

Trade and Gender in Afghanistan

*Dangers and opportunities**

DRAFT FOR DISCUSSION

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Gender and Trade in Afghanistan

Summary

In 2006 the Government of Afghanistan will undergo the massive task of reviewing all existing trade laws and/or policies. This exercise will be supported by different international agencies and ministries. This paper *Trade and Gender in Afghanistan* will help stimulate discussion and inform policy-making processes around trade policies and their possible impacts on women and men. We believe that such discussions are important to analyze the dynamics between trade policies, gender inequalities, growth and poverty.

Multilateral, regional and bilateral trade agreements are ruled by sets of obligations and regulations and are generally aimed at reducing trade and investment barriers between countries (UN, Trade and Gender, p.29). Afghanistan Currently has Preferential Trade Agreements with the US, EU, Japan and India. Afghanistan is also being encouraged to join the South Asia Free Trade Agreement (SAFTA) and the World Trade Organization (WTO).

The core theme we will deliberate in this paper is the impact that bi-lateral and multi-lateral trade agreements (which regulate and direct the trade relations between states, see box) have on women in general and then specifically women in Afghanistan. We will argue that unless special attention is given to gender

attributes in trade laws, policies and activities, any liberalization approach to economic development is bound to bring harm to women.

This is particularly salient because Afghanistan is a signatory to CEDAW (Convention on the Elimination of All Forms of Discrimination against Women) which requires the Government of Afghanistan to ensure laws relating to the economy and trade regime do not negatively impact on women.¹ This Convention recognizes the need for special measures for women in the agriculture and indigenous sectors. It can effectively be used

¹ The CEDAW articles relating to trade and economics are presented as ANNEX 1.

by policy makers to built arguments for unconventional paradigms for trade.

Afghanistan stands at a unique opportunity to ensure that women are protected from unfair trade policies, and that economic growth, of which trade is one factor, is equitable and breaks across boundaries of ethnicity, geography and gender.

Trade and Gender: A Global picture

Trade is a social phenomenon which has a deep impact on societies. However the impacts, positive and negative, are not shared equitably amongst the population. In theory, international trade does not discriminate according to gender, but due to the skewed power relations that exist globally between men and women, they affect women differently². It is well recognized that the pursuit for global profit has enhanced employment opportunity for women where they did not exist in the past, and also provided women with some degree of economic independence. Women today have more access to financial resources and have more opportunities to be trained and skilled in sectors that were traditionally reserved for men. However, free trade also has negative impact on women such as;

- 1) The feminisation of the global Labor market has been accompanied by an alarming feminisation of global poverty.
- 2) Free markets have nowhere contributed to closing the gap between men and women in the labor market - especially not in countries with cheap-labor policies.³
- 3) As most of the local economies in developing countries are largely informal and "beyond the reach of taxation", the government starts to fall short of revenue and often the first cuts appear in social services with the

² UNCTAD, Trade and Gender, 2004, p. 60

³ UNCTAD, Trade and Gender, 2004, p. 21

first to be affected being women and children.⁴

- 4) Export-oriented economies often lead to the greater availability of temporary, seasonal and low-paid jobs. In a country with high unemployment rates women seldom benefit from these opportunities and they are taken up by the unemployed male workforce.⁵
- 5) If export-driven economies reflect an increase in paid employment opportunities for women, it is often because of women's "competitive advantage" which lies in the fact that they are paid lower salaries, protest less about indecent working conditions, are willing to work longer hours.
- 6) The competition created by labor market deregulation, results in workers having less negotiation power, working longer hours in unhealthy working conditions, and women often being sexually harassed.⁶
- 7) When women enter the labor market – generally accompanied by longer hours – it puts an extra work burden on them, because they are also often working a triple-shift⁷, and the provision of extra support is often low.
- 8) The fact that more women start earning an income does not necessarily increase their bargaining power in comparison to men.⁸

Arguing from the above-mentioned negative impacts, it is therefore alarming that economic growth and global market access have taken priority over the well-being and dignity of women in general.⁹ Women compromise on their well-being, lose their dignity and gain no power, only to support potential growth of the

⁴ Stiglitz JE and Charlton A, 2005, p.25–28

⁵ Kuzmanovic TD, 2005

⁶ Cagatay N, 2001, p.6–7

⁷ Triple-shift, refers to a feminist critique of Labor, women do three shifts, caring emotionally for the family, doing housework, thirdly employment.

⁸ Cagatay N, 2001, p. 5–6

⁹ GNT Gender Issues, p.1

country's economy. While indicators such as GDP growth and trade deficits are important in understanding trends in economic growth and trade, they do not reflect the impact that changes in the economy have on women. More salient measurements also need to be considered, including human development indicators and relevant gender equity indicators.

To fully understand the significance of gender in the case of economics and trade, one needs to understand the interaction between the different spheres that makes up any economic system: production, finance and reproduction (the sphere in which the Labor force is reproduced and maintained). Very few policies or policy makers though, acknowledge the existence of the reproductive sector or ask whether the financial or production activities respond to this sphere.

In order to analyze the gendered impact of trade, the *empowerment of women* should be the main focus in evaluation. Even if women in certain circumstances might not be seen as the losers as a result of free trade policies in the "traditional sense (income and consumption)", if we look at indicators such as realization of basic social and political rights, or the "expansion of capabilities and freedoms to realize one's potential as a human being", little positive can be said.¹⁰

Afghanistan: The Present State of the Economy:

The experiences of women in globalisation are also being felt across Afghanistan. Afghanistan currently has a very liberal trade regime and the negative impacts of liberalisation are also present here leading to deteriorating working conditions for women in employment (such as the carpet industry and domestic markets being flooded by imported goods, reducing the ability of rural households to sell surplus production effectively).

¹⁰ Cagatay N, 2001, p. 26

A recent study by the Afghanistan Research and Evaluation Unit (AREU) contradicts the myth that years of conflict and the Taliban period left the Afghan economy completely destroyed, but rather says it “created opportunities for the production of and trade in some commodities”¹¹. As such Afghanistan is not a clean slate as many policy makers suggest. There are sectors of the economy which are growing and the ground realities of the Afghan economy need to be reflected in policy making.

The study also draws out several important issues in the Afghan economy: 1) too much hope is vested in Afghanistan becoming a regional transit-hub, 2) markets are dominated by a few larger players, while the rest “are trapped in micro-level activities” and 3) the Government’s capacity to regulate markets is “bureaucratic [and] confused”¹² and 4) Afghanistan is not in the position “to negotiate favourable trading agreements with its neighbours”.¹³ The common understanding is that at present the Afghan economy is still *largely informal* and of an *importing nature*.¹⁴ These features of the economy have had an impact on women in Afghanistan.

Women in Agriculture

Women in Afghanistan are an integral part of the agricultural sector. Around 80% of the population lives in rural areas and agricultural production contributes an estimated 53% of the GDP and represents 67% of the labor force. Though there are clear roles for men and women in agriculture production, women contribute to a variety of processes and activities.

A large proportion of the rural population engages in subsistence farming that focuses on commodities such as wheat and pulses, but they do rely on domestic markets to sell whatever little surplus they have.

¹¹ Paterson A, 2006, p.1

¹² Paterson A, 2006, p.1

¹³ Paterson A, 2006, p.10

¹⁴ In 2004/5 Afghanistan showed a trade deficit of USD 2.69bn.

Chief amongst the barriers to small scale farmers is the lack of farm – market infrastructure (including distance and expense of transport) and cheap agricultural imports from Afghanistan’s neighbors which under cut Afghan produce. Their ability to make a profit in domestic markets is therefore very weak.

Though domestic production in 2005 increased in Afghanistan, it is unlikely that agriculture will develop further export potential. Even the Interim Afghanistan National Development Strategy (I-ANDS) states that “The Strategy for providing licit livelihoods will focus on economic activities that produce imports substitution or goods for exports, not expansion of subsistence farming”¹⁵.

Rural women in Afghanistan are already effected by this changed approached of the Government and the donor community. Even if the export of some agricultural crops increases¹⁶, the smaller rural producers¹⁷ (and therefore not only women but rural families as a whole) may be most the vulnerable to further trade liberalization.

Women in production

In the 1981 a study showed that the handicrafts sector contributed an estimated 9% of GNP and employed 300,000 people, far more than the work force in heavy industry and mining combined. Most of the workers were women. The sector included textile embroidery, leather goods, wood and stone carving, and jewellery making. Carpet and rug weaving, were always regarded as the most important handicrafts, contributing significantly to export revenues. Apart from carpets, however, the quality of handicraft

¹⁵ I-ANDS, January 2006

¹⁶ The only feasible commodity at present is raisin and even that faces huge obstacles – access to markets are dominated by a few traders and packing/shipping contractors (Paterson, 2006, p.21)

¹⁷ Smaller producers, who are usually relatively poorer, can not take advantage of the new markets, and they often do not have access to credit or new technologies as most sectors in Afghanistan’s economy are controlled by an oligopoly who restrict access to smaller traders.

goods was often poor. Production techniques were simple and have hardly changed since then. Apart from quality, women face a different set of problems in the marketing of their products¹⁸.

Today aspects of the 1981 study are still present. The quality of production is still generally low, but it does represent an important part of both the domestic and export markets. However Afghanistan's current trade regime has become very liberal, with the lowest tariffs in the region. This liberalisation (which has been caused primarily by conflict) has caused the influx of cheaper goods (clothes and accessories) from countries such as China and Pakistan. Furthermore because Labor and raw materials are more expensive in Afghanistan in comparison to neighbouring countries, they can not compete in many sectors (such as construction or handicrafts).

Therefore the "deteriorating terms of trade [are forcing women] into longer and longer working hours and forms of self-exploitation"¹⁹ and the Afghan Government and donor community has struggled to deal with these issues and ways of protecting Afghan markets. As such the female workforce who often supply the goods and services, are being further exploited.

Afghanistan: An Export Orientated Economy?

It is clear from the Afghanistan's strategies, such as "Securing Afghanistan's Future" and the more recently adopted I-ANDS, that the government of Afghanistan will pursue a private sector-led/export-orientated strategy over the coming years. It is clearly stated in the I-ANDS that Afghanistan will "develop an export promotion strategy" and "promote and facilitate labor intensive export-orientated manufacturing".

In Securing Afghanistan's Future and the I-ANDS the economic sources of growth

¹⁸ Library of Congress, Country study, Industrial Sector, <http://www.hartford-hwp.com/archives/51/347.html>

¹⁹ Paterson A, 2006, p.20

forecasts are the Agricultural sector, the export of goods (mainly minerals, dried fruits) and the concept that Afghanistan will evolve in to a transit hub. The export orientation of mining, some elements of the agricultural sector and transit are touted as being the major components of growth for the foreseeable future.

In the sectors being touted as sources of growth, both mining and the transit trade are exceptionally difficult for women to access. Because of cultural and tradition norms that apply across large parts of Afghanistan it is unlikely that women will be able to benefit from any growth in either of these sectors. Furthermore the economic logic of these arguments appears to be fragile.

Countries where goods are extracted (oil, gems and so on) on average only receive 2% of the value of the good excavated. This is exacerbated by the fact that in many developing countries they have to rely on Foreign Direct Investment (FDI) in order to attain the relevant technology for the industry. As such almost all of the money invested in the industry, except for wages to employees and some taxation to the government, goes straight out of the country - normally to developed countries. A similar situation exists in the transit sector. The country being transited receives the smallest proportion of the value of goods transited. Coupled with the fact that Afghanistan's infrastructure is very poor, its customs systems are weak and reforms remain to be implemented, it is unclear how the Afghan economy will benefit from transit trade.

The third source of growth is in parts of the agricultural sector, largely connected to raisins. However because current predictions of growth, that may benefit women, are restricted to a small, and geographically restricted area it is difficult to see how current planning for economic growth would actually benefit the female population at large. This is despite the fact that women are often employed in the raisin sector.²⁰

²⁰ Sarah Lister & Tom Brown with Zainiddin Karaev, 2004, p14

With both of these examples, even if the government manages to retain a larger slice of the investment in mining, or the transit trade does increase substantially it is doubtful that the benefits of these GDP increases for the Afghan economy would actually reach more than a fraction of the population. Most economic sectors in Afghanistan are dominated by a handful of actors, and they have thus far retained a vast amount of wealth from their sectors without any sense of equitable distribution.²¹

Women and Exports:

Manufacturing export-orientated economies show a strong character of female intensive labor²². The question is whether the restricted social norms within Afghanistan provide the space for women to form the base of such a labor intensive economy and if the time is right for this. With few marketable skills and a literacy rate of around only 14% for women, it is unlikely that they will be able to become the force that they and the Afghan economy need them to be, unless special protection and attention is paid to them.

Trade can only support gender equity in so far as access to rich countries and exporting to them, keeps expanding. This again has to be coupled with the ever increasing export of labor intensive and income-elastic products. As many neighboring countries are already (e.g. China, Pakistan and India) focusing on similar goods (labor-intensive products) the competition to produce these goods is extremely tough, and Afghanistan has very little chance of competing competitively.²³ Afghanistan currently only holds a very "small share of the regional trade and non-opium trade accounts for only some six percent of the Afghan economy at present".²⁴

²¹ See AREU Summary of 6 sectors of the Afghan Economy available at www.areu.org.af

²² This includes production of textiles, electronics, food processing, etc.

²³ UNCTAD, 2004, Trade and Gender p. 35.

²⁴ Paterson A, 2006, p.9.

The assumption is however that women will play a growing role in the production of goods and services in the future in Afghanistan. In line with benchmarks set in the I-ANDS, a National Skills Development Program (NSDP), lead by the Ministry of Labor and Social Affairs and the Ministry of Economy, will aim to train around 50 000 women in "marketable skills", over the next four years. These changes in the labor market and women moving away from their traditional responsibility of social reproduction will have a direct impact on the country's women.²⁵

RECOMMENDATIONS

The arguments goes that because there will be obvious winners and losers in a free trade environment, the state should not altogether abandon the ideas of policy associated, but rather look how they could deal with the disproportionate ways that men and women will be affected by trade liberalization. The following gender specific recommendations are put forward relating to the legal frameworks and direct support to women:

1. Legal Frameworks

The following recommendations relate to legal frameworks or interventions that are required for the Afghan Government to improve the quality of legislation relating to the economy and trade.

Millennium Development Goals and the I-ANDS

1. Trade policies should contribute to and be in line with the Millennium Development Goals and the I-ANDS (Afghanistan National Development Strategy) of Afghanistan.
2. Close links need to be developed between international and national strategies, financial policies and development initiatives and all the actors involved. There cannot be some loose synergy between these stakeholders and policies.

Foreign Investment

²⁵ UNCTAD, 2004, Trade and Gender, p55

1. Government should set conditions for international organizations under which investment should take place so that the conditions meet social justice and gender equality standards and allow mechanisms by which the government can retain investment in the country.
2. Investment incentives offered to foreign investors could be adopted/adapted to promote women (for example, hiring women-run enterprises, increase hiring of women)
3. Women-friendly companies should be provided with incentives (such as tax relief, fast tracking of company registration or other tools)

WTO Accession and other Policy formation processes

1. Bring gender into the formal memorandum of the negotiating process to the World Trade Organization.
2. The government of Afghanistan should insist on more policy flexibility in the process of accession because they are currently do not have the skills they need to respond to the negotiation process.
3. To address gender inequality, gender sensitive trade policies should be coupled with a review of all laws concerning trade (e.g. private sector legislation (such as contracts, standards and tariff setting), industrial policies, national labor laws, banking legislation)²⁶

Labor

1. The Government and donors should stress the importance of gender equality in the monitoring and enforcing of Labor policies and instruments, and that Labor laws reflect international standards including article 11 of CEDAW.
2. Government should as far as possible, enforce equal pay and employment opportunities for both women and men.

²⁶ Cagatay, 2001, p. 32

Capacity building and training

1. Train policy makers to look at economic issues from a gender perspective beyond current initiatives relating to parliamentarians, the Ministries of Justice, Trade, Economy and Finance and the ANDS office need to be brought in.²⁷
2. Establish a coordination mechanism for dialogue between stakeholders regarding gender and trade, possibly hosted by UNIFEM
3. A Ministry such as MOWA should have fully paid and full time advisors to commissions or boards that carry out trade law reviews.

Research and Data

1. Through studies and research by both independent research bodies and government institutions there has to be the recognition that women contribute to the economy in a significant way.²⁸
2. Promote the availability of sex disaggregate data for trade analyses from the Government and other stakeholders.
3. Promote regular and systematic Gender Trade Impact Assessment (GTIAs) by the Government to monitor the impact of trade on women²⁹.
4. Develop a basic "Checklist" for Governments, Working Groups, Commissions and Review Committees so that when new laws, procedures and Program are being developed they can incorporate gender issues in Trade (see Annex 2 for an example)

2. Support to Women

Capacity building and Training

1. Government should expand capacity building of women so that they are able to partake in the labor market and trade industry through training opportunities, access to credit, etc.

²⁷ UNIFEM has already launched a training Program for female parliamentarian, but it needs to reach also male members

²⁸ UNCTAD, Trade and Gender p. 3-4.

²⁹ Randriamaro Z, 2006, Gender and Trade Overview Report.

2. The Ministry of Labor and Social Affairs and Ministry of Economy should provide appropriate training programs with the vision to enable women to manage businesses. (Business training or Supervision training should compliment skills training under the NSDP.
3. The Ministry of Education should have fixed quotes for admission of female students in Vocational schools such as;
 - a. At least 25% of vocational students should be female (currently it is 10%)
 - b. The percentage of enrolled students in formal education in vocational colleges should increase from 0.14% of all students to 1% – an increase of 9,000 students a year to 63,000
4. A website dedicated to Afghan women to facilitate exchange of information, insights and opportunities. (Strategy and 5-year Plan of MOWA)
5. The creation of grant investment incentives to small and local firms-owned and run by women – to offset the inequalities of the past. This could be administered by bodies such as the Afghanistan Chamber of Commerce and Industry (ACCI). This needs to include groups like the Afghan Women's Business Federation.

National Women's Machineries³⁰

1. Strengthen the policy analysis of advocacy on gender and trade issues in their work on the ANDS
2. Ensure regular contact between the MOWA and the Ministries involved in trade policy formation
3. Establish partnerships with line ministries to facilitate GTIAs and as well as other trade policy review processes³¹.



³⁰ Machineries can take the form of systems such as bureaucracies, commissions, ministries and working groups

³¹ Randriamaro Z, 2006, Gender and Trade Overview Report.

ANNEX 1: CEDAW and INTERNATIONAL TRADE

The following articles in the CEDAW relates directly to Trade:

Article 7 Policy and public office

States Parties shall take all appropriate measures to eliminate discrimination against women in the political and public life of the country and, in particular, shall ensure to women, on equal terms with men, the right: (a) To vote in all elections and public referenda and to be eligible for election to all publicly elected bodies; (b) To participate in the formulation of government policy and the implementation thereof and to hold public office and perform all public functions at all levels of government; (c) To participate in non-governmental organizations and associations concerned with the public and political life of the country.

Article 9 Citizenship

States Parties shall grant women equal rights with men to acquire, change or retain their nationality. They shall ensure in particular that neither marriage to an alien nor change of nationality by the husband during marriage shall automatically change the nationality of the wife, render her stateless or force upon her the nationality of the husband. States Parties shall grant women equal rights with men with respect to the nationality of their children.

Article 10 Education

States Parties shall take all appropriate measures to eliminate discrimination against women in order to ensure to them equal rights with men in the field of education.

Article 11 Employment

States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights.

Article 13 Economic and Social Rights

States Parties shall take all appropriate measures to eliminate discrimination against women in other areas of economic and social life in order to ensure, on a basis of equality of men and women, the same rights.

Article 14 Rural Women's Rights

States Parties shall take into account the particular problems faced by rural women and the significant roles which rural women play in the economic survival of their families, including their work in the non-monetized sectors of the economy, and shall take all appropriate measures to ensure the application of the provisions of the present Convention to women in rural areas.

ANNEX 2: Check list on questions for gender and trade

- Are trade policies in line with and contributing to poverty reduction and the ANDS?
- Who are likely to suffer most from import competition (e.g. food production, clothing)?
- How is trade liberalization affecting the gender division of labor between and within sectors?
- Are the basic rights to food and security protected in all trade policies?
- Are there specific labor or social rights of women that are vulnerable?
- What is happening to women's involvement in trading at local, regional and national levels?
- What is the balance of male and female employment in sectors which are or will be liberalized?
- Do women and men have equal access to marketing facilities and networks?
- What are the likely impacts of trade-induced price changes (especially in agricultural products) on household expenditure, consumption and poverty levels?
- What are the implications of trade liberalization for government tariff revenues and spending priorities?
- How will women be affected by cuts to social services?
- How do trade rules affect the scope for government or the private sector to take positive measures against gender discrimination?

Adopted and edited from

(<http://www.bridge.ids.ac.uk/dgb8.html>)

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