

[Home](#)

APEC case study: Canada's application of GBA+ to a trade negotiation – Helping to achieve socio-economic inclusion by applying gender and inclusivity lens to trade agreements

Trade has been a significant stimulus to economic development and global prosperity, including in Canada. To further stimulate prosperity, increasing the number of women-owned business exporters is important and will contribute to increased socio-economic inclusion, including in the APEC region. Data shows that increasing the number of women-owned exporting firms has been a challenge for Canada: Women-owned businesses contribute \$150 billion to the economy, employ over 1.5 million people, and start-up at a greater rate than men, but they accounted for only 15.7% of small- and medium-sized enterprises (SMEs) in Canada in 2017. Even though women-owned exporters in Canada have grown from 7.4% of all SME exporters in 2011 to 14.8% in 2017, they still represent a small proportion of exporters overall.

The inclusion of as many firms as possible in the global trading system has the potential to directly impact Canadians' standards of living since firms that participate in international trade tend to be larger, more productive, more capital and skilled labour-intensive, grow faster, pay higher wages, and hire a more diverse work force. Therefore, increasing the number of women-owned SMEs and increasing their propensity to export have

important socio-economic benefits for the economy and society. This is why Canada considers gender-related issues when developing trade policy and negotiating trade agreements.

Barriers and Challenges

There are many barriers and challenges that women-owned businesses face that affect their participation in trade, including:

- **Firm size:** Women-owned SMEs tend to be smaller (60% of women-owned SMEs in Canada are micro-enterprises) with lower revenue growth and thus less likely to participate in trade. Trade-related fixed export costs are also a greater burden for smaller firms. (e.g., non-tariff measures such as certification or labelling standards).
- **Firm strategy:** Women-owned SMEs tend to be survival-oriented rather than growth-oriented; investment is not a long-term objective and in Canada they tend not to incorporate their businesses.
- **Sectoral concentration:** Women-owned SMEs are more likely to be in sectors and industries that are not high growth such as non-tradeable services which have lower start-up costs and lower value-added.
- **Access:** Women may lack access to a wide range of entrepreneurship and business development supports such as networks and mentors; incubators and accelerators; information and market intelligence; domestic and global value chains; government and corporate procurement markets; training and skills development; and financing, including trade financing.

Policies and Actions for Inclusion

In order to address these barriers and challenges, Canada is advancing an inclusive approach to trade that seeks to ensure that the benefits of trade are more widely shared with Canadians, including with under-represented groups such as women, SMEs, and Indigenous peoples. This trade policy approach is informed by the recognition that trade affects people differently, based on a wide range of factors, including gender. It also recognizes that trade policy that can help deliver on domestic economic, social and environmental priorities, and advance our national policy of inclusive growth. Canada's inclusive approach to trade is informed by ongoing stakeholder consultations, collection and analysis of gender disaggregated data, and the application of a gender lens to trade negotiations on an ex ante and ex poste basis.

The gender lens that Canada uses is Gender-based Analysis Plus (GBA+): It is an assessment process that considers how diverse groups of women and men experience policies and programs across the country. By utilizing a GBA+ approach, Canada is incorporating inclusivity and 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, and consumers. In fact, GBA+ is changing the way we do trade policy.

When Canada launched trade negotiations with Mercosur in March 2018, the Government of Canada made a commitment to pursue a comprehensive, ambitious, and inclusive free trade agreement (FTA), and to conduct an expanded impact assessment on the FTA to ensure that the benefits from the agreement would be widely shared across Canada's population. To that end, Canada is conducting quantitative and qualitative impact analyses concurrently and is ensuring that the quantitative findings

inform the qualitative analysis on an ongoing basis. Applying the GBA+ qualitative analytical framework to trade policy and an ongoing FTA negotiation is breaking new ground.

In addition to expanding its existing modelling capacity to include a newly developed labour market module that takes into account gender, age and the distribution of Canadian workers across eight different occupational groups and 57 sectors of the economy, Canada is conducting a comprehensive GBA+ on each of the 25 chapters¹ currently under negotiation as part of the potential Canada-Mercosur FTA. Supported by a custom-designed questionnaire to guide them in their analysis, lead negotiators are assessing the effects (positive and negative, direct and indirect, intended and unintended) of provisions on men and women in Canada in their roles in the economy as workers, entrepreneurs, business owners, and consumers. They are also considering any different effects of the chapter's provisions on men and women based on other identity factors which may be relevant and where data and evidence exists, such as indigeneity, disability, sexual orientation, religion, geographic residence (urban, rural, remote), etc.. They are also considering how they could mitigate an effect or enhance an opportunity through a new trade policy provision in their chapter. In addition, lead negotiators are regularly updating their GBA+ before each round of negotiations with Mercosur by integrating information on progress to date, adding new data and evidence as it is identified, and analyzing these inputs to reveal findings to inform the negotiation strategy through the development of new provisions. This process is ongoing, and the GBA+ continues to be updated as Canada advances negotiations with Mercosur.

Impact

In order to promote sustainable and inclusive economic growth through evidence-based policies, we are conducting a GBA+ of the potential effects on Canadians of the potential Canada-Mercosur FTA. To date, the GBA+ has revealed that 15 of 25 chapters present opportunities to add at least one inclusive or gender-responsive trade provision. Therefore, the GBA+ is helping us mainstream inclusive and gender responsive provisions across the full FTA; it also allowed us to further innovate our Trade and Gender chapter (and other inclusive trade chapters, including on SMEs) in order to ensure that we were not missing any opportunities to make it more inclusive and gender responsive. As a result, and pending agreement on specific outcomes from our Mercosur negotiating partners, the GBA+ may help us to deliver a more inclusive and gender-responsive FTA where barriers to women's participation in trade are removed, and women realize the benefits and opportunities of trade as much as men do. In fact, a GBA+ of trade policies can help achieve not only gender equality outcomes but also sustainable economic development and decent work for all, consistent with the Sustainable Development Goals that all APEC economies have signed.

Lessons and Way Forward

In applying GBA+ to FTA negotiations, Canada has learned that trade policy may not have the solution for all GBA+ findings. In some instances, it may be necessary for Canada to re-design or develop domestic flanking policies and programs to address effects and opportunities that a trade agreement creates. In addition, GBA+ is confirming what has always been well known—that trade outcomes that benefit one segment of the population (e.g., consumers who benefit from lower-priced consumer products) may negatively affect another segment (e.g., workers in an industry that would

face greater competition once tariffs are removed). So GBA+, while uncovering or confirming this tension, may not necessarily produce a win-win solution. However, it may help identify the population group most at risk so that impacts and implications can be taken into account during negotiations and implementation.

The GBA+ of the Canada-Mercosur FTA negotiations has realized some important early benefits. It is providing trade negotiators with a richer sense of the effects and opportunities of FTA provisions on Canadians. It is helping officials develop in real time, and on an ongoing basis, new and innovative inclusive and gender responsive trade policy provisions to address effects and opportunities. It is also supporting the continuous strengthening and innovating of our FTA chapters; and it has effectively informed the FTA negotiation strategy to date. Given that the GBA+ has yielded value added results and benefits, Canada intends to continue to conduct GBA+ of FTA negotiations going forward.

The approach that Canada developed for conducting GBA+ of the ongoing negotiations with Mercosur is founded on the principles of early and ongoing analysis, best efforts and continual improvement. It is custom-designed to be an iterative exercise that would achieve real value-added results while being strategic and pragmatic. That said, we recognize there is still much more work that needs to be done in terms of building our knowledge and skills in conducting the GBA+ and developing innovative inclusive and gender responsive provisions or other solutions to address GBA+ findings. We recognize that these solutions may reside in domestic flanking policies or bringing an inclusivity or gender lens to FTA implementation activities once the agreement is ratified. There may also be other solutions. In order to further strengthen our process, Canada is committed to monitor and measure results.

Role for Regional Cooperation

The application of GBA+ to the development and implementation of economic and trade policies in the APEC region can help achieve the objectives of APEC's La Serena Roadmap for Women and Inclusive Growth (2019-2030). The Roadmap provides direction and catalyzes policy actions across APEC that will drive greater inclusive economic development and participation of women in the Asia-Pacific region, including women-owned businesses' participation in trade. GBA+ could inform the development of the La Serena Implementation Plan, as well as its related monitoring, reviewing and reporting processes.

Canada could provide GBA+ training workshops and share best practices (including on data collection and analysis methods) with APEC economies to speed progress in removing economic and trade barriers in the region so that women-owned business have an enhanced ability to participate in and benefit from regional and international trade. In addition, Canada would propose that APEC apply an inclusivity and gender lens to work plans under various committees with a view to mainstreaming gender and inclusivity considerations in order to have the greatest impact possible in terms of inclusivity and sustainable economic growth outcomes.

Canada could also work with ABAC members to increase their awareness of the benefits of conducting business and trade with an inclusive and gender lens. This would include promoting supplier diversity mandates to facilitate women-owned business participation in value chains, which is the approach that Canada's business women in international trade (BWIT) strategy has taken for more than 20 years.

Finally, Canada would welcome the opportunity to learn from APEC members on how they conduct inclusive and gender responsive impact assessments of economic and trade policies, what new and innovative

trade polices provisions they have developed, as well as any other solutions to achieve inclusive and gender equality outcomes. We know this is important for our continued economic growth and prosperity.

Footnotes

- 1 The 25 chapters are broken down into four groups 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).
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