

# ECONOMIC VIEWPOINT

## The Missing Half: Unlocking Women’s Potential in International Trade

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### Highlights

- ▶ Trade has long been a key driver of Canada’s economic growth, yet women remain significantly underrepresented in the sectors that contribute most to international trade.
- ▶ Past efforts to integrate gender considerations into trade agreements have had limited success, as they often lack enforceability and results have been difficult to measure.
- ▶ Further complicating this landscape, recent policy shifts south of the border regarding diversity, equity and inclusion (DEI) could influence future trade agreement discussions, potentially affecting Canada’s ability to push for stronger gender-related provisions.
- ▶ Policies supporting women in trade should include measures to strengthen financial support, add more flexibility to meet the needs of owner-caregivers, enhance training and mentorship, simplify regulatory processes, as well as monitor, measure and enforce gender provisions in Canada’s trade agreements.

With all the focus on trade and tariffs in recent months, International Women’s Day 2025 seems like a good opportunity to examine the current state of Canadian women’s involvement in international trade. In this report, we identify key barriers to women’s participation and propose policy recommendations to foster a more inclusive trade environment to support long-term economic growth.

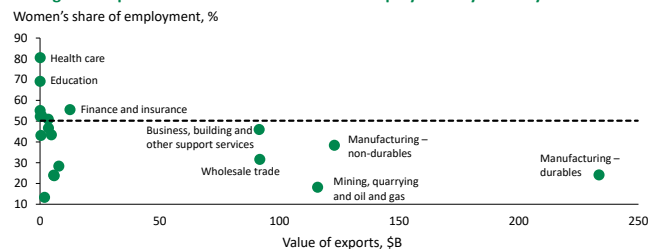
### Women’s Participation in Canada’s Trade Economy

**Trade has long been a key driver of Canada’s economic growth, yet women remain significantly underrepresented in the sectors that contribute most to international trade.**

In 2023, Canadian companies exported nearly \$770 billion in goods and almost \$200 billion in services. Despite women comprising nearly half of the workforce, female workers are more concentrated in health care, education, and finance and insurance rather than exporting sectors such as manufacturing, natural resources and wholesale trade (graph 1).

**Graph 1**  
Women Are Less Likely to Work in Exporting Industries

Total goods export value and women’s share of employment by industry

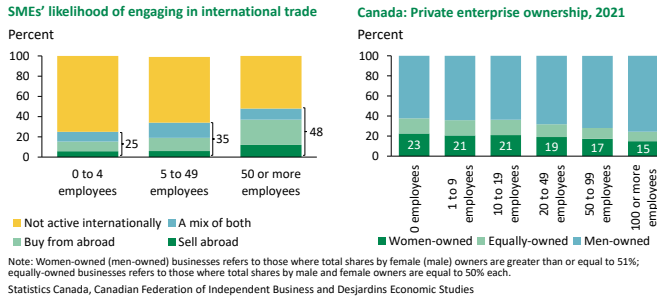


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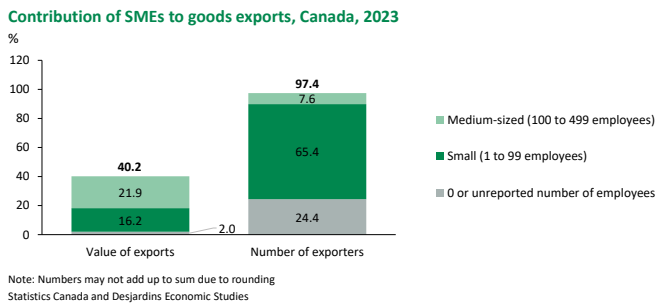
**Looking at business ownership, not only are women much less likely to own businesses than men, but when they do, they’re likely to be the smallest of small and medium-sized enterprises (SMEs) (graph 2 on page 2).** Meanwhile

larger businesses are more likely to buy from abroad, sell abroad or both. Nevertheless, SMEs as a whole comprise over 97% of exporting firms and account for 40% of the value of goods exports (graph 3).

**Graph 2**  
Larger Businesses Are More Likely to Engage in International Trade but Less Likely to Be Owned by Women



**Graph 3**  
SMEs Account for over 40% of Canadian Exports



**The underrepresentation of women in trade sectors likely limits economic growth.** Diverse participation fosters a variety of perspectives, leading to more robust problem-solving and competitiveness. [Our work](#) last year on women’s employment, earnings and wealth found that gradually increasing women’s participation rate nationwide to equal Quebec’s would add as much as 1.5% to real GDP by the end of the current decade. Expanding on that work, we found that advancing women’s equality in business growth could add an additional 3% to the Canadian economy.

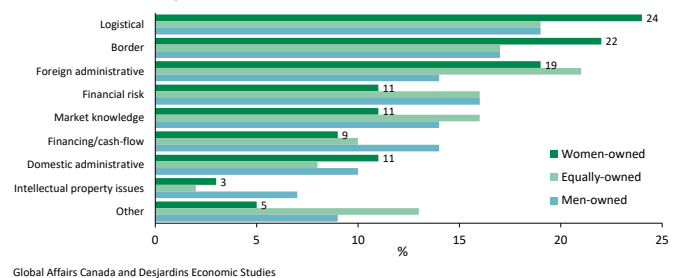
**Barriers to Women’s Participation in International Trade**

**Access to capital remains one of the most significant challenges for women entrepreneurs.** This is the case regardless of whether or not they’re looking to expand into global markets. According to [HEC](#), “68% of projects presented by men obtained financing, compared to 32% for those same projects presented in the same manner by women.” In contrast, the [Women’s Entrepreneurship Knowledge Hub](#) found

that loan approval rates were similar, but that men-owned businesses obtained about 150% more financing than women-owned companies. Additional funding challenges may include shorter loan durations, higher borrowing rates and larger collateral requirements. These financial limitations likely reduce opportunities for women to grow their businesses so they can expand into foreign markets.

**Women in trade have also encountered challenges beyond financial constraints.** These include export knowledge, trade network access and regulatory barriers. Business networks that facilitate trade, such as industry associations and export development groups, have historically been male dominated. This can limit access to mentorship and market intelligence for the unique needs of women entrepreneurs. The tide is turning slowly, with the emergence of targeted support networks such as the [Canadian Women’s Chamber of Commerce](#), founded in 2017. The [Survey on Financing and Growth of Small and Medium Enterprises](#) found that women-owned SMEs that were already exporters were more likely than men-owned SMEs to say they face logistical, border, foreign administrative and domestic administrative obstacles to trade (graph 4).

**Graph 4**  
Women Exporters Are More Likely to Face Logistical, Border and Administrative Obstacles



**Addressing these barriers requires a combination of targeted financing programs, skills development initiatives and policy adjustments.** Many programs already exist to support women entrepreneurs in Canada, but gender parity remains a long way off.

**Gender Provisions in Canada’s Trade Agreements**

**Why should women’s equality be included explicitly in trade agreements?** A recent study from [Sweden](#) found that firms exporting to gender-unequal countries could lead to a 14% reduction in domestic relative wages for women, as compared to firms exporting to gender-equal countries. For example, when international buyers prefer doing business with male exporters, women have fewer opportunities to generate revenues for their firms, which reduces their performance-tied remuneration.

**Canada has taken steps to integrate gender equality into its trade agreements, recognizing the economic value of supporting women’s participation in global markets.** It’s no surprise that the US is Canada’s largest trading partner. Indeed, 85% of Canadian goods-exporting firms export to the US. This makes the Canada-United States-Mexico Agreement (CUSMA) the most important trade agreement to focus on women in trade. However, the [CUSMA](#) includes only brief, vague provisions regarding women. The labour chapter lists protections against discrimination in the workplace. Gender is also mentioned in the chapters on investment and SMEs. The section on [labour](#) in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP](#)) contains just one line addressing the promotion of women’s equality and the elimination of discrimination against women.

**Past efforts to integrate gender considerations into trade agreements have had limited success.** This is because they often lack enforceability, and results have been difficult to measure. Unlike tariff reductions or investment protections, which include clear legal mechanisms for enforcement, gender provisions in trade agreements have been largely non-binding. As a result, while Canada has been a leader in advocating for gender-inclusive trade policies, the effectiveness of these commitments depends on ongoing domestic policy efforts rather than international enforcement mechanisms. As a welcome counterpoint to the previous examples, the Canada-Israel Free Trade Agreement ([CIFTA](#)) includes a detailed plan to create a trade and gender committee. The gender provisions in the CIFTA are subject to binding resolution through the dispute settlement mechanism—albeit only if both countries agree to the process. That said, much of the chapter includes soft language such as “encouraging capacity-building and skills enhancement of women at work and in business.” Ensuring that gender provisions in trade agreements are not merely symbolic will require specific, measurable targets, paired with meaningful support programs and data collection. Nevertheless, the CIFTA earned an “advanced” rating for gender responsiveness by the [Center for Strategic and International Studies](#) (table 1).

**Table 1**  
CUSMA Was Rated “Evolving” for Gender Responsiveness While CIFTA Earned an “Advanced” Rating

10 DIMENSIONS	SCORE (OUT OF 2)	
	CUSMA	CIFTA
Frequency of relevant provisions	1.5	2
Location of relevant provisions	2	2
Affirmations and reaffirmations	1	2
Cooperation activities	1	1.5
Institutional arrangements	0.5	2
Procedural arrangements	0.5	1.5
Review and funding	0	1
Settlement of disputes	2	1.5
Waivers, reservations and exceptions	1.5	0.5
Minimum legal standards	1.5	1.5
<b>TOTAL (OUT OF 20)</b>	<b>11.5</b>	<b>15.5</b>

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## Impact of US Policy Changes on CUSMA and Women’s Trade

**Further complicating this landscape, recent policy shifts south of the border regarding diversity, equity and inclusion (DEI) could influence future trade agreement discussions.** This could affect Canada’s ability to push for stronger gender-related provisions. President Trump has made it clear that he believes CUSMA needs an overhaul. He has also [announced](#) changes to DEI policies in the US, including the rollback of federal DEI mandates. We expect this will shape future negotiations on CUSMA and impact the ability of Canada to advocate for stronger gender provisions in the next iteration of the trade agreement between the two countries. Indeed, the US may instead push to remove some or all gender considerations in future trade negotiations.

**The extent to which these changes may affect women’s participation in trade remains to be seen.** But Canada will likely need to ensure that gender considerations remain a feature of its domestic trade policies. Strengthening domestic initiatives, such as increasing trade financing and support for women exporters, could help offset any reduction in US commitment to gender-inclusive trade practices.

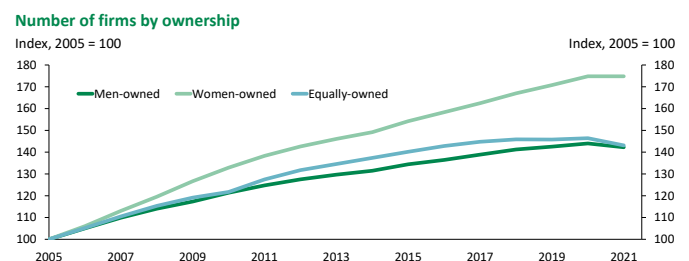
## Policy Recommendations

We have identified a number of areas where policy could be enhanced to help women be more engaged in international trade. However, it should also be noted that many of these measures don’t just benefit women, but all entrepreneurs looking to expand their business activities beyond Canada’s borders.

### Strengthen Financial Support

Canada currently has programs that provide targeted trade financing for women entrepreneurs, such as the [BDC’s](#) inclusive entrepreneurship loan program and the [EDC’s](#) Inclusive Trade Investments Program. But given that substantial gender disparities remain, the existing programs are likely not sufficient. Since 2005, the number of women-owned firms has grown faster than men-owned or equally-owned firms (graph 5). The

**Graph 5**  
The Number of Women-Owned Firms Has Increased Steadily



Statistics Canada and Desjardins Economic Studies

share of firms owned by women grew from 18% to 21% over this 16-year period—a step in the right direction, but still a long way from closing the gender gap. The share of equally-owned firms fell slightly. Bolstering low-interest export loans and trade grants through these programs could be a needed next step. Given the current circumstances, governments would be well advised to focus particularly on women entrepreneurs looking to export to non-US markets.

Policies encouraging blind first-step evaluation of loan applications might help to put women on a level playing field for access to funding. If financial institutions move towards artificial intelligence (AI) models in evaluating credit risk, steps will need to be taken to [ensure AI isn't perpetuating and exacerbating existing biases](#). For instance, Mexican fintech Konfio's algorithm was found to be unbiased, offering identical credit to both men and women. Two years after receiving a loan, companies' sales growth was on average 19% higher than that of similar businesses whose applications were rejected. But for women-owned businesses, sales grew a whopping 42% more than for women-owned businesses whose applications were rejected (graph 6). And importantly from a financial institution's perspective, the repayment behaviour was identical for men and women clients.

are disproportionately burdened with household-tending responsibilities.

[Enhance Training and Mentorship](#)

Expanding trade education initiatives and mentorship programs could help connect women entrepreneurs with global trade networks. One possible candidate could be the [Trade Commissioner Service's](#) program for Business Women in International Trade.

Given that there are already various federal government programs that support women in trade, the remaining barriers may be due to other considerations. For example, programs may have a cumbersome application process. Alternatively, women may operate businesses in sectors with a low propensity to trade, may not be aware that support programs exist or may believe their businesses aren't established enough to qualify for support. Moreover, female business owners may be more risk averse than their male counterparts. Additionally, removing obstacles faced by young women and girls entering careers in STEM fields such as advanced manufacturing, aerospace and technology could increase the number of women in sectors with higher export intensity.

[Simplify Regulatory Processes](#)

Reducing bureaucratic hurdles for all SMEs engaging in international trade would also support women, as they're more likely to own small companies. This could include streamlining export procedures and improving access to trade-related information. Moreover, efforts to lower interprovincial trade barriers could unlock opportunities within Canada for women entrepreneurs.

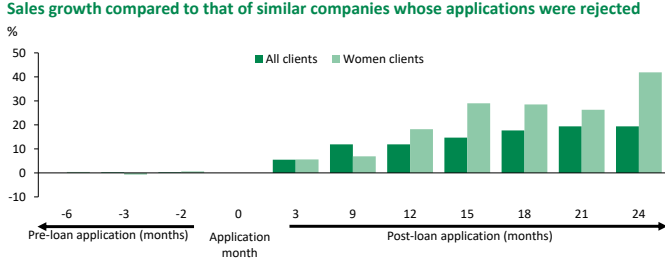
[Monitor, Measure and Enforce Gender Provisions in Trade Agreements](#)

Merely adding gender-inclusive language to trade policies isn't enough. Ensuring that gender-related trade provisions are backed by measurable outcomes and strong enforcement mechanisms is essential to progress. Tracking participation in international trade by gender is key to measuring progress. Collecting export data on women-owned versus men-owned firms on metrics such as the number of businesses, the value of trade, trading partner country and industry sector would help inform where domestic policies can be most effective. In an era where the US may insist on removing DEI language from CUSMA, a joint Canada–Mexico stance could push back on this. In addition, strengthening the language around SME participation in trade could support women indirectly as small business owners without using DEI language.

**Conclusion**

Women's participation in trade is a critical component of Canada's economic future. While Canada has made progress in integrating gender considerations into its trade policies in

**Graph 6**  
**Sales Skyrocketed for Women-Owned Businesses Following AI Loan Approvals**  
 Sales growth compared to that of similar companies whose applications were rejected



AI: Artificial intelligence  
 Inter-American Development Bank Group and Desjardins Economic Studies

[Increase Flexible Supports for Owner-Caregivers](#)

Canadian small business owners are eligible for maternity and parental benefits as long as they opt in to the EI program for a minimum of 12 months before applying. However, international trade often requires business travel, which may be challenging for parents of young children if childcare is not available. Government-sponsored trade missions and networking events designed to provide flexibility for women entrepreneurs managing caregiving responsibilities—such as virtual events and events during daycare hours—could help increase participation. Moreover, extending the hours of subsidized daycare, subsidizing alternative forms of childcare and expanding support to other forms of at-home assistance could help women, who

the past, significant challenges remain in ensuring that women have equitable access to international markets. With policy shifts in the US potentially influencing future trade discussions, Canada may need to take a more proactive role in strengthening domestic initiatives that support women in trade. By advancing gender-inclusive policies, Canada has an opportunity to enhance economic resilience, increase trade competitiveness and promote long-term economic growth here at home for the benefit of all Canadians.