

Crafting Canada's Gender-Responsive Trade Policy

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ABSTRACT

Public concerns about the impacts of globalization and in particular the perception that benefits of trade have not been shared widely make it harder to continue to advocate for more and open trade at the multilateral level or in some cases at the bilateral level. The Government of Canada, therefore, has committed to making trade work for all, including women. Understanding the effects of trade on people in Canada is important. Global Affairs Canada (GAC) is undertaking a new analytical approach based on four complementary elements to help craft a coherent gender responsive and inclusive trade policy for Canada: (1) Research and analysis of the participation in trade of women-owned businesses in Canada; (2) *Ex ante* economic impact analysis using a computable general equilibrium (CGE) model and adding a labour market module; (3) *Ex post* quantitative assessment of free trade agreements (FTAs); and (4) Comprehensive dynamic gender-based analysis plus (GBA Plus) of a trade negotiation. The purpose of this chapter is to examine what Canada has been doing on these four elements and show how they are helping Canada craft a gender-responsive and inclusive trade policy so that others can determine whether this approach might be useful for application in their own countries.

* The views expressed in this chapter are those of the authors only and should not be attributed to the Government of Canada.

14.1 INTRODUCTION

The public concerns of the impacts of globalization,¹ and in particular the perception that benefits of trade have not been shared widely,² make it harder to continue to advocate for more and open trade at the multilateral level or in some cases at the bilateral level. At the same time, it is important to recognize that some of the benefits of trade are very tangible: consumers may enjoy a wide variety of products and at lower prices, businesses can benefit from economies of scale, and workers may benefit from increased wages.³

Canada is a trading nation: the value of exports and imports of goods and services amounted to 63 per cent of gross domestic product (GDP) in 2020.⁴ Canada depends on international trade to sustain high living standards. Improving access to international markets and participation in international trade and ensuring that everyone benefits from it is of paramount importance. Access to international markets is achieved through multilateral and bilateral trade agreements. Canada now benefits from a wide network of trade agreements providing preferential access through fifteen FTAs covering fifty-one countries, which represents 1.5 billion consumers and about 60 per cent of world GDP.⁵ Increasing participation in international trade means understanding the challenges that firms might face in trying to access international markets. Ensuring widespread benefits means understanding how trade in general, and how a specific FTA in particular, can affect workers. To determine if different groups are affected equally or not, it is important to analyse disaggregated data on dimensions such as gender.

The starting point is to recognize from the outset that the effects of trade might not be gender-neutral, including in Canada. The impacts of a trade agreement might affect workers differently since the distribution of men and women as workers or as business owners is not balanced between tradeable

¹ Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy* (Norton 2011); Nicolas Lamp, 'How Should We Think about the Winners and Losers from Globalization?' (2019) 30(4) *European Journal of International Law* 1359–1397.

² OECD, 'Making Trade Work for All' (2017) OECD Trade Policy Papers No. 202 <<http://dx.doi.org/10.1787/6e27effd-en>> accessed 8 May 2022.

³ For a full review of the benefits of trade on Canada, see Government of Canada, 'International Trade and Its Benefits to Canada' (2012) <www.international.gc.ca/trade-commerce/economist-economiste/state_of_trade-commerce_international/special_feature-2012-article_special.aspx?lang=eng> accessed 8 May 2022.

⁴ Government of Canada, 'Canada's State of Trade 2020 – The Early Impacts of COVID-19 on Trade' (2020) 54.

⁵ Ibid Minister's Message.

and non-tradeable sectors.⁶ Understanding the barriers that owners, in particular underrepresented groups, of small and medium-sized enterprises (SMEs) face in trying to participate in international trade is key. It allows for the development of better policies and programmes, and overall better outcomes.

Section 14.2 will present an overview of the evolution of trade policy in Canada and the nexus between trade and gender, including how the transition from general policy on inclusion and equality transitioned to inform Canada's current practice. Section 14.3 will present and explain the four elements that constitute the analysis and research behind Canada's gender-responsive and inclusive trade policies. Section 14.4 concludes.

14.2 BACKGROUND

14.2.1 *The Evolution of Canada's Trade Policy*

Canada's trade policy is based on three mutually reinforcing priorities: supporting the rules-based international system which is the foundation of its trade policy; diversifying its trade and investment to new exporters and new markets; and championing inclusive trade which seeks to ensure that the benefits of trade are more widely shared.

Canada is highly dependent on the rules-based international trading system and has played a role in helping to build a global order based on the rule of law and an aspiration to free and more open trade. Canada is committed to upholding and actively participating in the rules-based multilateral trading system with the World Trade Organization (WTO) at its core. This system is necessary for creating a predictable and fair economic environment in which businesses can thrive, which is essential to increasing the economic well-being of all WTO members, contributing to a more prosperous and stable world. Canada believes that more trade and investment is essential for global economic growth to build prosperity and create jobs, and now more than ever given the effects of the COVID-19 pandemic and the need to ensure a resilient and sustainable economic recovery.

Canada also has a long history of negotiating comprehensive and ambitious free trade agreements (FTAs), starting with the Canada–US Free Trade Agreement (CUSFTA) in 1989⁷ and then the North American Free Trade

⁶ Felipe Benguria, 'The Matching and Sorting of Exporting and Importing Firms: Theory and Evidence' (2021) 131/103430 *Journal of International Economics* 1–49.

⁷ US–Canada Free Trade Agreement, 1 January 1989, 27 ILM 281.

Agreement (NAFTA) in 1994.⁸ Since these historic agreements, Canada continues to make significant efforts to diversify its trade, with the aim of allowing exporters to take advantage of opportunities in large and emerging markets. Bilateral and regional FTAs have represented a key tool for Canada in pursuit of trade diversification. As of September 2021, Canada had fifteen FTAs in force with fifty-one countries, representing about two-thirds of the global economy.⁹ Following the entry into force of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on 30 December 2018,¹⁰ Canada became the only Group of Seven (G7) country to have FTAs with every other member of the G7, connecting Canadian businesses to over 1.5 billion consumers. Canada is currently engaged in FTA negotiations with other countries and trading blocs (e.g., Mercosur, Association of Southeast Asian Nations – ASEAN, Indonesia, the United Kingdom, and India) which reflects the importance that it places on free trade and the goal of establishing high-quality, ambitious, and comprehensive FTAs through improved market access benefiting companies of all sizes in a diverse range of markets.

Canada's recent approach to negotiating FTAs has been informed by the public and political debates on trade and globalization in Canada. There are public perceptions that trade agreements lack transparency in the negotiating process; provide special rights and privileges to corporations; have negative effects on certain population groups (particularly the middle class and workers in traditional industries); and threaten the environment, health, safety, consumer standards, and governments' right to regulate.¹¹ These concerns affect support for free trade, and hence the Government of Canada recognizes that trade policies need to respond and contribute more meaningfully to domestic economic, social, and environmental policy priorities, including its Feminist International Assistance Policy.¹²

⁸ North American Free Trade Agreement (NAFTA), 1 January 1994, 32 ILM 289.

⁹ Chile (1997, 2019); Colombia (2011); Costa Rica (2002); European Free Trade Association (2009); European Union (2017); Honduras (2014); Israel (1997, 2019); Jordan (2012); Panama (2013); Peru (2009); South Korea (2015); Ukraine (2017); the United States and Mexico (NAFTA 1994, CUSMA 2020); Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (2018); Canada–UK Trade Continuity Agreement (2021).

¹⁰ CPTPP (2018).

¹¹ See Government of Canada, 'Canada's Inclusive Approach to Trade' <www.international.gc.ca/trade-commerce/gender_equality-egalite_genres/approach-can-approche.aspx?lang=eng> accessed 8 May 2022.

¹² Government of Canada, 'Canada's Feminist International Assistance Policy' <www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorites-priorites/policy-politique.aspx?lang=eng> accessed 8 May 2022.

Informed by these developments, Canada is pursuing an inclusive approach to trade as part of its overall export diversification strategy.¹³ Canada's approach aims to ensure that the benefits and opportunities that flow from trade are more widely shared, including with underrepresented groups such as women, SMEs, and Indigenous Peoples. This trade policy approach is based on three pillars: informed and inclusive trade policy-making; provisions in trade agreements that are responsible, sustainable, transparent, and inclusive; and international engagement to advance support for responsible, transparent, and inclusive trade initiatives.

Canada has a long history of integrating gender-related clauses into the preamble of its agreements and also gender provisions in labour chapters and side agreements starting with NAFTA in 1994. Recently, Canada has been advancing comprehensive, binding, and enforceable commitments in its labour chapters related to gender, such as in CPTPP¹⁴ and in the Canada–United States–Mexico Agreement (CUSMA or USMCA).¹⁵ In these agreements, the parties are required to promote employment equity and address gender-based discrimination in the workplace and adopt programmes and policies that address the gender wage gap and barriers to the full participation of women in the workforce.¹⁶

Building on these successes, Canada has successfully advanced inclusive trade provisions in its modernized FTAs with Chile (2019)¹⁷ and Israel (2019),¹⁸ with the inclusion of dedicated trade and gender chapters in both agreements. In addition, at their first Joint Committee meeting in September 2018, Canada and the European Union (EU) agreed to three recommendations under the Canada–EU Comprehensive Economic and Trade Agreement (CETA) on Trade and Gender,¹⁹ Trade and SMEs,²⁰ and Trade

¹³ Government of Canada, 'Diversifying Canada's Trade and Investment Opportunities' <www.international.gc.ca/gac-amc/campaign-campagne/trade-diversification-commerce/index.aspx?lang=eng> accessed 8 May 2022.

¹⁴ Consolidated TPP Text, Chapter 19, Art. 19.

¹⁵ CUSMA (2020).

¹⁶ CUSMA, Art. 23.9.

¹⁷ Canada–Chile FTA, Appendix II – Chapter N bis.

¹⁸ Canada–Israel FTA, Art. 13.

¹⁹ CETA Joint Committee on Trade and Gender, 'Recommendation 002/2018 of 26 September 2018 of the CETA Joint Committee on Trade and Gender' (2018) <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/rec-002.aspx?lang=eng> accessed 8 May 2022.

²⁰ CETA Joint Committee on Small and Medium-Sized Enterprises, 'Recommendation 003/2018 of 26 September 2018 of the CETA Joint Committee on Small- and Medium-sized Enterprises (SMEs)' (2018) <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/rec-003.aspx?lang=eng> accessed 8 May 2022.

and Climate Change.²¹ The CPTPP contains Canada's first chapter on SMEs, a chapter also included in the modernized Canada–Israel FTA and the CUSMA.

Canada has also concluded the Global Trade and Gender Arrangement (GTAGA)²² with Chile and New Zealand in August 2020. The GTAGA is modelled on the trade and gender chapters Canada has negotiated in its trade agreements and aims to remove barriers to women's participation in trade as business owners and workers. The GTAGA is an innovative non-binding plurilateral trade instrument, which is open for other countries to join. Mexico signed on to GTAGA and joined the Inclusive Trade Action Group (ITAG) in October 2021.²³ Peru and Colombia signed onto GTAGA in June 2022, and Ecuador and Costa Rica will join both GTAGA and ITAG soon.

14.2.2 *Trade and Gender Nexus*

Trade affects people differently, based on a wide range of factors, including gender.²⁴ Therefore, it is important to incorporate gender perspectives into trade policy in order to pursue inclusive and sustainable economic development and to achieve outcomes that are more beneficial for all, including workers, business owners, and entrepreneurs.

In Canada, women are overrepresented in lower-growth and lower-wage industries, such as the retail trade, and in less export-intensive services such as accommodation and food services.²⁵ In comparison, men dominate sectors where trade plays a significant role, such as manufacturing, agriculture, and

²¹ CETA Joint Committee on Trade, Climate Action and the Paris, 'Recommendation 001/2018 of 26 September 2018 of the CETA Joint Committee on Trade, Climate Action and the Paris Agreement' (2018) <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/rec-001.aspx?lang=eng> accessed 8 May 2022.

²² Government of Canada, 'Global Trade and Gender Arrangement' <www.international.gc.ca/trade-commerce/inclusive_trade-commerce_inclusif/itag-gaci/arrangement.aspx?lang=eng> accessed 8 May 2022.

²³ Government of Canada, 'Inclusive Trade Action Group' <www.international.gc.ca/trade-commerce/inclusive_trade-commerce_inclusif/itag-gaci/index.aspx?lang=eng> accessed 8 May 2022.

²⁴ This has, for instance, been assessed in the framework of CETA. See UNCTAD, 'Trade and Gender – Assessing the Impact of Trade Agreements on Gender Equality: Canada–EU Comprehensive Economic and Trade Agreement' <https://unctad.org/system/files/official-document/UNWomen_2020d1_en.pdf> accessed 8 May 2022.

²⁵ Audrey Ann Bélanger Baur, 'Women-Owned Exporting Small and Medium Enterprises – Descriptive and Comparative Analysis' (2019) <www.international.gc.ca/trade-commerce/economist-economiste/analyse-analyse/women_owned-export-entreprises_femmes.aspx?lang=eng> accessed 8 May 2022.

resource extraction. Women account for a larger share of the workforce in service sectors, such as health services, where 81 per cent of workers are women, and in education services. Therefore, trade policies can have different effects on women and men as workers, depending on the sector in which they are employed and whether that sector is likely to expand or contract because of a trade agreement. Accordingly, trade policies need to consider gender-related factors during FTA negotiations so there is a better understanding of the risks and opportunities for particular population groups in the economy.

14.3 ADVANCING INCLUSIVITY AND GENDER EQUALITY THROUGH TRADE POLICY: FROM POLICY TO PRACTICE

Canada launched FTA negotiations with Mercosur in March 2018²⁶ with a vision to pursue a comprehensive, ambitious, inclusive, and gender-responsive FTA in order to ensure that the benefits and opportunities flowing from international trade are more widely shared, including among traditionally underrepresented groups in international trade. Mercosur Member States and Canada were committed to ensuring that this FTA would realize benefits for all population groups and achieve lasting economic growth and development for all people, including women-owned businesses.²⁷

In these trade negotiations, Canada pursued a two-pronged approach: incorporation of dedicated cooperation-based inclusive trade chapters (such as trade and gender) and mainstreaming gender-responsive and inclusive provisions across the full agreement. This two-pronged approach is considered important because both strategies contribute to achieving a final agreement that supports women's economic empowerment and gender equality.

A dedicated trade and gender chapter is important because it has value in terms of establishing as a priority identifying and removing barriers to women's participation in trade and advancing women's economic empowerment and gender equality. The trade and gender chapter recognizes the importance of

²⁶ Global Affairs Canada, 'Minister Champagne Welcomes Agreement to Launch Trade Negotiations with Mercosur' (GAC 9 March 2018) <www.canada.ca/en/global-affairs/news/2018/03/minister-champagne-welcomes-agreement-to-launch-trade-negotiations-with-mercotur.html> accessed 8 May 2022.

²⁷ Global Affairs Canada, 'Joint Statement on the Launch of Negotiations toward a Comprehensive Free Trade Agreement between Canada and the Mercosur Member States' (9 March 2018) <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/mercotur/joint_statement-declaration_commune.aspx?lang=eng> accessed 8 May 2022.

mutually supportive trade and gender policies and incorporating a gender perspective into trade. It also recognizes the importance of not weakening gender equality laws in order to attract trade or investment, and recognizes the importance of implementing international instruments that advance gender equality and women's economic empowerment (such as the UN Convention on the Elimination of Discrimination Against Women (CEDAW) and the Joint Declaration on Trade and Women's Economic Empowerment).²⁸ It also establishes a framework to undertake cooperation activities and a bilateral committee to oversee the activities and report publicly on progress. These chapters are an important communication tool, giving recognition to the trade and gender nexus, helping build knowledge and understanding of the parties on the issues, and the barriers and challenges faced by women. Because they are cooperation based, they are a no-risk/high-reward opportunity, pragmatic, open to innovation, and customizable based on the needs of FTA partners. The long list of potential cooperation activities demonstrates the challenges faced by women workers or business owners that need to be addressed. These chapters can inspire domestic action as flanking policies and programmes may be developed in response to barriers identified. They also help deliver on SDG 5 and support a march to the top rather than a race to the bottom.

Canada recognizes that there are many misperceptions around the value of trade and gender chapters in trade agreements. Based on the gathering of empirical insights from stakeholders and trade negotiating partners, some of the criticisms include: the chapter is not valuable because it is not enforceable and parties will not take it seriously; the chapter is primarily best-efforts language and allows for a reduced commitment on the part of signatories and thus no real progress on gender equality is achieved; the chapter meddles in social policy or seeks to use a trade agreement to transform societies; the chapter is a hidden pathway to creating non-tariff barriers if parties do not support gender equality or women's economic empowerment domestically; and if there is a trade and gender chapter in an agreement, there is no need to mainstream gender into other chapters of a FTA.²⁹ Canada disagrees with all of these critiques and firmly believes that pursuing only a trade and gender chapter in a trade agreement will not leverage an important opportunity to

²⁸ See Convention on the Elimination of All Forms of Discrimination against Women, A/RES/34/180 (18 December 1979); WTO Joint Declaration on Trade and Women's Economic Empowerment on the Occasion of the WTO Ministerial Conference in Buenos Aires in December 2017 (2017) <www.wto.org/english/thewto_e/minist_e/mc11_e/genderdeclarationmc11_e.pdf> accessed 8 May 2022.

²⁹ Insights based on empirical research (details withheld).

utilize a trade agreement to advance women's economic empowerment and gender equality.

While Canada believes that trade and gender chapters are very important, mainstreaming gender across a trade agreement is equally important. Mainstreaming gender will not only help deliver on inclusive trade and support delivery of the SDGs, but it will also have many other benefits. For example, mainstreaming gender in other chapters will ensure that those provisions are enforceable under the agreement's dispute settlement mechanism as typically to date trade and gender chapters have not been binding (except for the unique circumstance of the modernized Canada–Israel FTA,³⁰ which has a modified dispute settlement approach). Mainstreaming demonstrates that trade is not gender-neutral and that gender is relevant in all chapters of an FTA, and also in committee work following entry into force. It also helps move beyond narrowly defined sectoral rules and policies; inspires domestic policy development and implementation in women's economic empowerment and gender equality areas; helps achieve overall domestic and trade policy coherence; and supports a holistic and whole-of-government approach to trade and gender policies. In addition, it serves to get governments to lead by example in addressing trade and gender issues and thus potentially inspire action by the business sector.

To that end, Canada is conducting comprehensive analysis and research to inform these negotiations. The overall findings are based on four elements:

- Element 1: Understanding the characteristics of women-owned SMEs, their propensity to export, and the obstacles they face;
- Element 2: *Ex ante* economic impact assessment;
- Element 3: *Ex post* analysis; and,
- Element 4: Comprehensive and dynamic GBA Plus.

Part of this analysis is conducted in parallel with the negotiations to ensure that findings are taken into account during the negotiations whenever possible. For example, the *ex ante* economic assessment and the initial GBA Plus are conducted before launching free trade negotiations. Therefore, the results of the economic impact assessment can inform the initial GBA Plus from the outset and during the negotiations.

³⁰ See Government of Canada, 'Canada–Israel Free Trade Agreement (CIFTA) – Building on 20 Years of Growth' <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/israel/fta-ale/index.aspx?lang=eng&_ga=2.172535846.441821398.1638973123-2080543025.1611591818> accessed 8 May 2022.

14.3.1 *Element 1: Understanding the Characteristics of Women-Owned SMEs, Their Propensity to Export and the Obstacles They Face*

Studies have shown that women-owned businesses contribute \$150 billion to the Canadian economy³¹ and employ over 1.5 million people.³² Furthermore, women start businesses at a greater rate than men in Canada, but women-owned businesses account for less than 16 per cent of SMEs³³ in Canada, and only 11 per cent of them export.³⁴

Using data from Statistics Canada's Survey on Financing and Growth of Small and Medium Enterprises (2011, 2014, 2017), a study by Bélanger Baur³⁵ looked at the trends and business characteristics of Canadian exporting SMEs by gender of ownership. Women-owned SMEs are those where women's representation is greater than 50 per cent, which can mean 100 per cent women ownership or a majority of it. One of the main findings of the study is that women-owned SMEs, in contrast to men-owned SMEs and equally owned SMEs, saw their export propensity (share of firms that export) more than double, growing from 5.0 per cent to 11.1 per cent, from 2011 to 2017.

The use of online tools to conclude sales could contribute to explaining this shift. Some preliminary research using firm-level data and controlling for firms' size, labour productivity, sector, education, management experience, and age of firm,³⁶ shows that innovation and e-commerce allow women-owned SMEs to succeed internationally. Having an online payment feature is actually increasing the probability to export by 40 per cent compared to 20 per cent for men-owned and equally owned SMEs. Marketing innovation, or new ways to sell, leads to an increase in probability to export of 25 per cent for women-owned SMEs compared to 18 per cent for men-owned and equally

³¹ Laura Cooper, 'Canadian Women Grabbing the Baton' (RBC Economics Research October 2013) <www.rbc.com/economics/economic-reports/pdf/other-reports/canadianwomengrabbingthebaton.pdf> accessed 8 May 2022.

³² BMO Financial Group, 'BMO Women's Day Study: Majority of Canadian Women Would Start Their Own Business' (2 March 2012) <<https://newsroom.bmo.com/2012-03-02-BMO-Womens-Day-Study-Majority-of-Canadian-Women-Would-Start-Their-Own-Business>> accessed 8 May 2022.

³³ Ibid 25; Bélanger Baur, 'Women-Owned Exporting Small and Medium Enterprises' (n 25).

³⁴ Bélanger Baur, 'Women-Owned Exporting Small and Medium Enterprises' (n 25).

³⁵ Ibid.

³⁶ See Julia V. Sekkel and Weimin Wang, 'Closing the Gender Gap in Exporting: Identifying Women's Exporting Successes Using Firm-Level Data in Canada' (in press WTO publication, September 2023). For a short version of the paper <www.international.gc.ca/trade-commerce/economist-economiste/index.aspx?lang=eng> accessed 29 September 2022.

TABLE 14.1 *Exporting SMEs that considered these obstacles as moderate or major when exporting (%)*

	Women-owned	Equally owned	Men-owned	All SMEs
Logistical	23.9	19.1	18.6	19.5
Border	21.7	16.8	17.2	17.8
Foreign administration	19.2	20.7	14.3	16.3
Financial risk	10.7	15.5	15.8	14.9
Marketing knowledge	10.8	15.8	13.5	13.5
Lack of financing or cash-flow	9.3	9.6	14.3	12.7
Domestic administration	11.5	7.6	10.0	9.7
IP issues	3.3	2.3	6.6	5.3
Other	5.5	12.8	9.1	9.3

Data: Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprises, 2017.

Source: Office of the Chief Economist, Global Affairs Canada; and see Julia V. Sekkel, 'Women-Owned SMEs and Trade Barriers' (2020) <www.international.gc.ca/trade-commerce/economist-economiste/analysis-analyse/women_owned_smes_trade-pme_commerce_appartenant_femmes.aspx?lang=eng>

owned SMEs.³⁷ This emphasizes the importance of e-commerce for SMEs in general, but even more so for women-owned SMEs.

Using the data from Statistics Canada's Survey on Financing and Growth of Small and Medium Enterprises (2017),³⁸ Sekkel shows the percentage of exporting SMEs that considered obstacles while exporting as moderate or major, disaggregated by gender of ownership (Table 14.1).³⁹ Women-owned SMEs are more likely to cite logistical, border, and foreign administrative obstacles as an impediment to exporting. Logistical obstacles relate to distance to customers, transportation costs, and brokerage fees. Border obstacles include tariffs, non-tariff barriers, and import quotas, while foreign administrative obstacles refer to foreign customer requirements, product standards,

³⁷ Ibid.

³⁸ For a summary, see Government of Canada, 'Summary of the Survey on Financing and Growth of Small and Medium Enterprises, 2017' (2018) <[www.ic.gc.ca/eic/site/061.nsf/vwapj/SFGSME_Summary-EFCPME_Sommaire_2017_eng-V2.pdf/\\$file/SFGSME_Summary-EFCPME_Sommaire_2017_eng-V2.pdf](http://www.ic.gc.ca/eic/site/061.nsf/vwapj/SFGSME_Summary-EFCPME_Sommaire_2017_eng-V2.pdf/$file/SFGSME_Summary-EFCPME_Sommaire_2017_eng-V2.pdf)> accessed 8 May 2022.

³⁹ Julia V. Sekkel, 'Women-Owned SMEs and Trade Barriers' (2020) <www.international.gc.ca/trade-commerce/economist-economiste/analysis-analyse/women_owned_smes_trade-pme_commerce_appartenant_femmes.aspx?lang=eng> accessed 8 May 2022.

and technology requirements. Since women-owned SMEs represent a larger proportion of exporters to non-US markets (e.g., Europe, India, others) relative to men-owned SMEs, this could explain their perception about logistical obstacles. The lack of financing or cash flow is perceived as an obstacle but to a lesser degree and is less of an impediment than for men-owned SMEs. According to Huang and Rivard (2020), women are more likely than men to be approved for credit but also to be discouraged from borrowing.⁴⁰

Other research has shown that women-owned businesses around the world also face other challenges, such as lack of financing or violence and harassment at border crossings, which can affect their ability and willingness to participate in trade.⁴¹

14.3.2 Element 2: *Ex ante* Economic Impact Assessment

In order to produce an Economic Impact Assessment (EIA) of potential FTAs, the Office of the Chief Economist at Global Affairs Canada has employed a Computable General-Equilibrium (CGE) model for many years. A CGE model is a mathematical representation of the structure of the economy and the behavioural response of firms, households, and the government. The model includes different countries and regions of the world with which Canada trades. Such a model provides for a simulation as opposed to a forecast. It allows for a comparison between a base case scenario (i.e., the current economy and trade) and a scenario based on what the economy would

⁴⁰ Lyming Huang and Patrice Rivard, 'Financing of Women-Owned Small and Medium-Sized Enterprises in Canada' (2021) <[www.ic.figc-gccf.gc.ca/eic/site/061.nsf/vwapj/2021_Fin_women-owned-SMEs_Canada_EN4.pdf](http://www.ic.figc-gccf.gc.ca/eic/site/061.nsf/vwapj/2021_Fin_women-owned-SMEs_Canada_EN4.pdf/$file/2021_Fin_women-owned-SMEs_Canada_EN4.pdf)> accessed 8 May 2022.

⁴¹ A. Atkinson and F. Messy, 'Measuring Financial Literacy – Results of the OECD / International Network on Financial Education (INFE) Pilot Study' (2012) OECD Working Papers on Finance, Insurance and Private Pensions No. 15, 43 <<https://doi.org/10.1787/5k9cfsf90fr4-en>> accessed 8 May 2022; Government of Canada, 'Majority-Female Owned Exporting SMEs in Canada' (2016) <https://tradecommissioner.gc.ca/businesswomen-femmesdaffaires/assets/pdfs/majority-female_owned_exporting_smes_canada_eng.pdf?_ga=2.159767997.1696028190.1649271305-1421400920.1649056212> accessed 8 May 2022; Marco Marchese, 'Policy Brief on Access to Business Start-Up Finance for Inclusive Entrepreneurship – Entrepreneurial Activities in Europe' (2014) 19 <www.oecd.org/cfe/leed/Financing%20inclusive%20entrepreneurship%20policy%20brief%20EN.pdf> accessed 8 May 2022; Government of Canada, 'Survey on Financing and Growth of Small and Medium Enterprises' (2014) Table 25 <[www.ic.gc.ca/eic/site/061.nsf/vwapj/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf](http://www.ic.gc.ca/eic/site/061.nsf/vwapj/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf/$file/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf)> accessed 8 May 2022; World Bank, 'Women, Business and the Law' (2019) <<http://pubdocs.worldbank.org/en/702301554216687135/WBL-DECADE-OF-REFORM-2019-WEB-04-01.pdf>> accessed 8 May 2022.

look like once the policy shock has been implemented and time has allowed the economy to adjust. Here, the policy shock is a new trade agreement which can be incorporated in phases in the model to account for immediate and gradual tariff reduction. The difference between these two states is the impact of the shock.

The impact of a new FTA comes from changes in factor prices and allows a country to reallocate its resources from sectors where there is a comparative advantage. An improved allocation of resources in the economy provides for a more efficient outcome, hence a better economic outcome globally.

However, a more efficient allocation of resources does not automatically mean more employment. An increase in production in a specific sector might be achieved through an increase in capital, not labour. It is also possible that an increase in production in another sector is achieved through an increase in labour. In an economy where labour markets operate freely, changes in output in expanding sectors would result in more employment in that sector, to the detriment of sectors that are contracting. Hence, the overall impact on employment could seem to be small.

In light of the desire to assess if and how a free trade agreement would impact men and women differently, the Office of the Chief Economist at Global Affairs Canada expanded its existing modelling capacity to include a newly developed labour market module. The model follows the structure of the Global Trade Analysis Project (GTAP) model developed and supported by Purdue University,⁴² but has been expanded to include a labour market with some friction. This expanded model takes into account the potential impacts on gender, age, and the distribution of Canadian workers across eight different occupational groups and sixty-five sectors of the economy.

The labour module allows for substitution between workers of different age groups, substitution between men and women, and between occupations. The friction in the labour market means that, at any point in time, there is no longer full employment. Rather, changes occur in unemployment and movements in and out of the labour market for men and women separately. Trade liberalization can generate both smooth job transitions and involuntary unemployment as some firms expand, while others are forced to cut back output and reduce their workforce in response to a loss of market share due to imports. Further, trade liberalization could also have an impact on labour

⁴² Martina Brockmeier, 'A Graphical Exposition of the GTAP Model' (1996, as revised in 2001) GTAP Technical Paper No. 8 <www.gtap.agecon.purdue.edu/resources/download/181.pdf> accessed 8 May 2022.

force participation: higher real wages and associated job creation may encourage those who are not in the labour force to seek work.

Canada used its CGE model to assess the potential impacts of trade liberalization under the proposed Canada–Mercosur FTA. This model allowed Canada to look at new dimensions such as the potential impacts on overall employment, employment by gender, employment by age groups, or employment by occupation. For the purpose of this analysis, complete elimination of tariffs is assumed between Canada and the four Mercosur countries, with no exception made for ‘sensitive products’.

Based on full implementation of the agreement, the results on the Canadian economy by 2040 suggest that the benefits could be widely shared from an inclusive trade perspective.⁴³

Under the potential Canada–Mercosur FTA, the sectors projected to add the most jobs would be in services and domestic trade. Given that there is a higher proportion of women workers in these sectors, the Agreement would generate a disproportionately larger demand for female workers. Accordingly, the overall demand for female workers would increase by 4,489, compared to a net increase of male employment of 4,086.

The potential FTA could lead to an expansion in participation of the Canadian labour force by attracting workers from the non-participating working-age population and distributing the income gains more widely. Further, the increase would be moderately weighted in favour of women, which shows that this FTA would benefit women and improve gender equity.

The findings from the EIA suggest that enhancing economic cooperation in the form of an FTA between Canada and Mercosur countries is desirable, and would generate economic benefits for both economies, including positive effects for underrepresented groups in Canada’s economy.⁴⁴ The expansion of trade between Canada and Mercosur countries would drive economic gains, generate jobs and promote gender balance in the Canadian economy, and encourage youth employment and greater labour participation. All these effects would support a broader sharing of the benefits of the Agreement, including amongst traditionally underrepresented groups in the economy and trade.⁴⁵ Unfortunately, it is not possible to evaluate the similar impacts on the other negotiating parties. The CGE model used only has the extension for

⁴³ Global Affairs Canada, ‘Summary of Initial GBA+ for Canada Mercosur FTA Negotiations’ (2019) Online Stakeholder Consultations Paper <www.international.gc.ca/trade-commerce/assets/pdfs/gba_plus_summary-acsc_plus_resume_eng.pdf> accessed 8 May 2022.

⁴⁴ Ibid.

⁴⁵ Ibid.

the Canadian labour market due the availability of extensive gender-disaggregated data.

Canada has also used this methodology in its EIA of the CUSMA.⁴⁶ The implementation of the CUSMA outcome secures GDP gains of \$6.8 billion (USD 5.1 billion), or 0.25 per cent, which would have been lost if the United States had withdrawn from NAFTA.⁴⁷ From a labour perspective, CUSMA can secure nearly 38,000 jobs that would otherwise be lost while preserving real wage gains for Canadian workers, particularly machinery operators, manual labourers, and sales workers. From a gender perspective, the jobs secured are expected to be almost evenly split between men and women (18,708 jobs held by men that were preserved and 18,853 jobs held by women that were preserved).⁴⁸ Overall, these outcomes could have a positive impact on middle-class jobs and improve income equality in Canada.

14.3.3 Element 3: *Ex post* Analysis

In order to study the long-term impacts of an FTA on labour market outcomes, leading researchers⁴⁹ have used longitudinal employer–employee data from Canada for the years 1984–2004. The employment of workers employed in 1988 in industries affected by tariff reductions was followed and the long-run effects of the CUSFTA⁵⁰ was examined on labour market outcomes including cumulative earnings, and whether the worker was more likely to be separated from their initial employer, leave their initial industry, or experience periods of unemployment. The longitudinal nature of the data allowed for the examination of these trajectories in detail while controlling for pre-existing conditions and trends for affected workers.

The study also provides results by gender to assess how the CUSFTA might have differentially affected labour market outcomes for women, including workforce separations and lifetime earnings. The main findings related to gender impacts of the CUSFTA are as follows: (i) among low-attachment

⁴⁶ Global Affairs Canada, 'The Canada–United States–Mexico Agreement, Economic Impact Assessment' (2020) <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/economic_assessment-analyse_economiques.aspx?lang=eng> accessed 8 May 2022.

⁴⁷ Ibid 7.

⁴⁸ Ibid.

⁴⁹ Allison Devlin, Brian K. Kovak, and Peter Morrow, 'The Long-Run Labour Market Effects of the Canada–U.S. Free Trade Agreement' (2020) Research Report prepared for Global Affairs Canada <www.aeaweb.org/conference/2021/preliminary/paper/qibAiHk4> accessed 8 May 2022.

⁵⁰ Canada–US FTA (no longer in force).

workers,⁵¹ men have lower lifetime earnings overall with a larger effect on earnings at the initial employer while women have experienced no discernible effects; (ii) men and women have benefited equally from US concessions, particularly with respect to strong positive effects on earnings at the initial employers; (iii) for high-attachment workers,⁵² women have benefited from Canadian concessions, with much of the effect coming from earnings at the initial employer while for men there is no effect of Canadian concessions on either type of income.

These results show that workers can be affected in many different ways, depending on their attachment to the labour market, the sector in which they operate, and how the sector is affected by concessions. It also shows that indirect but positive benefits can be found in the long run. An FTA that stimulates the economy overall can also stimulate in a positive way sectors of the economy not directly affected by concessions. Prospects in sectors that are less trade-intensive such as retail trade and some services can improve and provide for better conditions overall.

14.3.4 *Element 4: Dynamic GBA Plus*

The gender impact assessment of the Canada–Mercosur FTA was conducted using gender-based analysis plus (GBA Plus).⁵³ GBA Plus is an analytical process used by the Government of Canada to assess how domestic and international policies, programmes, initiatives, organizations, and activities may affect diverse groups of women, men, and non-binary people.⁵⁴ The *plus* of GBA Plus aims to ensure that policymakers consider other overlapping identity factors of the Canadian population such as Indigeneity, race, ethnicity, culture, religion, immigration status, disability, age, sexual orientation, and geographic region of residence (urban, rural, remote, coastal, or northern) when they are developing policy. The aim behind this approach is to put people at the heart of decision-making and ensure that policies do not perpetuate or exacerbate existing inequalities. Applying the GBA Plus

⁵¹ Low-attachment workers are defined as those who earned less than the equivalent of 1,600 annual hours of work at the nominal provincial minimum wage in every year between 1985 and 1988.

⁵² High-attachment workers are defined as those who earned at least the equivalent of 1,600 annual hours of work at the nominal provincial minimum wage in every year between 1985 and 1988.

⁵³ Government of Canada, ‘Gender-Based Analysis Plus (GBA+)’ <<https://women-gender-equality.canada.ca/en/gender-based-analysis-plus.html>> accessed 8 May 2022.

⁵⁴ *Ibid.*

analytical framework to trade policy and an ongoing FTA negotiation is breaking new ground and realizing value-added benefits to the negotiations. GBA Plus is in fact changing the way Canada does trade policy.⁵⁵

14.3.4.1 Overview of GBA Plus

Canada is conducting a GBA Plus on each of the twenty-five chapters⁵⁶ currently under negotiation as part of the potential Canada–Mercosur FTA. This requires that the lead negotiators of these chapters conduct an analysis on the potential GBA Plus effects and opportunities associated with each chapter's provisions.

Supported by a custom-designed questionnaire to guide them in their analysis, lead negotiators were tasked to consider a range of effects (positive and negative, direct and indirect, intended and unintended) associated with their chapters' provisions on various industries and sectors of the economy, as they related to men and women performing various roles – such as workers, business owners, entrepreneurs, and consumers. They were also asked to consider any different effects of the chapter on men and women based on other intersectional characteristics, with Indigeneity and SMEs as priority issues to consider, and any other relevant considerations which might arise and for which data or other evidence were available. They were asked to consider how they could mitigate a negative effect or enhance a positive opportunity through a new trade policy provision in their chapter. In addition, lead negotiators were asked to regularly update their GBA Plus before each round of negotiations with Mercosur by integrating information on progress to date, adding new data and evidence as it is identified, and analysing these

⁵⁵ Government of Canada, 'Overview: Trade Policy and Gender-Based Analysis Plus' <www.international.gc.ca/trade-commerce/gender_equality-egalite_genres/gba_plus-acs_plus.aspx?lang=eng> accessed 8 May 2022.

⁵⁶ The twenty-five chapters are grouped into four sets of related chapters: Goods (National Treatment and Market Access for Goods; Rules of Origin; Origin Procedures; Customs and Trade Facilitation; Sanitary and Phyto-sanitary Measures; Technical Barriers to Trade; Good Regulatory Practices; Trade Remedies); Services, investment, and government procurement (Cross-Border Trade in Services; Temporary Entry; Telecommunications; Electronic Commerce; Financial Services; Investment; State-Owned Enterprises; Competition Policy; Intellectual Property Government Procurement); Inclusive trade (Environment; Labour; Trade and Gender; Micro, Small and Medium-Sized Enterprises (MSMEs); Trade and Indigenous Peoples); Institutional and dispute settlement (Preamble and five institutional chapters [Initial Provisions and General Definitions; Institutional and Administrative Provisions; Exceptions and General Provisions; Transparency, Anti-Corruption, Corporate Social Responsibility and Responsible Business Conduct; Final Provisions]; and Dispute Settlement).

inputs to reveal findings to inform the negotiation strategy through the development of new provisions. This process is ongoing (at the time of this writing), and the GBA Plus continues to be updated as Canada tables new provisions in negotiations with Mercosur. GBA Plus is a dynamic process which is continually realizing benefits to the negotiations and allows for tabling of new provisions in real time. With the help of the findings collected through this process, to date fifteen of twenty-five chapters in its negotiations with Mercosur have presented opportunities for Canada to propose at least one new inclusive or gender-responsive trade policy provision.

Canada's analysis was also informed by the Economic Impact Assessment (see Element 3) and feedback received from a diverse range of stakeholders between September and December of 2018. A summary of the initial GBA Plus for the Canada–Mercosur FTA negotiations was published in August 2019 for public review and comment over a ninety-day period.⁵⁷ A 'What We Heard' report was published in June 2020 that summarizes the comments received from stakeholders and experts.⁵⁸ Lead negotiators were subsequently informed of these comments, so they can consider and address them wherever possible.

14.3.4.2 GBA Plus Case Studies

Among others, two chapters in particular present opportunities to integrate inclusive and gender-responsive trade policy provisions in trade agreements: Electronic Commerce and Government Procurement.

CASE STUDY 1: ELECTRONIC COMMERCE Canada's model electronic commerce chapter that it has tabled in negotiations aims to facilitate the use of electronic commerce as a means of facilitating trade in goods and services. It enhances the viability of the digital economy by ensuring that impediments to both consumers and businesses embracing this medium of trade are addressed. Canada recognizes that the successful integration of electronic commerce into the global economy is dependent upon the level of trust and confidence businesses and consumers have in the digital environment.

In doing the research to support the GBA Plus, the leads found an OECD study that suggests the use of digital platforms, mobile phones, and mobile money could lead to an overall increase in women's participation in the

⁵⁷ Global Affairs Canada, 'Summary of Initial GBA+ for Canada Mercosur FTA Negotiations' (n 44).

⁵⁸ Ibid.

economy.⁵⁹ The use of digital platforms may offer women many additional opportunities, including the possibility to overcome challenges related to physical immobility, gain access to new markets and knowledge, enjoy flexible working hours, and supplement their household income. The Organisation for Economic Co-operation and Development (OECD) also notes that the use of digital trade platforms may therefore result in higher female employment rates than in traditional industries or businesses.⁶⁰ The OECD also notes that greater digitalization and cheaper online access can benefit in particular women-owned businesses that tend to be smaller and more vulnerable to downturns in the economy.⁶¹

The GBA Plus also found that Canada's model FTA chapter on electronic commerce could affect all sectors of the economy that engage in digital trade and may have different effects on men and women operating in the sector. Within the category of 'electronic shopping', nearly an equivalent number of men and women are employed in Canada. However, there continues to be a considerable gap in salaries – the average women's salary is more than 50 per cent below the average salary for men.⁶² In terms of diversity, Indigenous Peoples occupied 2 per cent of jobs within the Canadian electronic shopping sector. Furthermore, an international study of micro, small, and medium-sized enterprises (MSMEs) found that while only 25 per cent of traditional offline businesses are women-owned, women-owned online businesses represent 50 per cent of the total number.⁶³ A growth in electronic commerce will likely also have a positive impact on Indigenous Peoples' participation in economic activities of various sectors.

The GBA Plus found that electronic commerce has the potential to act as a tool to advance gender equality and close the gender digital divide by facilitating access to international markets for SMEs owned by women, Indigenous Peoples, and other underrepresented groups, such as persons with disabilities and those living in rural, remote, or northern regions of Canada. In this

⁵⁹ OECD, 'Going Digital: The Future of Work for Women' (2017) Policy Brief on the Future of Work <www.oecd.org/employment/Going-Digital-the-Future-of-Work-for-Women.pdf> accessed 8 May 2022.

⁶⁰ Ibid.

⁶¹ Jane Korinek, Evdokia Moisé, and Jakob Tange, 'Trade and Gender: A Framework of Analysis' (2021) OECD Trade Policy Papers No. 246 <<https://doi.org/10.1787/6db59d80-en>> accessed 8 May 2022.

⁶² Statistics Canada, 'North American Industry Classification System (NAICS) Canada 2012, All Demographics' <www.statcan.gc.ca/en/subjects/standard/naics/2012/index> accessed 8 May 2022.

⁶³ ITC, 'New Pathways to E-Commerce: A Global MSME Competitiveness Survey' (2017) <<https://intracen.org/media/file/2437>> accessed 8 May 2022.

regard, two new e-commerce-related commitments have been advanced to address potential negative effects/risks and leverage positive opportunities for women and other underrepresented groups in the economy and trade, namely:

- a provision in the cooperation article to promote accessibility to information and communications technologies for underrepresented groups/people with specific needs, including women and girls, Indigenous Peoples, and persons with disabilities; and
- a provision in the Personal Information Protection article that commits the parties to ensure that they maintain a domestic legal framework that provides for the protection of personal information of electronic commerce users. (This provision may also be of particular importance to LGBTQI+ communities concerned about protecting their private lives from employer, state, or public scrutiny).

CASE STUDY 2: GOVERNMENT PROCUREMENT Canada's model government procurement (GP) chapter that has been tabled in negotiations aims to secure preferential access to trading partners' GP markets, while retaining the necessary domestic policy space to achieve socio-economic objectives. The proposed GP chapter for negotiations with Mercosur contains two sections: the procedural rules laid out in the chapter and the market access commitments listed in the Annexes. The procedural rules, which establish the manner in which GP is conducted, are governed by four core principles: national treatment, fairness, transparency, and accountability. These rules support the primary objective of providing Canadian businesses with an increased ability to access GP opportunities in foreign markets.⁶⁴

The estimated annual value of contracts awarded by Canada's federal government departments and agencies is about \$22 billion, accounting for about 1.2 per cent of GDP.⁶⁵ These procurements occur across all sectors and industries. Considering that Canada's existing procurement market is generally open to foreign suppliers, any economic effects from the GP chapter

⁶⁴ The market access commitments set out the GP opportunities to which these rules apply and identify the government entities, contract value thresholds, goods and services, and other exclusions that are used to determine whether a procurement is 'covered' by the obligations of the GP chapter.

⁶⁵ Government of Canada, 'Public Services and Procurement Canada Unveils Plan to Modernize Federal Procurement' (5 March 2019) <www.canada.ca/en/public-services-procurement/news/2019/03/public-services-and-procurement-canada-unveils-plan-to-modernize-federal-procurement.html> accessed 8 May 2022.

would be largely dependent on the value of the market access commitments provided by Mercosur. Canadian suppliers of goods and services would benefit from access to GP opportunities in the Mercosur countries in various areas such as information and communications technology, telecommunications, energy technologies, and environmental goods and services. In doing the research to support the GBA Plus, the lead negotiators found that in Canada, women-owned SMEs are active in all of these sectors and industries, but particularly in environmental goods and services.

In line with these findings, in the Canada–Mercosur FTA negotiations, Canada seeks to mainstream gender equality and inclusivity provisions in the GP chapter. In the GP chapter, the GBA Plus found that there is an opportunity to increase the participation of women- and Indigenous-owned businesses and other SMEs in the GP market in Canada in order to build their capacity and grow their businesses. Canada can seek the inclusion of a provision in its Market Access Schedule to maintain flexibility to take into account socio-economic considerations in procurements so as to increase the participation of these groups in accessing GP opportunities in Canada.

These two case studies show that there are opportunities to advance inclusive and gender-responsive provisions in various chapters. However, while some chapters do not have direct gender-responsive or inclusive trade provisions appearing in the chapter texts, this does not mean that they do not have gender-related benefits. For example, many of the chapters, especially those related to goods, aim to make trade rules transparent and predictable and to reduce costs for businesses; this is especially important for SMEs, in particular for women-owned businesses that tend to be even smaller than men-owned SMEs,⁶⁶ and tend to have a higher proportion of fixed costs as a percentage of expenditures. In addition, while cooperation activities listed in some chapters – particularly those relating to gender, MSMEs, and Indigenous Peoples – advance gender equality, women's economic empowerment and inclusivity, it will be especially important to effectively implement these activities and demonstrate value-added and positive results over time.

14.3.5 *Assessing Canada's Experience in Respect of the GBA Plus Process*

In order to promote sustainable and inclusive economic growth through evidence-based policies, Canada has conducted a quantitative and qualitative assessment of the possible effects on Canadians of the potential Canada–

⁶⁶ See Bélanger Baur, 'Women-Owned Exporting Small and Medium Enterprises' (n 25).

Mercosur FTA. This approach may help deliver a more gender-responsive and inclusive FTA where women realize the benefits and opportunities of trade as much as men do. GBA Plus can help make an FTA a tool to achieve women's economic empowerment and gender equality outcomes – not only in Canada but also with willing negotiating partners who realize the value of fully integrating women into the economy and trade. In fact, a GBA Plus of trade policies – bilateral, regional, plurilateral, and multilateral – can help achieve not only gender equality outcomes but also sustainable economic development and prosperity for all, consistent with the SDGs that all countries have endorsed.

There are strengths in Canada's approach of applying GBA Plus to an ongoing trade negotiation. The approach includes both a quantitative and a qualitative dimension, with the former informing the latter. The quantitative side is led by the Office of the Chief Economist at Global Affairs Canada using data from Statistics Canada, and the qualitative side is led by negotiators who know their chapters and are well supported by the Gender Focal Point for trade policy and negotiations. As GBA Plus is applied to a variety of trade policy initiatives, this approach is also proving adaptable to different scenarios – new FTAs, modernizations, and accessions; *ex ante* and *ex post* scenarios; and, bilateral, plurilateral, and multilateral contexts. This approach also provides an opportunity for stakeholder feedback and it supports transparency and accountability. When GBA Plus is applied, negotiators are able to table new innovative provisions to address findings in real time at the negotiating table and brief the trade partner on the rationale behind the new proposal, thus building buy-in for the approach and the importance of advancing women's economic empowerment and gender equality through the FTA. In addition, this approach helps Canada promote alignment with and development of domestic flanking policies as required.

There are limitations in applying GBA Plus to FTA negotiations that are important to recognize. For example, a limitation could be that a GBA Plus finding cannot be addressed through a policy provision in a trade agreement. This would mean that addressing the finding would need to be undertaken by another ministry in the government – beyond the trade negotiators. A close and integrated communication must therefore exist among ministries so that they can work together and develop a coherent domestic policy response to a GBA Plus finding in a trade agreement negotiation. In some instances, it may be necessary for the country applying this process to redesign or develop new domestic policies and programmes to mitigate risks or enhance opportunities. In addition, GBA Plus reveals and confirms what is well known: that trade outcomes that benefit one group (for example, consumers who benefit from

lower-priced products) may negatively affect another population segment (for example, workers in an industry that would lose its protection once tariffs are removed). Hence, GBA Plus, while uncovering or confirming this tension, may not necessarily produce an immediate win-win solution. However, it may help identify the population group most at risk so those impacts and implications can be taken into account during negotiations and domestic implementation. Another limitation in the successful application of GBA Plus to FTA negotiations may be the lack of gender-disaggregated data across a range of important variables. This gap, however, should not impede analysis if other evidence can be collected through consultations or case studies. It is important to undertake the GBA Plus work in an iterative way, building skills and knowledge, as the challenges for women are generally/intuitively well-known and further delay for the collection and analysis of data will only make things worse for the women who need support.

While the GBA Plus process applied to an ongoing trade negotiation has some limitations, early benefits have already been realized: it is recognized by Canada's trade negotiators that conducting GBA Plus on the ongoing Mercosur FTA negotiations has been a valuable undertaking. It is providing trade negotiators with a richer sense of the impacts and effects of FTA provisions on Canadian workers, entrepreneurs, business owners, and consumers; it is helping officials develop in real time and on an ongoing basis new and innovative gender-responsive and inclusive trade policy provisions to address effects and opportunities; it is supporting the continuous strengthening and innovating of Canada's FTA chapters; and it has effectively informed the FTA negotiation strategy to date.

GBA Plus has also served to highlight data and knowledge gaps that need to be addressed in order to ensure effective GBA Plus of future FTA chapters (for example, indirect employment effects by industry, gender, and other intersectional characteristics; consumer effects). GBA Plus has also highlighted that FTAs do more than seek lower tariffs and increase market access opportunities: FTAs can positively influence a range of factors that affect participation in the economy, such as transparency, cutting red tape, and advancing global norms and standards. The overall benefit of applying GBA Plus to FTA negotiations is that it has the potential to help craft and deliver a more gender-responsive and inclusive trade agreement than ever before.

In terms of ensuring effective GBA Plus of trade agreements on an *ex ante* basis, there are some key success factors that need to be considered. These include: collection and analysis of substantial gender-disaggregated data across a number of economic and trade variables; capacity to interpret the data in a trade policy context and to develop and implement advanced economic

modelling with it; a willingness to move beyond some common assumptions such as that trade is gender-neutral; well-functioning government ministries that consult each other regularly; training and guidance for negotiators on how to conduct GBA Plus of their chapters; and strong internal governance systems to ensure implementation of the GBA Plus policy.

14.4 CONCLUDING REMARKS

In the span of a few years, Canada has been able to analyse, develop, and implement changes in its approach to trade policy, in particular as it relates to gender. Canada went from few considerations on gender to specific provisions in CPTPP to dedicated chapters on trade and gender in the Canada–Chile and Canada–Israel FTAs, to a full GBA Plus assessment for the ongoing Canada–Mercosur FTA, and can undertake this approach, with any necessary modifications based on learning, in all future FTA negotiations, including with ASEAN, Indonesia,⁶⁷ United Kingdom,⁶⁸ and Ukraine.⁶⁹

A better understanding of women-owned SMEs' participation in international trade and the barriers they face also allows the Trade Commissioner Service⁷⁰ of Global Affairs Canada to better target their programming activities through the Business Women in International Trade,⁷¹ trade missions tailored to the needs of women entrepreneurs, or through trade promotion activities when new trade agreements come into force. The extension in the analysis to assess potential impacts of a FTA on gender through the labour markets provides a better understanding of the impacts on the labour markets in general and helps in assessing if any adaptation measures are needed in the short or medium term. In the long term, based on evidence

⁶⁷ Government of Canada, 'Summary of Initial GBA Plus for the Canada–Indonesia CEPA negotiations' <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/indonesia-indonesie/cepa-apeg/summary-gba-acs-resume.aspx?lang=eng> accessed 11 September 2022.

⁶⁸ Government of Canada, 'Summary of Initial GBA Plus for the Canada–UK FTA negotiations' <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/canada_uk_fta-ale_canada_ru/summary-gba-init-resume-acs.aspx?lang=eng> accessed 11 September 2022.

⁶⁹ Government of Canada, Summary of Initial GBA Plus for Negotiations to Modernize the Canada–Ukraine FTA <www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ukraine/summary-gba-acs_sommaire.aspx?lang=eng> accessed 16 May 2023.

⁷⁰ Government of Canada, 'Trade Commissioner Service' <www.tradecommissioner.gc.ca/index.aspx?lang=eng> accessed 8 May 2022.

⁷¹ Government of Canada, 'Business Women in International Trade' <www.tradecommissioner.gc.ca/businesswomen-femmesdaffaires/index.aspx?lang=eng> accessed 8 May 2022.

from the *ex post* analysis of the CUSFTA, some sectors can benefit directly from the concessions, others could benefit indirectly because of the overall impact of the economy leading to more activities in other sectors, but some workers in sectors affected might need time to adjust to the new realities.

The dynamic GBA Plus that Canada has piloted with the Canada–Mercosur FTA negotiations has resulted in the identification of opportunities in fifteen of twenty-five chapters to present new, innovative gender-responsive inclusive provisions in real time at the negotiating table to help ensure that women and other underrepresented groups in trade can share more in the benefits of this potential trade agreement. Canada is committed to applying learning from this analysis and negotiations to future trade negotiations bilaterally. There is also an opportunity for Canada to share its experience with trade partners in plurilateral and multilateral contexts. For example, Canada could support the comprehensive application of GBA Plus to the work of the WTO, including its negotiating, reporting, and monitoring functions, as well as implementation of agreements. This would help deliver on the commitments that WTO members made in December 2017 in the Buenos Aires Declaration on Trade and Women's Economic Empowerment⁷² at the WTO 11th Ministerial Conference (MC11).

There is no doubt that Canada has made great progress, but it is just the start of the journey. It continues to try to understand better how trade affects other underrepresented groups such as Indigenous Peoples, new immigrants, and visible minorities. As it understands better the linkages between trade and gender, Canada is committed to refine its approach.

⁷² WTO, 'Buenos Aires Declaration on Women and Trade Outlines Actions to Empower Women' (12 December 2017) <www.wto.org/english/news_e/news17_e/mc11_12dec17_e.htm> accessed 8 May 2022.

