Women in the Economy and Gender Responsive Trade Policy

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women in the Economy and Gender responsive Trade Policy

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Global Affairs Canada
Outline

- Canada’s Gender Responsive Trade Policy
- Role of Women in the Canadian Economy
- Women-owned businesses and their role in trade
- Impact of Trade Agreements on Gender
Canada’s Gender Responsive Trade Policy

• Goal: making sure FTAs benefit all segment of the population

• Need to evaluate the impacts of FTAs on gender
  • GBA+ for all Chapters in FTAs
  • Impact assessment of FTA and labour and gender implications

• Allows for well-informed and evidenced based domestic response
“Equal pay and better economic opportunities for women boost economic growth—creating a bigger pie for everyone to share, women and men alike. Better opportunities for women also promote diversity and reduce economic inequality around the world.

It is an economic no-brainer”.

Christine Lagarde, Managing Director

The International Monetary Fund, November 14, 2016
Canadian Women in the Workforce

• The wage gap has narrowed, but it’s still there: for full-time workers of prime working-age, females earned 87 cents, on average, for every $1 earned by males.

• Boosting women’s participation in the labour force could partially offset demographic trends that threaten Canadian growth.

• Women are making headway in typically male-dominated fields.

• Fewer women are working part-time due to family obligations, but they are still far more likely to work part-time than men.

• Women are an integral part of the Canadian workforce.
Women participation in the workforce in Canada is the highest amongst G7 economies

Women's Labour Force Participation Rate, G7 economies, 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>75%</td>
</tr>
<tr>
<td>Germany</td>
<td>74%</td>
</tr>
<tr>
<td>U.K.</td>
<td>74%</td>
</tr>
<tr>
<td>Japan</td>
<td>69%</td>
</tr>
<tr>
<td>U.S.</td>
<td>68%</td>
</tr>
<tr>
<td>France</td>
<td>68%</td>
</tr>
<tr>
<td>Italy</td>
<td>56%</td>
</tr>
</tbody>
</table>

Data: OECD Stat | Source: Office of the Chief Economist, Global Affairs Canada
Women participation in the workforce in Canada is the second highest amongst APEC economies

Women's Labour Force Participation Rate, APEC member economies, 2017

New Zealand: 76%
Canada: 75%
Australia: 72%
Japan: 69%
Russian Federation: 69%
United States: 68%
Korea: 59%
Chile: 57%
Indonesia: 55%
Mexico: 47%

Data: OECD Stat | Source: Office of the Chief Economist, Global Affairs Canada
Canadian Women and Education

• Less than 3% of females head incorporated businesses in Canada, almost half the rate of males. In 2017, 1 in 4 board members of large publicly listed companies in Canada were women, an improvement from 1 in 5 in 2016.

• The pipeline for leadership talent is bright. Canada leads OECD economies both for the share of women having completed tertiary education and the share of women involved in early-stage firms.

• While many Canadian women pursue post-secondary education, the number of women opting to study in the STEM fields remains low.
Women Entrepreneurs, 2018 (% of total business owners)

Data: Mastercard Index of Women Entrepreneurs (MIWE) 2018 | Source: Office of the Chief Economist, Global Affairs Canada
Proportion of Women with Tertiary Education, 2017

Proportion of Women with Completed Tertiary Education, Top 10 economies (OECD), 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>63%</td>
</tr>
<tr>
<td>Russia</td>
<td>60% (2015)</td>
</tr>
<tr>
<td>Israel</td>
<td>55%</td>
</tr>
<tr>
<td>Finland</td>
<td>52%</td>
</tr>
<tr>
<td>Japan</td>
<td>52%</td>
</tr>
<tr>
<td>Iceland</td>
<td>51%</td>
</tr>
<tr>
<td>Australia</td>
<td>50%</td>
</tr>
<tr>
<td>United States</td>
<td>50%</td>
</tr>
<tr>
<td>Estonia</td>
<td>49%</td>
</tr>
<tr>
<td>Ireland</td>
<td>49%</td>
</tr>
</tbody>
</table>

Data: OECD Stat | Source: Office of the Chief Economist, Global Affairs Canada
Women owned SMEs are taking their place in trade, 2011-2017

Percentage of SMEs that Export....

Source: Office of the Chief Economist, Global Affairs Canada
Obstacles to Exporting by Gender of Ownership, 2017

Data: Statistics Canada; Survey on Financing and Growth of SMEs, 2017
Source: Office of the Chief Economist, Global Affairs Canada
Size of business and sector seem to be the key factors, 2014

Exporting SMEs by Gender and Enterprise Size (%)

- Micro: 46 (Female) vs 41 (Non-Female)
- Small: 39 vs 35
- Small-Medium: 20 vs 14
- Medium: 2 vs 4

Female SMEs’ Share of Exporters by Industry (%)

- Wholesale Trade: 7 vs 7
- Manufacturing: 9 vs 9
- Health, Information, & Arts: 16 vs 17
- Other Services: 17
- Retail Trade: 22

Data: Statistics Canada; Survey on Financing and Growth of SMEs, 2014 | Source: Office of the Chief Economist, Global Affairs Canada
Our first attempt:

First method used in Canada to estimate gender impacts on jobs of trade agreements
What we have learned: Results for a generic agreement

Post Agreement Employment Change
(Level Change in Contracting/Expanding Sectors, Thousands of jobs)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting Sectors</td>
<td>-6.1</td>
<td></td>
</tr>
<tr>
<td>Expanding Sectors</td>
<td>17.7</td>
<td>15.1</td>
</tr>
</tbody>
</table>

-2.2
A small number of sectors are responsible for the majority of the impacts
Our current approach:

• We have developed our CGE model to include a labour module

• We have an overlapping generations framework within the CGE model

• It includes an occupation transition matrix to allow for movement between occupations

• This allows for detailed impacts of FTAs by gender, age group and occupation
**Summary of Modelling Results**

Trade Agreement could help to create 43,570 jobs (19,410 males, and 24,160 females)

<table>
<thead>
<tr>
<th>Age 15-24</th>
<th>Management</th>
<th>Professionals</th>
<th>Technical</th>
<th>Community</th>
<th>Clerical</th>
<th>Sales</th>
<th>Machinery</th>
<th>Labourers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 15-24</td>
<td>370</td>
<td>914</td>
<td>1,146</td>
<td>409</td>
<td>746</td>
<td>4,828</td>
<td>533</td>
<td>733</td>
<td>9,678</td>
</tr>
<tr>
<td>Age 25-34</td>
<td>1,148</td>
<td>3,027</td>
<td>1,561</td>
<td>546</td>
<td>1,679</td>
<td>2,354</td>
<td>234</td>
<td>461</td>
<td>11,010</td>
</tr>
<tr>
<td>Age 35-44</td>
<td>1,057</td>
<td>2,773</td>
<td>956</td>
<td>452</td>
<td>1,239</td>
<td>1,246</td>
<td>251</td>
<td>270</td>
<td>8,242</td>
</tr>
<tr>
<td>Age 45-54</td>
<td>990</td>
<td>1,750</td>
<td>801</td>
<td>430</td>
<td>1,046</td>
<td>1,274</td>
<td>124</td>
<td>215</td>
<td>6,630</td>
</tr>
<tr>
<td>Age 55-64</td>
<td>788</td>
<td>1,100</td>
<td>474</td>
<td>330</td>
<td>929</td>
<td>1,220</td>
<td>386</td>
<td>276</td>
<td>5,504</td>
</tr>
<tr>
<td>Age 65+</td>
<td>269</td>
<td>513</td>
<td>178</td>
<td>94</td>
<td>478</td>
<td>628</td>
<td>253</td>
<td>93</td>
<td>2,506</td>
</tr>
<tr>
<td>Total</td>
<td>4,622</td>
<td>10,077</td>
<td>5,115</td>
<td>2,261</td>
<td>6,116</td>
<td>11,550</td>
<td>1,782</td>
<td>2,048</td>
<td>43,570</td>
</tr>
</tbody>
</table>
CGE with Labour Module Tells a Different Story

The labour module is an improvement over the top down approach because it takes into account changes in demand for different occupations both within-sector and across sectors.
The top down approach underestimates the benefits for women.
Impacts by Age Group

The top down approach underestimates the impact for the youngest age group and older age groups.
Conclusion

- Role of Women in the economy is very important: boosting participation rates could help mitigate demographics

- Women-owned businesses export less in part due to sectors: harder to fix

- Trade effects are not gender neutral.