal medicines, and upscale production for widespread use.

Standing with the World's Majority

It is in this context that we in Homenet Southeast Asia align ourselves with the global movement seeking to correct imbalances and injustices in international trading systems. We support the positions of alliances of developing countries to get better terms and concessions from the developed market economies regarding the AoA, NAMA, GATS, and

TRIPS. In the face of the increasingly exclusionary and undemocratic processes under which trade deals are forged, we call for openness and transparency in negotiations within the WTO so that all stakeholders are properly informed of what is going on and can ventilate their reactions and agendas through their representatives. The interests of women and working people, especially those in the informal economy need to be articulated, recognized, and carried forward in trade policies, programs, and mechanisms locally, nationally, regionally, and globally

The dogma of "free trade" has been used far too long to fetter the majority of the world's countries and peoples to the interests of a wealthy few. Fair trade will help set us free.

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