



Enhancing MSME Participation in ASEAN Regional and International Trade

EDM | Expert Deployment Mechanism for Trade and Development

MAY 2022



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

Asia Pacific Foundation of Canada

5.6 Enhancing MSME Participation in ASEAN Regional and International Trade

—

This technical assistance is funded by Global Affairs Canada through the Expert Deployment Mechanism for Trade and Development.

TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

ACRONYMS USED

EXECUTIVE SUMMARY

INTRODUCTION

Canada's Objectives

Barriers for MSME Participation
in Trade

Note on Terminology and
Nomenclature

Report Roadmap

CHAPTER 1:

A COMPREHENSIVE REVIEW OF CANADA'S TRADE AGREEMENTS

1.1 Analysis of the Canadian
Trade Regime

1.2 Canada's Journey Toward Inclusive
and Progressive Trade

1.3 MSME Provisions in Regional
Trade Agreements

1.4 MSME Provisions in Bilateral Trade
Agreements (Select Examples)

1.5 Review of ASEAN's Trade Agenda
and Agreements

1.6 Environmental Provisions

CHAPTER 2:

REVIEW OF CANADIAN POLICIES AND PROGRAMS FOR MSMES IN TRADE

2.1 Federal Government Policies and
Programs

2.2 Provincial Government Initiatives

2.3 Non-Governmental Organizations

CHAPTER 3:

BARRIERS FOR MSMES LED BY UNDERREPRESENTED GROUPS

3.1 Integration of Gender and
Indigenous Peoples into Canada's FTAs

3.2 Persisting Barriers

3.3 Canadian Policies and Programs

3.4 International Initiatives

CONCLUSION:

KEY OBSERVATIONS

ACKNOWLEDGEMENTS

REFERENCES

ANNEXES:

GUIDES AND RESOURCES

ANNEX A:

Checklist for Gender Equity and Social
Inclusion (GESI) Frameworks

ANNEX B:

Summary of Key Provisions in Bilateral
Trade Agreements

ANNEX C:

Overview of MSME Provisions in
ASEAN Trade Agreements

ANNEX D:

Additional MSME Resources

ANNEX E:

Technical Definitions of MSMEs



LIST OF FIGURES AND TABLES

FIGURE 1:

Canada's Inclusive Trade Timeline

TABLE 1:

Canada-US Trade Relations

TABLE 2:

The Business Environment in
ASEAN Member States

TABLE 3:

Summary of MSME Provisions in
Canada's RTAs

TABLE 4:

SME Contribution to CPTPP
Economies

TABLE 5:

Comparison of Select Canadian
Bilateral FTAs

TABLE 6:

Common Negotiated Areas in
Canadian and ASEAN FTAs

TABLE 7:

Summary of Variables that Affect
MSMEs' Ability to Adapt to
Environmental Concerns

TABLE 8:

Summary of Environmental
Provisions within CPTPP, CUSMA,
and CETA

TABLE 9:

Canadian Provincial Ministry MSME
Mandates

ACRONYMS USED

ACOA	Atlantic Canada Opportunities Agency	CED	Canada Economic Development for Quebec Regions
AHKFTA	ASEAN-Hong Kong, China Free Trade Agreement	CETA	Canada-European Union Comprehensive Economic and Trade Agreement
APEC	Asia-Pacific Economic Cooperation	CIFTA	Canada-Israel Free Trade Agreement
ASEAN	Association of Southeast Asian Nations	CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
BC	British Columbia	CSR	Corporate Social Responsibility
BDC	Business Development Bank of Canada	CUSMA	Canada-United States-Mexico Agreement
CAD	Canadian Dollar	EDC	Export Development Canada
CanNor	Canadian Northern Economic Development Agency	EU	European Union
CCFTA	Canada-Chile Free Trade Agreement	FedDev	Federal Economic Development Agency for Southern Ontario
CCoFTA	Canada-Colombia Free Trade Agreement		

FedNor	Federal Economic Development Agency for Northern Ontario	PacifiCan	Pacific Economic Development Canada
FIPA	Canada's Foreign Investment Promotion and Protection Agreement	PCF	Pan-Canadian Framework on Clean Growth and Climate Change
FTA	Free Trade Agreement	PEI	Prince Edward Island
GBA+	Gender-Based Analysis Plus	PrairiesCan	Prairies Economic Development Canada
GDP	Gross Domestic Product	RCEP	Regional Comprehensive Economic Partnership
GESI	Gender Equity and Social Inclusion	RDA	Regional Development Agencies
IEA	Initial Environmental Assessment	RoO	Rules of Origin
IP	Intellectual Property	SME	Small and Medium Enterprises
IPR	Intellectual Property Rights	STEM	Science, Technology, Engineering, and Mathematics
ISED	Ministry of Innovation, Science and Economic Development	TAP	Trade Accelerator Program
MEA	Multilateral Environmental Agreements	TCS	Trade Commissioner Service of Canada
MP	Member of Parliament	UN	United Nations
MSME	Micro, Small, and Medium Enterprises	USD	United States Dollar
NGO	Non-Governmental Organization	UK	United Kingdom
OBPS	Output-Based Pricing System	VSS	Voluntary Sustainability Standards
OECD	Organisation for Economic Co-operation and Development	WTO	World Trade Organization



EXECUTIVE SUMMARY

As Canada and ASEAN proceed with negotiating a free trade agreement (FTA), enhanced commercial relations create new potential market opportunities that need to be supported by more predictable and transparent conditions for businesses to operate in. This report discusses the Canadian approach to promoting the participation of micro, small, and medium enterprises (MSMEs) in trade through its free trade agreements, and the key gender equity and social inclusion considerations when including MSMEs in trade agreements.

This report provides six key areas of consideration for ASEAN officials on Canada's approach to FTAs, the promotion of MSME participation in trade, and the integration of an inclusive trade agenda in Canada's agreements.

- 1. Canada's direction toward free trade agreements:** Overall, Canada's approach to FTA negotiations can be demonstrated through its three regional trade agreements (CPTPP, CUSMA, and CETA), which provide some of the most comprehensive language regarding Canada's trade agenda, and through its modernized bilateral agreements, which demonstrate how Canada integrates its inclusive trade priorities into FTA chapters and provisions. For ASEAN, these agreements may serve as exemplary models for Canada's approach to the ideal standards and language it seeks to negotiate within an FTA.
- 2. Dedicated gender chapters in modernized FTAs:** Canada's modernized bilateral agreements, including the Canada-Chile FTA and Canada-Israel FTA, demonstrate its approach to including dedicated trade and gender chapters that promote the inclusion and participation of women and women-led businesses in international trade. The processes to modernize both the Canada-Ukraine and Canada-Mercosur agreements also represent ongoing progress to further include women and underrepresented communities, which can provide ASEAN with a reference point regarding Canada's

current approach to gender equity and social inclusion. The text and model of these chapters also provide guidance on how Canada may seek to negotiate and include gender equality in the upcoming Canada-ASEAN FTA.

- 3. ASEAN and MSME provisions:** With the Regional Comprehensive Economic Partnership coming into force as of January 1, 2022, all 10 ASEAN member states and its five dialogue partners (Australia, China, Japan, New Zealand, and South Korea) have established a dedicated SME chapter on information sharing and SME collaboration in regional trade. In this respect, ASEAN and Canada share many inclusive and progressive views on SMEs. However, in some areas, such as gender, Indigenous Peoples, the environment, and labour provisions, significant strides are yet to be made by ASEAN due to the heterogeneity of member states and their differing progressive agendas. While differing standards within ASEAN and Canada may provide challenges during negotiations, the economic potential of an FTA may encourage parties to reflect on these priority areas.
- 4. Environmental sustainability for MSMEs:** While MSMEs are not explicitly referenced in key multilateral environmental agreements such as the Paris Agreement, such agreements provide a helpful outline of priorities and action items regarding environmental sustainability that can be applied to MSME and trade policy. These agreements are an important reference point to better understand how Canadian MSMEs meet these environmental standards.
- 5. Federal and provincial programs highlight best practice models:** The Canadian approach to MSME policy and programs, wherein provincial governments outline explicit SME or business growth priorities while federal, provincial, and NGO actors implement programs for entrepreneurship and MSME exports, can provide a helpful structural framework on how a similar system may be applied in different ASEAN economies.
- 6. Integration of gender and Indigenous Peoples is a multifaceted process:** The Canadian approach to trade and gender, as well as trade and Indigenous Peoples, provides insight on how these issues are addressed not just in FTA negotiations, but also through domestic government policies and capacity-building programs. This may provide helpful insights on how similar approaches can be undertaken in different economies according to specific domestic contexts of gender and Indigenous issues. A common framework on definitions and the localized meaning behind gender and Indigenous inclusion will serve as an important basis for future conversations.



INTRODUCTION

Micro, small, and medium enterprises (MSMEs) make up 99% of businesses in the member states of the Association of Southeast Asian Nations (ASEAN). MSME development is directly linked to economic growth, as these enterprises provide income and opportunities for local populations as well as spur innovation in business ecosystems. Moreover, MSMEs are important players in fostering inclusive and sustainable growth by including and engaging women, Indigenous Peoples, and underrepresented groups.

On November 16, 2021, Canada and the Association of Southeast Asian Nations announced that both parties will proceed with negotiations toward a Canada-ASEAN FTA. The ASEAN bloc is Canada's sixth-largest trading partner, and increased economic relations will provide both parties with opportunities to expand on and strengthen trade, investment, and market access for Canadian and ASEAN-based businesses.

A Canada-ASEAN FTA presents the opportunity for both parties to address and reduce barriers to entry for MSMEs in trade. Both Canada and ASEAN have recognized the important role of small and medium enterprises (SMEs) in trade, given the dominance of SMEs in their respective private sectors and the potential of these enterprises to contribute to economic growth. In Canada, the majority of exporters are SMEs; for example, in 2017, over 97% of Canadian goods exporters were SMEs and about 42% of Canadian goods exported were attributed to these enterprises.¹ In ASEAN, SME exports vary between 10% and 29.9% among member states.² According to a recent joint Canada-ASEAN FTA feasibility study, only a small minority of SMEs participate in trade.³

¹ Government of Canada. [Canada's inclusive approach to trade](#). Accessed March 15, 2022.

² Asia Foundation. [Factsheet: "Go Digital ASEAN: Digital skills to address the economic impact of COVID-19" Project](#). Accessed March 15, 2022.

³ Government of Canada. [Joint feasibility study on a potential Canada-ASEAN Free Trade Agreement](#). Accessed March 16, 2022.

FTA negotiations also provide the chance to encourage trade participation among businesses that are owned by underrepresented groups. Canada has placed particular emphasis on an inclusive approach to trade and investment, to ensure that benefits from international trade can be enjoyed by all Canadians. Canada has especially focused on enhancing the participation of traditionally underrepresented groups in trade, including SMEs, women, and Indigenous Peoples.

This report will explore Canada's approach toward the inclusion of SMEs and MSMEs in trade as demonstrated through its regional and bilateral free trade agreements. It will also highlight the key barriers for MSMEs when seeking to participate in trade, particularly for those led by women and Indigenous Peoples, and the policy actions needed to address them.

CANADA'S OBJECTIVES

The Government of Canada released its objectives for the Canada-ASEAN FTA on March 10, 2022. In addition to the stated objectives regarding trade in goods and investment and trade in services, Canada also highlighted its priorities on SMEs, trade and gender, and trade and Indigenous Peoples, adhering to its inclusive trade approach.

Regarding SMEs, Canada has stated its goal of including provisions that “ensure that SMEs are able to utilize and benefit from the opportunities” in a Canada-ASEAN FTA, as well as “address the specific interests and unique challenges that SMEs face in doing business in foreign markets, and will seek to reduce barriers to their participation in international trade and investment.”⁴

Regarding gender and Indigenous Peoples, Canada has stated its goal to include dedicated provisions that “seek to address the specific interests, needs, and unique challenges” that women, Indigenous Peoples, and other underrepresented groups face when engaging in trade.⁵

Canada has developed these priorities by undertaking several actions to promote and ensure inclusive trade, including:⁶

- Advancing chapters in FTAs that focus on and/or include elements on labour, environment, SMEs, and access for underrepresented groups, such as trade and gender chapters in modernized bilateral FTAs (e.g., Canada-Chile, Canada-Israel);

⁴ Government of Canada. [Canada's Objectives for Negotiations for a Canada-United Kingdom Free Trade Agreement](#). Accessed March 20, 2022.

⁵ Ibid.

⁶ Government of Canada. [Canada's inclusive approach to trade](#). Accessed March 20, 2022.

- Consultation with Canadians to ensure that Canada's trade policy positions are representative of public views and concerns, particularly of SMEs, women, and Indigenous Peoples; and
- Engagement with Canada's international partners in forums including the World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation (APEC) to promote inclusive trade.

BARRIERS FOR MSME PARTICIPATION IN TRADE

According to recent studies by organizations such as the Organisation for Economic Co-operation and Development (OECD),⁷ WTO,⁸ and APEC⁹ there are several barriers that are generally faced by MSMEs when seeking to participate in trade. These barriers include the following:

- Access to market information;
- Access to finance;
- Marketing and branding constraints;
- Infrastructure;
- Proximity of markets;
- Inability to compete;
- Difficulties in complying with international standards and government policies;
- Human resource constraints;
- Inadequacies in business operations;
- Lack of international experience (e.g., work or study abroad);
- Lack of understanding and clarity around exporting regulations; and
- Lack of resources and support for entrepreneurs to gain skills in market expansion.

This report has identified provisions within FTAs that seek to address the difficulties faced by MSMEs when exploring opportunities in cross-border trade and exports.

⁷ OECD. [Fostering greater SME participation in a globally integrated economy: Plenary session 3](#). Accessed March 20, 2022.

⁸ WTO. [Trade obstacles to SME participation in trade](#). Accessed March 20, 2022.

⁹ APEC. [Breaking down the Barriers for SME Exporters](#). Accessed March 20, 2022.

NOTE ON TERMINOLOGY AND NOMENCLATURE

This report will predominantly use the term “micro, small, and medium enterprises” (or MSMEs) to refer to these types of businesses. While the term “small and medium enterprises” (or SMEs) is more predominantly used in FTAs, the inclusion of micro-sized enterprises in broader MSME development and trade participation is crucial to ensure equal opportunities for these businesses. This report will still reference SMEs where appropriate, such as in specific government policies that use this terminology.

This report also acknowledges that each ASEAN member state has a different definition of MSMEs, based on factors such as number of employees and level of revenue. This report takes these differing definitions and the resulting standards for MSMEs in each ASEAN economy into account. A table of ASEAN member states’ technical definitions of MSMEs is included in the annexes.

REPORT ROADMAP

The following sections of this report are divided into three main focus areas:

- **Chapter 1** provides a comprehensive overview of Canada’s regional and bilateral trade agreements and the provisions related to MSMEs and inclusive growth. This chapter also provides an overview of relevant provisions in ASEAN’s regional trade agreements and highlights provisions related to environmental sustainability.
- **Chapter 2** provides an overview of key Canadian policies and programs targeted to MSMEs and addressing the barriers they experience in trade. This chapter includes descriptions of policies, programs, and initiatives led by the Canadian federal government, by provincial governments, and by non-profit and civil society organizations.
- **Chapter 3** provides an analysis of the barriers faced by MSMEs led by underrepresented groups in trade, with a focus on women and Indigenous Peoples. The chapter provides an overview of the specific barriers faced by these groups in entering entrepreneurship and preparing their businesses for trade, as well as a description of targeted programs to address these barriers.

A COMPREHENSIVE REVIEW OF CANADA'S TRADE AGREEMENTS

1.1 ANALYSIS OF THE CANADIAN TRADE REGIME

Canada has historically heavily relied on trade to develop and grow its economy. The country's proximity to the United States and shared cultural and legal heritage has created highly favourable conditions for successful trade performance. However, many other countries have also succeeded in the US market despite not having the same advantages as Canada. National trade promotion regimes of departments, agencies, and export-import banks are key stakeholders in the competitiveness of the modern global economy.

TABLE 1

Canada-US Trade Relations

Year	US Total Imports (Billions USD)	Canadian Exports to US (Billions USD)	Canada's Market Share in US
2020	2408	286	12%
2010	1278	290	23%

Source: Statistics Canada and World Integrated Trade Solution

The ASEAN membership includes a variety of levels of economic development. Despite this, three ASEAN members were ranked higher than Canada (23rd) in the World Bank's 2020 Ease of Doing Business Index: Singapore (2nd), Malaysia (12th), and Thailand (21st). Likewise, some basic observations of the region's trade regimes are that most of the ASEAN economies rely on a single ministry for commerce and trade and that they typically have one or two

trade promotion agencies. However, in Canada, there are two federal ministries involved in trade promotion: the Ministry of Innovation, Science and Economic Development and Global Affairs Canada. Canada also maintains not one but four separate trade promotion agencies: the Business Development Bank of Canada (BDC), Export Development Canada (EDC), the Canadian Commercial Corporation, and the Trade Commissioner Service of Canada (TCS). In addition, Canada is a federation and many of the provinces also provide trade incentives through their own departments and agencies.

TABLE 2

The Business Environment in ASEAN Member States

Country	Ease of Doing Business Rank	Single Ministry of Trade and Commerce	Single Public Incentive Agency	Business Network Promotion
Thailand	21	Yes	Yes	Not found
The Philippines	95	Yes	No	Yes
Malaysia	12	Yes	No	Yes
Singapore	2	Yes	Yes	Not found
Indonesia	73	Yes	No	Yes
Brunei	66	No	Yes	Yes
Vietnam	70	Yes	Yes	Yes
Lao	154	Yes	Yes	Yes
Myanmar	165	No	Yes	Yes
Cambodia	144	Yes	Yes	Yes
Canada	23	No	No	Yes

Source: WTO Trade Policy Review Reports

Many of the principles applied to simplifying systems of regulation or improving access to information also apply to the access to government incentive programs and support. It should be noted that such simplifications and streamlined structures have an amplified positive impact for MSMEs since these predominantly reduce fixed costs.

However, Canada and the more advanced ASEAN economies seem to be following different philosophies. Within ASEAN, it seems that improved service delivery and outcomes are best handled by simplified and streamlined trade promotion regimes to facilitate access, whereas in Canada the prevailing philosophy appears to be “the more the merrier.” It should be noted

that only Singapore is classified as an advanced economy by the International Monetary Fund, whereas Thailand and Malaysia are classified as emerging markets.

1.2 CANADA'S JOURNEY TOWARD INCLUSIVE AND PROGRESSIVE TRADE

Canada, as a trading nation, has a total of 15 ratified FTAs currently in force. According to Global Affairs Canada, these FTAs cover approximately 1.5 billion consumers worldwide in 49 different countries. For Canada, FTAs have emphasized the importance of increasing market competitiveness, providing Canadian businesses with access to new consumers, making foreign markets more transparent and stable for businesses, and removing barriers to trade.¹⁰

Canada's modern FTAs span from the 1980s to the present, from the Canada-United States FTA (1989, superseded by the North American Free Trade Agreement in 1994) to the most recently ratified Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, 2018). The majority of Canadian FTAs historically began with countries in Europe and North America, then expanded to regions including South America and the Asia Pacific. The Canada-Korea FTA is the first Canadian bilateral FTA with an Asia Pacific partner, and Canadian trade relations with the region have since expanded through its participation in the CPTPP.

When Canada first started negotiating FTAs, the main priority was liberalizing trade and establishing economic co-operation with similar and geographically proximate markets. For instance, the Canada-United States FTA, entered into force in October 1989, was focused on facilitating trade between the two neighbours.¹¹ Followed by the establishment of the WTO and the ratification of the North American Free Trade Agreement in the mid-1990s, trade protectionism plummeted and trade became more globalized. As increased numbers of FTAs between the developing and developed markets started being signed, supply chains became more globalized.¹² Canada also joined the bandwagon and started expanding trade relationships with new partners such as Israel, Chile, Peru, and Colombia. Liberalized trade allowed some economies to specialize and achieve economies of scale while spreading innovation and technical know-how across borders.¹³

¹⁰ Government of Canada. [Canada's free trade agreements](#) Accessed March 15, 2022.

¹¹ Marchildon, Gregory P. "Canadian Trade and Investment: Historical Trends and the Impact of the FTA and NAFTA." *Built Environment*, Volume 19, No 1 (1993). <https://www.jstor.org/stable/23287591>.

¹² Baldwin, Richard. "Global supply chains: why they emerged, why they matter, and where they are going." In *Global Value Chains in a Changing World*, WTO Publications. 2013. https://www.wto.org/english/res_e/booksp_e/aid4tradeglobalvalue13_part1_e.pdf.

¹³ World Economic Forum. "(Re-)making the case for inclusive trade." *The Global Enabling Trade Report 2016*. https://www3.weforum.org/docs/GETR_2016/WEF_GETR_2016_03_Chapter_1.pdf.

Gradually, Canada started taking social issues into account while negotiating FTAs, including income inequality, the gender gap, and climate change.¹⁴ Canada's trade policy has evolved in this decade to extend the benefits and opportunities of trade agreements to more people, especially historically underrepresented groups such as SMEs, women, and Indigenous Peoples. Simultaneously, environmental and labour co-operation became another priority area, getting branded under "progressive agendas."¹⁵

In the 2010s, Canada began modernizing its FTAs in recognition of the varying impacts of trade on different groups of Canadians. In 2019, the modernized Canada-Chile FTA came into force, and it is the first Canadian FTA with a standalone chapter on trade and gender, showing the feminist approach that Canada has embedded into its trade agenda. Canada and Israel also agreed to modernize their bilateral FTA in 2014, and through two rounds of negotiations (2014-2015 and 2017-2018), four chapters were updated while nine new chapters were added, including dedicated chapters on trade and gender, and on SMEs.¹⁶ The modernized agreement also features new provisions on labour and the environment, and on responsible business conduct. Most recently, in 2022, Canada announced that it will proceed in negotiations with Ukraine to modernize the Canada-Ukraine FTA.

The most recent developments in the trade policy sphere are the recognition of gender-related barriers in trade and the adoption of a gender-based analysis plus (GBA+) framework in FTA negotiations. For example, in 2019, Canada conducted a GBA+ analysis of the ongoing FTA negotiations with the Mercosur bloc (Argentina, Brazil, Paraguay, and Uruguay).

Canadian trade economists presume that the inclusive and progressive provisions will keep evolving in this decade to become more transparent and gender-responsive, while educating and enabling the target audiences of these provisions in reaping the benefits of trade. In addition, domestic policy priorities and international engagement will play pivotal roles in the upcoming negotiation processes.¹⁷

The following sections of this report divide Canada's free trade agreements into two main parts:

1. Section 1.3 showcases the three key Canadian regional trade agreements (RTAs): CPTPP, the Canada-United States-Mexico Agreement (CUSMA), and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). The section begins

¹⁴ Beaulieu, Eugene, Patrick Leblond, Dylan Klemen, Joseph Cock, Thomas Dubuis, Christine Vautour, and Natasha Vinod Kelly Daryanani. "The Future of Canadian Trade Policy: Three Symposia on Canada's Most Pressing Trade Policy Challenges." *The School of Public Policy Publications*, Volume 12:38 (November 2019). <https://ssrn.com/abstract=3505444>.

¹⁵ Stephens, Hugh. "Canada's Progressive Trade Agenda and a Free Trade Agreement with China: Are They Incompatible?" *The School of Public Policy Publications*, Volume 11:27 (October 2018). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3263714.

¹⁶ Government of Canada. [What is the CIFTA?](#) Accessed March 20, 2022.

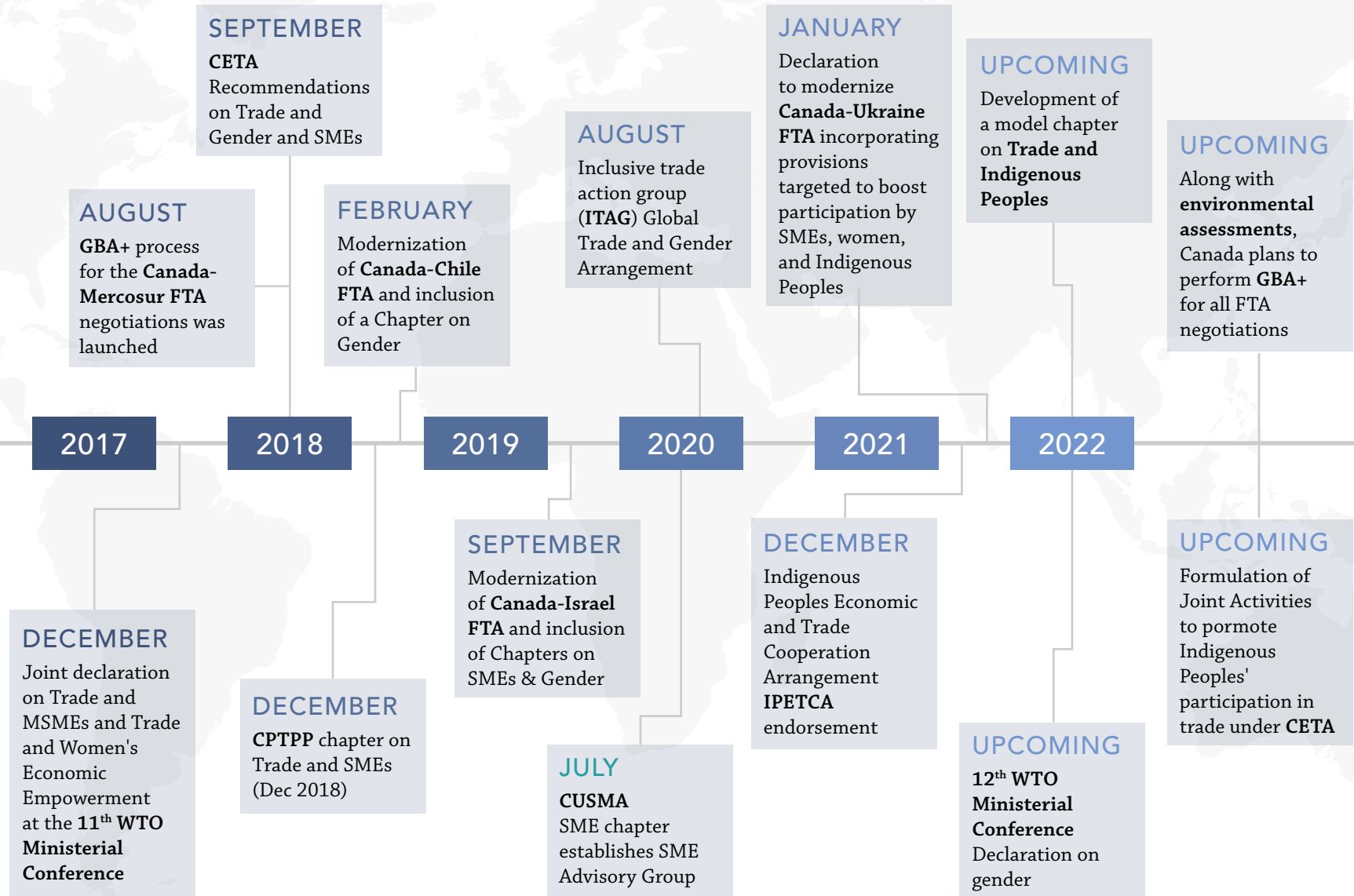
¹⁷ Goff, Patricia. "Canadian Trade Negotiations in an Era of Deep Integration." *CIGI Papers* No. 88. February 2016. https://www.cigionline.org/static/documents/cigi_paper_no.88_web_0.pdf.

with a summary table listing key MSME-relevant provisions under each agreement and area, and continues by describing each FTA in detail. A comprehensive analysis of the environmental provisions under these RTAs can be found in Section 1.6.

2. Section 1.4 highlights Canadian bilateral trade agreements that include provisions regarding SMEs, gender and social inclusion, the environment, and labour co-operation, among other inclusive and progressive agendas. The section begins with a comparative analysis of the three FTAs discussed here: the Canada-Israel FTA (CIFTA), Canada-Chile FTA (CCFTA), and Canada-Colombia FTA (CCoFTA). It then details the three FTAs and ends with two case studies regarding Canada's current FTA negotiation approaches. Canada's other bilateral FTAs can be found in Annex A.

FIGURE 1

Canada's Inclusive Trade Timeline



ITAG current members include: Chile, New Zealand, Mexico, Canada, and Colombia.

IPETCA current members include: Australia, New Zealand, Taiwan, and Canada.

Source: Data extracted from Global Affairs Canada website

1.3 MSME PROVISIONS IN REGIONAL TRADE AGREEMENTS

TABLE 3

Summary of MSME Provisions in Canada's RTAs

Broad Areas in RTAs	Comprehensive and Progressive Agreement for Trans-Pacific Partnership	Canada-United States-Mexico Agreement	Canada-European Union Comprehensive Economic and Trade Agreement
SMEs	<p>The CPTPP's SME Chapter entails:</p> <ul style="list-style-type: none"> • Making CPTPP information available to SMEs • Establishing a committee on SMEs to support SME participation in trade • Provisions in the SME Chapter are not subject to dispute settlement 	<p>The CUSMA's SME Chapter mandates:</p> <ul style="list-style-type: none"> • Sectoral co-operation to promote trade and investment • Showcasing SMEs owned by underrepresented groups • Enhancing SMEs' access to programs • Encouraging SME participation in digital platforms • Making CPTPP information available to SMEs • Establishing a committee on SMEs to support SME participation in trade • Provisions in the SME chapter are not subject to dispute settlement 	<p>CETA does not have a dedicated chapter on SMEs, but has a joint committee recommendation on SMEs that mentions:</p> <ul style="list-style-type: none"> • Bilateral policy co-ordination to facilitate SME participation in regional trade • Devising websites to assist SMEs navigate CETA • Providing COVID-19 recovery assistance to SMEs
Rules of Origin (RoO) and Origin Procedures	<p>Currently, no provision in the chapter targets SMEs explicitly, but some general provisions might be applicable for SMEs, such as:</p> <ul style="list-style-type: none"> • Trade-facilitative accumulation process, which may benefit SMEs • Self-certification and simplification of paperwork, which may streamline trade 	<ul style="list-style-type: none"> • The chapter establishes an origin committee to ensure proper implementation of provisions listed under this chapter • The origin committee is instructed to simplify the rules and regulations, and to formulate comprehensive and practical guidelines to facilitate SMEs' understanding of RoO, origin procedures, and textile and apparel goods 	No MSME-specific provisions

Government Procurement	<ul style="list-style-type: none"> • Ensuring transparency in offering preferential treatments to SMEs • Assistance for SMEs to participate in government procurement by devising an electronic portal, providing free tender documents, and allowing electronic procurement and subcontracting by SMEs 	<ul style="list-style-type: none"> • Ensuring integrity in procurement practices • Assistance for SMEs to participate in government procurement by devising an electronic portal, providing free tender documents, and allowing electronic procurement and subcontracting by SMEs • Committee on government procurement to enable participation by SMEs and underrepresented groups 	<ul style="list-style-type: none"> • A committee is established to improve access for suppliers, including SMEs, to the procurement opportunities created by member parties • The committee on government procurement might exchange information regarding each party's procurement regime through electronic media, among other initiatives, to facilitate SME participation in trade
E-commerce	<ul style="list-style-type: none"> • Removing barriers for SMEs in digital trade • Freer cross-border data flows and removal of data localization requirements 	<ul style="list-style-type: none"> • Greater collaboration among parties in improving SMEs' access to e-commerce, publicly available datasets, and other information and communication technologies that enable participation in international trade 	<ul style="list-style-type: none"> • The parties placed a permanent moratorium on customs duties, fees, or charges for digital products transmitted electronically in the free trade region • The agreement provides SMEs with secure, stable, and low-cost trade opportunities
Customs Administration and Trade Facilitation	<ul style="list-style-type: none"> • SME-friendly customs duties on express shipment 	No MSME-specific provisions	No MSME-specific provisions
Intellectual Property (IP)	<ul style="list-style-type: none"> • Intellectual property training for SMEs 	<ul style="list-style-type: none"> • Intellectual property rights for SMEs: Chapter 20 mandates establishing an intellectual property rights (IPR) committee to assist SMEs in navigating IP-related issues, such as procedures for obtaining a trademark, patent, or copyright 	No MSME-specific provisions
Co-operation and Capacity Building	<ul style="list-style-type: none"> • Capacity-building initiatives for SMEs 	No MSME-specific provisions	No MSME-specific provisions

Regulatory Coherence/ Good Regulatory Practices	<ul style="list-style-type: none"> Assessing the impact of regulations on SMEs 	<ul style="list-style-type: none"> Each party is required to enhance regulatory compatibility for trade facilitation, including easing regulatory procedures for small enterprises Members to realistically assess and minimize the adverse economic effects of regulations on SMEs 	No MSME-specific provisions
Transparency/ Anti-corruption	<ul style="list-style-type: none"> SMEs to develop anti-corruption measures 	<ul style="list-style-type: none"> The parties are committed to engaging the private sector, civil society, non-governmental organizations (NGOs), and community-based organizations to safeguard trade and investment from corruption and to create public awareness 	No MSME-specific provisions
Development	<ul style="list-style-type: none"> Policy measures to enable SMEs' economic growth Joint activities to promote SME participation 	No MSME-specific provisions	No MSME-specific provisions
Competitiveness and Business Facilitation	<ul style="list-style-type: none"> Committee on competitiveness to enable SME integration in regional supply chains 	<ul style="list-style-type: none"> Enhancing competitiveness of SMEs owned by underrepresented groups 	No MSME-specific provisions
Cross-Border Trade in Services	No MSME-specific provisions	<ul style="list-style-type: none"> Enabling SME participation in trade services and developing SME-enabling business models Engaging SMEs in regulatory policy-making Streamlining authorization processes for greater SME participation 	No MSME-specific provisions

Investment	No MSME-specific provisions	No MSME-specific provisions	<ul style="list-style-type: none"> • The section provides a framework for settling any investment-related disputes through consultations • If a dispute cannot be resolved through consultations, a claim can be submitted by investors, including SMEs, who can request a sole member of the tribunal to hear the claim • When the tribunal instructs investors, especially SMEs, to pay for a claim, the CETA joint committee is allowed to reduce the financial burden on SMEs
Labour	No MSME-specific provisions	<ul style="list-style-type: none"> • SME-centred co-operative activities: The parties are encouraged to assist SMEs in devising capacity-building activities targeted to boost their productivity and develop human capital 	No MSME-specific provisions

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

The CPTPP is a free trade agreement currently in force between Canada and seven other countries in the Asia Pacific region: Australia, Japan, Mexico, New Zealand, Peru, Singapore, and Vietnam. Brunei, Chile, and Malaysia are in the process of ratifying the agreement. The region's total gross domestic product (GDP) in 2020 was C\$13.4T (US\$10.5T).¹⁸ Once fully implemented, Canada and the four ASEAN member states that are part of the CPTPP will benefit from the reduction or elimination of 99% of tariffs and other barriers from the CPTPP prior to any agreement resulting from the announced Canada-ASEAN negotiations. In 2021, total values of Canadian exports to and imports from CPTPP countries were C\$30.5B (US\$24B) and C\$72.2B (US\$56.87B), respectively. The four ASEAN member states made up 9.5% and 20.3% of the total export and import values.¹⁹

The CPTPP's provisions on the environment, labour, intellectual property, and dispute resolution are unique among other large-scale FTAs and ultimately allow for freer, more inclusive trade among members. Certain provisions of the CPTPP seek to expand the benefits of trade more widely to groups such as MSMEs, Indigenous Peoples, and women, which is also exemplary. The preamble of the agreement mentions promoting inclusive practices such as encouraging gender equality, Indigenous rights, inclusive trade, sustainable development, traditional knowledge, cultural identity, and diversity. MSME-relevant provisions regarding gender and social inclusion, corporate social responsibility, environmental protection and conservation, and labour rights are discussed throughout this section.

SMALL AND MEDIUM ENTERPRISES

SMEs are fuelling growth in most of the CPTPP economies by generating output and employment. In Canada, over 50% of its GDP was produced by SMEs between 2014 and 2018.²⁰ The CPTPP recognizes SMEs as significant contributors of jobs and economic growth but acknowledges that many SMEs face difficulties leveraging FTAs. With a view to facilitating understanding of the agreement for SMEs and allowing them to leverage the economic opportunity created by this agreement, Chapter 24 of the CPTPP outlines the way forward for facilitating SMEs' participation in global trade.

¹⁸ World Bank. GDP Current US\$. Accessed January 25, 2022.

¹⁹ Statistics Canada. [International Trade](#). Accessed February 14, 2022.

²⁰ Statistics Canada. [Key Small Business Statistics – 2021](#). Accessed February 14, 2022.

TABLE 4

SME Contribution to CPTPP Economies²¹

	CPTPP Countries	% of GDP/Net Value Added	% of Employment	% of Total Export	Year
IN FORCE	Australia	54.71	66.36	3.80	2019
	Canada	51.90	83.17	40.60	2019
	Japan	52.90	68.80	-	2016
	Mexico	50.00	75.00	12.50	2017
	New Zealand	52.00	42.19	-	2019
	Peru	30.70	89.40	5.60	2017
	Singapore	44.71	71.42	-	2019
	Vietnam	45.10	60.00	-	2016
SIGNED	Brunei	25.50	57.30	-	2017
	Chile	13.80	47.30	2.20	2017
	Malaysia	38.30	66.19	17.30	2018

- **Information sharing:** This provision requires CPTPP countries to develop and update a dedicated CPTPP website to disseminate information about the agreement to SMEs. This website will:
 - Provide background and pertinent information on the CPTPP, such as the full text and summary of the agreement, a description of the rules that are most relevant to SMEs, and any additional information or resources that could be helpful to SMEs (e.g., customs regulations and procedures, foreign investment regulations, taxation information, business registration procedures, IPR-related procedures, standards, sanitary and phytosanitary measures, etc.);
 - Provide links to relevant websites and government agencies (e.g., Ministry of Trade, trade promotion agency, customs authorities, etc.) of all other CPTPP countries; and
 - Be reviewed regularly to ensure that information is up to date.
- **Committee on SMEs:** This provision established a committee on SMEs, made up of government representatives from each CPTPP country. The committee will:

²¹ Australian Bureau of Statistics, Statistics Canada, Singapore Department of Statistics, ADB Asia SME Monitor 2020 database, General Statistics Office of Vietnam, Vietnamese Ministry of Finance, New Zealand Business Demographic Statistics 2020.

- Develop strategies to support SMEs in leveraging the opportunities created by the agreement and integrating them into global supply chains;
- Interchange ideas, experiences, and best practices in SME training programs, trade education, trade finance, and supply chain connectivity, among other areas, to facilitate SMEs' exploration of international trade;
- Design capacity-building activities for the parties so that they can offer improved services to SMEs in the areas of export counselling and assistance, and training programs; and
- Review the performance of the CPTPP in serving SMEs and investigate how the CPTPP can better support SMEs.

The SME committee is encouraged to partner with experts and international donor organizations in conducting these programs and activities.

- **Non-application of dispute settlement:** The parties cannot use Chapter 28 (Dispute Settlement) for any provisions of this chapter.²²

RULES OF ORIGIN AND ORIGIN PROCEDURES

The CPTPP chapter on rules of origin provides a framework for identifying whether a good or service originates from a CPTPP country, to what degree, and how to classify the good in order to benefit from preferential tariff rates. The chapter contains both general rules and product-specific minimum requirements for inputs from CPTPP countries, which determine whether a product can or cannot be classified as originating from a CPTPP country.²³

Currently, no provision in the chapter targets SMEs explicitly. However, there are some provisions that help all businesses regardless of their size:

- **Trade-facilitative accumulation process might benefit SMEs:** The CPTPP's product-specific rules of origin allow full accumulation, which means that when materials originating or produced in a CPTPP country are used to produce a good in another CPTPP country, the materials are treated as originating goods and are subject to preferential tariff rates. Full accumulation is the most flexible and trade-facilitative accumulation process as it enables countries to procure materials from other FTA countries and still be eligible for preferential tariffs.²⁴ In addition, CPTPP-manufactured products might use some amounts of non-originating materials (non-CPTPP sourced material) while still counting as originating goods by meeting certain conditions. By

²² CPTPP. Chapter 24: Small and Medium-Sized Enterprises, Article 24.1-24.3.

²³ CPTPP. Chapter 3: Rules of Origin, Article 3.1-3.32.

²⁴ International Trade Center, World Customs Organization, World Trade Organization. [Accumulation / Cumulation](#). Accessed March 5, 2022.

enabling greater supply chain integration, this provision encourages SMEs in CPTPP countries to explore regional opportunities in supplying and manufacturing.

- **Self-certification and simplification of paperwork streamline trade:** The CPTPP's provision on self-certification allows exporters, producers, or importers to make a claim for certificate of origin upon providing sufficient documentation of the manufacturing process and associated costs. The provision also requires the parties to accept certificates of origin electronically and in prescribed format. Previously, exporters, producers, or importers needed government authorities to issue certificates of origin, which increased administrative costs for claiming preferential benefits. Simultaneously, SMEs could not afford the cost associated with the paperwork necessary for claiming preferential tariffs. The new and improved provision regarding self-certification and simplifying paperwork might help SMEs in claiming origin by reducing administrative cost and procedural delay.

GOVERNMENT PROCUREMENT

- **Ensuring transparency in offering preferential treatments to SMEs:** The government procurement chapter encourages providing preferential access to SMEs, considering their contribution in economic growth and employment. However, any party offering preferential treatment for SMEs in government procurement must ensure that the process, including the criteria for eligibility, is transparent.
- **Assistance for SMEs to participate in government procurement:** The chapter also lists certain tasks for each party to facilitate SME participation in procurement. This includes:
 - Parties have to share comprehensive procurement-related information, including definition of SMEs, via a single electronic portal;
 - Parties must provide free of cost tender documents to SMEs;
 - Parties must conduct electronic procurement or might use any other digital communication technologies; and
 - Parties need to consider the size, design, and structure of the procurement to create subcontracting opportunities for SMEs.

E-COMMERCE

The CPTPP chapter on e-commerce aims to facilitate common rules for cross-border e-commerce between members.²⁵

- **Removing barriers for SMEs in digital trade:** This section's aim is to reduce barriers to e-commerce while not compromising consumer and personal information protection. The provisions are mostly targeted at digital content such as streamed movies, digital games, and music. However, it also includes aspects relevant for small businesses that use e-commerce to sell physical goods.
- **Freer cross-border data flows and removal of data localization requirements:** To ensure the free flow of data is unhindered, the CPTPP includes rules on e-commerce to ensure that members do not unnecessarily impede cross-border data flows, or impose data localization as a condition for serving consumers in that market. In addition, the CPTPP prohibits countries from charging tariffs on electronic transactions, although this does not include internal taxes, fees, or other internal charges.

OTHER RELEVANT CHAPTERS FOR SMES

- **SME-friendly customs duties on express shipment:** The CPTPP chapter on customs administration and trade facilitation requires each party to adopt or maintain expedited customs procedures for express shipments while maintaining appropriate customs control and selection. The provision regarding express shipment mandates that the parties determine an amount at or below which no customs duties will be applicable. The CPTPP recommends that each party factors in the impact of customs duties on SMEs before setting the cut-off amount. Other relevant factors to consider that may impact SMEs are rates of inflation, effect on trade facilitation, impact on risk management, administrative cost of collecting duties compared to the amount of duties, cost of cross-border trade transactions, and so on.²⁶
- **Intellectual property training for SMEs:** The CPTPP chapter on intellectual property requires each party to collaborate with others in undertaking appropriate training on IP-related issues for SMEs. The provision also recommends that the parties exchange information regarding IP-related issues.²⁷
- **Capacity-building initiatives for SMEs:** The chapter on co-operation and capacity building recognizes that SMEs require assistance in approaching international trade. It mandates that CPTPP members exchange information and initiate dialogues with

²⁵ CPTPP. Chapter 14: Electric Commerce, Article 14.15.

²⁶ CPTPP. Chapter 5: Customs Administration and Trade Facilitation, Article 5.7.

²⁷ CPTPP. Chapter 18: Intellectual Property, Article 18.13.

relevant stakeholders in other countries, including SMEs, to create appropriate training programs and seminars and provide other assistance.²⁸

- **Assessing the impact of regulations on SMEs:** The CPTPP chapter on regulatory coherence instructs parties to undertake regulatory impact assessments when developing regulations that might affect economic outcomes. It is recommended that the parties consider the impact of the proposed regulation on SMEs during this assessment process.²⁹
- **SMEs to develop anti-corruption measures:** The chapter on transparency recommends that parties encourage professional associations and NGOs to assist SMEs in designing internal controls, ethics, and compliance programs for identifying and preventing bribery and other corrupt practices in international trade and investment.³⁰
- **Policy measures to enable SMEs' economic growth:** To achieve sustainable development and reduce poverty, the development chapter of the CPTPP instructs parties to explore policies that leverage the opportunities in trade and investment created by the CPTPP. These policies might facilitate market-based approaches in creating conducive trading conditions and greater access to finance for SMEs and other vulnerable populations.³¹
- **Joint activities to promote SME participation:** To achieve the development of an open trade and investment environment, each party can collaborate with other parties to design joint activities engaging relevant government, private, and multilateral institutions, as stated in Chapter 23 of the CPTPP. These joint activities can include public-private partnerships to enable greater SME participation in achieving development goals.³²
- **Committee on competitiveness to enable SME integration in regional supply chains:** Recognizing the importance of business environments in market developments, the parties agree to establish a committee on competitiveness and business facilitation that will devise strategies to enhance the overall competitiveness of each economy by facilitating greater SME participation in regional supply chains. The committee will design seminars, workshops, and other capacity-building activities, engaging private sector and international donor organizations, to assist SMEs in exploring trade opportunities in the free trade area.³³

²⁸ CPTPP. Chapter 21: Cooperation and Capacity Building, Article 21.1.

²⁹ CPTPP. Chapter 25: Regulatory Coherence, Article 25.5.

³⁰ CPTPP. Chapter 26: Transparency and Anti-corruption, Article 26.10.

³¹ CPTPP. Chapter 23: Development, Article 23.3 and 23.6.

³² Ibid.

³³ CPTPP. Chapter 22: Competitiveness and Business Facilitation, Article 22.2.

ENVIRONMENTAL AND LABOUR CO-OPERATION

- **Recognition of Indigenous traditional knowledge and practices:** Identifying trade and biodiversity as one of its core focus areas, the CPTPP chapter on the environment acknowledges the importance of Indigenous traditional knowledge and practices. The provision recommends that all parties ensure that activities related to trade do not disrespect traditional practices and disrupt Indigenous communities.³⁴
- **Prohibiting overfishing by small-scale fisheries:** This chapter provides guidelines to minimize practices that impact trade and biodiversity negatively in the region, such as overfishing, overcapacity, and illegal, unreported, and unregulated fishing.

The CPTPP chapter on the environment is discussed in detail in Section 1.6 of this report.

- **Reducing gender discrimination in the labour force:** In the chapter on labour, the parties affirmed their obligations as members of the International Labour Organization and acknowledge that they are required to have laws at the federal level of government that enshrine the rights stated in the International Labour Organization Declaration. The chapter establishes areas of co-operation in promoting equality and uprooting gender-based discrimination in the workplace.³⁵

Canada-United States-Mexico Agreement

To make trade more liberalized, inclusive, and conducive for regional economic growth, Canada, Mexico, and the United States of America entered into CUSMA on July 1, 2020, modifying the 1994 North American Free Trade Agreement. With a population of 495 million people, the combined GDP of this region stood at C\$30.54T (US\$24T) in 2020. In 2021, total values of Canadian exports to and imports from CUSMA countries were C\$485B (US\$381B) and C\$331B (US\$260B), respectively.³⁶

The preamble of the agreement mentions supporting the growth and development of SMEs and micro-sized enterprises by enabling them to participate in international trade with a view to expediting economic growth, employment generation, community development, and innovation, among other outcomes.

CUSMA also commits to high levels of environmental and labour co-operation. The preamble promises to extend trade and investment opportunities to Indigenous People. Also, CUSMA promises to adopt inclusive measures to ensure equal participation by women and men in North American trade and investment opportunities.

³⁴ CPTPP. Chapter 20: Environment, Article 20.13.

³⁵ CPTPP. Chapter 19: Labour, Article 19.10.

³⁶ Statistics Canada. [International Trade](#). Accessed February 14, 2022.

SMALL AND MEDIUM ENTERPRISES

Acknowledging the role of MSMEs in driving economic development, Chapter 25 of CUSMA highlights measures to accelerate and enhance MSME integration into the regional value chain. In this chapter, parties agreed to undertake investment facilitation, business partnerships facilitation, and partnerships through relevant institutions. Parties have also committed to enhanced transparency measures through digital media with the intent of enhancing MSME opportunity and partnerships. This segment also recognizes the contribution of the private sector in MSME development, and the parties have committed to partnering with the private sector to promote MSME integration in trade.

- **Sectoral co-operation to promote trade and investment:** To increase investment opportunity, parties committed to collaborate with SME support infrastructures such as SME centres, incubators, and accelerators; export assistance programs; and other relevant organizations in Canada, Mexico, and the United States, to identify strategies for fostering greater participation by SMEs in local and international markets.
- **Showcasing SMEs owned by underrepresented groups:** The parties aim to promote SMEs owned by underrepresented groups such as women, Indigenous Peoples, youth, and minorities; startups; and agricultural and rural SMEs, and promote partnership among these SMEs and their participation in international trade.
- **Enhancing access to programs:** The parties agree to exchange information with partners and analyze best practices to improve SME access to capital and credit, government procurement, and other programs that help SMEs to navigate through market challenges.
- **Encourage participation in digital platforms:** The parties agree to promote the usage of web-based platforms by SMEs so that they can connect with potential international business partners.
- **Information sharing:** This provision requires CUSMA countries to establish and maintain a CUSMA website dedicated to SMEs. This website will:
 - Provide background and relevant information on CUSMA, such as the full text and summary of the agreement, a description of the rules that are most relevant to SMEs, and any additional information or resources that could be helpful to SMEs (e.g., customs regulations and procedures, foreign investment regulations, taxation information, business registration procedures, intellectual property rights-related procedures, standards, sanitary and phytosanitary measures, etc.);

- Provide links to relevant websites and government agencies (e.g., Ministry of Trade, trade promotion agencies, customs authorities, etc.) of all other CUSMA countries; and
- Be reviewed regularly to ensure that information is up to date.
- **Committee on SMEs:** This rule establishes a committee on SMEs, made up of government representatives from each CUSMA country. This committee will work on the following areas:
 - Formulate strategies to enable SMEs to leverage the commercial opportunities created by CUSMA and to boost SME competitiveness;
 - Facilitate partnerships between SMEs;
 - Recommend strategies to develop programs for SMEs including training programs, trade education, trade finance, trade missions, trade facilitation, digital trade, corporate networking, business credential building, and so on;
 - Facilitate training workshops, export and trade finance seminars, information sharing, and other capacity-building activities to support SMEs;
 - Collaborate with other committees, working groups, and subsidiary bodies established under CUSMA to incorporate SME-related commitments and activities into their workplan;
 - Explore entrepreneurship education programs for youth and underrepresented groups;
 - Review the performance of CUSMA in serving SMEs; and
 - Investigate how CUSMA can better support SMEs.

The SME committee is encouraged to partner with experts and international donor organizations in carrying out these programs and activities.

- **SME dialogue:** The SME committee is required to arrange an SME dialogue including representatives from the private sector, employees, NGOs, academic experts, and SMEs owned by diverse and underrepresented groups, among other relevant stakeholders, to periodically review modernization opportunities for CUSMA in terms of SME integration.³⁷

³⁷ Canada-United States-Mexico Agreement. Chapter 25: Small and Medium Enterprises, Article 25.1-25.5.

³⁸ CPTPP. Chapter 24: Small and Medium-Sized Enterprises, Article 24.1-24.3.

- **Non-application of dispute settlement:** The parties cannot use Chapter 31 (dispute settlement) for any provisions of this chapter.³⁸

RULES OF ORIGIN AND ORIGIN PROCEDURES

Under the rules of origin in CUSMA, MSMEs' issues are considered for enhanced co-operation. The committee's established rules of origin considers examples and guidance that would be of assistance to MSMEs.

To unlock the preferential tariff treatment promised by CUSMA, a good or service must meet the criteria mentioned in the rules of origin chapter. The origin procedures chapter outlines steps for obtaining a certification of origin, obligations for importations and exportations, and record-keeping requirements, among other provisions. In addition, the chapter instructs parties to adhere to a set of laws and regulations, termed "uniform regulations," to execute the chapters on rules of origin, origin procedures, textile and apparel goods, customs administration, and trade facilitation. These uniform regulations are subject to further exploration by an origin committee formed in accordance with the guidelines provided in the agreement.

- **SME facilitation through regulation assistance:** To assist SMEs in member countries in navigating through these uniform regulations, CUSMA recommends that the origin committee simplify the rules and regulations and formulate comprehensive and practical guidelines so that SMEs can easily grasp the concepts and adjust operations to comply with the regulations mentioned in the chapters on RoO, origin procedures, and textile and apparel goods.³⁹

GOVERNMENT PROCUREMENT

Government procurement refers to the procedure for sourcing goods and/or services to use solely for government purposes. CUSMA's government procurement chapter lists general principles of procurement, conditions for participation, qualification of suppliers, application procedures for tenders, guidelines for negotiation, treatment of tenders, and awarding of contracts, among other vital elements of procurement. In CUSMA, internal controls take the size of the enterprise into account. Parties are to explore electronic means of communication to enhance transparency, facilitating MSME inclusion. The committee established by the parties on government procurement considers and addresses matters related to the participation of MSMEs.

- **Ensuring integrity in procurement practices:** This chapter encourages each party to introduce policies or processes for tender documents allowing successful suppliers to

³⁹ Canada-United States-Mexico Agreement. Chapter 5: Origin Procedure, Article 5.16.

⁴⁰ Canada-United States-Mexico Agreement. Chapter 13: Government Procurement, Article 13.17.

have internal control, business ethics, and compliance programs. These policies act as anti-fraud and anti-corruption measures for suppliers, especially SMEs.⁴⁰

- **SME participation in government procurement:** The parties commit to encouraging SME participation in government procurement. If any party wants to offer preferential access to SMEs in government procurement, it might develop and implement a transparent and just selection framework for SMEs by doing the following:
 - Share procurement-related information that defines SMEs via a single electronic portal;
 - Provide all tender documentation free of charge;
 - Explore electronic procurement or any other new information and communication technologies; and
 - Structure the procurement in a way that allows subcontracting by SMEs.⁴¹
- **Committee on government procurement to enable participation by SMEs and underrepresented groups:** This chapter establishes a committee on government procurement made up of representatives of each party, which will co-ordinate and implement the agendas, such as facilitation of SME participation, adoption of information technology in procurement, and exploration of best practices in extending the opportunities of procurement to socially and economically underprivileged groups.⁴²

CROSS-BORDER TRADE IN SERVICES

Parties agreed to support the development of SME trade in this area through direct selling and measures that enable access to resources or protect individuals from fraudulent practices. Chapter 15 of the agreement provides guidelines regarding cross-border trade in services by suppliers from any of the member countries and includes provisions on national and most-favoured-nation treatment, market access, non-conforming measures, and recognition. There is a dedicated article for SMEs in this chapter that highlights the following:

- **Enabling SME participation in trade:** In addition to the dedicated SME chapter, this provision mandates that each party support the participation of SMEs in trade services and foster the development of SME-enabling business models (e.g., direct selling services) and introduces measures to protect SMEs from fraudulent practices.
- **Engaging SMEs in regulatory policy-making:** In relation to the chapter on good regulatory practices, the parties are required to develop mechanisms that allow SMEs to engage in regulatory policy-making. Governments may take into consideration the

⁴¹ Canada-United States-Mexico Agreement. Chapter 13: Government Procurement, Article 13.20.

⁴² Canada-United States-Mexico Agreement. Chapter 13: Government Procurement, Article 13.21.

potential impacts on MSMEs when undertaking regulatory impact assessments (known as the small business lens).

- **Streamlining authorization processes for greater SME participation:** Complementing the chapter on development and administration measures, this chapter requires parties to simplify authorization processes in a way that does not negatively affect SME participation.⁴³

Chapter 15 transmits a broad message to the parties to make the policies and regulatory impact measurement processes straightforward and easy to understand so that the policies facilitate SME participation in the trade of services.

OTHER RELEVANT CHAPTERS FOR SMES

- **Digital trade in unlocking opportunities:** CUSMA entails greater collaboration among parties in improving SMEs' access to e-commerce, publicly available datasets, and other information and communication technologies that enable participation in international trade.⁴⁴ Parties agreed to co-operate to identify ways to improve and expand access to government information with a view to enhancing and improving business opportunities for MSMEs.
- **Intellectual property rights for SMEs:** Chapter 20 mandates the establishment of an IPR committee to assist SMEs in navigating IP-related issues – such as procedures for obtaining trademarks, patents, or copyrights. SMEs involved in international trade need to safeguard their innovation or process from being copied by competitors. Investors and financiers consider IP rights as assets that enhance the value of enterprises.⁴⁵ The IPR committee will help SMEs assess the importance of IP rights in international trade and investment.⁴⁶
- **Enhancing competitiveness of SMEs owned by underrepresented groups:** To enhance regional competitiveness, the CUSMA chapter on competitiveness establishes the North American competitiveness committee, made up of government representatives from each CUSMA country. This committee will recommend strategies to expand trade participation by SMEs, including enterprises owned by underrepresented groups such as women, Indigenous Peoples, youth, and minorities.⁴⁷
- **Anti-corruption:** In Chapter 27, the parties committed to engaging the private sector,

⁴³ Canada-United States-Mexico Agreement. Chapter 15: Cross-border Trade in Services, Article 15.10.

⁴⁴ Canada-United States-Mexico Agreement. Chapter 19: Digital Trade, Article 19.18.

⁴⁵ Sukarmijan, Sati-Salmah, and Sapong, Olivia De Vega. 2013. "The importance of intellectual property for SMEs; Challenges and moving forward." *International Agribusiness Marketing Conference 2013, IAMC 2013, 22-23 October 2013, Kuala Lumpur, Selangor, Malaysia*. doi: [10.1016/j.umkpro.2014.07.010](https://doi.org/10.1016/j.umkpro.2014.07.010).

⁴⁶ Canada-United States-Mexico Agreement. Chapter 20: Intellectual Property Rights, Article 20.14.

⁴⁷ Canada-United States-Mexico Agreement. Chapter 26: Competitiveness, Article 26.1.

civil society, NGOs, and community-based organizations to safeguard trade and investment from corruption and to create public awareness. Additionally, the parties are encouraged to involve professional associations and NGOs to aid SMEs in establishing internal control, ethics and compliance frameworks, and anti-corruption measures to prevent any wrongdoing in international trade.⁴⁸

- **Good regulatory practices:** Chapter 28 mandates that each party enhance regulatory compatibility for trade facilitation, including easing regulatory procedures for small enterprises. CUSMA requires each of its member countries to realistically assess and minimize the adverse economic effects of regulations on SMEs.⁴⁹

ENVIRONMENT

- **Preventing overuse of resources by small-scale fisheries:** Recognizing that fishing communities, including people engaged in artisanal, small-scale, and Indigenous fisheries, heavily rely on the marine fishing sector for their livelihood, the agreement aims to minimize unsustainable fishing practices.
- **Trade and biodiversity conservation:** Each party commits to promoting the conservation and sustainable use of biological diversity, respecting the traditional knowledge and practices of Indigenous Peoples and local communities.⁵⁰

LABOUR

- **Reducing the gender gap:** The labour chapter aims to resolve gender-based discriminations in employment, occupation, and wages, and ensure equal pay for all genders. CUSMA mandates that all parties adopt labour practices that help retain women in the labour market and offer capacity-building interventions that help develop relevant skills in women workers. The parties are also committed to eliminating gender-based workplace violence and harassment.⁵¹
- **SME-centred co-operative activities:** The parties are encouraged to assist SMEs in devising capacity-building activities intended to boost their productivity and develop human capital.
- **Promoting inclusion in the workforce:** To promote equality and diversity in the workplace, CUSMA requires each party to eliminate discrimination based on age, disability, race, ethnicity, religion, sexual orientation, gender identity, and other attributes not pertinent to the job requirements.

⁴⁸ Canada-United States-Mexico Agreement. Chapter 27: Anticorruption, Article 27.5.

⁴⁹ Canada-United States-Mexico Agreement. Chapter 28: Good Regulatory Practices, Article 28.4, 28.11, and 28.13.

⁵⁰ Canada-United States-Mexico Agreement. Chapter 28: Good Regulatory Practices, Article 24.15.

⁵¹ Canada-United States-Mexico Agreement. Chapter 23: Labour, Article 23.12.

Canada-European Union Comprehensive Economic and Trade Agreement

Entered into force on September 21, 2017, CETA covers all aspects of Canada's broad trading relationship with the EU, including goods, services, investments, government procurement, and regulatory co-operation. It also includes a new investment court mechanism for investors-to-state dispute settlement. Following the UK leaving the EU, Canada and the UK negotiated a continuity agreement in 2020, replicating CETA to preserve preferential market access. The EU's total GDP in 2020 was C\$19.5T (US\$15.3T). In 2021, total values of Canadian exports to and imports from CETA countries were C\$30.2B (US\$23.7B) and C\$67.3B (US\$53B), respectively.⁵²

CETA JOINT COMMITTEE RECOMMENDATION ON SME

In September 2018, the EU and Canada's joint committee signed a recommendation to give special attention to expanding trade and investment opportunities for SMEs. The recommendation recognized the importance of SMEs, including micro-sized enterprises, in Canada and the EU, and provided a framework for the parties to work together on SME-relevant issues. It also required each party to establish bilateral SME contact points to oversee the work of the committee, provide advisory services, and assess progress. Two joint activities have been implemented as part of the workplan and another new activity has been proposed for the future:

- **Bilateral policy co-ordination to facilitate SME participation in regional trade:** The SME contact points are tasked with exchanging SME-related information to ensure better assessment of SME needs. Several meetings engaging contact points in Canada and the EU took place during 2019 and 2020. The officials discussed each party's policies and programs targeted at SMEs in these meetings. Also, they shared their work across areas: updating SMEs on CETA and designing and deploying capacity-building activities for SMEs and exporters. The EU's Trade Helpdesk and Enterprise Europe Network and Canada's Tariff Finder are some of the key tools developed through this initiative.
- **Devising websites to assist SMEs navigate CETA:** In April 2019, both parties launched their websites containing a summary of the CETA text, links to the websites of respective government agencies, details on market access, and requirements of entry, among other information pertinent to SMEs.
- **Providing COVID-19 recovery assistance to SMEs:** Highlighting the devastating impact of COVID-19 on SMEs in Canada and the EU, the SME contact points stated that future CETA-related activities will incorporate economic recovery measures for SMEs. Moreover, the parties committed to collaborating across areas:

⁵² Statistics Canada. [International Trade](#). Accessed February 14, 2022.

- Undertaking information sharing sessions to help SMEs build back better; and
- Incorporating SME considerations in all CETA committee work and reporting opportunities and results to the joint committee on SMEs.⁵³

INVESTMENT

Recognizing the difference between trade in investment and trade in goods and services, CETA incorporates a chapter on investment to promote investment between Canada and the EU, while ensuring market access, certainty, stability, transparency, and protection for the investors. The chapter also follows innovative and progressive agendas by fortifying governments' right to regulate, establishing a transparent dispute settlement tribunal, setting out ethical requirements for tribunal members, and allowing an appeal system. The chapter covers four key sections: non-discrimination, investment protection, reservations and exceptions, and resolution of investment disputes. The section on reservations instructs the parties to factor in public interest when regulating areas such as health, safety, the environment, and Indigenous affairs.

- **Dispute settlement for SMEs as investors:**
 - The section provides a framework for settling any investment-related disputes through consultations. The disputing parties, especially SMEs, are allowed to use videoconferencing or other digital platforms for the consultation process. This makes dispute settlement easier for SMEs;⁵⁴
 - If a dispute cannot be resolved through consultation, a claim can be submitted by investors, including SMEs, who can request that a sole member of the tribunal hear the claim.⁵⁵ This provision requires the respondent to provide sympathetic consideration to the requests made by SMEs; and⁵⁶
 - When the tribunal instructs investors, especially SMEs, to pay for a claim, the CETA joint committee is allowed to reduce the financial burden on SMEs, deploying supplemental rules specified in the agreement. These rules take into account the financial resources of the SMEs and the amount of compensation sought.⁵⁷

⁵³ Joint Activity Report to the CETA Joint Committee. "Working together to advance trade and SMEs." Last modified July 7, 2020.

⁵⁴ Comprehensive Economic and Trade Agreement. Chapter 8: Investment, Article 8.19.

⁵⁵ CETA allows Canada and the EU to appoint 15 members to a permanent tribunal: 5 nationals of Canada, 5 nationals of the EU's member states, and 5 nationals of third countries.

⁵⁶ Comprehensive Economic and Trade Agreement. Chapter 8: Investment, Article 8.23.

⁵⁷ Comprehensive Economic and Trade Agreement. Chapter 8: Investment, Article 8.39.

OTHER RELEVANT CHAPTERS FOR SMES

- **Promoting the use of e-commerce by SMEs:** Canada and the EU agreed to co-operate on issues related to e-commerce facilitation in the e-commerce chapter. The parties also placed a permanent moratorium on customs duties, fees, or charges for digital products transmitted electronically in the free trade region. The agreement provides SMEs with secure, stable, and low-cost trade opportunities.⁵⁸
- **SMEs in government procurement:** The CETA chapter on government procurement establishes a committee that is tasked with improving access for suppliers, including SMEs, to the procurement opportunities created by member parties. The committee on government procurement might exchange information regarding each party's procurement regime through electronic media, among other initiatives, to facilitate SME participation in trade.⁵⁹

⁵⁸ Comprehensive Economic and Trade Agreement. Chapter 16: Electronic Commerce, Article 16.5.

⁵⁹ Comprehensive Economic and Trade Agreement. Chapter 19: Government Procurement, Article 19.19.

1.4 MSME PROVISIONS IN BILATERAL TRADE AGREEMENTS (SELECT EXAMPLES)

TABLE 5

Comparison of Select Canadian Bilateral FTAs

Broad Areas in the FTAs	Canada-Israel FTA	Canada-Chile FTA	Canada-Colombia FTA
Trade and SMEs	<ul style="list-style-type: none"> • Greater SME participation in bilateral trade • Information sharing with SMEs • Establishing Committee on SMEs • Non-application of dispute settlement 	No MSME-specific provisions	No MSME-specific provisions
Trade and Gender	<ul style="list-style-type: none"> • Co-operation activities to ensure gender equality • Establishing accountability through trade and gender committee 	<ul style="list-style-type: none"> • Co-operation activities to create equitable trade opportunities • Trade and gender committee to monitor progress 	No MSME-specific provisions
E-commerce	<ul style="list-style-type: none"> • Extending trade opportunities to SMEs 	No MSME-specific provisions	<ul style="list-style-type: none"> • E-commerce as a vehicle to generate economic and social impact • Elimination of custom duties on e-commerce trade • Co-operation to help SMEs explore e-commerce
Intellectual Property	<ul style="list-style-type: none"> • Ensuring transparency regarding IP issues to facilitate SME understanding 	No MSME-specific provisions	No MSME-specific provisions
Government Procurement	No MSME-specific provisions	No MSME-specific provisions	<ul style="list-style-type: none"> • Non-application of SME set-asides in government procurement • The chapter mandates that parties provide national treatment on procurement-related measures

Administration of the Agreement	No MSME-specific provisions	No MSME-specific provisions	<ul style="list-style-type: none"> • Assessing CCoFTA's impact on SMEs
Trade-related Co-operation	No MSME-specific provisions	No MSME-specific provisions	<ul style="list-style-type: none"> • Trade-related co-operation to generate economic outcome
Trade in Services	No MSME-specific provisions	<ul style="list-style-type: none"> • Regulating small-scale fishing activities 	No MSME-specific provisions

Canada-Israel Free Trade Agreement (Modernized in 2019)

To bolster economic relations and to facilitate economic development, Canada and Israel formed the CIFTA, which entered into force on January 1, 1997. Through two phases of negotiations, the two countries modernized the trade agreement in September 2019 by adding new and inclusive provisions on gender, SMEs, corporate social responsibility (CSR), e-commerce, and IP, as well as labour and environmental protections. Israel is home to 9.2 million people, with a GDP of C\$521B (US\$407B) as of 2020 data. In 2021, total values of Canadian exports to and imports from Israel stood at C\$476M (US\$371.5M) and C\$1.3B (US\$1B), respectively.⁶⁰

TRADE AND SMES

The CIFTA provides a framework for Canada and Israel to collaborate in fostering the participation of SMEs in trade.

- **Facilitation to participate:** The FTA allows the parties to promote greater SME participation in bilateral trade, acknowledging SMEs' contributions in enhancing competitiveness and creating jobs in the economies.
- **Information sharing with SMEs:** Both Canada and Israel are responsible for publishing the agreement and any provisions that are relevant for SMEs. Each country is responsible for sharing information regarding the other country's regulations and procedures regarding customs, intellectual property rights, business registration, investment, and so on. The CIFTA also requires the parties to share information regarding sanitary and phytosanitary measures, trade promotion programs, SME financing programs, and government procurement opportunities with SMEs.⁶¹
- **Committee on SMEs:** The CIFTA establishes a committee on SMEs made up of representatives from both governments. This committee is responsible for finding ways to assist SMEs to leverage the opportunities created by CIFTA while learning from the best practices in supporting SME exporters through training, trade education, financing, and networking. In addition to ensuring accountability in program implementation, this committee provides advisory services to the parties. The CIFTA also encourages the committee to develop knowledge dissemination events and capacity-building training to accelerate SME participation in global trade.⁶²
- **Non-application of dispute settlement:** Disputes under the SME chapter are not resolved through the CIFTA dispute settlement mechanism.

⁶⁰ Statistics Canada. [International Trade](#). Accessed February 14, 2022.

⁶¹ Canada-Israel Free Trade Agreement. Chapter 14: Trade and SMEs, Article 14.2.

⁶² Canada-Israel Free Trade Agreement. Chapter 14: Trade and SMEs, Article 14.3.

TRADE AND GENDER

The parties recognized Goal 5 of the UN Sustainable Development Goals, which seeks to achieve gender equality and empower all women and girls. The parties also reaffirmed their obligations in the Agreement on Labour Cooperation and its successor on gender equality and the elimination of gender discrimination. The parties will co-operate on activities designed to improve the capacity and conditions for women to access the full range of benefits and opportunities arising from the agreement. The activities are to be carried out with the inclusive participation of women. In addition, the parties established a trade and gender committee.

- **Co-operation activities to ensure gender equality:** The CIFTA lists activities for Canada and Israel to address issues related to trade and gender, including the development of policies and programs to encourage women's participation in national and international trade; introduction of capacity-building programs for women; and collaboration among government institutions, corporations, labour unions, academia, think-tanks, and NGOs to implement the activities. Facilitating greater financial inclusion for women, establishing women's business and trade networks, stimulation of women's participation in trade and business by improving access to finance and technology are some of the areas of co-operation listed in the trade and gender chapter.⁶³
- **Establishing accountability through trade and gender committee:** The CIFTA allows the formation of a trade and gender committee, including representatives from both Canada and Israel, to co-ordinate and facilitate the suggested co-operation activities.⁶⁴ This committee is also responsible for evaluating the implementation of co-operation activities and providing advisory services in collaboration with other government or non-government agencies to ensure efficient program delivery.

E-COMMERCE AND INTELLECTUAL PROPERTY

- **Extending trade opportunities to SMEs:** Realizing e-commerce's ability to boost economic growth and create trade opportunities, the CIFTA ensures the applicability of WTO rules to e-commerce.⁶⁵ The parties have also committed to working together to promote the use of e-commerce by SMEs so that the enterprises can benefit from the economic opportunities offered through the global e-commerce network.⁶⁶

⁶³ Canada-Israel Free Trade Agreement. Chapter 13: Trade and Gender, Article 13.3.

⁶⁴ Canada-Israel Free Trade Agreement. Chapter 13: Trade and Gender, Article 13.4.

⁶⁵ Canada-Israel Free Trade Agreement. Chapter 9: Electronic Commerce, Article 9.1.

⁶⁶ Canada-Israel Free Trade Agreement. Chapter 9: Electronic Commerce, Article 9.5.

- **Ensuring transparency regarding IP issues:** The CIFTA mandates that members publish the regulations and procedures regarding IP rights to make the process transparent. The parties are also obliged to publish any provisions relevant for SMEs in obtaining IP rights.⁶⁷

Canada-Chile Free Trade Agreement 1997 (Modernized in 2019)

Catapulted by Canada and Chile's inclusive and progressive views toward trade, the modernized CCFTA entered into force on February 5, 2019. The modernized FTA has three new chapters: trade and gender, sanitary and phytosanitary measures, and technical barriers to trade, and has amended two existing chapters: investment and government procurement. The original agreement was ratified in 1997. Chile is home to 19.1 million people, with a GDP of C\$324.2B (US\$253B) as of 2020 data. In 2021, total values of Canadian exports to and imports from Chile stood at C\$1.2B (US\$940M) and C\$1.8B (US\$1.4B), respectively.⁶⁸

TRADE AND GENDER

The modernized CCFTA's chapter on trade and gender reiterates Canada's commitment to incorporating progressive components to accelerate gender equality and foster entrepreneurship by women. Under the general provisions, the parties acknowledged the importance of gender-responsive policies in achieving inclusive economic growth. Recalling the commitments made in the United Nations Sustainable Development Goals 2030 agenda and OECD Guidelines for Multinational Enterprises to eliminate gender discrimination and promote gender equality, the parties agree to adopt and maintain gender-responsive trade approaches.

- **Co-operation activities to create equitable trade opportunities:** The CCFTA lists activities to co-ordinate and facilitate policies and programs that boost women's participation in trade. The agreement mentions developing capacity-building and skill-enhancing programs for women entrepreneurs and workers; facilitating women's participation in science, technology, and innovation; accelerating financial inclusion for women; and creating women's networks in business and trade, among other activities.⁶⁹
- **Trade and gender committee to monitor progress:** The CCFTA establishes a bilateral committee for the implementation and evaluation of programs and policies addressing gender concerns. The committee is encouraged to collaborate with multilateral donor institutions, private sector players, NGOs, and other relevant organizations to devise and execute co-operation activities.⁷⁰

⁶⁷ Canada-Israel Free Trade Agreement. Chapter 10: Intellectual Property, Annex 10.7 (1).

⁶⁸ Statistics Canada. [International Trade](#). Accessed February 14, 2022.

⁶⁹ Canada-Chile Free Trade Agreement. Chapter N bis: Trade and Gender, Article N bis 03.

⁷⁰ Canada-Chile Free Trade Agreement. Chapter N bis: Trade and Gender, Article N bis 04.

TRADE IN SERVICES

- **Regulating small-scale fishing activities:** The cross-border trade in services chapter mandates the registration of small-scale fishing activities (pesca artesanal) in the Registro de Pesca Artesanal. Chilean citizens, permanent residents, and organizations owned by Chilean citizens and permanent residents are granted permits for small-scale fishing. This provision restricts the participation of SMEs owned by non-citizen or non-resident Chileans in the fishing sector.

Canada-Colombia Free Trade Agreement 2011

The Canada-Colombia Free Trade Agreement and Economic Integration Agreement is a bilateral agreement that covers both goods and services. It was agreed to in 2008 and ratified in 2011. The agreement highlights commitments to stimulate economic co-operation and reduce trade barriers while augmenting the competitiveness of Canadian and Colombian enterprises in the global markets. Since its ratification, Canada has become one of the top importers of non-mining goods from Colombia. Colombia is home to 9.2 million people, with a GDP of C\$347.7B (US\$271.4B) as of 2020 data. In 2021, total values of Canadian exports to and imports from Colombia were C\$1B (US\$780M) and C\$1.3B (US\$1B), respectively.⁷¹

GOVERNMENT PROCUREMENT

- **SME set-asides:** The CCoFTA's provisions regarding government procurement are not applicable to set-asides for small and minority businesses by certain government entities.⁷² In addition, any set-asides of procurement less than US\$125,000 (C\$156,493) on behalf of MSMEs in Colombia will not be subject to the chapter.⁷³ Any form of preference including an exclusive right to supply a good or a service and measures conducive to facilitating the transfer of technology and subcontracting are listed as set-asides.
- **National treatment and non-discrimination:** Each party shall ensure access to information of the relevant processes, laws, and so on related to procurement. Parties may establish a multi-use list of suppliers provided certain transparency provisions are followed. The chapter establishes rules for deadlines to submit tenders and limits the time of the tendering process. Non-disclosure of information is permitted under Article 1411 for specific reasons. Parties agree to establish a committee and make room for changes in the event of future agreements providing greater access.

⁷¹ Statistics Canada. [International Trade](#). Accessed February 14, 2022.

⁷² Some of these government agencies and programs are the Department of Transport; Department of Fisheries and Oceans; Canadian Food Inspection Agency; Department of Canadian Heritage; Department of Industry; Department of Public Works and Government Services; Agricultural products made in furtherance of agricultural support programs or human feeding programs; and so on.

⁷³ Canada-Colombia Free Trade Agreement. Annex 1401-6 General Notes, Schedule of Canada and Schedule of Colombia.

E-COMMERCE

- **E-commerce as a vehicle to generate economic and social impact:** Highlighting the role of electronic commerce in spearheading global trade and investment, Canada and Colombia listed collaborative measures in accelerating the adoption of e-commerce by SMEs in the agreement.⁷⁴ The parties also affirm the applicability of WTO rules regarding e-commerce and commit to supporting SMEs in leveraging e-commerce as a social and economic impact avenue.
- **Elimination of custom duties on e-commerce trade:** Each party is to adopt measures to facilitate trade through e-commerce by addressing issues pertaining to this subject. No customs duties will be applied by either party on e-commerce. However, this does not prohibit charging internal taxes on products delivered through e-commerce. Parties also recognize and commit to consumer protection and the protection of personal information. Parties are also required to make trade administrative documents available electronically.
- **Co-operation to help SMEs explore e-commerce:** Parties also agreed to co-operate to facilitate the use of e-commerce by SMEs, to share information and experiences. This chapter is subordinate to other chapters in the event of inconsistency. The parties established objectives to improve and promote work conditions and have corresponding commitments to achieve these objectives. The chapter also includes the recognition of the benefit of co-operative activities and provides for the development plan of the Labour Cooperation Agreement (LCA).⁷⁵

OTHER RELEVANT CHAPTERS FOR SMES

- **Trade-related co-operation to generate economic outcomes:** The agreement aims at accelerating economic growth through liberalized trade and increased co-operation. SMEs are recognized in this chapter as an instrument to promote sustainable development and eradicate poverty.⁷⁶
- **Assessing CCoFTA's impact on SMEs:** The CCoFTA instructs the parties to form a joint commission with cabinet-level representatives to assess the impact of this agreement on SMEs. The joint commission is encouraged to appoint working groups to evaluate the impact of the CCoFTA on SMEs and to recommend strategies to the commission regarding the needs of the SMEs. Recommendations that are targeted to build trade capacity are further subject to review by the people and associations representing SMEs.⁷⁷

⁷⁴ Canada-Colombia Free Trade Agreement. Chapter 15: Electronic Commerce, Article 1502 and 1507.

⁷⁵ Canada-Colombia Free Trade Agreement. Chapter 15: Electronic Commerce, Article 1507.

⁷⁶ Canada-Colombia Free Trade Agreement. Chapter 18: Trade-related Cooperation, Article 1801.

⁷⁷ Canada-Colombia Free Trade Agreement. Chapter 20: Administration of the Agreement, Article 2001.

Highlight:

GBA+ Application on Canada-Mercosur Free Trade Agreement Negotiations

Another key demonstration of Canada's commitment to MSMEs and underrepresented groups in trade is its application of gender-based analysis plus to FTA negotiations. The Government of Canada uses GBA+ to determine the impacts of domestic and international policies, programs, initiatives, organizations, and activities on diverse groups of women, men, and non-binary people.¹

For the very first time, the Government of Canada used the GBA+ methodology in its FTA negotiations with Argentina, Brazil, Paraguay, and Uruguay – the four members of the Mercosur trade bloc – which began in March 2018. Canada used GBA+ to negotiate each chapter of the proposed Canada-Mercosur FTA, to call attention to the inclusion of women, Indigenous Peoples, and SMEs in trade during the negotiations.

Through the application of GBA+, Canada aims to achieve the following outcomes:²

- **Chapters related to goods that will benefit women, Indigenous Peoples, and SMEs:** The GBA+ revealed that negotiating a level playing field and increased predictability for goods would reduce fixed costs for SMEs, including women- and Indigenous-owned businesses, as fixed costs are a higher percentage of their expenditures due to their smaller size. Canada will focus on the following chapters under this objective: 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.
- **Women to gain more from liberalized trade in services:** In 2017, women made up 55% of the Canadian service sector. Moreover, the majority of the SMEs in this sector are owned by women. The GBA+ recommended the inclusion of targeted provisions across the following Chapters: Intellectual Property, Cross Border Trade in Services, E-commerce, Temporary Entry, Investment, and Government Procurement for SMEs, including businesses owned by women, Indigenous Peoples, and new Canadians. The new provisions include promoting awareness, improving access, and building capacity.
- **Highlight trade and Indigenous Peoples along with other chapters to promote inclusive agendas:** The GBA+ recommended the incorporation of gender-responsive

¹ Government of Canada. Women and Gender Equality Canada. [Gender-Based Analysis Plus](#). Last modified April 14, 2021.

² Government of Canada. [Summary of Initial GBA+ for Canada-Mercosur FTA Negotiations](#). Last modified March 4, 2021.

provisions in chapters including the environment, labour, trade and gender, MSMEs, and trade and Indigenous Peoples. The first four chapters will follow similar provisions as those in the CIFTA and CCFTA, while the trade and Indigenous Peoples chapter will mandate that the parties collaborate in removing barriers faced by Indigenous communities through establishing a website for disbursing relevant information. Additionally, a bilateral committee will be created to oversee co-ordination and facilitation, provide advisory services, and ensure transparency.

- **Include gender-responsive and inclusivity provisions in institutional and dispute settlement chapters:** The GBA+ reported an absence of gender parity and diversity in dispute settlement procedures. The GBA+ suggested the inclusion of more women from the Canadian legal sector as panellists in the dispute settlement courts. Additionally, the GBA+ acknowledges opportunities to promote inclusion in institutional chapters such as Initial Provisions and General Definitions; Administration; Exceptions and General Provisions; Transparency, Anti-Corruption, CSR, and Responsible Business Conduct; and Final Provisions.

Highlight:

Modernization of Canada-Ukraine Free Trade Agreement (CUFTA)

Another key example of Canada's modernization of its existing FTAs to integrate inclusive trade priorities is the ongoing efforts to modernize the Canada-Ukraine Free Trade Agreement (CUFTA). The CUFTA modernization introduces the opportunity to address barriers in trade for SMEs, women, and Indigenous Peoples in Canada-Ukraine trade. In particular, public consultations for the CUFTA modernization highlighted the opportunity to include new provisions and dedicated chapters to reflect Canada's inclusive trade agenda, including chapters for trade and gender, trade and SMEs, and trade and Indigenous Peoples.

BACKGROUND

The CUFTA entered into force on August 1, 2017, with commitments to create trade opportunities for both Canada and Ukraine, and to establish long-term partnerships. Ukraine is a growing market for Canadian exports, especially in agriculture and agri-food products, manufactured goods such as iron and steel, agricultural machinery, aerospace components, plastics, and cosmetics. Ukraine is home to 44.1 million people, with a GDP of C\$198.6B

(US\$155B) as of 2020. In 2021, total values of Canadian exports to and imports from Ukraine stood at C\$220.3M (US\$172M) and C\$226M (US\$176.4M), respectively.¹

MODERNIZATION EFFORTS

In January 2022, Canada and Ukraine declared their intention to modernize the CUFTA and incorporate more inclusive agendas, especially in chapters on services, investment, digital trade, labour, and the environment. The end goal of this modernization effort is to create opportunities for SMEs and historically disadvantaged populations, including women and Indigenous Peoples. The current version of CUFTA briefly mentions achieving sustainable economic development by engaging more SMEs in international trade, in its chapter on trade-related co-operation (Chapter 15, Article 15.1). The chapter on labour also mentions the removal of gender discrimination from the workforce (Chapter 13, Article 13.11). The modernized FTA is presumed to include detailed provisions in achieving the aforementioned agendas.

Canada undertook public consultations in early 2020 to see whether Canadians are aligned with the proposed modernization. The public consultation report, published by Global Affairs Canada, has shown overall support for the modernization process.

¹ Statistics Canada. [International Trade](#). Accessed February 14, 2022.

1.5 REVIEW OF ASEAN'S TRADE AGENDA AND AGREEMENTS

Both ASEAN and Canada recognize that MSMEs, which were hit hardest by the pandemic, would require the highest level of assistance to recover, and that international trade could play a significant role in that recovery. Therefore, one of the core priorities for both parties is to ensure that MSMEs are aware of the opportunities created through FTAs and are capable of leveraging such opportunities. Like in Canada, among ASEAN member states, MSMEs are underrepresented in trade and export-facing sectors, which are traditionally dominated by large corporations. To create opportunities for MSMEs in trade, it is important to consider common priorities between ASEAN and Canada related to MSMEs in trade, and the provisions and chapters that both parties have previously negotiated in their respective FTAs.

At the fourth ASEAN-Canada Trade Policy Dialogue in 2020, the economic ministers from the 10 ASEAN member states and Canada had constructive exchanges regarding the ASEAN-Canada FTA. However, both parties also acknowledged the need to develop a reference paper, on a “without prejudice” basis, that addressed the possible FTA’s objectives, proposed chapters/elements, as well as “the potential level of ambition for each, areas of convergence

and divergence, and other relevant considerations.” This acknowledgment underscores the different development statuses among ASEAN member states and in comparison to Canada.

This section briefly reviews ASEAN’s trade agenda and select FTAs that focus on MSMEs and underrepresented groups in trade, and that in turn demonstrate the bloc’s stance toward inclusive trade when approaching negotiations with Canada. In doing so, this section highlights the commonalities in ASEAN and Canada’s respective trade agendas and approaches to the inclusion of MSMEs within their FTAs.

Comparison of Canada and ASEAN’s Views on Inclusive and Progressive Trade

ASEAN currently has seven active FTAs, with Australia-New Zealand, China, India, Hong Kong, Japan, and South Korea. While all of these FTAs emphasize greater co-operation between the parties to increase participation and performance of SMEs, the newer agreements have incorporated more inclusive elements to remove barriers for SMEs. For instance, the ASEAN Australia-New Zealand FTA has committed to conducting research and development activities to design capacity-building training for SMEs to enable them to explore international trade opportunities via e-commerce.⁷⁸ Additionally, for the first time, ASEAN has incorporated a dedicated chapter on SMEs in the Regional Comprehensive Economic Partnership (RCEP).

Overall, ASEAN shares most of Canada’s inclusive and progressive views; however, in some areas such as gender, Indigenous Peoples, the environment, and labour, significant strides have not yet been made by ASEAN. The heterogeneity of the member countries (e.g., in terms of population, GDP, per capita income, and domestic policy priority) could be one of the reasons behind ASEAN not being able to reach a consensus on other inclusive and progressive agendas.⁷⁹ However, the economic potential created by this unique policy window with the Canada-ASEAN FTA negotiations might encourage both parties to reflect on their negotiation priorities.

⁷⁸ ASEAN Australia-New Zealand Free Trade Agreement. Chapter 10: Electronic Commerce, Article 9.

⁷⁹ Ciuriak, Dan, Ali Dadkhah, Jingliang Xiao. “Evaluating the Impact of a Canada-ASEAN FTA.” *Ciuriak Consulting Inc.* May 2017. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2955047.

TABLE 6

Common Negotiated Areas in Canadian and ASEAN FTAs

Areas	ASEAN	Canada
TRADE IN GOODS		
National Treatment and Market Access for Goods	x	x
Rules of Origin and Origin Procedures	x	x
Customs and Trade Facilitation	x	x
Technical Barriers to Trade	x	x
Sanitary and Phytosanitary Measures	x	x
TRADE IN SERVICES		
Cross-Border Trade in Services	x	x
Domestic Regulation and Transparency	x	x
Movement of Natural Persons/ Temporary Entry for Businesspersons	x	x
Financial Services	x	x
Telecommunications	x	x
Investment	x	x
OTHER AREAS RELEVANT TO TRADE AND INVESTMENT		
Competition Policy	x	x
Government Procurement		x
Intellectual Property	x	x
Labour		x
Environment		x
Electronic Commerce	x	x
Monopolies and State-Owned Enterprises		x
Small and Medium-Sized Enterprises	x	x
Gender		x
Transparency and Anti-Corruption		x
Economic and Technical Co-operation	x	
Dispute Settlement	x	x

A list of relevant ASEAN FTAs and their SME-relevant provisions can be found in Annex B.

Source: Global Affairs Canada, Joint Feasibility Study on a Potential Canada-ASEAN Free Trade Agreement

Highlight:

ASEAN-Hong Kong, China Free Trade Agreement

A key example of an ASEAN FTA that promotes SME participation in trade is the ASEAN-Hong Kong, China Free Trade Agreement (AHKFTA). Entering into force on June 11, 2019, the AHKFTA provides liberalized market access, trade facilitation opportunities, and improved economic co-operation between Hong Kong and the ASEAN member states. The AHKFTA is one of ASEAN's most recent FTAs to specifically target SMEs in order to facilitate their participation in trade, including as Authorized Economic Operations in parties' customs procedures. The AHKFTA, among other ASEAN-led FTAs, signals the bloc's priorities regarding MSMEs to Canada, and can provide guidance on common areas of interest between ASEAN and Canada.

Some of the key examples of MSME provisions in the AHKFTA include:

RULES OF ORIGIN

- **RoO subcommittee to facilitate SME development:** In addition to providing eligibility criteria to receive the preferential tariff treatment based on the origin of a product or service, the AHKFTA's rules of origin chapter mandates that the parties establish a subcommittee made up of representatives from the member governments and NGOs with relevant expertise. This RoO subcommittee will not only administer the implementation of the chapter but also recommend strategies to accelerate the development of SMEs to catalyze regional trade and investment.¹

CUSTOMS PROCEDURES AND TRADE FACILITATION

- **SMEs as Authorized Economic Operators:** The AHKFTA instructs each party to formulate a program of Authorized Economic Operators following the SAFE Framework in its customs procedure and trade facilitation chapter.² The agreement requires the qualifying criteria designed in a way that allows the participation of SMEs as Authorized Economic Operators.³

¹ ASEAN-Hong Kong, China Free Trade Agreement. Chapter 3: Rules of Origin, Article 17.

² World Customs Organization (WCO) defines Authorized Economic Operator as "a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. Authorized Economic Operators include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors." (World Customs Organization 2021)

³ "MSME provisions in regional trade agreements." World Trade Organization, December 15, 2021. https://www.wto.org/english/tratop_e/msmesandtra_e/rtaprovisions_e.htm.

ECONOMIC AND TECHNICAL CO-OPERATION

- **Trade promotion events for SMEs:** The chapter provides a framework for guiding the implementation of the AHKFTA and exploring trade and investment opportunities by engaging the private sector and SMEs. The provisions also promote greater integration of SMEs into global value chains and help SMEs to organize and participate in trade promotion events.⁴

⁴ ASEAN-Hong Kong, China Free Trade Agreement. Chapter 9: Economic and Technical Cooperation, Article 17.

Regional Comprehensive Economic Partnership

To liberalize trade in the Asia Pacific, the 10 ASEAN member states, China, Japan, South Korea, Australia, and New Zealand formulated the RCEP. The agreement was signed in November 2020 and entered into force in January 2022. The region's GDP totalled C\$33.2T (US\$25.9T) in 2020, which is approximately 31% of the global GDP. The RCEP region is home to 2.29 billion people.⁸⁰

As the latest trade agreement negotiated by ASEAN, RCEP includes a new dedicated chapter on SMEs, which signals ASEAN's evolving FTA priorities and increasing focus on inclusion.

SMALL AND MEDIUM ENTERPRISES

Recognizing the contribution of SMEs, including micro enterprises, in driving economic growth, employment, and innovation, the RCEP's SME chapter incorporated provisions on information sharing, co-operation, and contact points.⁸¹

- **RCEP-related information sharing with SMEs:** Chapter 14 requires each party to create and maintain a publicly accessible information platform and disburse SME-relevant information in the RCEP through the platform. The platform must include the full text of the RCEP, trade- and investment-related regulations, and business information pertinent to SMEs.
- **Collaborating to enhance SME participation in regional trade:** The parties are required to co-operate across the following areas:
 - Facilitating proper implementation of trade rules and regulations;
 - Enhancing SMEs' access to global value chains;

⁸⁰ World Bank. [World Development Indicators](#). Accessed March 1, 2022.

⁸¹ Regional Comprehensive Economic Partnership. Chapter 14: Small and Medium Enterprises, Article 14.1-14.5.

- Encouraging SMEs to use e-commerce, innovation, and other technologies;
- Promoting exchange of experiences, case studies, best practices, and entrepreneurial programs among parties;
- Assisting SMEs in understanding the application of intellectual property rights; and
- Formulating regulations, policies, and programs that cater to the needs of SMEs.
- **Establishing contact points:** The parties have to designate one or more contact points to oversee information sharing and co-operation activities listed in this chapter and share the contact details of the contact points with other parties.
- **Non-application of dispute settlement:** Any issues originating from this chapter are not subject to the RCEP's dispute settlement provisions.

CUSTOMS PROCEDURES AND TRADE FACILITATION

- **Advance rulings for SMEs:** Chapter 4 instructs the parties to issue a written advance ruling to an importer, exporter, or any person with a justifiable cause. A party may require an applicant to have legal representation or registration in that territory in order to qualify for advanced ruling, but the party is allowed to make the rules lenient only to accommodate the needs of SMEs.⁸²
- **Trade facilitation measures to not limit SME participation:** Chapter 4 mandates that each party offer additional trade facilitation measures to authorized operators. The eligibility criteria for authorized operators might include the ability to provide appropriate records of compliance with customs and other laws and regulations, necessary internal controls, and financial solvency (i.e., security guarantee). However, the eligibility criteria should not be so stringent that it restricts the participation of SMEs.⁸³

OTHER RELEVANT CHAPTERS FOR SMES

- **Greater collaboration in facilitating e-commerce usage by SMEs:** Chapter 12 on e-commerce requires parties to work together to reduce barriers for SMEs in using e-commerce. Moreover, it recommends that parties co-operate in several areas, including research and training activities, capacity building, and technical assistance, to help businesses in leveraging digital commerce.⁸⁴
- **Economic and technical co-operation to enhance SME competitiveness:** Identifying SMEs as a core area for economic and technical co-operation, the parties committed

⁸² Regional Comprehensive Economic Partnership. Chapter 4: Customs Procedures and Trade Facilitation, Article 4.10.

⁸³ Regional Comprehensive Economic Partnership. Chapter 4: Customs Procedures and Trade Facilitation, Article 4.13.

⁸⁴ Regional Comprehensive Economic Partnership. Chapter 12: Electronic Commerce, Article 12.4.

to designing capacity-building activities and technical assistance programs in this area under Chapter 15.⁸⁵

- **Establishing a committee on sustainable growth:** Chapter 18 on institutional provisions directs the RCEP joint committee to establish a subsidiary committee on sustainable growth that will monitor the implementation of the provisions mentioned in the SME chapter, explore new avenues for collaboration to enhance SME integration in the global supply chain, and address other emerging SME issues.⁸⁶

1.6 ENVIRONMENTAL PROVISIONS

Generating significant economic output and employment in both Canada and the ASEAN economies, MSMEs represent the majority of the private sector and, if leveraged properly, they can play a pivotal role in mitigating key environmental concerns, including climate change.

This section of the report begins by highlighting the environmental concerns faced by MSMEs, and then briefly discusses the existing environmental provisions within Canadian FTAs. The section then showcases the multilateral environmental agreements, voluntary sustainability standards (VSS), and CSR commitments made by Canada, and ends by touching on MSMEs' adherence to these commitments.

Environmental Concerns for MSMEs

- **MSMEs' inability to rapidly pivot makes them more vulnerable to environmental concerns:** The majority of Canadian MSMEs are in non-tradeable services such as retail trade, construction, professional services, and healthcare. Canadian MSMEs that do participate in trade are typically manufacturing, wholesale, transportation, mining, or energy extraction businesses. In addition, MSMEs are more vulnerable than larger firms to the impacts of climate change, as these businesses cannot easily pivot industries, relocate, or rebuild facilities without external support or taking on debt. MSMEs are often major employers in small towns and rural areas across Canada. The loss of MSMEs due to climate change events would be detrimental to the economies of rural areas and small towns.

⁸⁵ Regional Comprehensive Economic Partnership. Chapter 15: Economic and Technical Cooperation, Article 15.3.

⁸⁶ Regional Comprehensive Economic Partnership. Chapter 18: Institutional Provisions, Article 18.6.

TABLE 7

Summary of Variables that Affect MSMEs' Ability to Adapt to Environmental Concerns

	Industry	Location	Business Structure	Access to Capital
HOW THESE VARIABLES AFFECT MSMEs	<ul style="list-style-type: none"> • Goods vs. services • Agriculture • Fishing • Energy • Mining • Construction • Transportation 	<ul style="list-style-type: none"> • Flood and drought risk • Rising sea levels • Frequency of natural disasters • Inability to move locations • Infrastructure damage 	<ul style="list-style-type: none"> • Supply and value chain disruption • Employee absenteeism • Worker safety • Integration within communities • Rising insurance costs 	<ul style="list-style-type: none"> • Capital necessary for future-proofing and retrofitting business • Focus on short-term gain • Difficult to change industries or relocate

- **Disproportionate effects of climate change on some industries:** Climate change does not affect all MSMEs or industries equally. The effects of climate change disproportionately affect MSMEs in production, resource extraction, and agricultural industries as their operations can be permanently damaged by natural disasters, and they may face infrastructure breakdowns that limit their ability to conduct business.⁸⁷ Recovering from natural disasters takes time and capital investment, and businesses lose revenue while they are inoperable.
- **Some regions are more climate-vulnerable:** Impacts of climate change are context-dependent and may disproportionately affect some regions more than others. For example, from June to December 2021, the Canadian province of BC experienced severe flooding, heatwaves, forest fires, and extreme winter weather. The flooding in November damaged transportation infrastructure from Vancouver to other parts of the province and country, constraining supply chains for businesses. Flooding also causes property damage, lost business, and increased insurance costs. While this had nationwide impacts, these natural disasters disproportionately affected businesses in BC. Natural disasters are indiscriminate to geographic location and repeated extreme weather events can compound economic damage.

⁸⁷ Schaer, Caroline and Kuruppu, Natasha Delani. "Private-Sector Action in Adaptation: Perspectives on the Role of Micro, Small and Medium Size Enterprises." *UNEP DTU Partnership*. 2018. <https://unepdtu.org/publications/private-sector-action-in-adaptation-perspectives-on-the-role-of-micro-small-and-medium-size-enterprises/>.

- **Natural disasters create higher human capital costs in MSMEs:** MSMEs are often the key employers in rural areas and small towns across Canada. Permanent closure of businesses due to a natural disaster can worsen economic problems with a loss of local jobs. Employees may experience personal property damage and economic hardship. As a result, natural disasters can lead to human capital costs with higher rates of employee absenteeism and labour shortages. While service-based industries may not experience direct damage from natural disasters, the losses and personal struggles of employees can affect their business too.
- **Inadequate access to capital limits MSMEs' ability to sustain disruptions:** MSMEs that are affected by climate change and natural disasters are more likely to permanently close or take on significant amounts of debt in order to recover. MSMEs typically do not have excess capital available to respond to emergencies. They tend to focus on short-term gains and investments that can improve business now rather than preparing for an unknown future. Due to the highly unpredictable nature of climate disasters, MSMEs can have a hard time future-proofing their businesses to react to challenges.
- **Limited climate adaptation skills expose MSMEs to risks:** MSMEs often lack climate knowledge, risk assessment skills, and awareness of how to adapt their business to climate change. This results in many businesses being unprepared for natural disasters. Investing in climate change adaptations is expensive and difficult because it is uncharted territory for most business operators. Without adequate knowledge and financial resources, MSMEs cannot adapt. MSME knowledge of climate risks tends to be dependent on the beliefs, values, and education level of managers. MSMEs need to be empowered to be the catalysts for adapting their business to climate change.⁸⁸ MSMEs are willing and capable of investing in climate mitigation strategies if the business advantages and risks are made sufficiently clear to them.⁸⁹

Overall, MSMEs are generally risk adverse and focus on short-term gains. Climate change and natural disasters are inherently unpredictable; therefore, MSMEs must be convinced that it is worth their attention. MSMEs are capable, however, of being active participants in mitigating climate risk and reducing carbon emissions if they are equipped with the appropriate knowledge and tools.

⁸⁸ Dougherty-Choux, Lisa et al. "Adapting from the Ground Up: Enabling Small Businesses in Developing Countries to Adapt to Climate Change." *World Resources Institute*. December 2015. <https://www.wri.org/research/adapting-ground>.

⁸⁹ Schaer, Caroline and Kuruppu, Natasha Delani. "Private-Sector Action in Adaptation: Perspectives on the Role of Micro, Small and Medium Size Enterprises." *UNEP DTU Partnership*. 2018. <https://unepdtu.org/publications/private-sector-action-in-adaptation-perspectives-on-the-role-of-micro-small-and-medium-size-enterprises/>.

Environmental Provisions Within Canadian Free Trade Agreements

Environmental provisions in FTAs are becoming increasingly prevalent in bilateral and multilateral agreements. However, MSMEs and private sector actors are often left out of the discussions involving climate mitigation and adaptation policies. Mentions of the private sector generally fail to delineate between the different effects and obligations experienced by MSMEs, large firms, multinational corporations, and financial institutions.⁹⁰ Private-sector environmental efforts are also generally voluntary in the agreements, but parties to the agreements can implement binding domestic environmental protections that foreign trading partners must also follow.

The inclusion of a dedicated chapter on the environment has become a priority for Canadian FTAs in recent years, so much so that older agreements are now being modernized to include them. This section covers important environmental provisions in the three Canadian RTAs by performing a comparative analysis and briefly touches on some frameworks used by Global Affairs Canada in negotiating environmental provisions.

COMPARATIVE ANALYSIS OF THE ENVIRONMENTAL PROVISIONS IN THE CPTPP, CUSMA, AND CETA

The CPTPP, CUSMA, and CETA chapters on the environment address environmental protection, sustainable development, and the implementation of multilateral environmental agreements, among other issues. The chapters recognize the sovereign right of each party to the agreements to establish their own domestic environmental provisions while encouraging high levels of environmental provisions with commitment to continuous improvement. This section analyzes the differences and similarities among these three RTAs' environmental chapters.

- **Only CETA directly mentions climate change:** Among the three key Canadian RTAs, only CETA's chapter on trade and the environment requires each party to remove the barriers to trade or investment in goods and services of particular relevance for climate change mitigation, especially trade or investment in renewable energy goods and ancillary services.⁹¹ The chapter also requires parties to collaborate on trade-related aspects of current and future climate change regimes, along with promoting domestic climate policies and programs containing climate mitigation and adaptation strategies, such as establishing carbon markets, minimizing the adverse effect of trade on climate, promoting energy efficiency, and developing low-carbon and other climate-friendly technologies.⁹²

⁹⁰ Ibid.

⁹¹ Comprehensive Economic and Trade Agreement. Chapter 24: Trade and Environment, Article 24.9.

⁹² Comprehensive Economic and Trade Agreement. Chapter 24: Trade and Environment, Article 24.12.

The CPTPP and CUSMA fail to address “climate change” as an explicit environmental concern. While both agreements highlight the importance of moving to a low-emission economy and protecting the ozone layer, they do not mention climate change or global warming directly. The chapters also provide provisions for reducing maritime pollution and protecting marine environments and biodiversity. However, they fall short of providing clear language on facilitating trade and environmental issues around climate change adaptation and mitigation.⁹³

- **Absence of specific environmental provisions for MSMEs:** None of the three RTAs contains any environmental provisions specifically targeted to MSMEs, while all of them rely on the parties to domestically regulate their own private sectors’ environmental practices.
- **Promoting public awareness and participation:** All three agreements notably encourage parties to facilitate public awareness regarding environmental law and compliance procedures by making the necessary information available to relevant stakeholders. In addition, the chapters within all three agreements outline that parties must consult the public, especially individuals or actors with relevant knowledge in business, natural resources, biodiversity, and other environmental matters.⁹⁴ CPTPP’s Article 20.9 and CUSMA’s Article 24.6 require any hearing regarding enforcement of environmental laws to be open to the public except where the judicial process requires otherwise.⁹⁵ CPTPP and CUSMA make environmental standards, regulations, and disputes more transparent by engaging in public consultation, while CETA focuses more on creating public awareness.
- **CPTPP and CUSMA encourage public-private collaboration:** The CPTPP and CUSMA’s efforts to encourage consultation and collaboration between public and private partnerships empowers non-governmental actors such as MSMEs to engage with the environmental provisions. CETA prioritizes developing a panel of experts selected by the committee on trade and sustainable development and does not mention public-private collaboration as a way forward for implementing provisions under the chapter.
- **Voluntary mechanisms to boost environmental practices in the private sector:** The CPTPP and CUSMA address environmental issues through two general mechanisms: formal regulation and promotion of voluntary commitments. Both the agreements instruct participating governments to encourage their domestic firms to voluntarily adopt environmental protections, CSR, and responsible business conduct in line with

⁹³ CPTPP. Chapter 20: Environment, Article 3: General Commitments.

⁹⁴ CPTPP. Chapter 20: Environment, Article 9.1: Public Submissions.

⁹⁵ CPTPP. Chapter 20: Environment, Article 18: Environmental Goods and Services.

international standards and existing domestic obligations.⁹⁶ CPTPP Article 20.11 builds from this by introducing how voluntary mechanisms can create higher levels of environmental protection. These articles encourage private and non-governmental actors to create and adopt environmental measures that are appropriate to their business and in line with existing standards and regulations.⁹⁷ The agreements also encourage private and non-governmental actors to be active participants in the evolution of environmental provisions as well as giving them the ability to make voluntary adoptions. CETA does not mention any voluntary mechanisms, but encourages broad level co-operation among parties on addressing environmental issues, including CSR.

- **Conservation and the sustainable management of resources in the small-scale fisheries sector:** Both CPTPP and CUSMA recognize that fishing communities, including people engaged in artisanal, small-scale, and Indigenous fisheries, heavily rely on the marine fishing sector for their livelihood. The agreements mandate that the parties undertake conservation efforts to minimize unsustainable fishing practices without disrupting the livelihoods of fishing communities and Indigenous Peoples. CETA does not contain any provisions on small-scale fishing.
- **CPTPP and CUSMA acknowledge the role of traditional knowledge in biodiversity conservation:** Each party in CPTPP and CUSMA commits to promoting the conservation and sustainable use of biological diversity, respecting the traditional knowledge and practices of Indigenous Peoples and local communities. However, CETA does not mention Indigenous communities or traditional knowledge in relation to environmental conservation.

⁹⁶ CPTPP. Chapter 20: Environment, Article 10: Corporate Social Responsibility.

⁹⁷ CPTPP. Chapter 20: Environment, Article 11: Voluntary Mechanism to Enhance Environmental Performance.

TABLE 8

Summary of Environmental Provisions within CPTPP, CUSMA and CETA

Attributes in Environmental Provisions	Regional Trade Agreements		
	CPTPP	CUSMA	CETA
Climate change issues	x	x	✓
MSME-relevant provisions	x	x	x
Public awareness and participation	✓	✓	✓
Public-private partnership	✓	✓	x
Voluntary mechanisms	✓	✓	x
Conserving small-scale fisheries sector	✓	✓	x
Traditional (Indigenous) knowledge	✓	✓	x

INITIAL ENVIRONMENTAL ASSESSMENT AND FIPA MODEL

As part of the trade agreement negotiation process, Global Affairs Canada undertakes an initial environmental assessment (IEA) to assess the environmental risks and benefits of the policies, plans, and programs that a trade agreement may contain. IEAs aim to balance trade liberalization and environmental protection for both the Canadian and global environment.⁹⁸ Another goal of IEAs is to evaluate the possible effect that non-Canadian businesses have on vulnerable sectors and regions while prioritizing environmental concerns. The IEA framework is consistent with Canada's Federal Sustainable Development Strategy and the United Nations Sustainable Development Goals of Agenda 2030.

In addition to Canada's IEAs, Canada's Foreign Investment Promotion and Protection Agreement (FIPA) 2021 will guide future negotiations.⁹⁹ FIPA ensures that underrepresented parties, such as MSMEs, can benefit from these agreements. The key articles relating to environmental protection include:

- **Article 3: Right to Regulate** ensures that each party can regulate within its territory with respect to policy objectives such as environmental protection and addressing climate change;

⁹⁸ Government of Canada Canada. [Environmental Assessments of Trade Agreements: Process and Revised Framework](#). Accessed February 10, 2022.

⁹⁹ Government of Canada Canada. [2021 Model FIPA](#). Accessed February 10, 2022.

- **Article 4:** Non-Derogation recognizes that relaxing domestic regulations on issues such as the environment in order to promote investment is inappropriate; and
- **Article 16:** Responsible Business Conduct reaffirms that investors and investments must comply with domestic laws and regulations, including those on the environment.

Multilateral Environmental Agreements Signed by Canada

Canada is party to several MEAs to mitigate climate change, protect marine ecosystems, and encourage biodiversity. This section discusses three MEAs that are relevant for MSMEs.

PARIS AGREEMENT

The Paris Agreement is a robust, legally binding agreement designed to reduce greenhouse gas emissions. As a result of the Paris Agreement, both Canada and the broader international community have begun to implement policies and initiatives to encourage MSMEs to engage in environmental conversations. Although none of the FTAs directly mentions the Paris Agreement, all of the FTAs recognize the obligations made by each party under various MEAs as environmental law. As Canada and all its trade partners are signatories to this agreement, this section briefly discusses the Paris Agreement in relation to the environmental provisions in FTAs.

- **National governments to regulate private sectors in adopting sound environmental policies:** Coming into effect in 2016, this agreement has 195 signatories, including Canada. The goal of the agreement is to keep the global temperature below 2 °C above pre-industrial levels through legally binding emissions targets. The Paris Agreement recognizes the role of various levels of government, civil society, and the private sector in mitigating and responding to climate change.¹⁰⁰ Despite the recognition that the private sector is essential to a cohesive climate change response, the Paris Agreement does not go further to compel businesses to make a formal commitment to reducing emissions. The Paris Agreement remains a state-level agreement, and it is up to the national government of each party to regulate and encourage its private sector to adopt environmental policies.
- **Canadian MSMEs' participation in carbon pricing:** Canada has implemented its Paris Agreement targets through the Pan-Canadian Framework on Clean Growth and Climate Change (PCF), adopted in 2016. In accordance with its Paris targets, the PCF aims to reduce carbon emissions by 30% from 2005 levels by 2030.¹⁰¹ The keystone feature of the PCF is the introduction of carbon pricing across every Canadian province and territory. Carbon pricing is an effective, transparent, and efficient policy solution to

¹⁰⁰ Paris Agreement. Article 6.4 and 6.8.

¹⁰¹ Government of Canada. "[Progress towards Canada's greenhouse gas emissions reduction target](#)". Accessed February 10, 2022.

reduce carbon emissions. The PCF outlines minimum standards that Canadian provinces must implement, but some provinces, such as Quebec and BC, have their own carbon pricing systems that are in accord with the federal standards.¹⁰² Federal carbon pricing has two parts: a fuel surcharge and a carbon trading system for large industry, also known as the Output-Based Pricing System (OBPS). OBPS was finalized in 2018 and it came into effect in January 2019 for all provinces. OBPS (or the equivalent provincial carbon pricing system) is mandatory for all large industry emitters, but MSMEs have been exempt so far from mandatory participation. While MSMEs are typically exempt from OBPS, they must still remit the fuel surcharge. As well, voluntary participation in OBPS was extended to MSMEs in 2019.¹⁰³ Businesses that opt in to OBPS do not have to pay the fuel surcharge, which is advantageous in certain industries.

- **Policies and programs to assist Canadian MSMEs with reducing emissions:** To meet Canada's Paris Agreement targets, MSMEs need to be active participants in greenhouse gas emission reduction. MSMEs account for 99% of the Canadian economy and about 30% of the national total emissions.¹⁰⁴ In 2019-2020, under the PCF, the [Climate Action Incentive Fund](#) was established with a specific SME project stream. This fund was available to MSMEs in Saskatchewan, Manitoba, Ontario, and New Brunswick, to help fund retrofitting projects in construction, transportation, heavy industry, waste, agriculture, and other sectors.¹⁰⁵ It was limited to SMEs that do not participate in the OBPS. Recipients could receive up to 25% of the project's costs rebated with a minimum of C\$20,000 (US\$15,524) and a maximum of C\$250,000 (US\$194,050) per project and per recipient. However, the fund was not repeated in the 2020-2021 fiscal year, and it remains unknown whether this project will continue.

SME CLIMATE HUB

The [SME Climate Hub](#) is a multinational voluntary commitment that follows the targets set in the Paris Agreement, which began in 2020. It aims to help MSMEs commit to reducing emissions while equipping them with the resources to do so. The SME Climate Commitment aims for MSMEs to halve their emissions before 2030, reaching net zero by 2050 with annual progress reports.¹⁰⁶ The SME Climate Hub is a global initiative, and there are currently 24

¹⁰² Government of Canada. "Pan-Canadian Approach to Pricing Carbon Pollution: interim report 2020." 2020. <https://publications.gc.ca/site/eng/9.896413/publication.html>.

¹⁰³ Government of Canada. "Canada Gazette, Part II, Volume 153, Number 14." July 2019. <https://gazette.gc.ca/rp-pr/p2/2019/2019-07-10/html/index-eng.html>.

¹⁰⁴ Smarty Prosperity Institute, [Guest Blog: Don't forget 98% of the Canadian economy \(again\) in the Green Recovery](#). Accessed March 1, 2022.

¹⁰⁵ Government of Canada. [Climate Action Incentive Fund: Small and Medium-sized Enterprises Project stream](#). Accessed March 1, 2022.

¹⁰⁶ SME Climate Hub. [About the SME Climate Commitment](#). Accessed March 1, 2022.

Canadian MSMEs that have agreed to this commitment.¹⁰⁷ However, the 24 committed MSMEs lean toward information technology, market research and consulting services, food, and clothing companies, which are not representative of the highest emitting or most environmentally vulnerable MSME industries. In addition to the formal commitment to reducing emissions, SME Climate Hub has tools and resources available for committed businesses. SME Climate Hub gained prominence and momentum from the recent UN Climate Change Conference in Glasgow, UK, where how businesses can help mitigate climate change took a centre stage.

Corporate Social Responsibility

The expansion of public-private partnerships on social issues such as the environment has given rise to the prevalence of CSR, which refers to business self-regulation and voluntary adoption of progressive policies and protections. The concept has evolved over the last three decades as the private sector is no longer the target of government regulation but rather is an active participant in society beyond pure economics.¹⁰⁸ An empowered private sector is necessary for addressing complex social issues such as climate change and the environment.

The UN Global Compact establishes the basis of corporate social responsibility for many enterprises globally. Participation in the Global Compact is entirely voluntary. Companies that sign onto the Global Compact commit to its 10 principles and upholding of the Compact's basic values. The three principles that pertain to the environment are Principles 7 to 9:

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.¹⁰⁹

These principles are not specific, but they are compatible with the responsibilities conferred in MEAs and existing Canadian free trade agreements. The Global Compact establishes the bare minimum expectations of businesses who adhere to these principles. Corporate social responsibility does not confer any binding responsibilities on businesses; rather, it encourages them to enact progressive policies.

¹⁰⁷ SME Climate Hub. [Committed businesses: search Canada](#). Accessed January 25, 2022.

¹⁰⁸ Hofferberth, Mattias et al. "Multinational Enterprises as 'Social Actors' – Constructivist Explanations for Corporate Social Responsibility." *Global Society*. April 2011. <https://www.tandfonline.com/doi/abs/10.1080/13600826.2011.553533>.

¹⁰⁹ UN Global Compact. [The Ten Principles of the UN Global Compact](#). Accessed January 25, 2022.

Voluntary Sustainability Standards

VSS are a form of CSR that are laid out by the business itself, as well as by non-governmental organizations or government initiatives. VSS are norms that promise that a product was produced, processed, and transported sustainably in accordance with environmental, social, and economic targets.¹¹⁰ VSS are instruments for implementing measures to meet the UN's Sustainable Development Goals, a series of 17 goals with specific targets on improving issues such as poverty, worker safety, gender equality, sustainability, climate action, and more.¹¹¹

- **VSS allow MSMEs to explore sustainable value chain opportunities:** VSS serve as tools for MSMEs to adjust their business to more sustainable models. The adoption of VSS is typically discussed within the context of developing economies to boost exports of sustainably produced products such as organic agriculture products. However, VSS can also be useful tools for MSMEs in developed countries such as Canada since these standards can help businesses identify challenges of adopting sustainable practices and policies into their supply chain. VSS also allow businesses to look for opportunities to leverage international trade to support sustainable growth.¹¹² VSS are most prevalent in agriculture sectors, but they can also play a general role in fostering sustainable development in all sectors. VSS encourage businesses to focus on “green exports,” which are produced and processed using environmentally sustainable methods.
- **Non-environmental benefits of VSS:** In addition to the environment, VSS also provide other non-environmental benefits such as better employment standards and creating learning opportunities for employees and managers. Other than the time and money spent investing in adopting VSS and seeking certification, there are no drawbacks for MSMEs adopting VSS in their business models.
- **MSMEs face barriers in adopting VSS:** While VSS can be beneficial for MSMEs, there are significant obstacles that they must overcome to implement them. MSMEs can have difficulty with obtaining voluntary certifications such as Fair Trade, Certified B Corporation, or organic farming certification. The time and financial investment required to obtain voluntary certifications restrict many MSMEs from exploring the opportunities. Also, most MSMEs have little operating capital and short-term goal oriented business plans, which make VSS an overly ambitious goal for some businesses. Lastly, the outcomes of obtaining VSS certification are not immediate, which deters

¹¹⁰ United Nations Conference on Trade and Development. [The UNCTAD Approach to Voluntary Sustainability Standards](#). Accessed January 30, 2022.

¹¹¹ United Nations Forum on Sustainability Standards. “Scaling up Voluntary Sustainability Standards through Sustainable Public Procurement and Trade Policy: 4th Flagship Report of the United Nations Forum on Sustainability Standards (UNFSS).” 2020.

¹¹² United Nations Conference on Trade and Development. [The UNCTAD Approach to Voluntary Sustainability Standards](#). Accessed January 30, 2022.

many businesses from approaching it. Despite these barriers, case studies show that MSMEs that adopt VSS see long-term positive outcomes, such as improved sustainable production, environmental conservation, and better protection of biodiversity.

REVIEW OF CANADIAN POLICIES AND PROGRAMS FOR MSMES IN TRADE

The Canadian System of Government

Canada's government is a federal system where different levels of government collaboratively regulate and administer their own programs and policies. There are three levels of government: federal, provincial, and municipal. Under the Constitution Act of 1867, most powers are divided between federal and provincial governments; however, many aspects of business fall in the grey area between both levels of government.

The Act officially confers the regulation of trade and commerce on the federal government, while provinces make decisions about business taxes, registration, labour laws, and business development. The federal government handles international and interprovincial trade regulation and negotiation, and most provinces have programs to support and foster their own external trade relations. Overall, each level of government has select interests in business, and they respond to these interests through the creation of new ministries and parliamentary or legislative secretaries.

2.1 FEDERAL GOVERNMENT POLICIES AND PROGRAMS

In Canada, there are two federal ministries involved in trade promotion: the Ministry of Innovation, Science and Economic Development (ISED) and Global Affairs Canada. The Minister of International Trade, Export Promotion, Small Business and Economic Development is one of four ministers associated with ISED and one of three ministers associated with Global Affairs Canada. This position works collaboratively under ISED with

the Minister of Innovation, Science and Industry, the Minister of Tourism, and the Minister of Rural Economic Development. MP Mary Ng is the current Minister of International Trade, Export Promotion, Small Business and Economic Development.

The latest federal mandate letter written by Prime Minister Trudeau to Minister Ng on small businesses prioritizes the following for MSMEs:¹¹³

- Securing critical supply chains through trade facilitating infrastructure;
- Advancing Canada's export diversification strategy through free trade opportunities;
- Establishing Canada's critical mineral supply chain;
- Educating Canadian businesses on opportunities afforded by trade agreements;
- Expanding the Canada Small Business Financing Program;
- Implementing the Canada Digital Adoption Program for the SME digital economy; and
- Helping SMEs adopt clean technologies and move toward decarbonization.

This chapter highlights key federal government initiatives that are administered or overseen by ISED and other relevant federal departments. It also highlights the specific role of regional development agencies (RDAs) in disseminating federal government initiatives among Canadian regions and provinces. The following section provides an overview of federal government initiatives in Canada under two government departments: Global Affairs Canada and ISED.

Key Federal Government Initiatives

The following section highlights some key examples of Canadian government initiatives that support the development of MSMEs at a national level across the country. These organizations include:

BUSINESS DEVELOPMENT BANK OF CANADA

The BDC is a federal Crown Corporation reporting to ISED. The BDC is mandated by the *Business Development Bank of Canada Act 1995*, which establishes its purpose as providing financial and management services to support Canadian entrepreneurs. The BDC offers term lending, venture capital, and subordinated debt. BDC takes on more risk than other banks when lending in order to offer flexible repayment terms and increased levels of financing.

¹¹³ Government of Canada. [Minister of International Trade, Export Promotion, Small Business and Economic Development Mandate Letter](#). Accessed March 10, 2022.

Signature Program: [Small Business Loan](#)

BDC's small business loan offers up to a C\$100,000 loan with flexible payment terms to help small businesses finance new equipment, increase sales, or cover expenses.

Eligibility: Canadian-based business, good credit history, in operation for at least 24 months, revenue generation, owner is over the age of majority in province.

Application: Online, no application fees.

Financing terms: Repayment over 60 months, interest rate determined by personal and business information.

BDC does offer other financing for more than C\$100,000 for specific projects or industries through its regular financing program. The process for BDC's regular loans is more complicated than the Small Business Loan program, but offers the same benefits of flexible payments and loan repayment terms. BDC also provides [business consulting and advisory services](#) to help improve leadership, business strategy, and sales.

It provides financing and other services to businesses, particularly SMEs, to promote investment and economic development. The BDC is financially self-sustaining and provides financing on commercial terms.

EXPORT DEVELOPMENT CANADA

EDC, like BDC, also reports to ISSED. EDC was created as a Crown Corporation through the *Export Development Act 1985*; this mandates that it support and develop Canadian export trade through providing business opportunities and finance. EDC helps businesses navigate the complicated world of international trade and exportation by promoting trade knowledge and education, capital and financing options, and global connections.

Unlike BDC, EDC does not have clearly dedicated programs for MSMEs; however, its services are available to all Canadian companies who want to expand to a global market. EDC emphasizes that size is not a necessary condition for export success. EDC does have programs dedicated to [Indigenous businesses](#) and [women in trade](#), which both provide risk management and assessment, credit insurance, and expert advice resources in the form of education tools, guides, and webinars.

TRADE COMMISSIONER SERVICES

TCS is part of Global Affairs Canada. It is designed to help provide financial support, create international opportunities, and help Canadian businesses expand globally. TCS also focuses on attracting foreign investment into Canada. TCS operates domestically out of five regional office hubs and 26 satellite offices co-located with partners in every province or territory. The TCS has expanded its global reach over the years and currently maintains offices in 161 cities worldwide.

Signature Program: [CanExport SMEs](#)

TCS offers up to C\$50,000 in funding to assist Canadian SMEs engaging in international economic development activities and expanding into new markets. Typically, this program helps support travel activities to foreign markets; however, with the COVID-19 pandemic, the program is focusing on funding non-travel-related activities.

Eligibility: For-profit company, incorporated legal company, fewer than 500 employees, C\$100,000 to C\$1M in declared revenue.

Funding terms: 50:50 cost-sharing formula, program funds 50% of eligible costs up to C\$50,000, business funds the remaining 50%.

Eligible non-travel activities: Gathering market intelligence, property protection, certification applications, legal advice, SEO, marketing materials, virtual trade shows and conferences.

Eligible travel activities (dependent on travel advisories): Foreign market visits, in-person trade shows and conferences, participation in trade missions.

PROGRAMS ADMINISTERED BY ISED

[Canada Digital Adoption Program](#)

The Canada Digital Adoption Program was announced in Budget 2021 with C\$4B allotted to help businesses modernize their e-commerce presence or enter the digital economy for the first time. This program is administered by the Ministry of Innovation, Science and Economic Development. As outlined in MP Mary Ng's mandate letter, digitalizing MSMEs is a key focus of the current government.

Eligible businesses can receive a non-repayable micro-grant up to C\$2,400 toward digital technology and e-commerce. In addition to the grant, participants will be connected with e-commerce advisors to help establish business strategies through these new technologies.

Eligibility: For-profit business, registered business, customer-facing, at least one employee, committed to digital adoption strategy for minimum of six months after the program, must consent to follow-up surveys.

Eligible costs: Implementation of e-commerce platform, website search optimization, subscription costs, social media advertising, creation of customer databases.

Corporate chains, franchises, charities, representatives of multilevel marketing companies, and real estate brokerages are ineligible. The grant cannot be used for the costs of connectivity or costs related to shipping goods sold through the e-commerce platform.

[Canada Small Business Financing Program](#)

The Canada Small Business Financing Program is designed to make obtaining loans from financial institutions easier for MSMEs by sharing the risk with the lending institutions. This program is very broad because it connects businesses to financial institutions who deliver and approve the loan. It helps offset some of the risk to lenders as well as setting standards for loan terms and fees.

Eligibility: Small businesses or startups with gross annual revenue of less than C\$10M annually.

Loan amount: Up to C\$1M for a single borrower with restrictions on leased or leasehold property improvements.

Financing terms: Interest rate set by lending institution, registration fee of 2%, lenders may take security in financed assets.

Risk sharing: If the borrower defaults, ISFD will reimburse the lender up to 85% of the lender's net eligible loss up to the maximum liability standard.

Regional Development Agencies

Across Canada, RDAs operated by the federal government work closely with businesses and innovators in each respective region to fuel economic growth. In total there are currently seven different RDAs that diversify local economies through the Government of Canada's Innovation and Skills Plan, an initiative to foster innovation culture across Canada coast to coast. The seven RDAs are as follows:

ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)

ACOA offers a wide range of programs to enhance business competitiveness, innovation, and productivity for the Atlantic provinces: Nova Scotia, New Brunswick, PEI, and Newfoundland and Labrador. ACOA is administered by the federal government and overseen by the minister responsible for ACOA. The current minister is Ginette Petitpas Taylor. ACOA provides advisory services, business capacity-building training, and networking opportunities to businesses in the Atlantic region through its international trade and investment program. Under the Atlantic Trade and Investment Growth Strategy, ACOA has partnered with the four Atlantic provincial governments in disbursing C\$20M from 2017 to 2022 to help businesses explore international trade.¹¹⁴

¹¹⁴ Government of Canada. [Atlantic Canada Opportunities Agency \(ACOA\)](#). Accessed March 10, 2022.

ACOA's 2022-2023 department plan outlines the following commitments related to MSMEs:¹¹⁵

- Providing COVID-19 recovery support;
- Improving the quality and competitiveness of jobs in the region;
- Helping SMEs become globally competitive through the Atlantic Trade and Investment Growth Strategy;
- Encouraging market diversification and business digitalization; and
- Supporting SMEs in small, rural, and remote communities.

ACOA offers the following programs for MSME development:

- [Regional Economic Growth through Innovation](#): Funding for businesses to help scale up and expand, make use of new technologies and fuel growth; and
- [Business Development Program](#): Interest-free or low-interest funding to help fund growth-oriented capital projects or to create a new business.

WESTERN ECONOMIC DIVERSIFICATION CANADA

Western Economic Diversification Canada facilitated the development and expansion of SMEs in Western Canada for more than 30 years. In May 2021, it split into two new agencies: PacifiCan and PrairiesCan. PacifiCan serves businesses and non-profits in BC, while PrairiesCan serves businesses in the Prairie provinces: Alberta, Saskatchewan, and Manitoba. Both of these agencies run separate business scale-up and productivity programs that provide funds to high-growth businesses, particularly SMEs with export potential. Advanced manufacturing, clean resources and technology, health, biosciences, and value-added agriculture are priority sectors. Meanwhile, Indigenous Peoples, women, and youth are some of the priority groups for the business scale-up and productivity program. In addition, both PacifiCan and PrairiesCan run separate Regional Innovation Ecosystems programs. They invest in non-profit organizations that support businesses in the priority sectors and are owned by the priority groups that innovate, grow, and participate in international trade.^{116, 117}

PACIFIC ECONOMIC DEVELOPMENT CANADA (PacifiCan)

PacifiCan provides programs for BC's economic growth. The RDA is administered by the federal government and overseen by MP Harjit S. Sajjan, the minister responsible for PacifiCan. PacifiCan's priorities for 2021-2022 are:

¹¹⁵ Atlantic Canada Opportunities Agency. ACOA Departmental Plan: [2022-23 Departmental Plan – Canada.ca](#). Accessed March 10, 2022.

¹¹⁶ Government of Canada. [Pacific Economic Development Canada](#). Accessed March 10, 2022.

¹¹⁷ Ibid.

- **Cluster growth:** Creation of regional network partnerships between business, entrepreneurs, researchers, and others who will collaborate to create economic development oriented solutions. Clusters are to help diversify and grow emerging industries and local communities; and
- **Inclusiveness:** Improvement of inclusion of Indigenous Peoples, women, youth, and other represented groups in business ownership and development.

The following programs are available through PacifiCan:

- [Business Scale-up and Productivity](#): Low-interest repayable funding for high-growth businesses, with preference given to SMEs in clean technology, food processing, health analytics, and zero emission heavy equipment vehicles. Funding designated for capital costs, labour, marketing, IP costs, technology development, and some services; and
- [Jobs and Growth Fund](#): Funding to help create jobs, adopt green economy technologies, adopt digitalization, and develop regional sector clusters. Focus on inclusive recovery for underrepresented groups and SMEs.

PRAIRIES ECONOMIC DEVELOPMENT CANADA (PrairiesCan)

PrairiesCan provides programs for Alberta, Saskatchewan, and Manitoba. The RDA is administered by the federal government and overseen by MP Danial Vandal, the minister responsible for Prairies Economic Development Canada. PrairiesCan's priorities are identical to PacifiCan's. PrairiesCan offers the same array of programs as PacifiCan but with slightly different sectoral focuses.

The following programs are available through PrairiesCan:

- [Business Scale-up and Productivity](#): Low-interest repayable funding for high-growth businesses, with preference given to SMEs in clean technology, food processing, health analytics, and zero emission heavy equipment vehicles. PrairiesCan, unlike PacifiCan, also emphasizes clean technology, resource extraction diversification, and moving from an old resource economy to a new one. The program emphasizes improving competitiveness and clean sources in energy, mining, and forestry.

CANADA ECONOMIC DEVELOPMENT FOR QUEBEC REGIONS (CED)

Canada Economic Development for Quebec Regions is administered by the federal government and overseen by the minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, MP Pascale St-Onge. CED offers funding for businesses in Quebec with a focus on business scale-up and export diversification. In addition to funding, CED offers a series of tools, guides, and other reference materials to help businesses grow. CED also organizes industry events, webinars, and conferences to help connect Quebec's businesses to local and global partners.

The following programs are available through CED:

- [Business Scale-up and Productivity](#): Interest-free repayable funding for SMEs in manufacturing, food processing, information technology, and life sciences. The funding is designed to foster expansion, productivity, and growth; and
- [Diversify Your Economy](#): Funding to help boost tourist spending, international investment, and local business projects. The funding is repayable with no interest.

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY (CanNor)

CanNor caters to businesses and organizations in Nunavut, Northwest Territories, and Yukon, through a wide range of programs. The RDA is administered by the federal government and overseen by Minister Dan Vadal, who also oversees PrairiesCan. CanNor offers funding, advisory services, and a selection of resources for businesses to develop. Tourism, geosciences, renewable energy, fisheries, small and medium-sized enterprises, and cultural and traditional sectors are some of the priority areas for CanNor.¹¹⁸ Most of CanNor's projects prioritize Indigenous-owned businesses by providing 100% of funding for eligible project costs for Indigenous clients.

The following programs are offered by CanNor:

- [Entrepreneurship and Business Development](#): The program's goal is to increase the number of viable Indigenous-owned businesses in the territories. Funding amounts and terms are dependent on the proposed project; and
- [Jobs and Growth Fund](#): Funding to support the adoption of clean technology, encourage sustainable growth, develop regional clusters, and transition to a green economy. Funding also to support inclusion of underrepresented groups.

FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO (FedDev Ontario)

FedDev Ontario caters to businesses in southern Ontario and encompasses Ottawa, the Greater Toronto Area, Kitchener-Waterloo, London, and Windsor. FedDev is administered by the federal government and overseen by Minister Helena Jaczek. FedDev provides funding opportunities and services to help develop businesses. This includes financing options, business planning and strategy, business regulations, and marketing plans. FedDev Ontario offers many of the same programs as other regional development agencies, such as the [Jobs and Growth Fund](#), [Canada Community Revitalization Fund](#), and [Tourism Relief Fund](#).

¹¹⁸ Government of Canada. [Canadian Northern Economic Development Agency](#). Accessed March 10, 2022.

FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR NORTHERN ONTARIO (FedNor)

In complement to FedDev Ontario, FedNor offers services and programs to the northern Ontario region, which includes Thunder Bay, Sudbury, and Muskoka. FedNor is administered by the federal government and overseen by Minister Patty Hadju. FedNor delivers strategic and financial assistance to small and medium-sized businesses and non-profit organizations that provide economic growth opportunities for businesses and communities. FedNor offers similar programs to other regional development agencies, including: [Jobs and Growth Fund](#), [Canada Community Revitalization Fund](#), and [Tourism Relief Fund](#). FedNor prioritizes and provides special funding terms for Indigenous-owned businesses.

2.2 PROVINCIAL GOVERNMENT INITIATIVES

Provincial Ministry Mandates

Each Canadian province has its own discretion to create cabinet positions, ministries, and programs to respond to their economic interests. In general, most provinces have a ministry or department that focuses on economic development, job creation, and/or trade (see Table 9).

As a result of the COVID-19 pandemic, some provinces have assigned these ministries or departments the task of stimulating economic recovery and boosting employment rates. Most provinces have an MSME-focused mandate, defined as either a direct mention of small business in the ministry's mandate letter or provincial Throne Speech, or by the name of the ministry. Most provinces recognize that MSMEs are a significant portion of their provincial economy and aim to support them through tax incentives, grants, and industry-specific support.

TABLE 9

Canadian Provincial Ministry MSME Mandates

Province	Ministry	MSME Focused Mandate
Alberta	Ministry of Jobs, Economy, and Innovation	<p>Yes – direct reference to MSMEs.¹¹⁹</p> <p>Alberta’s Recovery Plan includes priorities related to MSMEs, such as investing in the Small and Medium Enterprise Relaunch Grant, providing tax and utility payment deferrals, and providing \$15M to the Aboriginal Business Investment Fund.</p> <p>One of the ministry’s priorities is “cutting red tape for businesses,” which includes the reduction of costs and regulatory burdens on businesses, as well as making it easier for Albertans to access government services.</p>
BC	Ministry of Jobs, Economic Recovery, and Innovation	<p>Yes – direct reference to MSMEs.¹²⁰</p> <p>The minister is tasked with providing small businesses with COVID-19 recovery support, helping innovative BC businesses scale up through the RevUp program, and investing in high-potential BC businesses with the aim of building an innovative low-carbon economy.</p>
Manitoba	Ministry of Economic Development, Investment, and Trade	<p>Somewhat – indirect focus.¹²¹</p> <p>The ministry does not have an explicit focus on small and medium-sized businesses. There is an existing Small Business Venture Capital Tax Credit, but no other recently created programs. Manitoba participated in 2021 Small Business Week, but there are no clear ministry commitments to small business support.</p>
New Brunswick	Finance and Treasury Board	<p>Somewhat – indirect focus.¹²²</p> <p>New Brunswick does not have a dedicated Ministry of Economic Development like other provinces, however there is a minister responsible for economic development and small business. Current minister mandates are not available on the New Brunswick government website.</p>

¹¹⁹ Government of Alberta, [Alberta’s Recovery Plan; Minister of Jobs, Economy and Innovation](#). Accessed March 10, 2022.

¹²⁰ Government of British Columbia. [Mandate Letter – Minister of Jobs, Economic Recovery and Innovation](#). Accessed March 10, 2022.

¹²¹ Government of Manitoba. [Ministry of Economic Development, Investment, and Trade](#). Accessed March 10, 2022. ; Government of Manitoba. [Departmental Mandate Letter](#). Accessed March 10, 2022.

¹²² Government of New Brunswick. [Minister responsible for Economic Development and Small Business](#). Accessed March 10, 2022.

Newfoundland and Labrador	Ministry of Industry, Energy and Technology	<p>Yes – direct reference to MSMEs.¹²³</p> <p>The minister is tasked with developing “a thriving and prosperous startup ecosystem,” and to “align current business attraction programs with a sustainable approach to grow an entrepreneurial environment.”</p>
Nova Scotia	Department of Economic Development	<p>Yes – direct reference to MSMEs.¹²⁴</p> <p>The minister is tasked to “partner with Municipalities, universities, community colleges, the private sector and equity finance to enable entrepreneurs to start and scale their businesses” and to “work with small businesses across the province and in all sectors to get their feedback on all potential ways to further support them in taking actions to reduce emissions.”</p>
Ontario	Ministry of Economic Development, Job Creation and Trade	<p>Yes – direct reference to MSMEs.¹²⁵</p> <p>The ministry “support(s) the growth of small and medium-sized businesses so they can connect with new export markets and customers” and leads Ontario’s Small Business Strategy.</p>
PEI	Ministry of Economic Growth, Tourism, and Culture	<p>Yes – direct reference to MSMEs.¹²⁶</p> <p>The minister is tasked to “focus and align resources to prioritize the growth of existing Island SMEs and the access to skills and labour they require to succeed.”</p>
Quebec	Ministry of Economy and Innovation	<p>Somewhat – indirect focus.¹²⁷</p> <p>Quebec does not mention MSMEs in their current mandate, but there is the current Emergency Assistance Program for Small and Medium-Sized Businesses as well there is an on-going action plan for reducing administrative regulation to stimulate the growth of SMEs.</p>

¹²³ Government of Newfoundland and Labrador. [Mandate Letter – Minister of Industry, Energy and Technology](#). Accessed March 10, 2022.

¹²⁴ Government of Nova Scotia. [Mandate Letter – Minister of Economic Development](#). Accessed March 10, 2022.

¹²⁵ Government of Ontario. [Ontario’s Small Business Strategy](#). Accessed March 10, 2022.

¹²⁶ Government of Prince Edward Island. [Economic Growth, Tourism and Culture Mandate Letter | Government of Prince Edward Island](#). Accessed March 10, 2022.

¹²⁷ Government of Quebec. [Ministry of Economy and Innovation](#). Accessed March 10, 2022.

Saskatchewan	Ministry of Trade and Export Development	<p>Yes – direct reference to MSMEs.¹²⁸</p> <p>The Ministry is focused on helping businesses recover by “enhancing red tape reduction efforts and continuing to implement targeted incentive programs,” such as the Saskatchewan Small Business Emergency Payment Program. The ministry also showed support for a competitive business environment by lowering the small business corporate income tax rate until July 1, 2022, and supports businesses in export and realizing the benefits of international trade agreements.</p>
---------------------	--	---

Examples of Provincial Programs

To further discuss some of these key provincial initiatives, the following section highlights some select examples of MSME programs based on the mandate of the initiative, the availability of information, and the comprehensive offerings of these programs.

SELECT PROGRAMS IN ATLANTIC CANADA (NEW BRUNSWICK, NOVA SCOTIA, PEI, AND NEWFOUNDLAND AND LABRADOR)

- **PEI’s Export Trade Assistance** program supports small businesses that are actively exporting and export-ready businesses to unlock new global opportunities. Virtual trade initiatives and assistance in bringing buyers and business partners to PEI to facilitate trade are the two key services provided by this program.
- **Nova Scotia’s Market Expansion and Export Readiness Program** through the Government of Nova Scotia offers market expansion support to export-ready SMEs involved in agri-business, agri-food processing, seafood distribution, and agriculture association.
- **Newfoundland and Labrador’s Business Development Support Program** offers non-repayable financing to SMEs in Newfoundland and Labrador. The program aims to enable SMEs to explore the export market by becoming more productive and competitive. To be eligible for this program, an SME has to have fewer than 100 employees and less than C\$10M in sales, and to be operational in one of the strategic sectors (i.e., advanced technologies; aerospace; agri-foods, food, and beverage; aquaculture; biotechnology and life sciences; craft, gift, and apparel; energy; environmental industries; fishery; forest products; information and communication technology; manufacturing; mineral resources; ocean technology; and tourism and culture industries) listed by Industry, Energy and Technology division of the provincial government.

¹²⁸ Government of Saskatchewan. [Ministry of Trade and Export Development | Government of Saskatchewan](#). Accessed March 10, 2022.

SELECT PROGRAMS IN CENTRAL CANADA (ONTARIO AND QUEBEC)

- **Ontario's Ministry of Economic Development, Job Creation, and Trade** runs a virtual export readiness and support program, the [Digital Export Market Development Initiative](#). This initiative assists Ontario businesses in exploring digital platforms for accessing regional and international trade opportunities.
- **Invest Ontario** provides export guarantees, trade missions, and CanExport SME programs (financial assistance to SMEs to develop opportunities). Invest Ontario also has trade promotion offices abroad.
- **Export Quebec** is a program operated by The Ministère de l'Économie, de la Science et de l'Innovation (Ministry of Economy, Science and Innovation). It supports Quebec businesses to minimize the cost and risk of exports by engaging international business specialists. The program also offers financial assistance to export-ready businesses to hire or consult export specialists, access export market research data, register a business, go on a business development mission, and so on.

SELECT PROGRAMS IN CANADIAN PRAIRIES (ALBERTA, SASKATCHEWAN, AND MANITOBA)

- [Alberta's Export Expansion Program](#) supports export-ready SMEs, municipalities, associations, Indigenous communities, and economic development organizations by providing financial assistance to cover the cost of outbound international business travel and bringing international buyers to Alberta. Manufacturing, agriculture, energy, environment, technology, culture, and tourism sectors are the priority sectors for SME financing under this program.
- [Export Alberta](#) provides trade market intelligence, networking, individual trip funding, and vouchers for market entry (SME specific). The Government of Alberta also maintains trade promotion offices abroad. For example, Export Alberta manages the Export Support Fund program, which provides eligible Albertan companies with C\$2,000 to C\$20,000 to ease the cost of exporting for SMEs in new international markets.
- [Trade and Export Development Saskatchewan](#) is a growth plan by the provincial government that aims to grow Saskatchewan exports by 50% by volume and reach C\$1B in value, generate 100,000 new jobs, and expand export destinations by 2030. Driven by these goals, Trade and Export Development Saskatchewan has undertaken an initiative to open more international offices across the UK, Europe, the Middle East and North Africa, Latin America, and Southeast Asia.
- The [Manitoba Innovation Growth Program](#) is a cost-sharing assistance initiative by the Manitoba provincial government for SMEs, with a particular emphasis on the

development and commercialization of new, innovative products and services. It targets SMEs in the development and growth stages of the business life-cycle by providing a non-repayable grant of up to C\$100,000 per project to cost-share eligible expenses on a 50/50 basis. These funds are meant to reduce the risk associated with product development and strengthen the financial position of SMEs so they can accelerate their growth.

SELECT PROGRAMS IN BC

- The [Small Business Support Branch](#) aims to help SMEs break down barriers to doing business in BC and abroad. The program helps businesses get connected to funding and investment and allows entrepreneurs to grow their businesses through expert business advisory services, educational services for businesses, and other free resources and community events. These core services are provided in partnership with the BC Ministry of Jobs, Economic Recovery and Innovation and PacifiCan.
- [Trade and Invest BC](#) provides support services that include access to information assistance, coaching and advice, networking, consulting, and market entry assistance. BC also maintains trade promotion offices abroad. Trade and Invest BC helps build connections beyond the province's local market to national and international markets, and promotes BC's products and services globally.

2.3 NON-GOVERNMENTAL ORGANIZATIONS

Non-governmental and non-profit organizations in Canada can provide crucial tools and resources to encourage and incubate entrepreneurship and small businesses and empower marginalized groups to engage in entrepreneurship. The benefits for MSMEs engaging with programs by NGOs are as follows:

- NGO resources include funding opportunities and connections to industry and business experts;
- NGOs represent civil society partnerships between government, business, and broader Canadian society; and
- NGOs can be active policy advocates for MSMEs, which often lack the knowledge and resources to advocate for their needs. NGOs can help push the government toward desired policy outcomes. For example, the [Canadian Federation of Independent Business](#) is a notable policy advocate for improving regulations and lowering taxes for small

businesses. It provides resources such as business counsellors and discounts on business software in addition to its policy advocacy.¹²⁹

STARTUP CANADA

[Startup Canada](#) is an Ottawa-based NGO focused on helping new and aspiring entrepreneurs grow their businesses. Startup Canada aims to foster entrepreneurship in Canada, seeing it as the backbone of Canadian history and culture.¹³⁰ To encourage entrepreneurship, Startup Canada connects businesses with public and private sector partners, leaders with industry and region-specific knowledge, and funding opportunities to start or scale businesses. Startup Canada is a nationwide organization with several key initiatives that target specific groups: Startup Women, Startup Global, Startup Gov, and Startup Communities.

[Startup Women](#) is a free-of-charge, month-long workshop series in March every year. It is open to aspiring, emerging, and established entrepreneurs in any industry who must apply to join the workshop. Participants can participate in panel discussions, workshops, and one-on-one sessions with advisors, subject matter experts, and other business leaders in Canada and abroad during the month-long program. Startup Women also provides a resource guide outlining resources for networking, funding, and training with region-specific connections. In addition to the workshop, Startup Women puts out a weekly podcast that interviews women experts, entrepreneurs, and organizations with resources for emerging entrepreneurs. Startup Women fosters entrepreneurship development and connection between existing and emerging businesses. The workshop creates a rare opportunity for aspiring and emerging female entrepreneurs to connect with a wide range of established female business leaders.

[Startup Global](#) (formally the Canadian Export Challenge) helps businesses expand globally by creating connection opportunities and providing resources. MSMEs tend to face challenges scaling businesses and transforming them into global companies. Unlike Startup Women, Startup Global has a series of ongoing initiatives in addition to its annual business pitch competition. The annual pitch challenge has two categories: startups and scale-ups. Five pitch competition winners in each category receive a cash prize to help grow their businesses.

[Startup Gov](#) connects entrepreneurs with government representatives to provide recommendations on how to improve the public-private partnership. Startup Gov also aims to decipher and explain government relations and regulations.

[Startup Communities](#) is a regionally focused initiative that helps connect businesses to their local communities. Local chapters of Startup Communities can be found across Canada and offer their own programming and resources. Local chapters are generally volunteer-run

¹²⁹ CFIB. [Federal Budget: A missed opportunity to help small businesses recover from COVID](#). Accessed March 10, 2022.

¹³⁰ Startup Canada. [Startup Canada: Who We Are](#). Accessed March 10, 2022.

groups interested in fostering entrepreneurship. Both Startup Gov and Communities also provide a plethora of resources and connection opportunities for participating businesses and entrepreneurs. Startup Canada provides a robust set of opportunities for MSMEs and marginalized groups to interact with one another as well as experts and government officials.

Trade Accelerator Program

In co-operation with national partners: Royal Bank of Canada, Export Development Canada, and Business Development Bank of Canada.

The Trade Accelerator Program (TAP) focuses on helping businesses scale and expand into global markets. The program connects businesses to industry experts and advisors who help companies to develop cohesive export business plans. TAP started with the Toronto Regional Board of Trade in 2015 and expanded nationwide in 2017 through partnerships with regional boards of trade, chambers of commerce, and World Trade Centres in Alberta, BC, Nova Scotia, Manitoba, Quebec, and Saskatchewan to deliver the program.¹³¹ The program is sponsored by three national partners: the Royal Bank of Canada, Export Development Canada, and the Business Development Bank of Canada.

TAP's virtual workshop series is spaced over five weeks with half-day sessions and one-on-one mentorship and strategic planning sessions. In addition to the workshops, participants also have access to TAP's e-learning platform, which helps facilitate connections between participants, peer-to-peer learning, mentorship, and access to exclusive learning materials.

TAP is not a free resource for MSMEs – TAP would cost C\$5,000 per company, but TAP's sponsors subsidize participants, making the program fee only C\$500. TAP has stricter eligibility criteria compared to comparable workshops; it requires that businesses have the following:

- Minimum of \$500,000 gross annual revenue;
- No existing export presence, or already exporting a product or service that the business wants to increase market share of or expand into new markets;
- A product or service with clear competitive advantage worth exporting;
- Two years of financial records; and
- Good record of corporate social responsibility.

¹³¹ Program partners include: World Trade Centre Vancouver, World Trade Centre Winnipeg, World Trade Centre Toronto, Edmonton Chamber of Commerce, Calgary Economic Development, The Chamber of Commerce of Metropolitan Montreal, Halifax Chamber of Commerce, Saskatchewan Trade and Export Partnership.

TAP is the most comprehensive non-governmental initiative, with clear objectives and goals for its participants. TAP aims to prepare MSMEs for exporting their goods or services and seeks to create a personalized business plan to ensure success.

Small Business BC

Small Business BC is a non-profit organization located in Vancouver that provides resources and programs for entrepreneurs based in BC. Small Business BC offers business plans, seminars, and one-on-one advising sessions for existing SMEs and entrepreneurs looking to start their own businesses. Its core programs and services are conducted in partnership with PacifiCan and the BC Ministry of Jobs, Economic Recovery and Innovation.

Small Business BC administers two programs:

- [BizMap](#): An accessible market data site for business districts in the City of Vancouver; and
- [Export Navigator](#): A program that offers a set of free courses for preparing for export, as well as offering regular seminars and webinars for businesses that operate outside of the Greater Vancouver and Victoria area. Export Navigator also connects businesses to advisors in their sector and/or region to assist them for free.

BARRIERS FOR MSMES LED BY UNDERREPRESENTED GROUPS

Trade presents many benefits for MSMEs led by underrepresented groups. For instance, the inclusion of women-led MSMEs provides an opportunity to reduce gender gaps and inequality in the private sector, and can lead to women's empowerment across all sectors of the economy. In turn, the inclusion of Indigenous-led MSMEs can narrow inequality gaps for Indigenous groups, by providing access to international markets and strengthening Indigenous entrepreneurship.

However, trade also presents many challenges for underrepresented groups. MSMEs that are led by women and Indigenous Peoples confront systemic barriers to full participation in trade, including lacking access to resources and finance, a lack of professional networks, limited opportunities and mentorship, insufficient infrastructure, and discriminatory treatment of their businesses.

Canada has endeavoured to address these barriers through two main avenues: on a national level, by integrating gender and Indigenous Peoples into its inclusive trade agenda and FTAs, and on a subnational level, through policies and programs targeted at underrepresented groups to assist and encourage them to engage in trade and export.

Moreover, Canada has emphasized the active promotion of an FTA's opportunities for underrepresented groups, so that women and Indigenous Peoples are aware of and able to access the benefits of agreements, such as tariff elimination and streamlined procurement processes.

This chapter examines Canada's efforts to integrate gender and Indigenous Peoples into its FTAs, and the main barriers that are faced by underrepresented groups when leading MSMEs and engaging in trade. This chapter also provides recommendations on how to address these

barriers, based on the initiatives and actions that Canada has advanced in its own inclusive trade agenda.

3.1 INTEGRATION OF GENDER AND INDIGENOUS PEOPLES INTO CANADA'S FTAS

Canada has taken a progressive approach to gender mainstreaming and the inclusion of women and Indigenous Peoples into its FTAs. In its objectives for the Canada-ASEAN FTA, Canada has stated that it will pursue dedicated provisions related to gender and Indigenous Peoples, to address the “specific interests, needs, and unique challenges” faced by women and Indigenous Peoples in international trade.

Canada's Gender Mainstreaming

Canada, similar to its North American neighbours, has argued for the trade and gender connection largely from an economic standpoint.¹³² On the Government of Canada website, the economic benefits of women's equality are emphasized as a reason to link trade and gender in FTA negotiations. From a Canadian perspective, the advancement of gender equality could add C\$150B to its GDP by 2026, and women-owned businesses contribute approximately C\$150B to Canada's economy while employing over 1.5 million people.¹³³

Given this context, Canada advocates for gender mainstreaming in its FTAs, to highlight gender-related perspectives and issues in trade. Gender mainstreaming refers to a strategy to analyze the impacts and implications of actions, policies, or programs on both women and men.¹³⁴ Canada uses a gender-based analysis plus methodology to assess the socio-economic impacts of its policies and programs on diverse groups of women and men.¹³⁵ The plus in GBA+ recognizes that in addition to biological sex and gender, there are other identity factors to consider such as race, ethnicity, religion, age, and mental or physical disability.¹³⁶ The GBA+ has been used by Canada to analyze FTA chapters and inform ongoing negotiations, such as the Canada-Mercosur FTA highlighted in Chapter 1.

Using these strategies and tools, Canada has sought to mainstream gender in its trade agreements by including a standalone chapter on trade and gender and including other gender-related provisions throughout its FTAs.¹³⁷

¹³² Bahri, Amrita. “Gender Mainstreaming in Free Trade Agreements: A Regional Analysis and Good Practice Examples.” Gender, Social Inclusion and Trade Knowledge Product Series. 2021. https://www.genderandtrade.com/files/ugd/86d8f7_ea7e-603922c54ff7a9e1f81e594a5d9f.pdf.

¹³³ Government of Canada. [Trade and gender connection](#). Accessed March 8, 2022.

¹³⁴ Government of Canada. [Mainstreaming of a Gender Perspective](#), Accessed March 10, 2022.

¹³⁵ Government of Canada. [What is Gender-based Analysis Plus](#). Accessed March 10, 2022.

¹³⁶ Ibid.

¹³⁷ Government of Canada. [Trade and gender in free trade agreements: The Canadian approach](#). Accessed March 10, 2022.

Key examples of Canadian FTAs with standalone chapters on trade and gender include the modernized Canada-Chile FTA and the modernized Canada-Israel FTA. These chapters do the following:

- Acknowledge the importance of gender equality in inclusive economic growth;
- Reaffirm the parties' existing commitments to international agreements such as the Convention on the Elimination of all Forms of Discrimination Against Women;
- Lay out co-operation activities to encourage women's economic participation; and
- Establish a trade and gender committee.¹³⁸

Importantly, dedicated trade and gender chapters place a priority on improving the capacity and conditions for women entrepreneurs and their businesses.¹³⁹

In addition to dedicated chapters, provisions to mainstream gender are included in chapters such as labour, investment, and cross-border trade, to ensure that these chapters are responsive to gender issues. For example, gender provisions in a government procurement chapter provide opportunities for women-owned SMEs and other small and minority-owned businesses to be considered by procuring entities.¹⁴⁰

Together, these actions not only include gender as a consideration in FTA negotiations but also actively prioritize gender in Canada's negotiating position when approaching FTAs. Government co-operation on the economic empowerment of women, girls, and gender diverse people provides opportunities for these groups to more fully engage in international trade in areas like investment and procurement.

Trade and Indigenous Peoples

Canada has also committed to advancing policies and programs that provide opportunities for Indigenous-led businesses to take advantage of the benefits from trade. In Canada, there are three federally recognized groups of Indigenous or Aboriginal Peoples recognized in the Canadian Constitution: [First Nations](#), [Métis](#), and [Inuit](#).

Canada has a two-track approach to its commitment to Indigenous Peoples in trade, which includes:

1. "Continuing its longstanding approach of including reservations and exceptions that provide the Government of Canada with the flexibility to maintain or implement measures and programs related to Indigenous peoples and Indigenous businesses"; and

¹³⁸ Ibid.

¹³⁹ Government of Canada. [Canada-Chile FTA Trade and Gender Chapter](#). Accessed March 10, 2022.

¹⁴⁰ Government of Canada. [Trade and gender in free trade agreements: The Canadian approach](#). Accessed March 10, 2022.

2. “Pursuing innovative provisions to increase Indigenous peoples’ access to and participation in trade and investment opportunities created by the agreement.”¹⁴¹

First, Canada ensures that its obligations to Indigenous Peoples in the Canadian Constitution “cannot be superseded or undermined by its commitments in an FTA.”¹⁴² These obligations include Section 35 of the Canadian Constitution, which “recognizes and affirms the existing Aboriginal and treaty rights of the Aboriginal peoples of Canada.”¹⁴³ Moreover, Canada ensures that it has the flexibility to create and maintain programs to advance the interests of Indigenous Peoples and Indigenous-owned businesses in areas including investment and services.¹⁴⁴

Second, Canada pursues FTA provisions to prioritize issues related to Indigenous Peoples. Similar to gender-focused provisions, provisions focused on Indigenous Peoples do the following:

- Acknowledge the importance of promoting Indigenous participation in trade;
- Reaffirm international instruments such as the United Nations Declaration on the Rights of Indigenous Peoples;
- Recognize the important role of the environment in the economic, social, and cultural well-being of Indigenous Peoples;
- Facilitate co-operation activities between the parties, such as establishing a dedicated website to provide Indigenous entrepreneurs and businesses with information on an agreement; and
- Establish a mechanism under an agreement to determine and facilitate these co-operation activities.¹⁴⁵

In addition, Canada established a trade-focused Indigenous Working Group in September 2017 to engage with National Indigenous Organizations, modern treaty and self-government partners, Indigenous groups and business associations, and legal and policy experts on trade and investment issues related to Indigenous Peoples in Canada.

¹⁴¹ Government of Canada. [International Trade Agreements and Indigenous Peoples: The Canadian Approach](#). Accessed March 10, 2022.

¹⁴² Ibid.

¹⁴³ Government of Canada. [INAN – Section 35 of the Constitution Act 1982 – Background – Jan 28, 2021](#). Accessed March 8, 2022.

¹⁴⁴ Government of Canada. [International Trade Agreements and Indigenous Peoples: The Canadian Approach](#). Accessed March 8, 2022.

¹⁴⁵ Ibid.

3.2 PERSISTING BARRIERS

Though Canada has undertaken these progressive developments in FTA negotiations, several barriers persist for underrepresented groups that lead MSMEs and that attempt to export and trade. The next sections will explore the specific barriers that women and Indigenous Peoples face when leading MSMEs and engaging their business in trade. These sections will also highlight key Canadian programs and international initiatives that aim to address and combat these barriers.

Challenges and Barriers for Women Entrepreneurs

Women face a number of barriers as MSME founders and business leaders. These factors impact the ability of women to lead their businesses, which then impacts the potential of their businesses to engage in export-facing sectors. These barriers include the following:

- **Restrictive gender roles:** Women entrepreneurs may be limited by societal gender norms, where women are discouraged from entering business, politics, and STEM and instead are expected to pursue service sectors such as domestic work. Moreover, women are expected to fulfil traditional gender roles in the household, such as family care, which hinders their capacity and time to go into business.
- **Gendered discrimination:** Women entrepreneurs may experience discrimination including microaggressions, a lack of wage parity, sexual harassment, and other forms of sexism, which can hinder their ability to run their business and form partnerships. Moreover, varying identities, such as race, class, sexuality, disability, and other factors can influence the kinds of discrimination women face.
- **Access to finance:** Women-led businesses may have a harder time acquiring formal financing, due to a lack of knowledge on how to access bank loans, a lack of collateral to finance loans, and a dependence on informal financing from family and friends. In some countries, married women may require the consent of their husbands when engaging in legal transactions such as loan applications.
- **Access to education, knowledge, and networks:** Women entrepreneurs often lack the networks and mentorship needed to learn how to start, manage, and grow their businesses. Women in Canada often start their MSMEs with less managerial experience compared to men, due to the predominance of men in senior executive roles and the lack of such opportunities for women. Moreover, women are underrepresented in STEM, which is one of the most trade-intensive sectors.
- **Negative impacts of the COVID-19 pandemic:** The pandemic has disproportionately affected women in terms of the unequal division of domestic labour, including household chores and care work, which falls mostly on women rather than men.

Many of these barriers also impact women-owned and women-led MSMEs in their attempts to export. Canada has especially emphasized the following factors as barriers that hinder women-owned businesses from exporting:¹⁴⁶

- **Firm size:** The tendency of women-owned businesses to be smaller on average, and to be survival-oriented as opposed to wealth-accumulation-oriented firms, leads to lower revenue growth compared to businesses owned by men.
- **Sectoral concentration:** Women-owned SMEs are more likely to be in service sectors that are not high-growth or export-facing, such as educational services, health care, social assistance, arts, entertainment, and recreation. This is due to lower startup costs compared to sectors that are export-facing, such as construction, transportation, warehousing, high-technology manufacturing, and knowledge-intensive sectors.
- **Access to networks, information, and education:** Women entrepreneurs may lack access to necessary networks, market intelligence, skills development, and several other areas needed to succeed in export.
- **Access to finance:** Compared to businesses owned by men, women-owned SMEs are less likely to seek loans and external investment, and are more likely to have loan applications rejected due to insufficient collateral.
- **Lower-value-added firms:** Women entrepreneurs are less likely to run high-value-added and growth-oriented businesses, for the reasons explained above.
- **Time constraints:** Women entrepreneurs must balance household and family responsibilities with their business.
- **Discrimination:** Women-owned SMEs may face implicit or explicit discriminatory treatment that limits their growth.
- **Violence and harassment:** Women may face violence and harassment when travelling outside of Canada, especially at border crossings, which can limit their ability and willingness to participate in trade and export.

Challenges and Barriers for Indigenous Entrepreneurs

Indigenous entrepreneurs face similar barriers to women and other underrepresented groups in business and trade, including limited access to finance and professional networks. However, the specific barriers for Indigenous Peoples are largely dependent on the context of the country or economy in which they are located. As a 2018 publication from the United Nations acknowledges, there is “no internationally agreed definition of what constitute indigenous peoples or ethnic minorities.” In the ASEAN context, the terms Indigenous Peoples and ethnic

¹⁴⁶ Government of Canada. [Trade and gender connection](#). Accessed March 10, 2022.

minorities (a term used to define a group of non-dominant people vis-a-vis a dominant ethnic population) are used in different and varying contexts.¹⁴⁷

As a result, different national policies regarding the legal definition and treatment of Indigenous Peoples may result in differing barriers and policy solutions, especially as differing definitions and terminology are used in Canadian and ASEAN contexts. This section, however, draws on the Canadian experience to illustrate key barriers faced by Indigenous Peoples in Canada, which can then be referred to by other countries when considering their specific domestic context of Indigenous Peoples.

The main barriers that Indigenous People face when running a business include the following:

- **Discrimination:** Indigenous Peoples in Canada face stereotypes and discrimination, which may impact their access to employment and economic opportunity. According to a 2019 Statistics Canada survey, discrimination is more common toward the Indigenous population compared to non-Indigenous populations.¹⁴⁸
- **Limited access to education and language barriers:** Many schools for Indigenous children operate with limited support in educational services, particularly schools on reserves compared to schools not located in reserves. Illiteracy and drop-out rates are higher than the national average for Indigenous children, which is attributed to discrimination, insufficient school content, and language barriers.¹⁴⁹ This educational gap is a barrier for Indigenous People seeking to start a business. Moreover, Indigenous Peoples in Canada have their respective languages and may choose to work in their language. They may experience a language barrier when approaching business and trade, which widely use dominant languages such as English and French.
- **Limited access to finance:** Access to financing, equity, and capital is one of the most reported obstacles faced by Indigenous entrepreneurs. Indigenous-owned MSMEs in Canada have reported difficulty acquiring investment capital and operating at a loss or minimal financial return. Reasons for this include a lack of collateral, inability to use reserve lands as collateral due to land management rules under Canada's *Indian Act*, infrastructural barriers (e.g., remote or rural based businesses), and a lack of trust in financial institutions due to racism and discrimination. Many Indigenous entrepreneurs instead turn to their close networks (e.g., family, community members, bands, etc.) to secure funding for their MSME.
- An initiative in Canada that works to remedy this barrier is the Aboriginal Economic Development Corporations, which strive to drive economic development in

¹⁴⁷ United Nations. [Indigenous peoples and ethnic minorities: marginalization is the norm](#). Accessed March 12, 2022.

¹⁴⁸ Government of Canada. [Experiences of discrimination among the Black and Indigenous populations in Canada, 2019](#). Accessed March 12, 2022.

¹⁴⁹ The Canadian Encyclopedia. [Education of Indigenous Peoples in Canada](#). Accessed March 12, 2022.

Indigenous communities.¹⁵⁰ The Aboriginal Economic Development Corporations are the economic and business development arm of First Nations, Métis, and Inuit governments. These community-owned businesses invest in and manage subsidiary businesses to provide financial support to the community.¹⁵¹

- **Lack of employment opportunities:** Across all sectors, the employment of Indigenous People is typically lower than non-Indigenous populations. In 2016, it was reported that employment for Indigenous Peoples was 8.4% lower than for non-Indigenous people.¹⁵² This also differs among Indigenous groups in Canada: for instance, the on-reserve First Nations employment rate is 24.2% lower than that for the non-Indigenous population, while Métis peoples also often experience employment rates close to or exceeding the rates of non-Indigenous Canadians.¹⁵³ Lower employment levels signify lower levels of skills and training necessary to run an MSME. Consequently, many Indigenous-owned MSMEs report employee retention as an issue of great importance.
- **Lack of infrastructure:** As many Indigenous Peoples live on their traditional lands, reserves, and remote, rural communities, Indigenous-owned MSMEs report a regional infrastructure disadvantage. These challenges include difficulty accessing roads, weak or non-existent internet, inconsistent and expensive electrical supplies, high cost of living, water advisories, high costs of transportation, and many other issues.¹⁵⁴ Indigenous MSMEs that export report unreliable internet, telephone, IT technologies, electricity, water, and roads as obstacles to their growth at a higher rate compared to non-Indigenous-led MSMEs.

3.3 CANADIAN POLICIES AND PROGRAMS

Diverse sets of actors from across the country are contributing to address the challenges and barriers that women and Indigenous entrepreneurs face.

Women Entrepreneurs

Currently, initiatives under the federal government exist to help increase the full and equal participation of women in Canada's economy. In 2018, under the administration of

¹⁵⁰ Canadian Council for Aboriginal Business. [Aboriginal Economic Development Corporations](#). Accessed March 12, 2022.

¹⁵¹ Government of Canada. [APEC case study on inclusive policies: Advancing Indigenous peoples' economic interests through Canada's trade agreements](#). Accessed March 15, 2022.

¹⁵² Ibid.

¹⁵³ Ibid.

¹⁵⁴ Government of Canada. [Indigenous-Owned Exporting Small and Medium Enterprises in Canada](#). Accessed March 15, 2022.

Innovation, Science and Economic Development Canada, the federal government launched the Women Entrepreneurship Strategy, which includes three main components:¹⁵⁵

1. [Women Entrepreneurship Fund](#): To further advance gender equality, the Government of Canada allocated \$55M in 2021 for the creation of a new national microloans fund. In particular, the program focused on financing for women entrepreneurs, in particular startups and underrepresented groups who traditionally faced additional barriers to accessing finance.
2. [Women Entrepreneurship Strategy Ecosystem Fund](#): This fund invested \$100M over a period of five years to strengthen capacity and close gaps in service for women within the entrepreneurship ecosystem. To do this, the ecosystem fosters connections and strengthens support networks for diverse women through mentorship and networking resources.
3. [The Women Entrepreneurship Knowledge Hub](#): By sharing best practices, knowledge, and data, this initiative co-ordinates different activities to help women entrepreneurs in Canada grow their businesses. It is administered by Ryerson University through a competitive process that awarded \$13.62M in funding. National in scope, it is made up of 10 regional hubs that work together to co-ordinate activities in different regions across Canada. Each of the regional hubs brings a unique area of expertise and specialization.

In addition to these federal programs, there are several regional and local funding initiatives targeting women entrepreneurs. The following is a list of select key organizations and their programs:

[StartUp Women](#) by StartUp Canada: Provides tools, community, resources, and content to women entrepreneurs across Canada through webinars, advisory circles, mentorship, and advisory support.

[Women's Enterprise Initiative](#) (BC, Alberta, Saskatchewan, Manitoba): Provides business advisory services, training, networking opportunities, loans, and referrals to complementary services to women entrepreneurs in Canada's western provinces.

[Alberta Women Entrepreneurs \(AWE\)](#): Located in Alberta, it provides programs and services for women entrepreneurs through advising, financing, mentoring, and network development.

[CanWIN – The Canadian Women's International Network](#): Provides connections between women thought leaders, entrepreneurs, and gender equality organizations to advance economic equality and empower Canadian women entrepreneurs through engagement in Asian markets.

¹⁵⁵ Government of Canada. [Women Entrepreneurship Strategy](#). Accessed March 15, 2022.

Spotlight on the Atlantic Canada Opportunities Agency's Empowerment of Women Entrepreneurs

Ethical Swag Inc. is a woman-owned business from Nova Scotia that sells sustainably sourced and customizable merchandise through its e-commerce site. Before COVID-19, Ethical Swag's business was concentrated mostly in Canada. To absorb the shocks created by the pandemic and make the business more resilient, Ethical Swag partnered with ACOA to develop expansion strategies for the North American market. Through ACOA's Business Development Program, which helps entrepreneurs modernize and grow their businesses to the next stage of their development, Ethical Swag was able to access this funding to boost its production of environmentally sustainable products. This infusion of funds allowed the company to pursue new market opportunities, both nationally and internationally.

Indigenous Entrepreneurs

According to a 2019 joint study conducted by Global Affairs Canada and the Canadian Council for Aboriginal Business, it is estimated that Indigenous-owned MSMEs and entrepreneurs account for only 1.4% of the total number of all MSMEs that exist across the country. However, this number raises further questions about the barriers to access for Indigenous People given that they make up approximately 5% of Canada's total general population.¹⁵⁶

While many of these barriers stem from larger systemic problems that are a product of Canada's historical treatment of Indigenous Peoples, there are several initiatives across the country that support Indigenous entrepreneurs through funding and resources to export abroad. Some of these initiatives include:

[Indigenous Services Canada](#): Due to the COVID-19 pandemic, in recent years Canada's federal government has provided financial relief to small and medium-sized Indigenous businesses, with support of up to \$40,000 through the Indigenous Business Initiative.¹⁵⁷

[Indigenous Business Export Support](#): A set of programs and supports from the Trade Commissioner Service for Indigenous businesses doing export include a guide to export, export funding, trade mission opportunities, supplier contacts, and networking.

[Aboriginal Entrepreneurship Program](#): Provides access to capital and business opportunities for Indigenous entrepreneurs and businesses in Canada. This program seeks to increase the number of businesses in Canada owned and controlled by Indigenous Peoples. The program

¹⁵⁶ Government of Canada. [Indigenous-Owned Exporting Small and Medium Enterprises in Canada](#). Accessed March 15, 2022.

¹⁵⁷ Government of Canada. [Indigenous businesses initiative](#). Accessed March 15, 2022.

funds entrepreneurial proposals and works to reduce barriers and increase access to capital for First Nations, Métis, and Inuit peoples in Canada.¹⁵⁸

[Indigenous business directory](#): A directory set up by the Government of Canada that is designed to assist and support Indigenous businesses searching for business opportunities. It also provides a resource for all levels of government and the private sector, to assist with identifying Indigenous-owned businesses.¹⁵⁹

[Strategic Partnerships Initiative](#): An ongoing initiative that aims to boost co-ordination between federal partners to support Indigenous communities. This co-ordination approach fills gaps in other funding programs that might create barriers to Indigenous involvement in economic opportunities. Some key areas prioritized in the initiative include economic infrastructure, expanding viable businesses, and skills development and training.¹⁶⁰

[Indigi-X Exchange Program](#): A collaborative initiative with New Zealand intended for Indigenous business professionals in Canada and New Zealand to facilitate connections and networks addressing trade, economic, and other issues.

[Guidebook for Doing Business in the Asia Pacific: A Resource for Indigenous Businesses](#): This guidebook published by the Asia Pacific Foundation of Canada provides insight on opportunities for Indigenous entrepreneurs in the Asia Pacific. It includes an outline for successful business strategies when engaging with the region, and details on the financial, logistical, planning, and networking supports available for Indigenous entrepreneurs.

3.4 INTERNATIONAL INITIATIVES

Canada and APEC: Opportunities for Women and Indigenous Peoples

Recognizing that the benefits of trade should be more widely shared, Canada has continued to pursue its goals for trade diversification – especially for women and Indigenous Peoples – through international multilateral forums where Canada is joined by like-minded partners. One example of this is Canada’s co-operation within APEC and its 21 member economies, where Canada has advocated for the strengthening of women’s economic empowerment.

For instance, the facilitation of a dedicated gender chapter within the Canada-Chile Free Trade Agreement led to a series of activities on the margins of the discussions to modernize the agreement. In January 2019, Canada hosted training workshops targeted to the Ministry of Foreign Affairs in Chile to share Canada’s experience of implementing the GBA+

¹⁵⁸ Government of Canada. [Aboriginal Entrepreneurship Program: Access to Business Opportunities](#). Accessed March 15, 2022.

¹⁵⁹ Government of Canada. [Indigenous Business Directory](#). Accessed March 15, 2022.

¹⁶⁰ Government of Canada. [Strategic Partnerships Initiative](#). Accessed March 15, 2022.

methodology. This resulted in direct sharing of best practices for integrating gender equality when Chile hosted APEC in 2019. Through the sharing of best practices in these workshops, the lessons learned were reflected in Chile's roadmap for gender equality across the Asia Pacific, [La Serena Roadmap for Women and Inclusive Growth \(2019-2030\)](#). In particular, the fifth and final area, "Advancing women's economic empowerment through data collection and analysis," reflected the knowledge gained through Canadian workshops on data collection and GBA+ analysis.¹⁶¹

With regard to Indigenous Peoples, Canada has also played a role in joining the [Indigenous Peoples Economic and Trade Cooperation Arrangement](#), an initiative led by New Zealand during its 2021 hosting year with the aim of strengthening the economic empowerment of Indigenous Peoples in the Asia Pacific region.¹⁶² While not directly an APEC initiative, the current economies participating in the initiative include Canada, New Zealand, Australia, and Taiwan. In addition, the United States, Peru, Chile, and others with Indigenous populations are also looking at this trade opportunity. The Government of Canada has stated that this initiative is an important part of its inclusive trade agenda as it is a co-operation-based and voluntary instrument that will establish frameworks for co-operation between the member economies and remove barriers to Indigenous Peoples' participation in trade. This type of economic empowerment emphasizes traditional knowledge and cultural expression as key principles to facilitate responsible business interactions for Indigenous businesses.

Some economies hold membership in both ASEAN and APEC, namely Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Their involvement in other multilateral frameworks such as APEC can provide opportunities to share and integrate practices that help achieve the common goals of economic and social development. Canada's commitment to opportunities for women and Indigenous Peoples is further strengthened through regular interaction and the endorsement of global frameworks using these consensus-based decision-making models.

¹⁶¹ Government of Canada. [Report: 1-year anniversary since the entry into force of the Canada-Chile Trade and Gender Chapter](#). Accessed March 15, 2022.

¹⁶² Government of Canada. [Canada endorses Indigenous Peoples Economic and Trade Cooperation Arrangement](#). Accessed March 15, 2022.

KEY OBSERVATIONS

This report has discussed the Canadian approach to the inclusion and promotion of MSMEs in trade, and the key barriers that MSMEs led by underrepresented entrepreneurs face when approaching business, trade, and export. To conclude, this report will note several key observations of the Canadian approach for the reference of ASEAN officials in the upcoming Canada-ASEAN FTA negotiations.

- **Inclusive trade priorities:** Canada has directly integrated its inclusive trade agenda into its FTAs, as demonstrated by Canada's **existing FTAs, efforts to modernize agreements, and application of the GBA+ to ongoing negotiations**. ASEAN can expect the priorities of **trade and SMEs, trade and gender, and trade and Indigenous Peoples** to feature in the upcoming negotiations. Furthermore, ASEAN can expect the inclusion of **dedicated SME and gender chapters**, as demonstrated by the inclusion of dedicated chapters in Canada's RTAs and modernized bilateral FTAs.
- **MSME-related priorities in FTAs:** Canada's approach to MSME inclusion in trade through its FTAs can be demonstrated through **specific chapters** within existing agreements, including but not limited to: a dedicated SME chapter, a dedicated trade and gender chapter, rules of origin, government procurement, e-commerce, customs administration and trade facilitation, intellectual property, co-operation and capacity building, regulatory coherence/good regulatory practices, transparency/anti-corruption, development, competitiveness and business facilitation, trade in services, investment, and labour. In the long term, it can be expected that provisions on inclusive trade will become more prevalent within Canadian FTAs, and the FTAs overall will be more transparent and gender-responsive. ASEAN officials can expect that Canada's inclusive trade priorities will be integrated directly into FTA chapters, in addition to potential dedicated chapters on SMEs and gender.

- **Canadian policies and programs for MSMEs:** In addition to provisions within Canadian FTAs, MSMEs and underrepresented entrepreneurs also have access to a variety of Canadian programs intended to assist businesses in trade and export. **Such policies and programs can help ensure that the opportunities created through FTAs are capitalized on by MSMEs and aspiring entrepreneurs.** These **programs** are delivered by **federal and provincial government actors, as well as non-governmental organizations**, and provide needed resources, opportunities, and connections for entrepreneurs to become involved in trade. Canadian federal and provincial governments also support MSMEs through **dedicated policies and ministerial mandates** to provide opportunities for businesses in trade.

ACKNOWLEDGEMENTS

ASIA PACIFIC FOUNDATION OF CANADA

LEAD RESEARCHERS

Justin Kwan

Senior Program Manager
Asia Pacific Foundation of
Canada

Phebe M. Ferrer

Senior Research Specialist
Asia Pacific Foundation of
Canada

David Hamilton

Trade Policy and Promotion
Consultant
Asia Pacific Foundation of
Canada

Pia Silvia Rozario

Trade Policy and Promotion
Consultant
Asia Pacific Foundation of
Canada

Julia Da Silva

Gender Equity and Social
Inclusion (GESI) Consultant
Asia Pacific Foundation of
Canada

Rachael Gurney

Junior Research Scholar
Asia Pacific Foundation of
Canada

EDITORIAL REVIEW

Dr. Charles Labrecque

Director of Research
Asia Pacific Foundation of
Canada

Michael Roberts

Director of Communications
Asia Pacific Foundation of
Canada

CREATIVE DESIGN

Chloe Fenemore

Graphic Designer
Asia Pacific Foundation of
Canada

WITH THANKS

Pauline Stern

Former Senior Program
Manager, Business Asia
Asia Pacific Foundation of
Canada

COWATER INTERNATIONAL

Vicki Campbell

Senior Project Manager, Expert
Deployment Mechanism for
Trade and Development (EDM)
Cowater International

Don Stephenson

Trade and Investment Expert,
Expert Deployment Mechanism
for Trade and Development
(EDM)
Cowater International

REFERENCES

- Abacus Data, “Pan-Canadian Survey Finds Black Entrepreneurs Face Significant Barriers to Success,” Abacus Data, May 26, 2021, <https://abacusdata.ca/black-entrepreneurs-canada-inclusive-entrepreneurship/>.
- Ajmone Marsan, Giulia, and Maulidina Sabrina, Lina, “ASEAN MSMEs in a COVID-19 World: Lessons from ERIA MSMEs Talks 1-5,” ERIA and Australian Aid, November 2020, <https://www.eria.org/uploads/media/Event-Reports/2020-November-ERIA-Event-Report-ASEAN-MSMEs-In-A-COVID-19-World-Revised.pdf>.
- ASEAN-Hong Kong, China Free Trade Agreement. Brunei – Cambodia – Indonesia – Lao People’s Democratic Republic – Malaysia – Myanmar – Philippines – Singapore – Thailand – Vietnam – Hong Kong, China, June 11, 2019, [https://fta.miti.gov.my/miti-fta/resources/ASEAN%20-%20Hong%20Kong,%20China/AHKFTA_and_Annexes_AHKFTA_Agreement_\(Final\)_11.11_.17_.pdf](https://fta.miti.gov.my/miti-fta/resources/ASEAN%20-%20Hong%20Kong,%20China/AHKFTA_and_Annexes_AHKFTA_Agreement_(Final)_11.11_.17_.pdf).
- Asian Development Bank, “2020 ADB Asia Small and Medium-Sized Enterprise Monitor Volume 1: Country and Regional Reviews,” October 20, 2020, <https://data.adb.org/dataset/2020-adb-asia-sme-monitor-vol1-country-regional-reviews>.
- Australian Bureau of Statistics, “Characteristics of Australian Exporters,” Accessed January 24, 2022, <https://www.abs.gov.au/statistics/economy/international-trade/characteristics-australian-exporters/latest-release#:~:text=Key%20statistics,-The%20number%20of&text=Small%20businesses%20make%20up%2061,61%25%20of%20the%20export%20value>.
- Australian Bureau of Statistics, “Counts of Australian Business,” Accessed January 24, 2022, <https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/jul2017-jun2021>.
- Australian Small Business and Family Enterprise Ombudsman, “Small Business in the Australian Economy,” June 2021, <https://treasury.gov.au/sites/default/files/2021-08/p2021-203908.pdf>.
- Bélanger Baur, A., “Indigenous-Owned Exporting Small and Medium Enterprises in Canada,” Global Affairs Canada and Canadian Council for Aboriginal Business, 2019, https://www.international.gc.ca/trade-commerce/inclusive_trade-commerce_inclusif/indigenous-autochtone/indigenous_sme-pme_autochtones.aspx?lang=eng.
- Canada, Crown-Indigenous Relations and Northern Affairs Canada, *Métis*, Last modified June 14, 2021, <https://www.rcaanc-cirnac.gc.ca/eng/1100100014427/1535467913043>.
- Canada, Innovation, Science and Economic Development Canada, *Key Small Business Statistics 2020*, Ottawa, 2020, https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html.
- Canada-Chile Free Trade Agreement, Canada – Chile, Modernized February 5, 2019, <https://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/chile-chili/index.aspx?lang=eng>.
- Canada-Colombia Free Trade Agreement, Canada – Colombia, August 15, 2011, <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/colombia-colombie/fta-ale/index.aspx?lang=eng>.

Canada-Israel Free Trade Agreement, Canada – Israel, Modernized May 28, 2018, <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/israel/fta-ale/index.aspx?lang=eng>.

Canada-United States-Mexico Agreement, Canada – United States – Mexico, June 1, 2020, <https://can-mex-usa-sec.org/secretariat/assets/pdfs/usmca-aceum-tmec/agreement-eng.pdf>.

Canadian Council for Aboriginal Business, “Aboriginal Economic Development Corporations,” Canadian Council for Aboriginal Business, 2022, <https://www.ccab.com/research/publications/aedcs/>.

Canadian Women’s Foundation, “The Facts about the Gender Pay Gap in Canada,” Canadian Women’s Foundation, <https://canadianwomen.org/the-facts/the-gender-pay-gap/>.

Chandler, Vincent, “An Interpretation of Discouraged Borrowers based on Relationship Lending,” Government of Canada, August 2010, https://www.ic.gc.ca/eic/site/061.nsf/eng/h_02206.html.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Australia – Brunei – Canada – Chile – Japan – Malaysia – Mexico – New Zealand – Peru – Singapore – Vietnam, December 30, 2018, <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/text-texte/toc-tdm.aspx?lang=eng>.

Cukier, Dr. Wendy, Gagnon, Dr. Suzanne, Hodson, Dr. Jaigris, Saba, Dr. Tania, Grandy, Dr. Gina, Morton, Samantha, Elmi, Dr. Mohamed, Stolarick, Dr. Kevin, and Hassannezhad Chavoushi, Dr. Zohreh, “The State of Women’s Entrepreneurship in Canada,” Women Entrepreneurship Knowledge Hub, 2020, https://wekh.ca/wp-content/uploads/2020/08/WEKH_State_of_Womens_Entrepreneurship_in_Canada_2020_EN-Aug10v3.pdf.

Department of Statistics Singapore, “Economy,” Accessed January 24, 2022, <https://www.singstat.gov.sg/modules/infographics/economy>.

Evans, Pete, “Black-owned Businesses Face Funding Gap and Lack of Mentorship, New Report Finds,” CBC News, March 5, 2021, <https://www.cbc.ca/news/business/black-business-report-1.5936168>.

Export Development Canada, “Women in Trade,” Export Development Canada, January 2022, <https://www.edc.ca/women-in-trade>.

Feminuity, “Shifting Beyond a Gender-Only Approach,” Feminuity, 2021, <https://drive.google.com/file/d/15JZOtiYHR4vjKzf4SFxfvPr3If-tHt1o/view>.

Futurpreneur, “About,” Futurpreneur, 2022, <https://www.futurpreneur.ca/en/about/>.

General Statistics Office of Vietnam, “Employment,” Accessed January 24, 2022, <https://www.gso.gov.vn/en/employment/>.

Government of Canada, “Aboriginal Entrepreneurship Program: Access to Business Opportunities,” Government of Canada, August 5, 2021, <https://www.isc-sac.gc.ca/eng/1582037564226/1610797399865>.

Government of Canada, “Implementing the United Nations Declaration on the Rights of Indigenous Peoples Act,” Government of Canada, December 10, 2021, <https://www.justice.gc.ca/eng/declaration/index.html>.

Government of Canada, “Indigenous Business Directory,” Government of Canada, November 29, 2021, <https://www.sac-isc.gc.ca/eng/1100100033057/1610797769658>.

- Government of Canada, “Strategic Partnerships Initiative,” Government of Canada, February 21, 2020, <https://www.sac-isc.gc.ca/eng/1330016561558/1594122175203>.
- Government of Canada, “Women’s Enterprise Initiative,” Government of Canada, March 5, 2019, <https://www.wd-deo.gc.ca/eng/256.asp>.
- Government of Ontario, “Start a Summer Company: Students,” Government of Ontario, September 23, 2021, <https://www.ontario.ca/page/start-summer-company-students>.
- Grekou, Douwere, Li, Jiang, and Liu, Huju, “Women-owned Enterprises in Canada,” Statistics Canada, September 24, 2018, <https://www150.statcan.gc.ca/n1/pub/11-626-x/11-626-x2018083-eng.pdf>, p. 6.
- Harrison, Scott, and Asgari, Robin, “International Trade Inclusivity: The CPTPP and Indigenous International Trade and Investment,” Asia Pacific Foundation of Canada, December 17, 2020, <https://www.asiapacific.ca/publication/international-trade-inclusivity-cptpp-and-indigenous>.
- Heidrick, Dr. Ted, and Nicol, Tracey, “Financing SMEs in Canada: Barriers Faced by Women, Youth, Aboriginal and Minority Entrepreneurs in Accessing Capital – Phase 1: Literature Review,” Government of Canada, January 2002, [https://www.ic.gc.ca/eic/site/061.nsf/vwapj/financingsmesincanadaphase1_e.pdf/\\$file/financingsmesincanadaphase1_e.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/financingsmesincanadaphase1_e.pdf/$file/financingsmesincanadaphase1_e.pdf).
- Henry, Natasha, “Racial Segregation of Black People in Canada,” The Canadian Encyclopedia, September 8, 2021, <https://www.thecanadianencyclopedia.ca/en/article/racial-segregation-of-black-people-in-canada>.
- Indigi-x, “Indigi-x,” 2022, <https://www.indigi-x.com/>.
- Innovation, Science, and Economic Development Canada, “Black Entrepreneurship Program,” Government of Canada, May 31, 2021, <https://ised-isde.canada.ca/site/black-entrepreneurship-program/en>.
- Innovation, Science, and Economic Development Canada, “Canada Digital Adoption Program,” Government of Canada, November 19, 2021, <https://www.ic.gc.ca/eic/site/152.nsf/eng/home>.
- International Monetary Fund, *World Economic and Financial Surveys: World Economic Outlook, Database – WEO Groups and Aggregates Information*, Internal Monetary Fund April 2020, Accessed January 31, 2022, <https://www.imf.org/external/pubs/ft/weo/2020/01/weodata/groups.htm>.
- Leung, Danny, Ostrovsky, Yuri, and Picot, Garnett, “The Financing of Immigrant-owned Firms in Canada,” Statistics Canada, June 18, 2018, <https://www150.statcan.gc.ca/n1/pub/11f0019m/11f0019m2018404-eng.htm>.
- McCue, Harvey A., “Education of Indigenous Peoples in Canada,” The Canadian Encyclopedia, July 18, 2018, <https://www.thecanadianencyclopedia.ca/en/article/aboriginal-people-education>.
- OECD and ASEAN, “Strengthening Women’s Entrepreneurship in ASEAN: Towards Increasing Women’s Participation in Economic Activity,” Government of Canada, OECD, and ASEAN, September 2017, https://www.oecd.org/southeast-asia/regional-programme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf.
- Sanchez, Nikki, “Banking While Brown: Indigenous People and Structural Racism in Canada,” Yellowhead Institute, February 27, 2020, <https://yellowheadinstitute.org/2020/02/27/banking-while-brown-indigenous-people-and-structural-racism-in-canada/>.

- Sekkel, Julia V., "Women-owned SMES and Trade Barriers," Global Affairs Canada, April 2, 2020, https://www.international.gc.ca/trade-commerce/economist-economiste/analysis-analyse/women_owned_smes_trade-pme_commerce_appartenant_femmes.aspx?lang=eng.
- Smart Prosperity Institute, "Guest Blog: Don't forget 98% of the Canadian economy (again) in the Green Recovery," Accessed March 1, 2022, <https://institute.smartprosperity.ca/LowCarbonSMEs#:~:text=Guest%20Blog%3A%20Don't%20forget,green%20economy%20can%20be%20made>.
- Statistics Canada, "Table 12-10-0098-01 Trade in goods by exporter characteristics, by industry of establishment (x 1,000)," Last modified January 27, 2022, <https://doi.org/10.25318/1210009801-eng>.
- Statistics New Zealand, "New Zealand Business Demographic Statistics 2021," Accessed January 21, 2022, <https://www.stats.govt.nz/information-releases/new-zealand-business-demography-statistics-at-february-2021#:~:text=Provisional%20data%20showed%20that%20at,0.5%20percent%20from%20February%202020.&text=Of%20the%2019%20industries%2C%2010,and%20seven%20had%20more%20employees>.
- Sukarmijan, Sati-Salmah, and Sapong, Olivia De Vega, "The Importance of Intellectual Property for SMEs; Challenges and Moving Forward." *International Agribusiness Marketing Conference 2013, IAMC 2013, 22-23 October 2013, Kuala Lumpur, Selangor, Malaysia, 2013*, doi: 10.1016/j.umkpro.2014.07.010.
- WeBC, "WeBC," WeBC, January 2022, <https://we-bc.ca/>.
- World Bank Group and World Trade Organization, "Women and Trade: The Role of Trade in Promoting Gender Equality," World Bank Group and World Trade Organization, 2020, https://www.wto.org/english/res_e/booksp_e/women_trade_pub2807_e.pdf.
- World Bank, "World Integrated Trade Database," World Bank. October 11, 2021, Accessed January 31, 2022, <https://wits.worldbank.org/Default.aspx?lang=en>.
- World Bank, Ease of Doing Business, 2020, DOI:10.1596/978-1-4648-1440-2.
- World Customs Organization, "The Authorized Economic Operator and the Small and Medium Enterprise," WCO SAFE Package, May 2010, http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/_media/93162547322F462A97F8767D0987A901.ashx#:~:text=The%20WCO%20is%20the%20only,transparent%20and%20predictable%20Customs%20environment.
- World Economic Forum, "Global Gender Gap Report 2021," World Economic Forum, March 2021, https://www3.weforum.org/docs/WEF_GGGR_2021.pdf.
- World Trade Organization, "MSME provisions in regional trade agreements," Accessed December 15, 2021, https://www.wto.org/english/tratop_e/msmesandtra_e/rtaprovisions_e.htm.
- World Trade Organization, Trade Policy Review Report by Secretariat Brunei Darussalam, WT/TPR/S/309, 2014.
- World Trade Organization, Trade Policy Review Report by Secretariat Cambodia, WT/TPR/S/364, 2017.
- World Trade Organization, Trade Policy Review Report by Secretariat Canada, WT/TPR/S/389, 2019.
- World Trade Organization, Trade Policy Review Report by Secretariat Indonesia, WT/TPR/S/401, 2020.

World Trade Organization, Trade Policy Review Report by Secretariat Lao People's Democratic Republic, WT/TPR/S/394, 2019.

World Trade Organization, Trade Policy Review Report by Secretariat Myanmar, WT/TPR/S/405, 2020.

World Trade Organization, Trade Policy Review Report by Secretariat Thailand, WT/TPR/S/400, 2020.

World Trade Organization, Trade Policy Review Report by Secretariat The Philippines, WT/TPR/S/368, 2018.

World Trade Organization, Trade Policy Review Report by Secretariat Viet Nam, WT/TPR/S/410, 2021.

GUIDES AND RESOURCES

ANNEX A:

CHECKLIST FOR GENDER EQUITY AND SOCIAL INCLUSION (GESI) FRAMEWORKS

To help consider the way that men, women, and gender diverse peoples experience different initiatives, the Government of Canada uses a gender-based analysis plus (GBA+) approach to provide a method of analysis for systemic inequalities.¹⁶³

Adopted from these core principles, this short resource guide provides some relevant definitions and concepts, as well as a short checklist on ways to further integrate gender equity and social inclusion into discussions about the participation of MSMEs in trade.

Five Key Concepts for GESI

Gender equity: Refers to the consideration and provisions to meet different needs, preferences, and interests of women, men, and gender diverse people. This may mean that different treatment is needed to ensure equality of opportunity. This is often referred to as substantive equality (or equality of results) and requires the consideration of the lives of women, men, and gender diverse people.¹⁶⁴ Gender equity also requires looking at the different needs among diverse groups of women, men, and gender diverse people.¹⁶⁵

Inclusive trade: The objective of inclusive trade is to improve the conditions of all disadvantaged individuals and groups of all kinds, with consideration to women, gender

¹⁶³ [Gender-based Analysis Plus research checklist.](#)

¹⁶⁴ [A primer on gender and trade: Gender Manual Glossary.](#)

¹⁶⁵ [Gender-based Analysis Plus research checklist.](#)

diverse people, people with disabilities, and Indigenous Peoples. Social categorizations of this kind create overlapping and interdependent patterns of discrimination and disadvantage in trade.

Intersectionality: Intersectionality recognizes that people's lives are shaped by their identities, relationships, and social factors. These combine to create intersecting forms of privilege and oppression depending on a person's context and existing power structures such as patriarchy, ableism, colonialism, imperialism, homophobia, and racism.

Mainstreaming: Refers to a process of embedding gender and disability inclusion in all aspects of an organization (policies, processes, systems, partnerships, monitoring and evaluation, projects, service delivery, infrastructure, and so on).¹⁶⁶

Social inclusion: Social inclusion is a process of improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity to take part in society. Grounds for exclusion can hinge on a number of factors: gender, disability, age, geographic location, socio-economic condition, level of education, sexual orientation, and cultural status, along with other intersecting identities of an individual.¹⁶⁷

Underrepresented groups: In this GESI framework, this term refers to demographic groups that have lower rates of participation in international export and trade, including but not limited to women, gender diverse people, people with disabilities, and Indigenous Peoples.

The Purpose of GESI Frameworks

GESI is a framework that is used to address the unequal power relations experienced at all levels of society. It examines how identity factors such as gender, race, class, geographic location, religion, sexuality, (dis)ability, ethnicity, language, and so on factor into social inclusion and exclusion of individuals and groups. It focuses on taking action to recognize and address these power imbalances and systems of oppression that factor into social exclusion and discrimination. The overall aim of a GESI framework is to re-balance power relations, reduce disparities, ensure equal rights, and respect all individuals regardless of identity. It is vital to ensure that a GESI framework is considered and integrated.¹⁶⁸

THE PURPOSE OF GESI IN INCLUSIVE TRADE

As Canada is a diverse nation, there are many considerations to make about intersectionality in order to bolster inclusive trade. Underrepresented groups and minorities in Canada, such as women, gender diverse people, people with disabilities, and Indigenous Peoples, that own

¹⁶⁶ Ibid.

¹⁶⁷ [Gender Equality and Social Inclusion Strategic Framework](#).

¹⁶⁸ [Intersectionality Resource Guide and Toolkit](#).

MSMEs and engage in international trade, often have a difficult experience compared to other Canadians.

This framework can be used as a complementary component to analyses revolving around MSMEs in inclusive trade. By using a GESI framework to understand how to maximize the potential of MSMEs, the following checklist aims to assist ASEAN member states during trade negotiations with Canada and to emphasize inclusive trade, according to the distinct needs of underrepresented groups and minorities.

Using a GESI Framework

The overarching goal of a GESI framework is to provide a productive and collaborative approach to the implementation of the technical assistance request. This approach can inform trade negotiations between Canada and ASEAN with important content on how intersecting identities impact MSMEs and entrepreneurs' access to trade.

When thinking about a GESI framework, consider the answers to the following questions:

1. How do gender, age, ethnicity, race, religion, sexual orientation, (dis)ability, and other factors affect individuals' access to trade?
2. How does trade affect individuals and groups based on their gender and other identity factors, and their accompanying social roles? How can any negative effects be mitigated or eliminated?
3. How does trade exclude underrepresented groups based on their differing access to information, capacity development, education, and other supports?
4. How do certain trade deals and laws negatively affect underrepresented groups? How can any negative effects be mitigated or eliminated?
5. What are the specific impacts of trade on women, gender diverse people, people with disabilities, and Indigenous Peoples that must be represented and considered in the implementation of the technical assistance request?

Implementation Process of the Framework

During the planning process, consider the following checklist as a resource guide for GESI discussion.

This checklist can be filled in by all individual participants in any specific activity or stage of the negotiation process by groups representing different views or interests. We recommend recording your answers to the following questions so that each answer can be discussed as the checklist is filled in.

GESI Checklist:

STEP 1: DETERMINE WHO IS INCLUDED AND EXCLUDED

- ❑ Identify the specific groups of women, gender diverse people, people with disabilities, Indigenous Peoples, and other underrepresented groups that are excluded and vulnerable in international trade.
- ❑ Analyze the reasons for their exclusion/vulnerability regarding access to services and opportunities related to trade.

STEP 2: CONDUCT A SITUATIONAL AND INTERSECTIONAL ANALYSIS

- ❑ Identify the successes and challenges so far in ASEAN's efforts toward the inclusion of underrepresented groups in trade.
- ❑ Collect disaggregated intersectional data that captures the circumstances and barriers of women, gender diverse people, people with disabilities, and Indigenous Peoples in trade.
- ❑ Using data and secondary research, identify the barriers and facilitators the specific groups face in business and entrepreneurship within national contexts and in international trade.
- ❑ Determine how the barriers may reinforce one another for underrepresented groups.
- ❑ Whenever possible, consult with different groups to gain their input and perspectives on the implementation of project activities.

STEP 3: REVIEW POLICIES AND PROGRAMS

- ❑ Examine the national and regional policies and programs that might maintain or increase social exclusion and gender inequity in relation to international trade. Consider the different effects of policies and programs on the specific groups identified in Step 1.
- ❑ Examine the national and regional policies and programs that might encourage inclusion and gender equity in relation to international trade. Consider the different effects of policies and programs on the specific groups identified in Step 1.

STEP 4: MAINSTREAM GESI INTO FUTURE WORK AND PLANNING

- ❑ Ask whether the planned initiative meets the demonstrated needs of underrepresented groups.
- ❑ Assess the success of existing strategies in place at the multilateral (ASEAN) and national level for the inclusion of underrepresented groups in trade.
- ❑ Design responses that work to address the barriers that underrepresented groups face and that enhance any programs or policies that are succeeding at inclusion in relation to international trade.
- ❑ Monitor and evaluate the impact of the GESI framework process by determining how underrepresented groups have been impacted by project activities, how they participated in decision-making processes, and if they have been able to access equitable rights and opportunities.

ANNEX B:

SUMMARY OF KEY PROVISIONS IN BILATERAL TRADE AGREEMENTS

Bilateral Trade Agreements	Date of Entry into Force	Chapters	MSME-Related Provisions	Key Takeaways/Thematic Area
Canada-Peru Free Trade Agreement	August 1, 2009	E-commerce	In Chapter 15, Article 1508, acknowledging the instrumental role of e-commerce in propelling economic growth and community development, the parties agree to collaborate further to promote the use of e-commerce by MSMEs.	<ul style="list-style-type: none"> • Greater collaboration among parties in facilitating the use of e-commerce by MSMEs
		Government procurement	The schedule of Chapter 14 mentions that procurement programs on behalf of small and micro-sized company set-asides for small and minority businesses are not covered in the provisions of the chapter on government procurement.	<ul style="list-style-type: none"> • Exclusion of MSMEs from government procurement programs and set-asides
		Trade-related co-operation	To escalate economic growth through trade, the parties commit to collaborating on trade-related areas. Canada and Peru agree to promote policies and programs engaging SMEs in trade to eliminate poverty and to generate sustainable economic outcomes. (Chapter 18, Article 1801)	<ul style="list-style-type: none"> • Poverty reduction and sustainable economic growth through MSME participation in trade
Canada-Panama Free Trade Agreement	April 1, 2013	E-commerce	In Chapter 15, Article 15.03, highlighting the pivotal role of e-commerce in propelling economic growth and community development, the parties agree to collaborate further to promote the use of e-commerce by MSMEs. Canada and Panama also commit to share information and ideas regarding laws, regulations, and programs concerning the use of e-commerce by MSMEs to explore international trade.	<ul style="list-style-type: none"> • Greater collaboration among parties in facilitating the use of e-commerce by MSMEs • Information exchange on laws, regulations, and best practices in leveraging e-commerce by MSMEs

		Government procurement	Chapter 16, Article 16.15, establishes a committee on procurement to co-ordinate and implement the chapter and to create better access to government procurement for SMEs.	<ul style="list-style-type: none"> • Establishment of a committee or a focal point to facilitate MSME participation in government procurement
			The schedule of Chapter 16 mentions that the procurement measures to promote MSME participation undertaken by the Panama Canal Authority are not subject to this chapter. Also, the Panama Canal Authority can only issue a price preference of 10% to Panamanian MSMEs.	<ul style="list-style-type: none"> • Exclusion of MSME-related measures by Panama Canal Authority and limitation of price preference
			If Panama decides to initiate procurement measures creating exclusive rights for its MSMEs to supply a good or service listed in this chapter, Panama has to consult Canada prior to launching the measures. (Schedule of Chapter 16)	<ul style="list-style-type: none"> • Consultation is required between countries before launching preferential programs for the MSMEs in one country
		Trade-related co-operation	To escalate economic growth through trade, the parties commit to collaborating on trade-related areas. Canada and Peru agree to promote policies and programs engaging SMEs in trade to eliminate poverty and to generate sustainable economic outcomes. (Chapter 19, Article 19.01)	<ul style="list-style-type: none"> • Poverty reduction and sustainable economic growth through MSME participation in trade
Canada-Korea Free Trade Agreement	January 1, 2015	E-commerce	The parties recognize the role of e-commerce in driving economic growth and community development and commit to further collaboration to facilitate the use of e-commerce by MSMEs. (Chapter 13, Article 2)	<ul style="list-style-type: none"> • Greater collaboration among parties in facilitating the use of e-commerce by MSMEs

ANNEX C:

OVERVIEW OF MSME PROVISIONS IN ASEAN TRADE AGREEMENTS

Relevant Trade Agreements	Date of Entry into Force	Chapters	MSME-Related Provisions	Key Takeaways/Thematic Area
ASEAN-Australia-New Zealand FTA	January 1, 2020	E-commerce	The parties commit to collaborative efforts in conducting research and developing capacity-building training, including the introduction of electronic trade administration documents, training for SMEs to enhance their ability to use e-commerce for trade, and other relevant measures. (Chapter 10, Article 9)	<ul style="list-style-type: none"> • Greater collaboration among parties in facilitating the use of e-commerce by MSMEs • Co-operative research and training to enhance MSME access to e-commerce
ASEAN-China Free Trade Area	July 2005	Co-operation	The parties identify SMEs as one of their core collaboration areas. Other sectors include banking, finance, tourism, industrial co-operation, transport, telecommunications, intellectual property rights, the environment, biotechnology, fisheries, forestry and forestry products, mining, energy, and sub-regional development.	<ul style="list-style-type: none"> • Identification of MSME development as a key collaboration area
ASEAN-India Free Trade Area	January 1, 2010	Co-operation	The parties identify SMEs as one of their core collaboration areas. Other sectors include handicrafts, competition policy, Mekong Basin Development, intellectual property rights, and government procurement.	<ul style="list-style-type: none"> • Identification of MSME development as a key collaboration area
ASEAN-Japan Comprehensive Economic Partnership	December 1, 2008	Co-operation	In Chapter 8, Article 13, the parties select SMEs as a co-operation area to facilitate regional and sub-regional development and propose to undertake capacity-building and technical assistance programs to support the development and expansion of SMEs.	<ul style="list-style-type: none"> • Identification of MSME development as a key collaboration area • Capacity-building activity and technical assistance to support MSMEs

ASEAN–Korea Free Trade Area	June 2007	Co-operation	Highlighting the economic and social outcomes generated through SMEs, the parties agree to initiate co-operation projects in this sector. The chapter also proposes creating networking and knowledge transfer opportunities for SMEs so that they can collaborate in management skill development, product quality improvement, supply chain management, access to capital, technical assistance, and so on. The parties agree to promote investment activities between the SMEs in Korea and ASEAN member countries and to initiate information exchange by relevant agencies regarding SME policies and programs.	<ul style="list-style-type: none"> • Identification of MSME development as a key collaboration area • Capacity-building activity and technical assistance to support MSMEs • Investment facilitation for SMEs • Creating access to regulatory and market information
		Trade in services	This chapter mandates that banks and financial institutions lend to SMEs. To form a better understanding of the local small-scale industry and export market, foreign banks are instructed to establish local advisory boards made up of professionals and persons having expertise and experience in those areas.	<ul style="list-style-type: none"> • Mandatory lending to increase MSMEs' access to capital

ANNEX D:

ADDITIONAL MSME RESOURCES

Resource	Type of Resource	Target Audience	Provider	Brief Overview	Weblink
Voluntary Sustainability Standards Assessment Toolkit	Report	Policy-makers, NGOs, MSMEs	United Nations Conference on Trade and Development	MSMEs, government, and NGOs can use it to evaluate different policy options, challenges, and opportunities to adopt VSS.	https://unctad.org/system/files/official-document/ditctabinf2020d4_en.pdf

Small and Medium Enterprises Toolkit	Online resource	MSMEs (importers and exporters)	Canada Border Services Agency, Government of Canada	The video tutorials and step-by-step guide to export commercial goods are designed to help MSMEs understand the procedures and explore international trade.	https://www.cbsa-asfc.gc.ca/sme-pme/menu-eng.html
SME Trade Academy	Online courses	MSMEs, trade support agencies	International Trade Centre	Several online certification courses focused on export development, sustainability, trade support, market analysis, entrepreneurship, and e-commerce are offered through this initiative to MSMEs and trade support agencies free of cost.	https://learning.intracen.org/
SME Climate Hub	Online resource	MSMEs	SME Climate Hub	An aggregation of hundreds of resources to help MSMEs set and meet climate targets. There is a mix of guides, case studies, and interactive tools.	https://smeclimatehub.org/tools/
Financing SMEs for Sustainability	Online seminar recording	MSMEs, policy-makers	Organisation for Economic Co-operation and Development	Recorded seminar event with the Director of the OECD Centre for Entrepreneurship, SMEs, Regions, and Cities and other esteemed speakers. This event covered how SMEs can finance meeting their climate targets through eco-innovations.	https://www.oecd.org/cfe/smes/financing-smes-sustainability.htm
Guide to Biodiversity Conservation for Canadian Business	Guide	MSMEs	Canadian Business and Biodiversity Council	An introductory guide on how businesses can protect biodiversity through their business practices.	businessbiodiversity.ca/documents/bio_guide_nov_4_2010.pdf
SME Sustainability Roadmap	Guide	MSMEs	Government of Canada	Toolkit designed to help Canadian MSMEs implement corporate social responsibility practices for reducing waste and carbon emissions, and encouraging sustainable business practices.	https://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00174.html

Access to Capital for Canadian Growth-Oriented, Medium-Sized Firms	Report	MSMEs, policy-makers	Innovation, Science, and Economical Development Canada, Government of Canada	Research publication that examines how SMEs can finance growing their business and expanding globally, as well as how government can help expand the SME economy.	https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03133.html
Export Navigator	Advisory service	MSMEs	Small Business BC, Government of BC, Government of Canada	The program provides advisory services to MSMEs in BC to explore trade opportunities by helping them identify new markets, grant and funding opportunities, and ways to protect themselves from regional competition.	https://exportnavigator.ca/the-program/grow-your-business-by-exporting/
Business Link	Advisory service	MSMEs	Government of Canada, Government of Alberta	The in-house team provides business advice, reviews business plans, shares market research expertise, and conducts workshops for MSMEs and startups. It also caters to Indigenous and immigrant entrepreneurs.	https://businesslink.ca/
IRIS+	Online resource	MSMEs, investors	Global Impact Investing Network	IRIS+ allows MSMEs and investors to translate the social and environmental outcomes created by their venture to impact stories. It provides customizable toolkits for impact measurement and reporting.	https://iris.thegiin.org/
Small Business Tools and Resources	Online resource	MSMEs	TD Bank Group (TD)	TD provides a set of tools and resources, such as a cash flow calculator, starting business checklist, foreign exchange calculator, and so on, to MSMEs to help them operate in the local and international markets.	https://www.td.com/ca/en/business-banking/how-to/small-business/tools-and-resources/

CSR Toolkit	Online resource	MSMEs	Government of Canada	The toolkit helps businesses to identify sustainable practices across areas such as governance, decision-making, human resources, purchasing, and marketing.	https://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00597.html
-------------	-----------------	-------	----------------------	--	---

ANNEX E:

TECHNICAL DEFINITIONS OF MSMEs

Source: [2020 ADB Asia Small and Medium-Sized Enterprise Monitor](#)

Country	Sector	Micro	Small	Medium
Canada (for comparison)	-	No formal definition	Number of Employees: 1-99	Number of Employees: 100-499
Brunei Darussalam	-	Number of Employees: 0-4	Number of Employees: 5-19	Number of Employees: 20-99
Cambodia	Manufacturing	Number of Employees: 1-2 Assets: Up to US\$50,000 (excluding land)	Number of Employees: 3-49 Assets: US\$50,000-US\$500,000 (excluding land)	Number of Employees: 50-499 Assets: US\$500,000-US\$1M (excluding land)
	Agriculture, forestry and fishing	Number of Employees: 1-2 Assets: Up to US\$50,000	Number of Employees: 3-49 Assets: US\$50,000-US\$500,000	Number of Employees: 50-199 Assets: US\$500,000-US\$1M
	Wholesale and retail trade	Number of Employees: 1-2 Assets: Up to US\$50,000 (excluding land)	Number of Employees: 3-49 Assets: US\$50,000-US\$500,000 (excluding land)	Number of Employees: 50-199 Assets: US\$500,000-US\$1M (excluding land)
	Other Services	Number of Employees: 1-4 Assets: Up to US\$50,000 (excluding land)	Number of Employees: 5-49 Assets: US\$50,000-US\$500,000 (excluding land)	Number of Employees: 50-99 Assets: US\$500,000-US\$1M (excluding land)

	Other Activities	Number of Employees: 1-9 Assets: Up to US\$50,000	Number of Employees: 10-49 Assets: US\$50,000-US\$500,000	Number of Employees: 50-199 Assets: US\$500,000-US\$1M (excluding land)
Indonesia	-	Number of Employees: 1-4 Revenue: Less than IDR 300M	Number of Employees: 5-19 Revenue: IDR 300M-IDR 2.5B	Number of Employees: 20-99 Revenue: IDR 2.5B-IDR 50B
Lao PDR	Production of commercial goods	Number of Employees: 1-5 Revenue: Up to KN 100M	Number of Employees: 6-50 Revenue: Up to KN 1B	Number of Employees: 51-99 Revenue: Up to KN 4B
	Trade	Number of Employees: 1-5 Revenue: Up to KN 150M	Number of Employees: 6-50 Revenue: Up to KN 1B	Number of Employees: 51-99 Revenue: Up to KN 4B
	Service	Number of Employees: 1-5 Revenue: Up to KN 200M	Number of Employees: 6-50 Revenue: Up to KN 1.5B	Number of Employees: 51-99 Revenue: Up to KN 6B
Malaysia	Manufacturing	Number of Employees: Less than 5 Annual Sales Turnover: Less than RM 300,000	Number of Employees: 5-74 Annual Sales Turnover: RM 300,000-RM 15M	Number of Employees: 75-200 Annual Sales Turnover: RM 15M-RM 50M
	Services and Other Sectors	Number of Employees: Less than 5 Annual Sales Turnover: Less than RM 300,000	Number of Employees: 5-29 Annual Sales Turnover: RM 300,000 - RM 3M	Number of Employees: 30-75 Annual Sales Turnover: RM 3M-RM 20M
Myanmar	Manufacturing	No formal definition	Number of Employees: Up to 50 Capital: Up to MK 500M	Number of Employees: 51-300 Capital: MK 500M to MK 1000M
	Labour-intensive manufacturing	No formal definition	Number of Employees: Up to 300 Capital: Up to MK 500M	Number of Employees: 301-600 Capital:

	Wholesale business	No formal definition	Number of Employees: Up to 30 Turnover: Up to MK 100M	Number of Employees: 31-60 Turnover: MK 100M – MK300M
	Retail business	No formal definition	Number of Employees: Up to 30 Turnover: Up to MK 50M	Number of Employees: 31-60 Turnover: MK 50M to MK 100M
	Services	No formal definition	Number of Employees: Up to 30 Turnover: Up to MK 100M	Number of Employees: 51-100 Turnover: MK 100M to MK 200M
	Other sectors	No formal definition	Number of Employees: Up to 30 Turnover: Up to MK 50M	Number of Employees: 31-60 Turnover: MK 50M to MK 100M
The Philippines	-	Number of Employees: 1-9 Revenue: Up to P3,000,000	Number of Employees: 10-99 Revenue: P3M-P15M	Number of Employees: 100-199 Revenue: P15M-P100M
Singapore	-	Number of Employees: Less than 200 Revenue: Less than S\$100M		
Thailand	Manufacturing	Number of Employees: 1-5 Revenue: Up to B1.8M	Number of Employees: 6-50 Revenue: B1.8M-B100M	Number of Employees: 51-200 Revenue: B100M-B500M
	Services and trading	Number of Employees: 1-5 Revenue: Up to B1.8M	Number of Employees: 6-30 Revenue: B1.8M-B50M	Number of Employees: 31-100 Revenue: B50M-B300M
Vietnam	Agriculture, forestry and fishery	Number of Employees: 1-10 Revenue: Up to D3B	Number of Employees: 11-100 Revenue: Up to D50M	Number of Employees: 101-200 Revenue: Up to D200B
	Industry and construction	Number of Employees: 1-10 Revenue: Up to D3B	Number of Employees: 11-100 Revenue: Up to D50M	Number of Employees: 101-200 Revenue: Up to D200B
	Commerce and services	Number of Employees: 1-10 Revenue: Up to D3B	Number of Employees: 11-50 Revenue: Up to D100M	Number of Employees: 51-100 Revenue: Up to D300B



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA