by Pablo Heidrich

Canada's Free Trade Agreements with Peru and Colombia and Gender-Related Dimensions

Trade liberalization can lead to the improvement of labour conditions and economic advantages for women. However, if governments do not take complementary gender policies into consideration, salary and labour gaps between men and women may be widened, intensifying inequity. It is crucial to promote gender equity policies alongside trade promotion policies. It is also important to know how new opportunities created by free trade agreements (FTAs) can lead to positive impacts from a gender perspective.

This policy brief focuses on Canada's FTAs with Peru and Colombia and their gender-related dimensions. First, it outlines the general context for the treaties and recent bilateral trade flows between Canada and the two South American countries. Second, it explains the most relevant concessions related to gender issues granted by these agreements. Finally, it provides ideas on possible scenarios of trade growth between the countries from a gender perspective.

This policy brief explores the opportunities and concessions granted by Canada's free trade agreements with Peru and Colombia and how these new opportunities can generate positive impacts on gender equity.

This policy brief is part of the research process funded by CIDA/CATRTA Fund, through the Conference Board of Canada.

Dynamics of Canada's Trade with Peru and Colombia

Canada has increasingly improved trade relations with Latin American countries since the 1990s. Commercial trade flows surpassed the $50 billion milestone in 2011 (Industry Canada 2012).[1] Most of these flows take place within the North American Free Trade Agreement framework, signed by Canada, Mexico, and the United States. Yet, countries such as Peru, Colombia, and Chile have established important trade flows with Canada, especially since the mid-2000s.

the Latin American region. These exports, which constituted 9 per cent of total Peruvian exports, were worth $4.445 billion in 2011. These statistics indicate that Canada is a key commercial partner for Peru—Canada is in fact Peru's fourth largest export market. Colombia's exports to Canada, which constituted 1.5 per cent of total Colombian exports, were worth $808 million in the same year. Canada is Colombia's eighth largest export market.

For Canada, these two countries are small export markets. Peru and Colombia bought Canadian exports worth $522 million and $779 million, respectively, in 2011, which constituted approximately 0.12 per cent and 0.16 per cent of total Canadian exports that year. Canada's exports represented only small percentages of imports for Peru and Colombia—between 1 and 2 per cent for both countries. However, what is important is that the rate of bilateral trade growth between Canada and these two countries has been higher than the overall trade growth rate between Canada and the rest of the world over the past decade. This trend may continue if the United States continues to struggle economically and Canada continues to diversify its trade relations to reduce its economic dependency on the United States.

Concessions granted by Canada's FTAs with Peru and Colombia from a gender perspective

Canada's FTAs with Peru and Colombia have been in place since 2009 and 2011, respectively. It may be too early to confirm that bilateral trade flows have had significant impacts on gender equity in the South American countries, but an analysis of potential impacts of the FTAs' concessions is possible.

Both agreements are similar in their commercial terms. Canada decreased discretionality in the way that it applies non-tariff barriers such as sanitary and phytosanitary standards. It also granted clauses establishing rules of origin to be applied to Canada's imports, which are important to the textile and clothing industries of both South American countries. These industries have extensive female labour force participation and important participation by businesswomen and women managers.

There are products from Peru's and Colombia's non-traditional export sectors that are relevant in terms of gender but have not yet gained satisfactory access to the Canadian market through the FTAs. These include processed dairy and poultry, frozen poultry, and sweet processed food. Canada has historically kept protectionist measures in place for its dairy, poultry, and sugar producers, limiting international competition.

With the FTA, Peru immediately benefited from Canada's liberalization of 8,164 products' tariffs, corresponding to 97 per cent of Canadian tariff groups. Some products relevant from a gender perspective include textiles and clothing, tariffs of which were reduced from 16.1 per cent to zero, and footwear, tariffs of which were lowered from 13.5 per cent to zero. Remaining products' tariffs will be liberalized in periods of three to seven years after the implementation of the agreement.

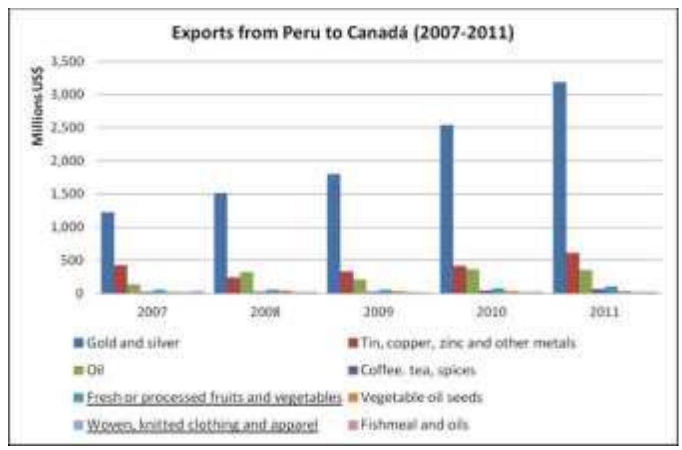
In 2011, there were 850 Peruvian enterprises exporting to Canada. Peru's most important sector exporting to Canada is mining, but only 15 per cent of Peruvian exporting enterprises operate in that sector. Twenty per cent of enterprises operate in the textile and clothing industry. This industry in the manufacturing sector, alongside the retail and agricultural industries, is one of the most important in terms of female labour in Peru. The more that the manufacturing sector benefits from the FTA, the more that exporting opportunities could result in labour improvements for women.

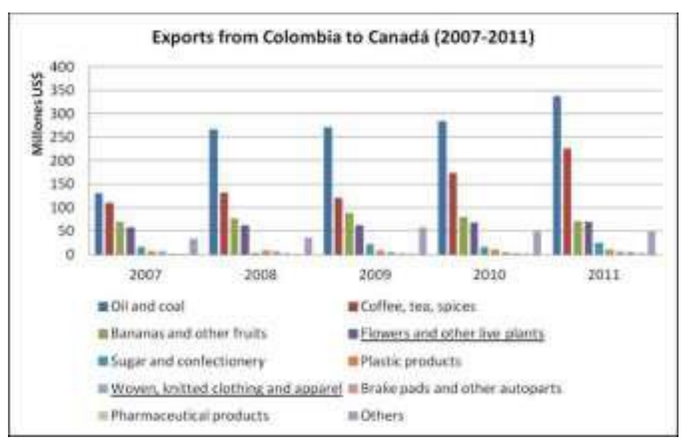
Colombia benefited from the FTA with Canada by gaining immediate tariff-free market access for 90 per cent of its agricultural products and 97 per cent of its manufacturing products. Access for flowers (Colombia's main non-traditional export to Canada) fruits, vegetables, textiles and clothing, biofuels, and forestry products is key. Colombia and Canada also established common sets of tariffs for beef, pork, and beans.

Among the Colombian industries with extensive female labour force participation that may benefit from the FTA are the textile and clothing industry and flowers industry. In 2008, the textile and clothing industry generated 129,434 jobs, 60 per cent of which were held by women (DANE 2007). In 2009, the flowers industry employed 219,323 workers, 56 per cent of which were women, and generated approximately 25 per cent of jobs for women working in rural areas (Asocolflores 2009).

Recent exports from Peru and Colombia to Canada and their gender impact

Since 2007, the main exported products from Peru and Colombia to Canada have been minerals, fossil fuels, and certain agricultural commodities, as the following figures demonstrate. Semi-processed gold and silver represented 71.6 per cent of Peruvian exports to Canada in 2011 and an average of 67.7 per cent over the previous four years. In 2011, Colombian exports of oil and coal to Canada represented 41.6 per cent of total Colombian exports that year and an average of 39.4 per cent from 2007 to 2010.





Most of the products exported to Canada come from similar sectors due to the two countries' traditional export orientations. The most important products coming from Peru are minerals, metals such as tin, copper, and zinc, and crude oil. Colombia's most important exports include coffee and bananas.

From a gender equity perspective, the concentration of exports from the extractive sector in the case of Peru is not positive. Industries (including artisanal mining operations) are mostly male-dominated in terms of jobs, management, and property. There may be indirect jobs that could generate positive impacts in terms of gender, but this situation is not equal to the development of alternative export industries that do not require huge capital investments and could benefit more women.

In the cases of coffee—important for both Peru and Colombia—and bananas, which are important for Colombia, female labour force participation in these industries is relatively high, since women are usually hired for the coffee-drying process and harvesting. The value of Colombian flower exports to Canada has increased from $60 million to $70 million during the past five years. The flower industry is very promising not only in economic terms but also in terms of potentially improving gender equity in Colombia—it could be a field for developing best practices in gender equity.

Conclusion

An understanding of the opportunities and concessions granted by FTAs is fundamental in the generation of positive impacts on gender equity. There is no one way to promote gender equity policies alongside trade promotion policies. Joint efforts between public and private sectors can generate effective strategies to help women take advantage of the opportunities created by an FTA. Some policies that can contribute to gender equity are: including gender perspectives as part of the dictates of international trade authorities, training and skills development for women participating in international trade, promoting the creation of and specific goals for businesswomen networks, and promoting women's participation in international trade fairs. Some promising initiatives include Fair Trade certification in Peru for enterprises that achieve fair trade and zero gender discrimination as well as the Colombian Coffee Growers Federation's Women Coffee Growers Program, which attempts to implement gender equity in the coffee industry.

References

Asocolflores (Asociación Colombiana de Exportadores de Flores). 2009. *Florverde – logrando una floricultura competitiva y sostenible, con responsabilidad social*. Bogotá: Asocolflores. http://www.cecodes.org.co/descargas/casos_sostenibilidad/casosind/asocolflores.pdf.

DANE (Departamento Administrativo Nacional de Estadística de Colombia). 2007. *Encuesta Anual Manufacturera*. Bogotá: DANE. http://www.dane.gov.co/files/investigaciones/boletines/eam/bolet_eam_2007.pdf.

Industry Canada. 2012. "Imports and Exports (International Trade Statistics)." http://www.statcan.gc.ca/trade-commerce/data-donnee-eng.htm.