“Beijing +10 meets WTO+10”

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

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Thursday, 21 April 2005 - WTO Public Symposium

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.
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> Developed countries are directly influenced by the Financial Leaders Group (some forty CEOs from leading banks and insurance companies).
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> 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 knowhow 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