



“Beijing +10 meets WTO+10”

Financial and Tourism Markets: Unrestricted Market Liberalization Under the GATs Prevents Sustainable Development

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Besides the public services sectors, developed countries demand that developing countries open up and deregulate their financial and tourism markets. For this reason, we must draw our attention to these two gender-sensitive sectors.

Liberalizing financial markets through GATS

- Developed countries are demanding that developing countries commit to liberalization and get rid of regulations in the finance sector.
- Developed countries are directly influenced by the Financial Leaders Group (some forty CEOs from leading banks and insurance companies).
- At the last General Council Services meeting in February, the Financial Leaders Group issued a statement calling on WTO members to seek commitments for substantial liberalization in the area of financial services and hosted a half day seminar at the WTO entitled “The Benefits for Developing Countries of Liberalizing Financial Services Markets.”

Developed countries and the Financial Leaders Group argue that the entry of foreign firms into the markets of developing countries will enhance competition and bring needed know-

how and technology into the sectors. This, they argue, would lead to a deepening of the financial sector in developing countries.

But, the contrary could be the case as experiences over the second half of the 1990s show--competition from foreign banks in developing countries can weaken the local banks and make them susceptible to crises. Foreign banks mainly attract wealthier customers, but do not ensure that small- and medium-sized businesses, women and rural populations have access to cheap credit.

Developed countries are also pushing for the elimination of all controls on capital flows. In doing so, they completely ignore the importance of such controls for developing countries. Since the Asian crisis, it is known that rapid capital inflow often causes speculative bubbles on the stock and often lead to an asset-price boom. The rapid growth of asset prices increases inequality. Free flow of capital enables local elites in developing countries to bring their assets abroad, often evading taxation, and thereby depriving social budgets of this money. Furthermore, under a regime of deregulated capital flows countries are easily affected by financial crises in others countries.

The intersection of gender and financial processes has received only minimal attention for some years. Studies showed what happens to gender relations within the household as an economy goes through financial liberalization and crisis. In many countries, the economic contraction imposed particular pressures and burdens on women:

- More women than men lost their jobs in the formal economy;
- Households with falling incomes coped by increasing mothers' workloads and putting school-age children – especially daughters – to work;
- Many women went abroad to look for work;
- Social budgets were cut and women's share of care work within the households rose;
- Wages fell but the prices for food rose - women, who are primarily responsible for the food needs of their families and communities, carried the burden;
- The possibility for accessing credit was reduced.

Liberalizing tourism markets through GATS

Developed countries force developing countries to liberalize their tourism markets. The rigid WTO principles of “market liberalization” and “national treatment for all investors” are not suitable for promoting sustainable tourism. On the contrary, they endanger it.

In its report on “Tourism and Poverty Alleviation” the World Tourism Organization specifically mentions the importance of laws, taxes, and investment frameworks for the benefit of the local population, as well as regulation of the environment.

Women play an important role in tourism sectors. According to estimates by the ILO, they account up to 70 percent of the labour force in global tourism. However they are often in a much worse a position than men. While men dominate the formal sector in tourism, women are often hired as casual workers and work in low paid jobs. Women with good education and some capital can effectively benefit from tourism, as it offers them job opportunities and improved financial independence. But many others suffer a heavier burden and increased exploitation. Women play a major role in the marketing approaches used by tour operators. In many countries, sex tourism and prostitution is on the rise - especially in areas of mass tourism.

Further commitments for liberalisation under the GATS will threaten the increasingly numerous initiatives for responsible tourism that benefits the local population while meeting women’s needs and protecting their livelihoods.

Increasing global competition in the travel and tourism industry will also increase concentration in the tourism sector, to the disadvantage of many small hotels, restaurants and tourism companies which are often led by women and unable to withstand global competition. Additionally, many countries will have to offer more and more incentives to attract foreign investors, including tax holidays and excessive public expenditures on infrastructure which serves primarily the needs of foreign investors, to the exclusion of the poor population and general strain on the national budget.