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Summary of Initial Gender-based Analysis Plus for Canada-Mercosur Free Trade Agreement Negotiations





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Website: https://www.international.gc.ca/trade-commerce_draft/gender_equality-egalite_genres/index.aspx?lang=eng
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Cette publication est aussi disponible en français sous le titre :

Résumé de l'analyse comparative entre les sexes plus initiale pour les négociations de l'Accord de libre-échange entre le Canada et le Mercosur

Cat. No.: FR5-162/2019E-PDF
ISBN: 978-0-660-31586-7

Printed in Canada



List of Acronyms

CEDAW	Convention on the Elimination of All forms of Discrimination Against Women
CETA	Comprehensive Economic and Trade Agreement
CSR	Corporate Social Responsibility
CBTS	Cross Border Trade in Services
EIA	Economic Impact Assessment
EU	European Union
FS	Financial Services
FTA	Free-Trade Agreement
GBA+	Gender-Based Analysis Plus
GAC	Global Affairs Canada
GP	Government Procurement
ICT	Information and Communications Technologies
IP	Intellectual Property
MSMEs	Micro, Small and Medium-sized Enterprises
NTMA	National Treatment and Market Access
RBC	Responsible Business Conduct
SMEs	Small and Medium-Sized Enterprises
SPS	Sanitary and Phyto-Sanitary
TBT	Technical Barriers to Trade
TE	Temporary Entry
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
WTO	World Trade Organization



Introduction

On March 9, 2018, Canada launched negotiations toward a possible free trade agreement (FTA) with the four full members of the Mercosur trade bloc—Argentina, Brazil, Paraguay and Uruguay. At the time of this launch, the Government of Canada [announced](#) its intention to conduct a gender-based analysis plus (GBA+) process to inform the negotiations. GBA+ is an analytical tool used by the Government of Canada to assess how diverse groups of women, men and non-binary people may be affected by domestic and international policies, programs, initiatives, organizations and activities.¹ GBA+ helps deliver on Canada's inclusive approach to trade,² which seeks to ensure that the benefits and opportunities resulting from FTAs are more widely shared, including among under-represented groups in Canada's economy and trade, such as women, small and medium-sized enterprises (SMEs), and Indigenous peoples.

In accordance with this commitment, Global Affairs Canada (GAC), with the support of other government departments,³ has, for the first time, conducted a comprehensive quantitative and qualitative chapter-by-chapter GBA+ for an ongoing FTA negotiation. This summary of the initial GBA+ conducted on the Canada-Mercosur FTA negotiations is being published in order to seek stakeholder feedback on the differentiated effects of anticipated provisions on men and women in Canada, and on any other intersecting identity where possible, with SMEs and Indigenous peoples as priority considerations.

In the meantime, the GBA+ is contributing to a better understanding of the potential effects and opportunities of a potential Canada-Mercosur FTA on all people in Canada—workers, producers, business owners, entrepreneurs, and, where possible, consumers. In this regard, the GBA+ is informing ongoing negotiations with Mercosur and helping identify opportunities for Canada to pursue new gender-responsive and inclusive trade provisions across the FTA as well as relevant potential domestic policy responses if an effect or opportunity cannot be addressed through a potential agreement.

This initial GBA+ is complementary to and advances Canada's Feminist Foreign Policy and [Feminist International Assistance Policy](#). It also helps further progress on Goal 6 of the government's Gender Results Framework—gender equality around the world—in order to achieve a more peaceful, inclusive, rules-based and prosperous world by pursuing a feminist international approach to all policies and programs, including trade.

¹ For more information on GBA+, see Annex A and these links: [Background: Gender-based Analysis Plus](#) (GAC) and [What is GBA+?](#) (Status of Women Canada).

² For more information on Canada's inclusive approach to trade, see Annex B and [Canada's inclusive approach to trade](#) (GAC).

³ For a list of other government departments, agencies and Crown corporations that work with GAC on trade negotiations, see Annex C.



The comprehensive chapter-by-chapter GBA+ process developed to inform the ongoing Canada-Mercosur FTA negotiations builds on and expands the mandatory GBA+ process that is required to seek Cabinet authority to engage in FTA negotiations, which GAC has implemented consistently since 2016.



Process

In January 2018, the Trade Policy and Negotiations Branch at Global Affairs Canada appointed a gender focal point and established a GBA+ action plan, the implementation of which positioned the department to deliver on Canada's inclusive approach to trade and other government priorities.

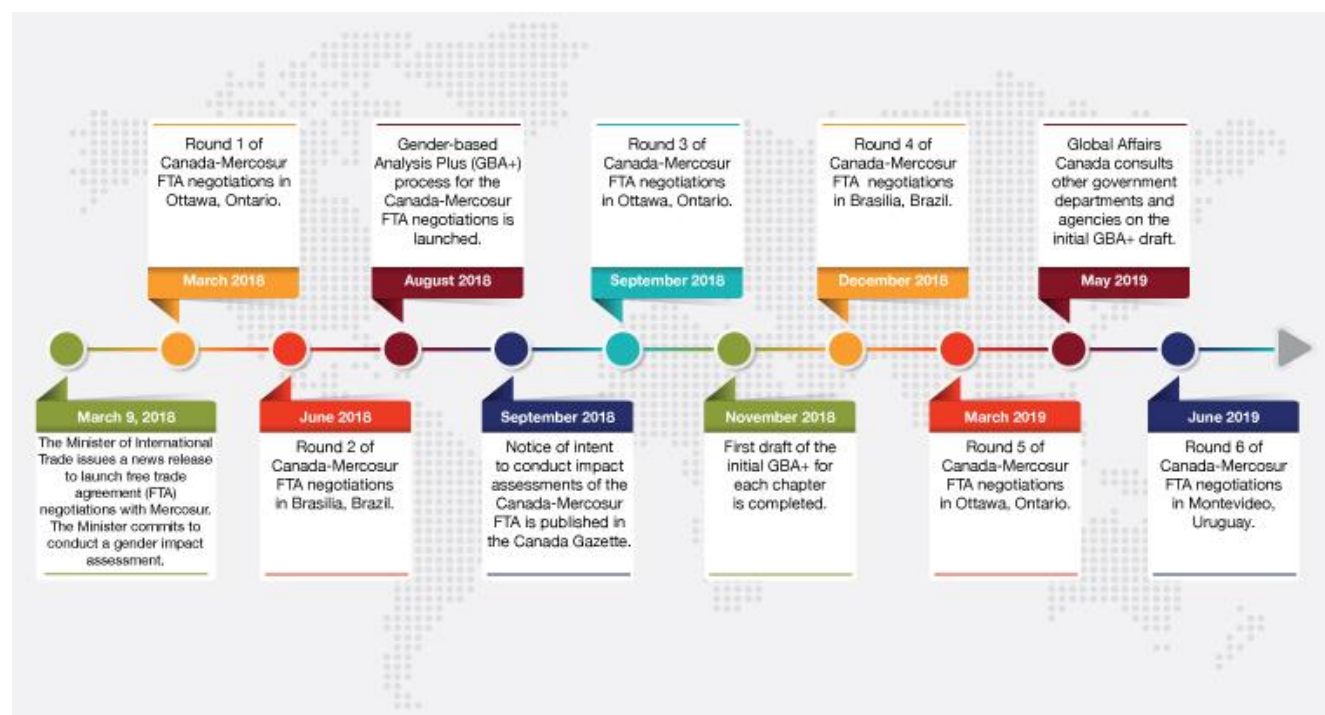
In August 2018, drafting of the initial GBA+ for the Canada-Mercosur FTA negotiations was initiated using a custom-designed guidance questionnaire⁴ and other supporting materials that guided lead negotiators for each chapter in their analysis. Leads were required to regularly update their respective GBA+ before each negotiating round and integrate findings into their negotiation strategy. The final draft of the initial GBA+ was completed after Round 5, which was held in March 2019. In total, the initial GBA+ was conducted over a seven-month period.

In April and May 2019, the department consulted gender equality experts and gender focal points within Global Affairs Canada and other relevant government departments on the draft initial GBA+. See Figure 1 for an overview of the timeline. This summary is based on the final initial GBA+.

⁴ For more information on the GBA+ guidance questionnaire for trade negotiations, see Annex D.



Figure 1: Timeline of the GBA+ Process for the Canada-Mercosur FTA Negotiations



- **March 9, 2018** The Minister of International Trade issues a news release to launch free trade agreement (FTA) negotiations with Mercosur. The Minister commits to conduct a gender impact assessment.
- **March 2018** Round 1 of Canada-Mercosur FTA negotiations in Ottawa, Ontario.
- **June 2018** Round 2 of Canada-Mercosur FTA negotiations in Brasilia, Brazil.
- **August 2018** Gender-based Analysis Plus (GBA+) process for the Canada-Mercosur FTA negotiations is launched.
- **September 2018** Notice of intent to conduct impact assessments of the Canada-Mercosur FTA is published in the Canada Gazette.
- **September 2018** Round 3 of Canada-Mercosur FTA negotiations in Ottawa, Ontario.
- **November 2018** First draft of the initial GBA+ for each chapter is completed.
- **December 2018** Round 4 of Canada-Mercosur FTA negotiations in Brasilia, Brazil.
- **March 2019** Round 5 of Canada-Mercosur FTA negotiations in Ottawa, Ontario.
- **May 2019** Global Affairs Canada consults other government departments and agencies on the initial GBA+ draft.
- **June 2019** Round 6 of Canada-Mercosur FTA negotiations in Montevideo, Uruguay.



Stakeholder consultations: What we heard

In the fall of 2018, Global Affairs Canada conducted public consultations on the effects of FTAs on gender and on the trade and gender nexus. The department received feedback through the [Canada Gazette notice of intent](#) (September 14, 2018 to October 14, 2018) and consultations conducted using the [PlaceSpeak online platform](#) through which 20 individuals participated (September 27, 2018 to November 25, 2018). The department also held a round-table consultation on November 16, 2018 at Sheridan College, in Toronto, Ontario. The consultation was led by the Parliamentary Secretary to the Minister for International Trade Diversification and included the participation of eight leading experts from various backgrounds.

Overall, stakeholders suggested that the government should conduct thorough ex-ante and ex-post GBA+ of the entire FTA, not just of its trade and gender chapter or of its specific gender-related commitments in the Agreement. They recommended that Canada take an intersectional approach to gender analysis, and noted that women and men are affected differently depending on geography, race, religion, gender identity, sexual orientation, disability and other factors. On data related issues, stakeholders emphasized the importance of good quality and broad-based gender disaggregated data to conduct analysis and develop appropriate trade policy. They also said that Canada should promote equal treatment for all individuals independent of gender identity, and that Canada should support mutually supportive trade, economic, environmental and social policies.

Other trade and gender concerns expressed by stakeholders included the importance of considering factors such as: women's roles in various sectors of the economy and their social status; challenges faced by women entrepreneurs and business owners, such as enduring gender stereotypes and discrimination; and the fact that women of colour are disproportionately concentrated in low-paid, precarious work and face the largest pay gaps in Canada and abroad. Participants also pointed out that FTAs affect feminized sectors (such as the garment industry) in specific ways and make women vulnerable to the offshoring of their labour to lower-paying jurisdictions. Stakeholders also recommended that Canada conduct inclusive consultations and monitor and make public progress on gender-related provisions in the agreement. They also noted that the majority of solutions in response to the effects of FTAs lie outside the trade policy domain and that enhancing or developing new domestic policies or programs will be important to ease adjustments to FTA effects in the economy.



Data for the initial GBA+

A variety of data sources was used in conducting the GBA+ for each chapter and the economic impact assessment. Data publications from Statistics Canada represented the main source, namely:

- [Women in Canada: A Gender-based Statistical Report \(2017\)](#)
- [Labour Force Survey, \(December 2017\)](#)
- [Census \(2016\)](#)
- [National Household Survey \(2017\)](#)
- [Survey of Labour and Income Dynamics](#)
- [Annual Demographic Estimates: Canada, Provinces and Territories](#)
- [Survey on Financing and Growth of Small and Medium Enterprises \(2017\)](#)
- [Research Blog: Women-owned businesses in Canada \(2019\)](#)

The summary of the initial GBA+ begins with the summary of the quantitative economic impact assessment (EIA) conducted by Global Affairs Canada's Office of the Chief Economist. As indicated in the September 2018 [Canada Gazette notice of intent](#), the EIA includes a new labour market module.

Summary of initial GBA+

Economic impact assessment

Mercosur countries—Argentina, Brazil, Paraguay and Uruguay—have a combined GDP that is larger than Canada's. Bilateral merchandise trade between Canada and Mercosur countries totalled \$9.9 billion in 2018, with trade with Brazil accounting for a majority—77.4%—of Canada's total trade with Mercosur. Argentina represents 20.6% of Canada's total trade with Mercosur countries, with the remaining 2% of Canada's trade with Paraguay and Uruguay.⁵

A very important component of the GBA+ of the Canada-Mercosur FTA is an expanded economic impact assessment, which has been conducted by the Office of the Chief Economist at Global Affairs Canada. For the purposes of this economic analysis, the

⁵ For more information on the Mercosur market for Canadian exports, imports and investment, please see Annex E and [Mercosur trade bloc - Benefits for Canada](#).



Office of the Chief Economist has expanded 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. This allows the trade model to assess the potential economic impact as a result of liberalization under the proposed Canada-Mercosur FTA on labour, gender and other inclusive trade considerations.

For the purpose of this analysis, complete elimination of all agricultural and non-agricultural protections between Canada and the four Mercosur countries is assumed, with no exception made for “sensitive products”—notwithstanding that trade and investment liberalization initiatives often contain provisions that exempt certain sectors from liberalization or circumscribe the applicable extent of liberalization.

The economic modelling results suggest that the impact of a potential Canada-Mercosur FTA on the Canadian economy would be positive: for Canada, the expansion of trade with Mercosur countries would drive economic gains (0.051%), job creation (0.021%) and increased real wages (0.079%), and support higher levels of consumption (0.052%). The results further suggest that the benefits would be widely shared across a broad range of groups, including women, youth and SMEs. The following results are the potential impact on the Canadian economy in 2040, following the full implementation of a possible agreement.

GDP gains: The proposed FTA would boost Canada’s real GDP by US\$1.3 billion or 0.051%, with the majority of GDP gains coming from increased household consumption and investment. The Mercosur countries, as a group, could see a combined GDP growth of US\$1.6 billion or 0.027%.

Trade gains: The EIA projects that bilateral trade in goods and services between Canada and Mercosur would increase by US\$4.0 billion or 30.0% compared to the baseline.⁶ Canadian exporters would stand to gain from new preferential access in Mercosur countries’ markets under a potential FTA, across a broad range of sectors, including agriculture, forestry and manufacturing.

Job and wage gains: Based on an assumption of full liberalization, it is estimated that the potential agreement would generate 8,573 jobs in Canada, an increase of 0.021% in the labour market. Employment in certain industries would increase due to greater opportunities in manufacturing and services sectors. However, there would also be job displacement in other industries, but this is estimated to be small relative to the job gains in manufacturing and services. Real wages would also appreciate by 0.079%, and would be well balanced across all eight occupational groups. The increase in jobs and higher real wages support higher levels of consumption and a broader sharing of the benefits of the proposed agreement across Canadian society. Overall, although it is projected that there could be job losses in some sectors, this would be offset by the creation of new jobs in other areas.

⁶ The baseline is the scenario in 2040 if there is no Canada-Mercosur FTA in place.



Income inequality: The real wage gains would be the strongest in percentage terms for machinery operators and manual labourers: it is estimated that their wages would grow at a faster pace than those of higher-paid workers in managerial, professional and technical groups. This means that the proposed FTA could help mitigate income inequality in Canada and support the wider sharing of the benefits of trade.

Gendered impacts: The sectors projected to add the most jobs—services, including retail/wholesale trade—would generate disproportionately larger demands for female workers than male workers (3,810 jobs created for women compared to 1,896 jobs created for men). In 2017, women held 55% of service industry jobs in Canada, while men held 45%. Across the goods and services sectors, therefore, the potential agreement would generate somewhat greater overall demand for female workers, with a net increase of 4,488; this is compared to a net increase of male employment of 4,085.

Labour force participation: The negotiated agreement would have the potential to expand Canadian labour force participation 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 the FTA would likely benefit women and improve gender equity.

Youth: It is estimated that the proposed FTA would result in higher youth employment. With the rise in new opportunities in the job market, more youth could potentially choose employment over education.

SMEs: There is likely to be a net increase in the number of SMEs (589 or 0.05%) in the economy as a result of a potential FTA. The increase in the number of SMEs would be evenly split between services and manufacturing sectors. This is expected as SMEs dominate in the service sector. The increase in the number of SMEs in the manufacturing sector is due to increased opportunities as a result of the removal of tariffs in the manufacturing sector in Mercosur countries.

Conclusions: The findings from the EIA, which included modelling the effect of removing trade barriers between Canada and Mercosur countries, suggest that enhancing economic cooperation between Canada and Mercosur countries is desirable: a potential FTA would generate economic benefits for both economies, including positive effects for under-represented groups in Canada's economy. The expansion of trade with Mercosur countries would drive economic gains, generate jobs, promote gender balance in the economy, encourage youth employment and increase the number of SMEs in Canada. All these effects would support a broader sharing of the benefits of the agreement, including among traditionally under-represented groups in the economy and trade.⁷

⁷ For more analysis from the Office of the Chief Economist on the gendered effects of trade, please see the *State of Trade Report, 2018* which can be found [here](#).



Chapter-by-chapter GBA+

The initial GBA+ also includes a chapter-by-chapter analysis for all 25 chapters currently under negotiation as part of a Canada-Mercosur FTA. The assessment also covers provisions on agricultural biotechnology, for which it has not yet been agreed where in the FTA such provisions will be placed. For the purposes of this report, the assessment has been broken down into four groups of related chapters:

- Goods (eight chapters)
- Services, investment and government procurement (ten chapters)
- Inclusive trade (five chapters)
- Institutional/dispute settlement (two chapters)

Group 1: Goods

Chapters in the first group are related to goods and include 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; and Trade Remedies. For more information on the purpose of each of these chapters, please see Annex F.

The purpose of these chapters is to gain improved market access for Canadian-produced goods by eliminating trade restrictions and establishing clear and predictable rules for trade in goods. These chapters are intended to benefit Canadian exporters, producers and consumers. These chapters cover areas such as tariffs; non-tariff barriers such as technical barriers to trade and sanitary and phyto-sanitary (SPS) measures that can inadvertently impede market access; agricultural biotechnology; and trade facilitation measures. Economic modelling of the impact of a Canada-Mercosur FTA suggests that the majority of export gains for Canada are located in goods sectors.

The initial GBA+ of these chapters found that most of the sectors affected by trade in goods are male-dominated in terms of direct employment—manufacturing, agriculture and fisheries, and natural resources sectors, including forestry. Therefore, the most significant impacts of a Canada-Mercosur FTA would likely occur in sectors where employment is primarily male. The EIA projects that overall employment in goods sectors would increase by approximately 4,000 as a result of a Canada-Mercosur FTA, with larger gains for men than for women. Notably, across occupations, the strongest real wage gains would be experienced by machinery operators and manual labourers—occupations primarily held by men. However, there would also be benefits for other groups in Canada depending on the location of the industry in Canada (urban, rural, and



remote/northern) as well as indirect employment in secondary or tertiary industries. Women, Indigenous peoples, and others—such as youth and newcomers to Canada—would also see gains.

The GBA+ also found that many of the chapters pertaining to trade in goods have benefits for workers and business owners who are women, Indigenous peoples and other under-represented groups. For example, outcomes that Canada is seeking in the negotiations aim to provide a level playing field and predictability, increase transparency and reduce red tape—with all of these outcomes serving to reduce costs for Canadian exporters and importers. As such, SMEs will benefit more as fixed costs account for a higher proportion of their expenditures. In addition, women-owned and Indigenous-owned businesses, which tend to be smaller on average than male-owned businesses, will benefit even more because these fixed costs are an even higher percentage of their expenditures. The EIA projects that a Canada-Mercosur FTA would stimulate the creation of SMEs in Canada, leading to an increase of 305 SMEs in the manufacturing sector. In addition, Canadian consumers would benefit from greater access to products from Mercosur that are currently subject to Canadian duties and other trade barriers.

The GBA+ found that there are opportunities to seek a gender-responsive and inclusive trade provision in at least one chapter in this group, but we need to have a willing partner to secure this negotiated outcome. The opportunity is to seek a provision in the Rules of Origin chapter to benefit Canadian producers of traditional folkloric and Indigenous handcrafted goods by offering a simplified, alternative path to qualifying as originating that could be accessed by women-owned business if they qualify in these artisanal-type businesses.

In summary, the chapters in Group 1 should result in positive effects for women, Indigenous and other under-represented groups in the Canadian economy—as workers, business owners and producers as well as consumers.

Group 2: Services, investment and government procurement

The second group of chapters includes Cross Border Trade in Services (CBTS), Temporary Entry (TE), Telecommunications, Electronic Commerce, Financial Services, Investment, State-Owned Enterprises, Competition Policy, Intellectual Property (IP), and Government Procurement (GP). For more information on the purpose of each of these chapters, please see Annex F.

The purpose of these chapters is to help Canadian suppliers, services providers and investors gain market access and to ensure that the regulatory systems in Mercosur member states are predictable and transparent. These chapters, particularly those relating to IP, CBTS and TE, also serve to advance the knowledge economy, which is dependent on services, particularly scientific and technical services and other professional services. In addition, the GP chapter seeks assurances that procuring entities from Canada and Mercosur countries will treat goods, services and suppliers of the other party in the same manner as domestic goods, services and suppliers.



The EIA shows that the services sector is expected to add the most jobs (almost 6,000) following the entry into force of a Canada-Mercosur FTA and that women workers and Indigenous peoples are slightly more likely to benefit compared to men in the services sector. This is because women occupied 55% of jobs in the Canadian services sector in 2017. Women tend to occupy jobs in social services, educational and health services, retail, arts and cultural industries, recreation and tourism industries. Women also start up more businesses in this sector. Therefore, liberalization of trade in services should create opportunities for women in particular. Indigenous peoples would also benefit as they held 2.8 % of jobs in the services sector in 2017.

The findings of the initial GBA+ conducted on these chapters revealed opportunities to pursue gender-responsive and inclusive provisions in six of the 10 chapters in this group, pending a willing partner to secure these negotiated outcomes. For example:

- **Intellectual Property** chapter: The GBA+ highlighted the existence of an important gap in the participation of SMEs and under-represented groups (including women and Indigenous peoples) in the IP system. Recognizing that such a gap was attributable to multiple factors that mainly fell beyond the scope of a trade agreement, Canada, in the negotiations, will seek targeted cooperation-based provisions aiming to facilitate the increased participation of under-represented groups in the IP system, such as through awareness-raising activities.
- **Cross Border Trade in Services** chapter: The GBA+ found that there is a law in at least one Mercosur member country that restricts women's employment, and that therefore women could suffer discrimination on the basis of gender even if they have the qualifications or licensing required to perform certain professional jobs. Therefore, a provision could be sought to ensure that all service professionals be treated fairly regarding licensing and qualification requirements and procedures.
- **E-commerce** chapter: The GBA+ found that there is not only a gender digital divide but also differential access to information and communications technologies (ICT) for other under-represented groups, including Indigenous peoples, people living in rural and remote areas, persons with disabilities, youth and children. Therefore, Canada will seek a new provision in this chapter to promote ICT accessibility for these groups.
- **Temporary Entry** chapter: Canada seeks to ensure that couples and families can benefit from the market access gains achieved in an FTA, including with respect to accessing high-quality professional jobs on a temporary basis in FTA partner countries. More specifically, Canada is seeking access on a reciprocal basis for spouses of Canadian investors, intra-company transferees, or professionals to be admitted and permitted to work in the other party country when accompanying their spouse who has received a temporary entry permit. This provision may benefit women more as they tend to accompany their spouse



to foreign destinations. While for Canada “spouse” includes same-sex spouses, “spouse” is not typically defined in the agreement, so it reverts to a party’s domestic regime, which may not recognize same-sex spouses. This could be a risk for Canadian same-sex couples seeking to take advantage of this provision in the TE chapter.

- **Investment** chapter: The GBA+ found that there is an opportunity to influence the practices and policies of investors in Canada and Canadian investors in Mercosur to advance gender-responsive and inclusive outcomes. For example, provisions could be sought to: preserve the government’s right to regulate to protect or promote Indigenous rights, gender equality or cultural diversity; prevent discrimination on the basis of gender, race or religious beliefs; allow parties to require enterprises to nominate women to senior management positions or to boards of directors; and encourage the implementation of corporate social responsibility (CSR) standards and practices, which is defined to include gender equality and Indigenous rights.
- **Government Procurement** chapter: The GBA+ found that there is an opportunity to increase the participation of women- and Indigenous-owned businesses and other SMEs in the government procurement market in Canada, which would help these businesses and SMEs to build their capacity and grow their businesses so that they could eventually succeed in global markets. Therefore, there is an opportunity for Canada to seek a provision to maintain the flexibility to take into account socio-economic considerations in procurements so as to increase the participation of these groups in accessing government procurement opportunities.

In summary, the GBA+ found that there are important opportunities to further strengthen many of the chapters in Group 2 by seeking gender-responsive and inclusive trade provisions in order to maximize positive effects for women, Indigenous and other under-represented groups in the Canadian economy, both as workers and business owners.

Group 3: Inclusive trade

Chapters included in the third group are Environment; Labour; Trade and Gender; Micro, Small and Medium-sized Enterprises (MSMEs); and Trade and Indigenous Peoples. For more information on the purpose of each of these chapters, please see Annex F.

Canada’s Environment and Labour chapters aim to ensure that high levels of environmental protection are maintained and that international standards on labour conditions and rights are implemented effectively as trade is liberalized. In this regard, these provisions help to level the playing field among parties with regard to environmental and labour standards in order to prevent one party from gaining a competitive advantage over another. Canada has pursued opportunities to make these chapters gender-responsive and inclusive in previous international trade negotiations.



For example, in the Environment chapter, Canada has included provisions related to Indigenous peoples, given that the environment plays a key role in the economic, social and cultural well-being of Indigenous peoples and given the importance of engaging Indigenous peoples in the long-term conservation of the environment.

In the context of FTA negotiations with Mercosur, a GBA+ was conducted on the Environment chapter and found that women are highly engaged in the environmental goods and services sector as researchers and scientists, business owners and employees. Therefore, with a view to further strengthening growth and innovation in the sector, there is an opportunity to increase and strengthen women's participation and leadership in this sector through a new provision in the Environment chapter, pending a willing partner to secure these negotiated outcomes. The Environment chapter also reflects the important role that Indigenous peoples, women and the private sector play in addressing climate change.

Provisions in the Labour chapter related to non-discrimination against women workers have been a feature of the chapter for many years. Following a GBA+ on the chapter, findings revealed that women and other vulnerable groups in the workplace encountered challenges related to the gender wage gap; discrimination on the basis of gender identity and expression; sexual orientation; and gender-based harassment, bullying and violence. Therefore, there is an opportunity to effectively address these issues through the inclusion of a provision in the Labour chapter, pending a willing partner to secure these negotiated outcomes.

Canada's newer, inclusive trade chapters for Trade and Gender, SMEs, and Trade and Indigenous Peoples are cooperation-based and all have the objective of advancing gender equality, women's economic empowerment and inclusivity at their heart. These chapters are consistent with and advance Canada's inclusive approach to trade, which seeks to ensure that the benefits and opportunities from trade are more widely shared, including among traditionally under-represented groups in the economy and trade, such as women, SMEs and Indigenous peoples, and others such as persons with disabilities, youth, LGBTQ persons, and newcomers to Canada.

Canada has achieved Trade and Gender chapters with [Chile](#) and [Israel](#), as well as a [Trade and Gender Recommendation](#) with the European Union (EU) under the Comprehensive Economic and Trade Agreement (CETA). The Trade and Gender chapter:

- acknowledges the importance of incorporating a gender perspective into economic and trade issues to ensure that economic growth is inclusive;
- reaffirms relevant UN conventions against gender discrimination, such as the Convention on the Elimination of All forms of Discrimination Against Women ([CEDAW](#));



- provides a framework to undertake cooperation activities on issues related to the trade and gender nexus⁸; and
- establishes a bilateral committee to perform accountability, transparency, advisory, co-ordination and facilitation functions.

Canada has also achieved MSME chapters in its FTA with [Israel](#), in the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#), in the [Canada-United States-Mexico Agreement](#), and in an [SME Recommendation](#) with the EU under CETA. The MSME chapter:

- acknowledges the importance of MSMEs in the economy;
- requires that parties establish a website targeting MSMEs in order to make important information more readily available to them, including applicable laws and regulations related to doing business with the parties of the FTA;
- provides a non-exhaustive and illustrative list of potential activities that could occur between the parties to advance MSME participation in trade; and
- establishes a bilateral committee to perform accountability, transparency, advisory, co-ordination and facilitation functions.

Although Canada has yet to achieve a Trade and Indigenous Peoples chapter with an FTA partner, Canada is pursuing such a chapter with Mercosur. A Trade and Indigenous Peoples chapter is a vehicle to drive economic development and prosperity for Indigenous peoples. Such a chapter would:

- acknowledge the importance of enhancing the ability of Indigenous peoples and businesses to benefit from the opportunities created by a Canada-Mercosur FTA;
- reaffirm a number of existing international obligations with respect to Indigenous rights, such as the United Nations Declaration on the Rights of Indigenous Peoples ([UNDRIP](#));
- commit the parties to work together on co-operation activities to address barriers faced by Indigenous peoples, and increase Indigenous peoples' opportunities to benefit from international trade and investment by, among other things, establishing a website to address their unique information needs; and
- establish a bilateral committee to perform accountability, transparency, advisory, co-ordination and facilitation functions.

⁸ For more information on the Trade and Gender Nexus, please see Annex G or link [here](#).



The GBA+ conducted on these chapters identified many barriers that under-represented groups encounter when seeking to share in the benefits and opportunities of trade, including: access to financing (excluding micro-credit, export financing and equity); relevant mentors and networks; global value chains; digital and other skills; and infrastructure. Therefore, new provisions in each of these chapters will be sought to address these barriers to the extent possible, including in a proposed co-operation activities article that will provide a non-exhaustive and illustrative list of activities for governments to implement, in partnership with stakeholders such as business and experts. A positive outcome on these efforts will depend on a willing negotiating partner.

In summary, the chapters in Group 3 should result in improved participation in the economy and access to the benefits of trade for women, Indigenous peoples, MSMEs, and other under-represented groups in the Canadian economy.

Group 4: Institutional and dispute settlement chapters

Chapters included in the fourth group are the Preamble, the five institutional chapters (Initial Provisions and General Definitions; Institutional and Administrative Provisions; Exceptions and General Provisions; Transparency, Anti-Corruption, Corporate Social Responsibility (CSR) and Responsible Business Conduct (RBC); and Final Provisions), and the Dispute Settlement chapter. For more information on the purpose of each of these chapters, please see Annex F.

A GBA+ conducted on the Dispute Settlement chapter found that there is a lack of gender parity and diversity among panellists in international dispute settlement proceedings. Therefore, with the support of a willing negotiating partner, there is an opportunity in the context of the Canada-Mercosur FTA negotiations to seek a gender-responsive and inclusivity provision that would aim to increase diversity in panel appointments. The effects of including such a provision in the Dispute Settlement chapter would be that, over time, there would be greater diversity in the pool of experienced and qualified panellists available for future disputes, which could lead to greater efficiency and facilitate new perspectives on the dynamics of a dispute. Those who would benefit would be highly trained lawyers with a high socio-economic status. In Canada, women are highly represented in the legal profession, so they stand to benefit from this new provision if it were to be accepted by Mercosur.

Although the Preamble and five institutional chapters are largely administrative in nature, a GBA+ found that there were opportunities to make these chapters more gender responsive and inclusive, with the support of a willing negotiating partner. For example, provisions could be sought: on gender equality, Indigenous rights and MSMEs in the Preamble that would inform the overall interpretation of the final agreement; to preserve Canada's ability to adopt measures to protect the rights of Indigenous peoples in Canada; and to preserve Canada's ability to adopt measures to protect cultural industries (which is an industry that is particularly inclusive of women, Indigenous peoples and youth as workers and entrepreneurs). These provisions, if Mercosur were



to agree to them all, would have positive effects on women and other under-represented groups.

In summary, the chapters in Group 4, while mostly administrative in nature, do present opportunities to further enhance and strengthen their gender responsiveness and inclusivity. Therefore, Canada will seek important provisions to that end and work with Mercosur member countries to ensure that they recognize the value of these provisions and can agree to them.



Conclusion

The Government of Canada has made the achievement of gender equality and supporting the empowerment of women and girls a priority for domestic and international policies, and conducting a GBA+ of all policies and programs is an important tool to help deliver on that goal. Based on available information, it does not appear that any countries have conducted a GBA+ on an ongoing trade negotiation, making Canada the first to do so. The consequence of this is that this assessment has been a learning experience for all federal officials engaged in the process, and was custom designed to be an iterative exercise that would achieve real value-added results while being strategic and pragmatic. The decision to pursue early and ongoing integration of GBA+ analysis into the Canada-Mercosur FTA negotiation process (rather than at the conclusion of negotiations) should help ensure that gender and inclusivity considerations are better reflected in a resulting Canada-Mercosur FTA. It is also important to recognize, however, that all FTAs are a negotiated outcome and Canada may not achieve all of its goals in the negotiation of an FTA with Mercosur, including goals that benefit women and diverse populations in Canada.

At this early stage of the negotiations and development of the initial GBA+, it is clear that while many 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 positive gender related benefits. For example, many of the chapters, especially in Group 1, aim to make trade rules transparent and predictable, and aim to reduce costs for businesses—which is especially important for MSMEs, as these 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. Officials have committed to ensuring that the implementation of provisions in some chapters will be informed by gender-responsive and inclusive considerations, such as ensuring that the voices and views of under-represented groups in the economy and trade are actively sought and heard during stakeholder consultations. Care will also be taken to ensure that consultations will take place in settings conducive to a respectful exchange of views. These commitments recognize the limitation of the GBA+ process and the ability to address its findings within a trade policy context, but they are expected to inform debate and expand our understanding of the impact trade agreements have on women and other under-represented groups.

There are other limitations of applying GBA+ to FTA negotiations that are important to recognize as well. For example, trade policy may not have the solution for all GBA+



findings. In some instances, it may be necessary for GAC to work with other government departments to address findings that can only be managed within their mandate through flanking policies and programs. In addition, the GBA+ may reveal or confirm 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 lose its protection once tariffs are removed). So the GBA+, while uncovering or confirming this tension, may not necessarily produce a win-win solution though it may help identify the population group most at risk so that impacts and implications can be taken into account during negotiations and implementation.

While the GBA+ process applied to an ongoing trade negotiation has some limitations, early benefits have already been realized: it is widely recognized that conducting a GBA+ on the ongoing FTA negotiations with Mercosur has been a valuable undertaking for GAC and its partner departments in the federal government. The application of GBA+ to the Mercosur FTA negotiations is serving its intent and realizing important benefits: it is helping officials identify the effects and opportunities of FTA provisions on the Canadian population groups; it is helping officials develop new and innovative gender-responsive and inclusive trade policy provisions to address effects and opportunities; and it has effectively informed the FTA negotiation strategy to date and increased the GBA+ knowledge and skills of officials. The GBA+ has also served to highlight data and knowledge gaps that need to be addressed in order to ensure effective GBA+ of future FTA chapters (e.g. indirect employment effects by industry, gender and other intersectional characteristics; consumer effects). This GBA+ 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, levelling the playing field with regard to regulations, and advancing global norms and standards. The overall benefit of applying GBA+ to FTA negotiations is that it has the potential to help us craft and deliver a more gender-responsive and inclusive trade agreement than ever before.

Going forward, we plan to further build our GBA+ skills, look for opportunities to develop new and stronger trade policy provisions to address findings within the FTA, further refine the process and seek to further strengthen analysis on various chapters, and identify additional lines of value-added enquiry that may enhance our GBA+ analysis and findings.



Next steps

The following next steps will be implemented:

1. Receive stakeholder feedback on this summary of the initial GBA+ until December 1, 2019. Stakeholders can provide comments on questions below or any other issue. Stakeholders are invited to submit their comments online via email to consultations@international.gc.ca.
2. Global Affairs Canada will integrate comments into the GBA+ to inform ongoing negotiations.
3. Officials will continue to update and renew the GBA+ of each chapter as negotiations proceed and as new data and evidence come to light.
4. Once the FTA negotiations are concluded and a Canada-Mercosur FTA is finalized, Global Affairs Canada will conduct the final GBA+ on the agreement and publish a summary online.

Questions for stakeholder consideration:

1. Based on the summary of the initial GBA+, what gaps do you see in the analysis and what risks does this pose?
2. What other provisions could be included in a Canada-Mercosur FTA in order to advance gender-related issues?
3. From your point of view, what are the effects and opportunities for under-represented groups in Canada of the proposed FTA with Mercosur?
4. Are there unintended negative effects of trade due to a Canada-Mercosur FTA on women or other groups that you would like to highlight? In your view, what can be done to promote further positive effects and what could be done to help mitigate negative effects?



Annexes

- A. Background on GBA+
- B. Background on Canada's inclusive approach to trade
- C. List of other government departments, agencies or Crown corporations that lead, co-lead or provide support to Global Affairs Canada on trade negotiations
- D. Questions to guide GBA+ analysis of trade negotiations
- E. Background on Mercosur as a market for Canadian goods, services and investment
- F. Background on objectives of FTA chapters
- G. Background on the trade and gender nexus



Annex A – Background on GBA+Annexes

The Government of Canada has made advancing gender equality a top priority. To this end, the government has mandated that Gender-based Analysis Plus (GBA+) be integrated in all policies and proposals. In Budget 2018, the government committed that all free trade agreements (FTAs) would be subject to GBA+.

What is GBA+?

GBA+ is an analytical process that policymakers use to examine the potential impacts (both intended and unintended) and opportunities of a policy, plan, program or other initiative on diverse groups of people, taking into account gender and other identity factors. The plus (+) indicates that gender-based analysis goes beyond considerations of sex and gender to include a range of intersectional identity characteristics, such as:

- indigenous heritage
- age
- education
- language
- religion
- culture
- ethnicity
- geography (urban, rural, remote, Northern)
- socio-economic status
- family status
- sexual orientation
- mental or physical disability

GBA+ challenges assumptions and puts the lived experiences of diverse peoples at the forefront of a particular issue. GBA+ prompts officials to consider the full impact of government initiatives and to identify potential challenges at an early stage so that they can be addressed in policy design and implementation.



To conduct a GBA+, here are the [key steps](#) and considerations that should be addressed:

- Integrate GBA+ throughout the life cycle of the initiative
- Identify and look broadly and deeply at key issues from an economic, social and cultural point of view
- Challenge assumptions on whether there are any gender or diversity/inclusivity implications, and whether various groups are affected differently
- Conduct research and consult with experts and, when possible, affected populations
- Develop options and recommendations
- Monitor and evaluate the initiative for its effects over time
- Document findings and use GBA+ when considering how to communicate the initiative

To learn more about GBA+, Status of Women Canada provides a [free online course](#) and [several short videos](#).

GBA+ in trade agreements

When GBA+ is applied to trade agreements, its results can help inform negotiators and policymakers of the best ways to address gender and diversity considerations. This can help in the identification of potential negative effects and opportunities created through the application of an FTA. The end goal is to mitigate potentially negative impacts and to ensure that all Canadians benefit from trade.

Essentially, GBA+ helps develop more gender- and diversity-responsive trade policies and related measures.

For example, in conducting a GBA+ of free trade agreements, it was revealed that women, Indigenous peoples, and small and medium-sized enterprises (SMEs) have been traditionally under-represented in international trade. This assessment showed that while there are many SMEs owned by women and Indigenous peoples in Canada, they face unique barriers to accessing export opportunities and do not benefit from free trade agreements as much as they otherwise could.

Some potential solutions to help address this problem could include the:



- inclusion of dedicated trade and gender, trade and Indigenous peoples, and SME chapters that recognize the barriers and opportunities these groups face and that seek to mitigate or enhance them through co-operative activities; and identify and look broadly and deeply at key issues from an economic, social and cultural point of view
- development of targeted provisions in other chapters of an FTA to address issue-specific barriers and opportunities experienced by under-represented groups in trade.

A critical factor in conducting a quality GBA+ is collecting and assessing disaggregated data. This data provides the evidence base for understanding the effects of policies, including trade policies, on population groups. For Canada, data comes from Statistics Canada's census, labour force survey and other surveys such as [Women in Canada](#), as well as through stakeholder consultations. Global Affairs Canada's [Office of the Chief Economist](#) uses this data for economic models that help highlight the effects of FTAs on gender and other subgroups in the population.

GBA+ recognizes the diversity and multiplicity of identity factors and how diverse groups of Canadians may be impacted by government initiatives. GBA+ puts people at the heart of policy development and helps deliver on innovation as it encourages officials to think outside of the box. GBA+ will help ensure that Canada's FTAs are more gender responsive so all members of Canadian society can benefit more from free trade and continued economic growth.

GBA+ will also help Canada deliver on the [United Nations 2030 Agenda for Sustainable Development Goals](#), including Goal 5 on gender equality.



Annex B - Background on Canada's inclusive approach to trade

As part of the Government of Canada's trade diversification strategy, we are pursuing an inclusive approach to trade that seeks to ensure that more Canadians have access to the benefits and opportunities that flow from international trade and investment. This includes those Canadians who have traditionally been under-represented in international trade and investment, including women, small and medium-sized enterprises (SMEs) and Indigenous peoples. This means seeking trade policies that are responsible, transparent and inclusive.

Why is an inclusive approach to trade important?

Trade liberalization has been a significant stimulus to economic growth and prosperity around the world, including in Canada. However, the Government of Canada is aware that criticism of international trade and globalization has led to protectionist movements and a retreat from the international rules-based order, a system that has provided unparalleled prosperity to Canada and others for decades.

In response, we are committed to creating opportunities for more Canadians to engage in and benefit from trade, while at the same time advancing broader social, labour and environmental priorities.

We have also talked to a diverse range of Canadians to hear their views on trade.

Although, overall, Canadians support trade, many have also expressed concerns. Some of these include:

- a perceived lack of transparency in trade agreement negotiations
- the perception that large corporations are accorded special rights and privileges
- a perception of negative or divergent effects of trade agreements on certain segments of the population, particularly members of the middle class and workers in traditional industries
- perceived threats to the environment, health, safety and consumer standards, as well as governments' right to regulate

Responding to global concerns, as well as to input received from Canadians through our consultations, we continue to work on making trade accessible and beneficial to more Canadians. Our approach reflects and promotes domestic and international policy priorities that support economic growth that benefits everyone and maintains confidence in an open, rules-based trading system.



How we're making sure our trade and investment agreements benefit everyone

The government's efforts to date can be divided into three areas:

1) Putting more Canadians at the heart of our trade policy-making agenda

To better align Canadian trade policy priorities with the interests of all Canadians, we are:

- ensuring that our trade policy positions are informed before and during negotiations by thorough consultations and ongoing dialogue, including with traditionally under-represented groups, such as women entrepreneurs, SMEs, Indigenous peoples and youth
- improving transparency throughout negotiation processes and related activities
- communicating the benefits of trade and investment, including through public events in Canada
- enhancing links, where appropriate, between trade and domestic socio-economic policy objectives that support middle-class job creation and growth that benefits everyone

2) Expanding access for more Canadians through inclusive content in trade agreements

To date, we have:

- built on Canada's past achievements, such as improving labour and environmental protections with innovative provisions. For example:
 - the [Canada-EU Comprehensive Economic and Trade Agreement](#) protects the ability of Canada to regulate and legislate to achieve legitimate public policy objectives in public health, social services, public education, the environment, safety and privacy
 - the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#) includes binding labour and environment chapters that are both subject to dispute settlement
- advanced new elements in "traditional" chapters of trade agreements, such as those on government procurement, investment and services trade, that would



make the benefits of these chapters more accessible to a broad range of Canadians.

- developed new chapters, focused on cooperation and information sharing, designed to improve the capacity of and conditions allowing under-represented groups, in particular women, owners of SMEs and Indigenous peoples, to access and benefit from the opportunities created by trade agreements
- the trade and gender chapters in the modernized [Canada-Chile](#) and [Canada-Israel](#) free trade agreements establish trade and gender committees to oversee cooperation activities and share experiences in designing programs that encourage women's participation in national and international economies
- in addition to a chapter on trade and gender, Canada is working to include dedicated chapters and provisions on SMEs and on trade and Indigenous peoples in negotiations with the Pacific Alliance and Mercosur

3) Engaging with international partners to promote and advance trade initiatives

We are working with our international partners:

- advanced new elements in “traditional” chapters of trade agreements, such as those on government procurement, investment and services trade, that would make the benefits of these chapters more accessible to a broad range of Canadians.
- in international economic forums, such as the [World Trade Organization \(WTO\)](#), the [G20](#), the [Organisation for Economic Co-operation and Development](#) and [Asia-Pacific Economic Cooperation](#), on enhanced bilateral and multilateral engagement and participation
- For instance, over 120 WTO members and observers at the organization's December 2017 Buenos Aires ministerial conference endorsed the [Joint Declaration on Trade and Women's Economic Empowerment](#), which Canada championed; in March 2018 in Geneva, Switzerland, Canada hosted the first seminar organized under the declaration, focusing on gender-disaggregated data and gender-based analysis.



Annex C - List of other government departments, agencies or Crown corporations that lead, co-lead or provide support to Global Affairs Canada on trade negotiations

Global Affairs Canada

With the support of

Agriculture and Agri-Food Canada
Crown-Indigenous Relations and Northern Affairs Canada
Department of Canadian Heritage
Department of Finance Canada
Department of Fisheries and Oceans Canada
Department of Justice Canada
Environment and Climate Change Canada
Employment and Social Development Canada
Immigration, Refugees and Citizenship Canada
Innovation, Science and Economic Development Canada
Natural Resources Canada
Public Services and Public Procurement Canada
Transport Canada
Women and Gender Equality (formerly Status of Women Canada)

Agencies

Canada Border Services Agency
Canadian Food Inspection Agency

Crown Corporation

Standards Council of Canada



Annex D - Questions to guide GBA+ analysis of trade negotiations

Below is a list of questions designed to aid Trade Branch officials in conducting GBA+ analysis of the effects and opportunities on people in Canada of free trade negotiations throughout the negotiating process. When answering each question below, please keep in mind key diversity and inclusivity dimensions that go beyond gender. These include: Indigenous heritage, age, and geographical/regional implications (i.e. urban, rural, and remote), newcomer/immigrant status, visible minority, ableness, LGBTQ, etc. Provide as much quantitative (data) analysis as possible. Qualitative analysis from research, using various sources, including the results of consultations, is also of great value. This analysis can also help inform your assumptions, expectations, and conclusions. Consult with other government departments, if necessary. Keep a list of sources and document your work whenever possible.

Questions:

1. What is the purpose of your chapter?
2. Does your chapter include any provisions that you think *could* impact on gender or inclusivity in a positive/intended or negative/unintended way?
3. What are the top five industries/sectors/goods/services that are potentially affected by your chapter?
4. What is the level of gender or diversity involved in those sectors across Canada in terms of jobs, business ownership? (Provide any data or sources of info to support your analysis)
5. What are the potential risks in terms of gender or inclusivity effects? How could you mitigate them in a trade policy provision in your chapter?
6. What are the potential opportunities or positive effects of your chapter in terms of gender or inclusivity effects? How could you realize this opportunity through enhanced provisions in your chapter?
7. Does your chapter include/are you planning on including any specific gender or inclusivity provisions? If so, what are they? If not, could you consider that to address an issue or a risk that you foresee?
8. How are you factoring considerations around gender and inclusivity into provisions in your chapter? Consider both direct impacts (e.g., primary industry or regions affected) and indirect impacts (e.g. secondary industries or regions affected).



9. What are the policy options/recommendations that you can propose to the chapter lead negotiator to advance gender equality and inclusivity outcomes in your chapter and the FTA?



Annex E - Background on Mercosur as a market for Canadian goods, services, and investment

Expanding Canada's trade with large fast-growing markets, such as Mercosur, is a priority for the Government of Canada and contributes to its trade diversification strategy. The government's objectives are to increase the country's prosperity through creating more opportunities for more Canadians to pursue new markets, compete and win. The strategy also provides Canadians with a greater choice of affordable products, raises living standards in the process and creates well-paying jobs for the middle class.

With a combined population of 261 million and GDP of over \$3 trillion, Mercosur—the South American trading bloc composed of Argentina, Brazil, Paraguay and Uruguay—offers Canada an opportunity to deliver on its ambitious trade agenda with large and like-minded fast-growing markets. Opportunities abound to increase our current \$9.9 billion in bilateral trade, which will help to create more jobs in Canada. This includes opportunities for micro, small and medium-sized enterprises (MSMEs), which will benefit by having increased access to markets to sell their world-class products.

Trade diversification

As a key part of Canada's trade diversification agenda, a free trade agreement with Mercosur would mean that 85% of Canada's trade is now covered by trade agreements with countries that account for 66% of all global economic activity.

In combination with Canada's existing free trade agreements, an agreement between Canada and Mercosur would enable 98% of Canada's current trade with South America to benefit from preferential access, making Canada the hemisphere's most open and privileged trading partner.

Opportunities by sector

As the world's fourth-largest trading bloc, Mercosur presents significant commercial opportunities for Canadian companies and workers in sectors across the country—from British Columbia's lumber and Ontario's auto parts and chemicals products to Quebec's aerospace sector and the Atlantic provinces' fisheries. This important market is ripe for Canadian products and for the specialized know-how of the workers who produce them.

A comprehensive and ambitious outcome in a free trade agreement with Mercosur would enhance market access for Canadian world-class goods, creating more opportunities for established and first-time exporters to tap a rapidly growing market and generating new jobs at home.

For example, market access, in the form of reduced tariffs, could be enhanced for Canadian exporters in a number of industrial sectors, including:



- automobiles and parts (current tariffs up to 35%)
- chemicals and plastics (current tariffs up to 35%)
- pharmaceuticals (current tariffs up to 14%)
- aluminum (current tariffs up to 20%)
- machinery and equipment (current tariffs up to 35%)
- information and telecommunications technology (current tariffs up to 35%)
- forestry sector (current tariffs up to 35%)

Opportunities also exist for services suppliers in sectors where Canadians excel, such as in infrastructure, distribution and logistics; transportation; tourism and travel-related services; as well as services linked to the extractive industries.

Benefits for consumers

A comprehensive and ambitious outcome in a free trade agreement with Mercosur also has the potential to reduce high tariffs on many of Mercosur's exports to Canada. This will benefit Canadian customers looking for more choices at more affordable prices. Some of these include key benefits for every Canadian workers and their families in areas where high tariffs are currently applied, such as in the apparel, footwear and furniture sectors.

Canada's inclusive approach to trade

A Canada-Mercosur free trade agreement would be a strategic opportunity for Canada to advance its inclusive approach to trade in an important and growing region. Mercosur member countries are willing partners in the pursuit of tangible progressive trade elements, such as in the areas of gender, MSMEs, environment and labour, as part of these negotiations.

As part of the its commitment to transparency and openness, the government has spent the past year listening to a broad range of Canadians, including representatives of industry and business organizations, Indigenous groups, labour unions, civil society groups, environmental groups and Crown corporations, as they share their views on strengthening trade relations with Mercosur. While the consultation period in the Canada Gazette is over, officials continue to accept views and submissions from Canadians on this initiative and discussions continue coast to coast to coast on opening more doors for Canadians.



Annex F - Background on objectives of FTA chapters Annexes

Free trade agreements (FTAs) are binding treaties between countries that open markets to businesses by addressing trade barriers, such as tariffs and non-tariff barriers. These agreements:

- provide Canadians with preferential access to a wider range of export and international investment opportunities
- create more predictable and transparent conditions for businesses operating in foreign countries

The term “FTA” may seem to imply complete free trade between countries involved in the agreement; however, FTAs do not automatically eliminate all tariffs (customs duties imposed on imported goods) and other barriers to trade. For example, some products may be free of tariffs, but others may not be. Tariffs may also be eliminated over a period of time. Beyond tariffs, FTAs seek to prevent and address non-tariff barriers, such as those arising from health, safety, and environment regulations, while preserving the right to regulate in the public interest.

Many of Canada’s FTAs also go beyond trade in goods to cover services. Over 18% of Canada’s total trade is in services, including:

- engineering
- architecture
- accounting
- law
- information Technology
- financial Services
- environmental Protection and Monitoring
- mining and Energy Development

Objectives of FTA Chapters

Chapter 1 – Market Access for Goods – A National Treatment and Market Access (NTMA) chapter establishes clear and predictable rules on a range of issues affecting trade in goods, such as elimination of customs duties and import and export restrictions, among others. The chapter also enshrines the foundational [World Trade Organization](#) principle of “national treatment,” which ensures that a country treats



imported goods no less favourably than it treats domestically produced goods. Tariff schedules, which are often appendices to the NTMA chapter, set out each country's obligations to eliminate custom duties (i.e. tariffs) within specified time frames. Canada's FTAs typically involve elimination of all customs duties, except on a limited number of highly sensitive products.

Chapter 2 and 3 – Rules of Origin and Procedures related to Origin

Rules of Origin – The Rules of Origin provisions set out the general requirements under which a good may be considered originating in the territory of the parties to the Agreement and therefore eligible for preferential tariff treatment. These provisions are intended to benefit Canadian importers, exporters, producers and consumers by establishing a predictable rules-based environment for trade in goods. The economic impact of these provisions is dependent on the extent to which market access increases as a result of tariff reduction.

Origin Procedures – The Origin Procedures provisions establish the procedures used to administer the rules of origin and set out obligations for importers, exporters, and the customs authorities. The procedures clarify the processes and obligations required for importers and exporters to take advantage of the reduced or free rates of duty and provide the customs authorities with an applicable methodology to ensure that only qualifying goods receive preferential tariff treatment under the FTA.

Chapter 4 – Trade Facilitation – The Customs and Trade Facilitation chapter is administrative in nature, seeking to reduce the transaction costs incurred by traders by simplifying, standardizing, and modernizing trade-related customs procedures to facilitate the movement of goods within the territories of the parties. A net positive effect is expected for SMEs and especially those owned by women and Indigenous people as their fixed costs are a higher proportion of their overall costs of doing business.

Chapter 5 – Sanitary and Phytosanitary Measures – The Sanitary and Phytosanitary Measures provisions maintain each party's right to take measures necessary to protect against risks to food safety, animal or plant life or health, while ensuring that such measures are science-based, transparent and do not create unnecessary and unjustifiable sanitary and phytosanitary trade restrictions.

- **Biotechnology Annex** – The objective of the Agricultural Biotechnology provisions is to encourage innovation and facilitate trade in products of agricultural biotechnology. The provisions aim to provide transparency and predictability among parties in trade of products derived from current and future technologies. The provisions are expected to have broad normative effects on international treatment of biotechnology which could increase adoption and trade of agricultural biotechnology in the future.

Chapter 6 – Technical Barriers to Trade – The Technical Barriers to Trade (TBT) chapter builds on the existing WTO [World Trade Organization Technical Barriers to Trade](#) Agreement's provisions in the areas of transparency, conformity assessment, and



joint cooperation. A TBT is a non-tariff barrier to trade - such as a technical regulation, standard or conformity assessment procedure - that sets out specific technical or other requirements for products to be exported or imported to a certain country.

Chapter 7 – Good Regulatory Practices – The focus of the Good Regulatory Practices chapter is to promote enhanced transparency and good regulatory practices, with a view to improving governance and predictability while taking into account the legitimate policy objectives of each country. The Chapter includes commitments on mechanisms to facilitate inter-agency coordination; obligations involving the implementation of good regulatory practices; and obligations concerning cooperation with other parties and interested persons of other parties.

Chapter 8 – Intellectual Property – The Intellectual Property (IP) provisions include standards for the protection and enforcement of IP rights to which each Party's national laws must conform.

Chapter 9 – Cross-border Trade in Services – The Cross-Border Trade in Services provisions set out the rules regarding the treatment of service suppliers in partner countries.

Chapter 10 – Temporary Entry for Business Persons – Describes the labour mobility provisions that support the facilitated movement of highly skilled business persons between partner countries.

Chapter 11 – Telecommunications – The Telecommunications provisions enhance regulatory certainty for telecommunications service suppliers.

Chapter 12 – Electronic Commerce – The Electronic Commerce provisions help facilitate the use of e-commerce by consumers and businesses, in recognition of the growing digitalization of trade and its impact on the economy.

Chapter 13 – Financial Services – The Financial Services (FS) chapter provides protections for investments in financial institutions, establishes a framework for regulatory transparency and includes a dispute settlement framework tailored to the financial sector. The scope of the FS chapter only applies to measures relating to: financial institutions; investors and investments in financial institutions; and cross border trade in financial services.

Chapter 14 – Investment – The Investment provisions protect investors from discriminatory or arbitrary treatment in their host country.

Chapter 15 – State-owned Enterprises – The State-Owned Enterprises provisions seek to ensure that private firms can fairly compete with enterprises owned or controlled by a government. Such provisions ensure that state-owned enterprises act in accordance with commercial considerations, except when performing a public mandate.



Chapter 16 – Competition – The purpose of the Competition Policy chapter is to promote open and competitive markets, and help ensure that the benefits of trade liberalization are not offset by anti-competitive business conduct. The proposed competition policy provisions require that the parties adopt or maintain measures to proscribe anti-competitive business conduct, and include specific commitments for transparency and procedural fairness.

Chapter 17 – Trade Remedies – The purpose of the Trade Remedies chapter is to reaffirm WTO rights and obligations for anti-dumping, countervailing and global safeguard measures under the relevant WTO Agreements.

Chapter 18 – Dispute Resolution – The Dispute Resolution provisions describe transparent, effective and efficient dispute settlement mechanisms, including for state-to-state and investor-state disputes. State-to-state mechanisms help to resolve disputes between the FTA partners over the interpretation of the agreement or whether a measure of a Party is inconsistent with the agreement. Investor-state mechanisms provide recourse for companies that feel they were not treated as favourably as the host country's companies.

Chapter 19 – Government Procurement – The Government Procurement provisions help to ensure that suppliers of goods, services and construction services are treated in an open, transparent and non-discriminatory manner when competing for government procurement opportunities in partner markets.

Chapter 20 – Environment – The Environment provisions ensure that parties effectively enforce their environmental laws and do not lower environmental standards to promote trade or attract investment. It also includes commitments that support efforts to address global environmental challenges, such as climate change, conservation of biological diversity, illegal wildlife trade and invasive alien species.

Chapter 21 – Labour – The Labour provisions commit parties to effectively enforce their domestic labour laws which should in turn embody and provide protection out in internationally recognized labour rights and principles, including those set out in the [International Labour Organization's Fundamental Conventions](#).

Chapter 22 – Trade and Gender – The main objective of the Trade and Gender chapter is to advance women's economic empowerment and gender equality. It does so by acknowledging the importance of incorporating a gender perspective into economic and trade issues to maximize the benefits of trade. It also facilitates cooperation activities and information sharing.

Chapter 23 – Trade and Indigenous Peoples – The Trade and Indigenous Peoples provisions seek to enhance the ability of Indigenous peoples and businesses to benefit from the opportunities created by an FTA. They do so by increasing engagement of Indigenous peoples in international trade and facilitating cooperation activities and information sharing.



Chapter 24 – Micro, Small and Medium-sized Enterprises – The Micro, Small and Medium-sized Enterprises provisions support the growth and development of micro, small and medium-sized enterprises by enhancing their ability to participate in and benefit from the opportunities created by an FTA, through facilitating cooperation activities and information sharing.

Chapter 25 – Institutional Chapters

a. Preamble – The preamble is not a chapter, but an introduction on the purpose of the Free Trade Agreement (FTA). The preamble reflects the intentions of the parties and the scope of the FTA.

b. Initial Provisions and General Definitions – The first part of the Initial Provisions and General Definitions chapter explains how the FTA respects WTO commitments and how it links with existing agreements. The second part includes definitions of terms used in more than one chapter.

c. Administration – Provisions The Administrative Provisions chapter establishes the structure of the bodies that will be charged with the governance and the implementation of the FTA.

d. Exceptions and General Provisions – The Exceptions and General Provisions chapter includes exceptions, such as for essential security, cultural industries and taxation, that would apply across the entire agreement.

e. Transparency, Anti-Corruption and CSR and RBC – The purpose of this chapter is to facilitate trade by reducing corruption and enhancing transparency. The chapter is divided into three sections: transparency, anti-corruption and CSR and GBC.

f. Final Provisions – This chapter includes provisions related to entry into force or accession to the agreement (i.e. elements linked to the Vienna Convention). However, the Final Provisions Chapter as a whole is not gender-neutral, as, for example, delaying the entry into force of an FTA foreseen as having a positive impact on women would also postpone the benefits they could avail from the FTA.



Annex G - Background on the trade and gender nexus

Trade liberalization has been a significant stimulus to economic growth and prosperity around the world, including here in Canada. However, trade affects people differently, based on a wide range of factors, including gender. In this context, the link between trade and gender is an important issue for trade policy-makers to consider as they negotiate free trade agreements (FTAs).

Incorporating gender perspectives into macroeconomic policy, including trade policy, is key to pursuing inclusive and sustainable economic development and to achieving outcomes that are fairer and more beneficial for all. Studies have shown that women-owned businesses contribute \$150 billion to the Canadian economy and employ over 1.5 million people. Advancing women's equality in Canada could add \$150 billion to the GDP by 2026. To ensure that the benefits of free trade can be maximized and widely shared, it is important, therefore, for Canada to consider gender-related issues when developing trade policy and negotiating FTAs.

Canada's approach to trade and gender is also consistent with the Government of Canada's broader commitment to advancing gender equality and women's economic empowerment and complements its efforts to advance gender equality both at home and abroad.

Trade and gender and the impact on workers

Trade can impact women and men differently, whether as workers or entrepreneurs or, more generally, as members of society.

For example, in Canada, women are overrepresented in lower-growth and lower-wage industries, such as retail trade, and in non-tradeable services, such as accommodation and food services. In comparison, men dominate high-trade sectors, such as manufacturing and resource extraction.

Women, in contrast, account for a larger share of the workforce in service and knowledge-based sectors, such as financial services, e-commerce and telecommunications, which are expanding and in which Canada has a comparative advantage.

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 as a result of an FTA. Because of this, trade policies need to take gender-related factors into account during FTA assessments and negotiations to understand the risks and opportunities on particular demographics in the economy.

Trade and gender and the impact on business owners

Even though women start businesses at a greater rate than men, women-owned



businesses account for fewer than 16% of small and medium-sized enterprises (SMEs) in Canada and only 11% of all exporters. Education and managerial experience are key determinants of whether SMEs export. While women who own SMEs are generally more educated than their male counterparts, they also tend to have less managerial experience. This suggests that there are barriers to exporting other than education for women-owned SMEs.

Research has identified the following likely primary factors explaining female under-participation in exporting:

- **Firm size:** Smaller firms are less likely to participate in trade, and SMEs owned by women tend to be much smaller, on average, and to report lower revenue growth than those that are male majority owned. Women-owned SMEs tend to be survival-oriented businesses rather than wealth-accumulation-oriented firms that lean toward investment as a long-term objective.
- **Sectoral concentration:** SMEs run by women are more likely to be in service activities that have lower start-up costs and are less likely to export. As well, women-owned businesses tend to be in sectors and industries that are not high growth and are therefore eligible for fewer government supports. Additionally, women entrepreneurs are under-represented in high-technology manufacturing and knowledge-intensive sectors and disproportionately concentrated in low-value-added services.
- **Access:** Women may lack access to networks and mentors; information and market intelligence; domestic and global value chains; government and corporate procurement markets; training and skills development, including in financial literacy; e-commerce and digital payments; and financing, including trade financing. In addition, SMEs owned by Canadian women are less likely, compared to those owned by Canadian men, to seek loans and outside investment and more likely to have loan applications rejected on the grounds of insufficient collateral.
- **Lower-value-added firms:** Canadian women entrepreneurs are less likely than their male counterparts to run high-value-added and growth-oriented enterprises. Far fewer self-employed women (31.3%) than men (50%) incorporate their businesses.
- **Time constraints:** Many women must balance their businesses with family responsibilities, which limits the time they spend on their businesses and their ability to grow them.
- **Discrimination:** Women-owned SMEs may encounter implicit and explicit discrimination that limits their growth potential.



- **Violence and harassment:** Women may encounter violence and harassment when travelling outside of the country, in particular at border crossings. This can affect their ability and willingness to participate in international trade and investment.

Increasing the number of women-owned business exporters is important for a variety of reasons. Evidence shows that SMEs that export, compared to those that don't, have the following important characteristics:

- They are larger and more productive and innovative
- They have higher growth and revenues
- They are more resilient to market shocks
- They hire more workers, including women and other diverse population groups, and pay higher wages
- They invest more in research and development, information and communications technologies, and machinery and equipment
- They invest more in employee training

Therefore, increasing the number of women-owned SMEs that export has important socio-economic benefits for both society in general and the businesses themselves.

Trade and gender and the impact beyond workers and businesses

In addition to having effects on women as workers and as business owners, free trade can impact women in other ways, as members of society.

For instance, trade can impact women and men differently as consumers, particularly with regard to changes in the prices of imported goods. As women typically earn less than men, the reduction in the prices of goods could have, in relative terms, a more positive impact on their lives than on the lives of men in equivalent circumstances, by freeing up a higher percentage of their disposable incomes.

Given that FTAs reduce tariffs on imported products, government revenues may be negatively impacted, which could lead to reductions in government-funded services and programs. This is particularly the case in emerging markets, where the share of government revenue that comes from tariffs can be larger than in more open economies and could affect women more than men because, evidence suggests, women benefit more from these services.

At the same time, however, FTAs also increase economic prosperity and GDP through business development and expansion, job creation and increased exports. Therefore,



what governments lose in revenue as the result of FTA tariff reductions may be counterbalanced by increases in tax revenue.