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by Fauzya Moore

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POLICY PERSPECTIVE

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Canada recently introduced gender equality to international diplomacy via its Feminist International Assistance Policy (FIAP) and its Progressive Trade Agenda (PTA). A feminist foreign policy is also reportedly coming soon. Following a 2015 McKinsey study[1], Canada claims that achieving global gender equality will bring $12 trillion to global growth. But Canada's principled, rights-based approach never really addresses how developing countries will pay for the reforms that it promotes. Or whether Canadian policy can help or hinder countries' ability to trade, grow, and reform.

Speaking on trade and gender, former-Foreign Minister François-Philippe Champagne once commented that "during a time of rising skepticism and protectionism, it is the time to evaluate whether more can be done."[2] There is, and the initiative needs to start at the border with Canadian tariffs. Because, unfortunately, some of Canada's highest tariffs in an otherwise open customs tariff are against heavily gendered industries in the developing world. They represent "significant gender-related barriers, which limit or distort trade," precisely the kind of barriers that the Government of Canada speaks against.

This is a problem both for Canada and the developing world. Canada's main financing for a global feminist transformation is around $7 billion in annual official development assistance. This contribution is expected to introduce the world's women to the middle class via a focus on agriculture and women as entrepreneurs. Canada's FIAP also calls for a great deal of reform in the social, legal and political sectors, all of which will need financing from somewhere. Unfortunately, $7 billion is a drop in the bucket in a world where over two billion women and girls live on less than $5.50 per day. By way of comparison, social-sector spending from Canada's Department of Employment and Social Development alone totals around $70 billion per year for 38 million Canadians.

Further, Canada's pro-feminist trade and development strategies tend to focus on discrete initiatives – financing for women's entrepreneurship, focusing on agriculture and inserting gender chapters in Canada's (few) free trade agreements with developing countries. These will help, but they won't bring the growth that countries need to finance reforms. Canada needs to address wider, systemic issues, like the kind generated by its own tariff regime. It needs to focus on the kind of reforms that will help developing economies trade, grow, reform, and transform.

Finance for reform can come from borrowing, taxing, or the revenues from trade. If countries are already indebted, or already heavily taxed, the first two can be unhelpful. Trade-led growth is a more viable option because it enables countries to earn their way out of poverty and inequality. And it works best if market access in importing countries is free and fair. Many of Canada's imports from the developing world are from heavily gendered industries. And Canada, ranked by

[1] McKinsey Global Institute: *How Advancing Gender Equality Can Add $12 Trillion to Global Growth,* 2015, https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth
[2] Minister Francois- Phillippe Champagne *Advancing Gender Equality through Trade*, in "Reshaping Trade Through Women's Economic Empowerment", April 2, 2018

GDP as the world's tenth largest economy, still maintains significant protections against these industries.

The FIAP directs a strong emphasis on agriculture and rural interventions. There is no question that providing rural women with access to credit, securing title to land, and other reforms are essential to progress. But agriculture in the developing world is often a low productivity activity and likely to remain so until the WTO solves the problem of subsidies in agriculture.

Manufacturing, industrialization, and occasionally services, are historically the engines of economic growth in most countries. Industrialization usually begins with the growth of labour intensive and often gender intensive manufacturing like processed foods, apparel, textiles and footwear[3]. If growth is successful, then countries diversify to higher value-added industries like electronics and machinery. In the process they can transform their economies and societies to provide the distributive benefits that the FIAP seeks. Canada's early imports of manufactured goods from developing countries demonstrate precisely this trend. In the 1970s and '80s, China, South Korea, Singapore and Taiwan exported many labour- and gender- intensive products, processed food, apparel, textiles and footwear to Canada before transitioning to higher value-added exports such as electronics, machinery and eventually services.

Today, an additional 40 developing countries export to Canada. Their highest or second-highest value-added manufactured exports are foundational, labour/gender-intensive imports, particularly apparel. But unlike the Asian Tigers, few if any of these countries – Guatemala, Pakistan, Sri Lanka, Kenya, South Africa, even Bangladesh and many others – attract the unprecedented levels of investment that enabled the Tigers to graduate quickly from manufacturing to industry and services. If these countries don't trade their way to prosperity, they can stay stuck in low-level manufacturing without acquiring the resources for economic transformation, let alone reform. And Canada's tariffs don't help.

Canadian policy-makers may not have noticed that some of Canada's import tariffs actually discourage the growth of developing countries' labour- and gender-intensive exports. Apparel, for example, is the highest or second highest value-added manufactured export of many developing countries to Canada. But Canada's tariffs on gender-intensive imports are trade-stopping, and wage- and growth-depressing. At 15 to 18 per cent, Canada's tariffs on key apparel items are higher than Australia's at 5 per cent, China's at 6 per cent, the EU's at 12 per cent and just slightly below protectionist India's at 20 per cent. In contrast, key apparel imports from the U.S. enter duty-free under the Canada-US-Mexico Agreement (CUSMA), providing the U.S. with better market access than many developing countries.

Forty-seven least-developed countries (LDCs) are exempt from these tariffs and eligible for duty-free treatment. So are Canada's handful of FTA developing country partners. Some LDC exporters grew trade with Canada after a 2003 exemption, but they may soon lose it, and return to the 18 per cent tariff. The remainder of the LDCs (approximately 36) don't appear to have grown duty-free trade with Canada. Anecdotal evidence suggests that many don't know that the exemption

[3] Historically women have been under-represented in industry except in labour intensive industries, apparel, textiles, footwear, processed food and some areas of furniture manufacture and toys. More recently female labour is employed in more capital intensive industries like electronics.

exists, possibly a result of a deficit of Canadian programming in this area. Even Afghanistan's apparel imports, which are eligible for duty-free treatment, attracted high tariffs throughout decades of Canadian efforts to promote economic growth.

It is at least as important to ensure that women engaged as labour in international trade are treated fairly, as it is to ensure that women entrepreneurs are able to trade successfully. About 75 per cent[4] of the workers in the global apparel industry are female, with a hefty component of male managers. Women lose when tariffs are high because high tariffs drive down wages and working conditions. The World Bank and the World Trade Organization recently weighed in on this issue in a 2020 study, "*Women and Trade: The Role of Trade in Promoting Gender Equality*." The study notes that "pink tariffs" on gender-intensive industries "keep women in the developing world from broader export opportunities and better jobs" and that "discriminatory trade policies that make women-dominated industries less competitive and productive are widespread."

Tariffs are clearly not the only challenge. Global value chains that import cheap, mass-market apparel and footwear routinely demand low prices from developing country suppliers, driving down prices, wages and working conditions. In fact, a really feminist diplomatic option might be to open an international dialogue on the conditions and prices in the apparel and other labour- and gender-intensive industries to see what might be achieved.

But first, Canada could do more at home. Simply dropping the Canadian tariffs (they are not particularly welcome among Canadian retailers and manufacturers) is a first step. The upcoming review of Canada's General Preferential Tariff may be a place to start, or Canada could undertake a review of the Canadian tariff from a trade and gender perspective.

Canadian development policy also needs refocusing on both growth and gender. It is not aligned with the growth trajectory of exports to Canada or the heavily gendered nature of that trajectory. First-tier labour-intensive industries may be important for future growth, but they can and do mistreat women, an issue as old as the British industrial revolution. Governments sometimes see female workers as a disposable human resource on which future wealth can be built, and fail to intervene. Canadian support in this area could both help turn around a longstanding gender problem and support economic growth. Focusing on the unhealthy gender dynamics of the industries that export to Canada, using the arsenal of instruments the FIAP has already developed – public-private partnerships, labour rights, green growth, support for childcare – would be a start. One of Canada's few official development assistance forays into this area was in 2013 when poorly built Rana Plaza factory in Bangladesh, which made clothes for Loblaws, collapsed, killing 1,132 workers, mostly women. There hasn't been much since.

After COVID-19's ravages on developing countries' industries, particularly the apparel industry, Canada's current trade, development and feminist policies could be better tuned to both economic growth *and* the needs and realities of women working as labour in developing countries. That reform would demonstrate to skeptical developing country governments that Canada's feminism has tangible results as well as long-term potential.

[4] https://16dayscampaign.org/campaigns/garment-worker-sector-focus

About the Author

Fauzya Moore *is an Ottawa-based consultant and writer. She has worked as a Senior Economic Advisor at the various iterations of Global Affairs Canada, and also as a Senior Advisor on Governance at the Treasury Board of Canada. She is also a graduate of the Harvard Kennedy School (2009) where she held both a Fulbright scholarship and a fellowship from the Ash Centre for Governance and Innovation. She has worked in both the developed and developing world.*

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