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Submission to the Ministry of Foreign Affairs and Trade on the Pacific Alliance Free Trade Agreement

0. Introduction

- 0.1. The National Council of Women of New Zealand, Te Kaunihera Wahine o Aotearoa (NCWNZ) is an umbrella group representing 245 organisations affiliated at either national level or to one of our 19 branches. In addition, about 350 people are individual members. Collectively our reach is over 350,000 with many of our membership organisations representing all genders. NCWNZ's vision is a gender equal New Zealand and research shows we will be better off socially and economically if we are gender equal. Through research, discussion and action, NCWNZ in partnership with others, seeks to realise its vision of gender equality because it is a basic human right.
- 0.2. NCWNZ is making this submission to Ministry of Foreign Affairs and Trade (MFAT) in response to the Ministry's request for feedback on the free trade negotiations with the Pacific Alliance (Chile, Colombia, Mexico and Peru).
- 0.3. NCWNZ welcomes attention by MFAT to gender issues when considering the benefits and risks of international trade arrangements. It is important to recognise that the benefits of such agreements are not equally available; that trade is not 'gender-neutral'; and that a range of gender issues may contribute to women encountering particular barriers to participation in trade and investment. This submission focuses on issues relating to gender and trade.
- 0.4. This submission was prepared by the NCWNZ Public Issues Standing Committee and the Parliamentary Watch Committee. The short time frame for submissions meant that it was impossible to consult with all NCWNZ branches, individual members and member organisations.
- 0.5. Responses to the questions posed relating to gender and trade are based primarily on the UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW),¹ other UN Declarations and Conventions, and the 2015 NCWNZ policy paper *Enabling Women's Potential: the social, ethical and economic imperative*² which outlines different dimensions of action necessary to achieve a gender equal New Zealand. *Enabling Women's Potential* presents an ecological model for achieving gender equality that identifies equality in education and work and economic independence

¹ <https://www.un.org/womenwatch/daw/cedaw/>

² NCWNZ. 2015. *Enabling Women's Potential: the social, ethical and economic imperative*

<https://www.ncwnz.org.nz/what-we-do/enabling-womens-potential-the-social-economic-and-ethical-imperative/>

as key components of equality for women. Trade agreements have the potential to enhance or diminish women's economic independence and their access to education, paid work and entrepreneurial activity. It is vital that governments negotiating such agreements should consider the ways in which gender equality can be advanced through these agreements.

- 0.6. The submission also explores what New Zealand might learn from Canada's recent attempts to pursue trade agreements that include attention to gender equality, not only in Canada, but in the countries with which Canada has been developing free trade agreements.³
- 0.7. **NCWNZ considers that, any negotiations by New Zealand about a free trade agreement with the Pacific Alliance should include the development of a trade and gender chapter and the consideration of gender and trade issues in all other chapters of the agreement. It is also important that once such an agreement is in place, action on gender and trade issues are monitored and reports are publically available. Crucial to trade agreements having positive outcomes for women is consistency between partners to these agreements in labour regulation and workers' rights, including the prohibition of discrimination against women.**

1. Issues at the intersection of trade and gender

- 1.1. International trade is vital to the New Zealand economy and women, like men, can benefit from international trade agreements that generate jobs, enhance the scope of businesses and also provide access to goods from all over the world. However, there is international evidence that **the benefits of international trade are not equally distributed**. According to Oxfam Canada: "Trade liberalisation has created a race to the bottom on wages and labour conditions, with women concentrated in the lowest paid and most precarious jobs".⁴ Women's concentration in the service sector of the economy, their involvement in small and medium businesses, and their underrepresentation on the boards of large businesses involved in international trade mean that there are gender inequalities in the benefits of international trade. If women are to benefit from free trade agreements, then it is important that these agreements address impediments to women's opportunities as workers and entrepreneurs to equally benefit from these agreements.⁵
- 1.2. **A key issue relating to trade and gender is the potential impact of free trade agreements on gender-related jobs.** Trade arrangements that give countries access to New Zealand markets can have gender-related effects if those goods are produced by workers who do not have the same rights and comparable remuneration as New Zealand workers. Countries that produce goods that are made predominantly by women who do not have the protection in law from discrimination that applies in New Zealand may produce goods that undercut comparable industries in this country. It is therefore

³ Government of Canada, 2018. Highlighting Gender in Trade.

http://international.gc.ca/gac-amc/publications/blueprint_2020-objectif_2020/highlighting_gender_trade-mettre_accet_sur_genre_commerce.aspx?lang=eng

⁴ Oxfam Canada. 2017. *Tackling Inequalities in the Global Economy: Making Canada's Foreign Policy Work for Women*. Ottawa, November 2017. Page 1.

https://www.oxfam.ca/sites/default/files/file_attachments/tackling_inequalities_in_the_global_economy_report.pdf

⁵ Ibid, page 5.

important when negotiating free trade arrangements with other countries to consider their regulations of labour practices, especially protections for women during pregnancy, their rights to parental leave and their rights to equal pay with men doing the same or similar work. Since trends in gender-specific jobs are international, it is important that attention is given to protections in law for women in countries with which agreements are negotiated if women workers in New Zealand are not to be negatively affected by free trade arrangements.

- 1.3. As workers with the health and education sectors, as consumers of health services and as parents, **women have a key interest in international trade arrangements with respect to the provision of services.** It is vital that no international trade arrangements undermine the commitment of states to provide healthcare and education and to make these services available free or at low cost. Employment in these sectors and affordable access to these services can be undermined by free trade agreements.

2. International agreements and declarations on gender-related issues that are relevant to trade and investment with the Pacific Alliance

- 2.1. The **United Nations Declaration of Human Rights 1948** is highly relevant to ensuring the equal rights of women in the negotiation of any trade and investment agreement, including an agreement with the Pacific Alliance. This core international statement on human rights was followed by a much more detailed convention on the rights of women and the need for all members of the UN to eliminate discrimination against women. It is therefore vital that any such trade agreements are informed by the **UN Convention on the Elimination of all forms of Discrimination Against Women, 1979**.
- 2.2. The Fourth World Conference on Women adopted the **Beijing Declaration and Platform for Action in 1995** that included a set of principles relating to women and the economy. It identified the need to explore the gendered impacts of globalisation and the need for all governments to develop policies to ensure that international and regional trade agreements did not have an adverse effect on women's new and traditional economic activities.
- 2.3. Also relevant to the negotiation of free trade agreements are the standards of the **International Labour Organisation (ILO)** which includes that principle of no discrimination in the workplace. These general standards are vital for women workers who are often among those who most experience discrimination and also generally receive lower rates of pay for their work as a result of historical assumptions about the value of women's labour and their financial responsibilities for the support of dependents. Most relevant to New Zealand trade and investment negotiations in terms of general principles is **ILO Declaration on Fundamental Principles and Rights at Work, 1998**. Of particular relevance to negotiations with the Pacific Alliance is ILO Working Paper on 'Gender (In)equality, globalisation and governance' (2009) which examines the position of women in global supply chains and also the international migration of women care workers.⁶ The review concluded that, while jobs may be generated for women through international trade and migration, the goal should not just be

⁶ http://www.ilo.org/wcmsp5/groups/public/--dgreports/--integration/documents/publication/wcms_108648.pdf

expansion in access to jobs, but “enhancing the security and quality of employment, and reducing gender inequality.”⁷

- 2.4. The **Millennium Declaration 2000** adopted by Heads of State at the Millennium Summit also affirmed the importance of gender equality and attention to it by all states in their arrangements with one another.
- 2.5. The **17 UN Sustainable Development Goals adopted in 2015** include **Goal 5: Achieve gender equality and empower all women and girls**. This involves a recognition of the need for access to “decent work” and “representation in political and economic decision-making processes”. These are seen as necessary for sustainable economies that provide benefits for humanity.
- 2.6. The **WTO Buenos Aires Joint Declaration on Trade and Women’s Economic Empowerment December 2017** is another international declaration that highlights action to ensure that international trade agreements address gender equality. The declaration by World Trade Organisation ministers included a commitment to remove barriers to women’s economic empowerment and participation in trade, and the monitoring and evaluation of data relating to women and trade. A key component of this work was identified as providing equal access to women entrepreneurs and the inclusion of women-led businesses in international value chains.
- 2.7. The **United Nations Conference on Trade and Development (UNCTAD)** has a major focus on issues relating to gender and trade. Its work programme includes ‘Looking at trade policy through a gender lens’ and considering strategies to facilitate women’s involvement in trade, their participation in business enterprise and the links between women-led business and international trade.
- 2.8. MFAT must assess the impacts on women of free trade, consider how closer trade relations between countries can enhance women’s access to education, training and paid work, and ensure that women have equal conditions of employment and remuneration. Consideration must also be given to women’s participation in decision-making about the way these trading relationships are managed and develop over time. Women representing those working in relevant industries and women’s NGOs should review agreements and have input into their periodic review and updating. **In 2018 it is important to move beyond free trade agreements that outlaw discrimination on the basis of gender. There must agreement on practices that will enhance women’s economic independence, their participation in investment and trading relationships, and their contribution to decision-making in this field.**

3. Key barriers to women’s involvement in international trade and investment and how these barriers might be addressed

- 3.1. Women are now more equal participants in the New Zealand economy, but they are still under-represented among those involved in trade negotiations and international investment. They earn on average less than men and have historically been concentrated in gender specific occupations

⁷ Ibid, page 26.

associated with lower rates of pay and less advantageous conditions of employment.⁸ As entrepreneurs they are concentrated in small and medium businesses and they are under-represented on listed company boards (19%) and as CEOs of these enterprises.⁹ This means that they are not well represented among those involved in large scale international trade.

- 3.2. In New Zealand and elsewhere the expectation that women will have major responsibility for the care of young children and unpaid domestic work acts as a barrier to their involvement in paid work and their involvement in the formal economy. State regulation that facilitates the paid work of women with young children such as employment protection for pregnant women, maternity leave, and the legal right to resume employment after such leave are key ways in which states can facilitate women's active participation in the formal economy. These need to be supported by policy that ensures that women are free to enter training for any occupation, receive the same pay as men when they do the same or similar jobs, and receive equal pay for work of equal value. Trade arrangements with other countries must involve assessing whether they have such arrangements in place if free trade is not to potentially undermine sectors of the New Zealand economy which could be undercut by producers of goods or services in countries that do not provide similar rights and protections for women workers.
- 3.3. The international literature on gender and trade indicates that women are more likely than men to be the victims on international cost competition because they are generally in a more vulnerable position in the labour markets of their countries.¹⁰ Women in developing economies are less likely to have formal qualifications, to have continuing employment contracts or to be unionised. They are sometimes chosen as workers for export industries as they are stereotyped as compliant and flexible workers. The work they do is often in industries where women workers in other countries are working for even lower pay. Trade expansion for women workers can mean the greater availability of low paid work with little employment protection and few long term benefits. The jobs created may have little prospect of further training or upward mobility in the workplace. Competitiveness in the industries in which women are concentrated can require driving down production costs by driving down the wages of those employed.¹¹
- 3.4. At the same time, opportunities for trade can expand the number of jobs in certain fields and this can be to the benefit of women workers, especially if the demand for workers is in a new field that has not historically been associated with either gender. Expansion of job opportunities as a result of trade can generate incentives for young women to undertake post school qualifications. A shortage of workers arising out of trade opportunities and expansion in the production of goods can lead to

⁸ NCWNZ, 2015. *Enabling Women's Potential: the social, ethical and economic imperative*, page 10 – 15.

<https://www.ncwnz.org.nz/what-we-do/enabling-womens-potential-the-social-economic-and-ethical-imperative/>

⁹ Parker, Tamsyn. 27.1.18 Women making "glacial" progress on company board, *New Zealand Herald*.

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11982518

¹⁰ WomenWatch Gender Equality and Trade Policy

<http://www.un.org/womenwatch/feature/trade/Gender-Perspectives-in-Trade-Policy.html>

¹¹ Anh-Nga Tran-Nguyen and Americo Beviglia Zampetti (ed) *Trade and Gender: Opportunities and Challenges for Developing Countries*. United Nations Publications, 2004. http://unctad.org/en/docs/edm20042_en.pdf

women being considered for work in which men previously predominated. Gender equality can also be facilitated by actions that encourage girls and women to acquire qualifications and training in new technical fields, especially fields that have not yet been culturally defined as gender specific.¹²

- 3.5. Evaluation of the gendered impact of multilateral agreements in developing countries indicates that they often limit the capacities of governments to regulate in ways that promote gender equality and do not lead to a reduction of the gender pay gap. Reduction of tariff barriers can reduce tax revenue and may lead to reduced government spending on programmes that protect and support women as workers or as family members.¹³ These are trends that New Zealand must avoid as it enters into free trade agreements.

4. Action on gender and trade issues relevant to the Pacific Alliance

- 4.1. NCWNZ considers that any negotiations between New Zealand and the Pacific Alliance about a free trade agreement should include the development of a trade and gender chapter and the consideration of gender and trade issues in all other chapters of the agreement. It is also important that, if a free trade agreement is negotiated with the Pacific Alliance, action on gender and trade issues are monitored and reports are publically available. Crucial to trade agreements having positive outcomes for women is consistent policy between trading partners on labour regulation and workers' rights, including the prohibition of discrimination against women and strategies for complaint.
- 4.2. Chile (a member of the Pacific Alliance) has recently signed an update to its 20 year old Canada-Chile Free Trade Agreement (CCFTA) that includes a trade and gender chapter.¹⁴ This chapter includes references to the UN Convention on the Elimination of All Forms of Discrimination against Women, and to the UN Sustainable Development goal to achieve gender equality and empower all women and girls. The chapter sets up a Gender Committee to ensure that other committees established under this agreement consider gender issues. Significantly, it requires gender-based analysis and the collection of data to assess the gendered impact of this trade agreement and the success of strategies directed at ensuring that women as men in Chile and Canada benefit from the agreement.
- 4.3. François-Philippe Champagne, Canadian Minister of International Trade, stated when announcing the modernisation of the Canada-Chile trade agreement that it reinforced his government's commitment to advancing gender equality and creating opportunities for women and girls "who will be the next generation of entrepreneurs, board members and CEOs".¹⁵

¹² WomenWatch Gender Equality and Trade Policy

<http://www.un.org/womenwatch/feature/trade/Gender-Perspectives-in-Trade-Policy.html>

¹³ Ibid.

¹⁴ Government of Canada, 2018. Highlighting Gender in Trade.

http://international.gc.ca/gac-amc/publications/blueprint_2020-objectif_2020/highlighting_gender_trade-mettre_accent_sur_genre_commerce.aspx?lang=eng

¹⁵ Canada breaks new ground as it signs modernised free trade agreement with Chile focusing on trade and gender – News Release – Global Affairs, Canada. 5 June 2017. https://www.canada.ca/en/global-affairs/news/2017/06/canada_breaks_newgroundasitsignsmmodernizedfreetradeagreementwith.html

- 4.4. NCWNZ considers that the recent 'Trade and Gender Chapter' negotiated by Canada and Chile could be a model for New Zealand as it enters into negotiations with the Pacific Alliance. The European Parliament has also recently been considering the need for EU trade agreements to include specific sections or chapters that address gender equality and women's rights. The Members of the European Parliament who were advocating for specific attention to gender and trade issues in trade agreements cited the relevance of the international conventions and declarations included earlier in this submission.¹⁶
- 4.5. NCWNZ's goal of achieving gender equality is the basis for its advocacy of the inclusion of a chapter on gender and trade in any free trade agreements negotiated by New Zealand. An agreement with the Pacific Alliance should include the establishment and resourcing of a Gender Committee with responsibility to ensure that the trade and gender provisions are actioned. Any commitments relating to trade and gender must be linked to the collection of gender-related data, the production of public reports, and strategies to ensure that the goals identified are being actioned. Accountability and transparency relating to gender and trade should entail mechanisms for evaluation that include organisations actively working for gender equality in the fields of employment, business, management and governance.
- 4.6. NCWNZ appreciates efforts by the Ministry of Foreign Affairs and Trade to engage in public consultation about trade negotiations with the Pacific Alliance. We look forward to access to information about the outcome of this consultation process and to transparency about these trade negotiations.



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¹⁶ <https://www.euractiv.com/section/politics/news/ep-wants-to-include-gender-equality-in-free-trade-agreements/>