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Chair

Mr. Lee Richardson

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•(1535)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Good afternoon. We're prepared to begin our 25th meeting of this session of the Standing Committee on International Trade.

We are going to continue our study of the status of free trade agreements and ongoing negotiations between Canada and Colombia, the focus being on how environmental impacts and human rights concerns are being addressed.

Because we expect there will be a third language involved today, we're going to change our translation service. We will have simultaneous English, French, and Spanish delivered on the little devices you have been presented with.

I have the honour to welcome His Excellency Jaime Giron Duarte, from Colombia. It's our great pleasure to have you here today. I appreciate your accepting our invitation to meet with our committee today.

The format will simply be that I will ask His Excellency for opening remarks, with a general emphasis on the Canada-Colombia free trade agreement. Then we will move to questions of the committee members. We will try to keep the first round to seven minutes for each participant; that would be seven minutes for the question and answer.

We're going to have two sections today, and they're probably going to run about 45 minutes each, so we'll try to keep to the time. If any member wishes to share his time, he might indicate that to the chair at the outset of the questioning.

Without further delay, I'm going to ask His Excellency if he would begin.

•(1540)

Mr. Jaime Giron Duarte (Ambassador of the Republic of Colombia to Canada) (Interpretation): Thank you very much, and good afternoon to all of you.

Above all, I would like to convey to the members of this standing committee my thanks for the invitation to speak this afternoon about Colombia and about aspirations to conclude a free trade agreement with Canada. In fact, I would like to offer a presentation, if you will allow me to, in order to give you the context of our current situation in Colombia. After that, I would be more than happy to proceed with the procedure you suggested for this afternoon, if this is acceptable to you.

The Chair: Carry on. Thank you.

Mr. Jaime Giron Duarte (Interpretation): Very well.

Once again, thank you very much.

Because the negotiation of the text of the free trade agreement between Colombia and Canada has not yet been finalized, I'm not authorized to refer to the specific aspects of the text. But I would like to explain to you the reasons that will justify our commitment, in relation to the work that's being carried out by the negotiators of both countries.

For Colombia, this sort of agreement is very important. My country still suffers violence, which began four decades ago as a result of illegal armed groups that financed their activities through kidnappings and drug trafficking. That situation generated poverty. It displaced the civilian population. It violated human rights. It produced corruption and impunity.

All these situations could have become worse, and we recognize it today as an absence of the state in a great part of our territory, of our country. In 2002, when the current president, Alvaro Uribe, took office, there was not one single policeman in 169 of the Colombian municipalities. It was clear that a comprehensive strategy was required to solve this, to attend to the situation.

Colombians were demanding the policy that is currently being enforced by this administration—specifically, the democratic security policy. This supports itself on three pillars: security; social programs to improve the quality of life of the population; and sound economic policies to guarantee fiscal sustainability. All of this is geared towards recovering the trust of Colombians in their own institutions, as well as the trust of international and national investors, due to the great opportunities offered by Colombia. Finally, it's aimed at generating quality employment and guaranteeing sustainable economic growth.

Five years later, results show a completely different Colombia, with greater security and with economic and social development that has never been seen before. General violence was reduced by 40%, murders were reduced by 50%, kidnappings diminished by 90%, and attacks on the economic infrastructure of our country diminished by about 61%.

Peace initiatives promoted by the government have allowed for the demobilization of close to 33,000 members of the so-called United Self-Defence Forces of Colombia. This is the most well-known group in Colombia. It's also known as the paramilitaries.

Similarly, we demobilized over 12,000 members of the guerrillas, including the FARC, the Revolutionary Armed Forces of Colombia, as well as the National Liberation Army, the ELN.

In terms of investments, in 2002 it was up to 15%. It went up to 19%, 21%, 24%, and last year it reached 27.8%. In January of this year, Colombia received \$1.1 billion as direct foreign investment. Economic growth over the past five years has amounted to, on average, 5.3%. Last year it amounted to 7.6%.

The millennium development objectives were incorporated into the national development plan for the period of 2006-2010. This means that social investment—which reaches 56% of the investment resources of the country—will benefit particularly the groups in regions that are most backwards within our country.

● (1545)

Among the results that we've already had, I would like to underscore the following:

Last year we closed with an unemployment rate close to 11%. Our purpose is to bring it down to between 7% and 8% by the time the current administration completes its mandate in 2010.

Extreme poverty, with a baseline of 21.6% in 2002, at the end of 2006 was about 12%. We want to bring it down to about 8% by 2010.

Basic education coverage, which in 1999 was 80%, reached 92% in 2006, with an investment of \$16.6 billion between now and 2010.

In terms of health, we hope to have universal coverage by 2009. This way financial barriers that would have limited access to services will be eliminated and comprehensive coverage will be guaranteed to confront health contingencies among the population.

However, it is overcoming rural poverty where we face the greatest challenges. We must develop the capacity among small farmers to generate sufficient income from the production of products that is also sustainable. It also requires technical assistance and business development and employment support. We also require the support from the markets.

Colombia is also progressing considerably in terms of ensuring sustainability in the environment. In recent years we have reforested 30,000 hectares. Over one million hectares have been introduced into the national natural parks system, for a total cumulative figure of over eleven million hectares.

In 2006 Colombia was able to reduce, by 44%, the total of the substances that deplete the ozone layer. We hope to reach zero tonnes by 2010.

The above is proof of our achievements. It's a positive result of which we're proud. We believe we are going in the right direction. However, we are aware of the complexity and the magnitude of the work that remains to be done.

We must consolidate this progress in order to ensure growth rates above 8%. According to our estimates, these are the figures that will allow us to proceed with the structural changes required by the country to generate quality employment for Colombians leaving the ranks of violent groups and reinserting themselves among civil society and gear agricultural activities toward legal crops, thereby allowing these people to return to their places of origin.

This is where free trade agreements are particularly important for Colombia. President Uribe recently said that the government wanted it and the country needed it.

The reaffirmation of the trust of investors in Colombia and the generation of quality employment is required. This is very true. When exports are reactivated as a result of investments, then quality employment comes about. There's also greater social security. This is a way of building a nation.

Free trade agreements go beyond open-market policies; they strengthen democracy, make relations between countries deeper, and they bring greater security for all. They also create opportunities to propel and strengthen environmental and labour policies, improve the enforcement of these policies, and provide for greater accountability.

● (1550)

I can tell you that while negotiating the text, our two countries have agreed to include two parallel instruments that are linked, one linked to labour issues, and the other one to environmental issues. Basically, what we are seeking is to ensure that the desire to stimulate commerce and trade and investment will not go against the labour and environmental standards in both nations. Colombia has a long democratic tradition and wants a world based on freedom, on the rule of law, and on respect for human rights, as well as free and just trade. The process to reaffirm democracy and the interest we have in strengthening our institutions are reflected in the free trade agreements. This is a complement, and we believe there is a relationship between peace, democracy, and development. Each of these concepts is indispensable to every other factor.

We have heard very respectable people express their concern about human rights in Colombia. Particularly, they have spoken against violence against trade union leaders, and we do share their concerns. The Colombian government is working with determination in this regard and in every aspect that affects the fundamental freedoms and the rights of our citizens, and it is very clear that we're also doing this on behalf of our workers. Threats and the killing of trade union leaders is just one part of the violence that has filled the Colombian population with desolation and sadness over the past four decades. The 200 trade unionists who were murdered in 2002 were among the 32,000 murders committed in Colombia that year.

As I was saying at the beginning of my presentation, the rate of murder in general was reduced by 50%, and the killings of trade unionists were reduced by 70%. It is still a very high number, but the reduction was possible because measures were reinforced and the protection plan was reinforced for parts of the population that were under risk.

[*Technical difficulties—Editor*]

The reduction in violence was also the result of the decision of government to fight against impunity. The government introduced judicial reform in Colombia, but additionally, they created a special sub-unit, the office of the national solicitor general, with a larger professional team that is dedicated exclusively to the investigation of cases of violence against trade unionists. Our constitution and our legislation give to workers rights and benefits that go above international standards.

Colombia is a founding nation of the ILO. It has undertaken commitments to protect labour rights as stated and defined in the Declaration on Fundamental Principles and Rights at Work. Colombia has signed and has implemented 60 conventions at the ILO, including all those conventions that refer to fundamental labour rights. The ILO standards have been introduced into our own constitution and our legislation; therefore, any violation of these conventions constitutes a violation of Colombian law.

Mr. Chairman and members of the standing committee, the current situation in Colombia is that of a country in the middle of a process. The violence that affects us, although greatly reduced, hasn't come to an end.

•(1555)

The complex problems still present require that we recover our security. They also require that our people recover, including all the people who joined rebel groups and who produced illegal crops to subsist. Today they want to return to society and carry out activity that will bring them into a position of legality. We do not want conflict. We want a democratic end to conflict, and we want to do this by improving the social and economic situation of the Colombian people.

We have a vision for our country that is based on security from the point of view of democracy. We want to build social cohesion from the point of view of the liberties afforded to our people, and we want to implement a faster social development strategy that will make us internationally competitively balanced on a regional level and will allow us to live in peace. We require the understanding of the international community, especially understanding from friendly countries such as Canada, so that we can complete the process that we have brought about and that is already giving us its fruits.

Thank you very much.

The Chair: Thank you very much, Your Excellency.

That was very encouraging, and it's very impressive progress that you have made. I take your last point particularly, that of understanding. We in this committee have taken quite an interest. You'll find the members have many questions for you, because we do have so many different opinions and points of view and reports that have caused us to want to see first-hand, as you know, to the extent that we can on a short visit to Bogota next month. I want to thank you for your presentation today and for the strong support you have for strengthening the democracy in your country, for your attention to the labour and environmental concerns that many at this table share, but also for the rule of law and the respect for human rights.

Before we begin with the first questioner, I want to thank you and your offices and your government for the assistance you've already provided us as a committee and our clerk in preparing the visit of the committee to Colombia.

With that, I would like to call upon the representative of the Liberal Party, Mr. Bains, to begin.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Chair.

I too want to echo the comments of the chair and thank you very much, Your Excellency, for coming here before us in committee to talk about the potential free trade agreement with Colombia.

As you know, this particular committee has come up with a study on Colombia because of, I believe, a lot of feedback that we received from grassroots, from many of my constituents and many organizations. Even when I posed a question on my website, I received the greatest number of e-mails and hits on this particular issue, which is free trade with Colombia. So it showed me that many people are watching this potential free trade agreement between Canada and Colombia and that it is top of mind to many people.

In your remarks, Your Excellency, you very much alluded to the notion of the importance of this free trade agreement between Canada and Colombia. I wanted to get a clarification. You mentioned that you don't want to comment on the timing of the free trade agreement. But do you have any sense of, from your perspective, Colombia's perspective, how close you might be to signing this? We get indication from time to time that this agreement is in the final stages of being signed. Could you provide any clarification on that front?

•(1600)

Mr. Jaime Giron Duarte (Interpretation): Thank you.

The question you have asked is in fact the same question we ask ourselves every day.

As you know, the negotiations of this agreement began in July of last year. They came about as a result of the interest shown by the Andean countries in signing a free trade agreement with Canada. There were political changes in Latin America. This led to some countries in the Andean community not maintaining their interest in agreements of this sort.

After consultations with those who had been invited, we initiated negotiations between Peru, Canada, and Colombia. The negotiations were carried out. So far, five rounds have been held with Colombia. With Peru, the agreement was concluded after four rounds. They completed the negotiations in December of last year. We are still maintaining contacts. We haven't established a date for the next round, but possibly it will be in May. There are sensitive issues that are of interest to both countries.

The negotiations are being held very professionally. The process is very demanding. Once the text is concluded, the result will be satisfactory for both parties. The objective that we've proposed is to conclude negotiations by the end of this semester, if possible. It all depends, of course, on how close we'll be, regarding all the issues still at hand.

In Colombia, negotiations are held as transparently as possible. All delegations are accompanied by a group of Colombian investors and businesses. They require a report from government at the end of each session, and they ask for any other information they might need.

In part, this probably lengthens the negotiations. That is why we might not know exactly when they're going to be concluded. But we do believe they will be concluded at the end of this semester. By then, Colombia expects to conclude negotiations with EFTA countries.

Hon. Navdeep Bains: Thank you very much, Excellency.

You mentioned at length, and this is also the scope of our study, human rights and the environmental concerns that have been raised with this potential free trade agreement between both countries, and you spoke to the fact that you are very much trying to address these issues.

With all due respect, on the human rights side of it there are alarming numbers that we read about and hear on the news with respect to trade union activists. For example, in 2006 a total of 78 Colombian trade unionists were murdered. That's a staggering number, and that's something that has been brought not only to my attention but to the attention of all committee members, I believe.

There is legitimate concern that these issues need to be addressed, so I want to get clarification from you, Your Excellency, of how strongly you think the human rights aspect and the environmental aspect should be incorporated in the agreement. Do you think they should be central to the free trade agreement? Trade is important, of course, but obviously these other issues are very prevalent and top of mind to many people, so we feel they go hand in hand.

The feedback we get from our own government here in Canada, for example, on this free trade agreement is that free trade will help improve the human rights situation. So we feel the only way that legitimately can be addressed, aside from the domestic initiatives you're taking, is through a free trade agreement that will be part of the central agreement, as opposed to a side agreement.

I wanted to get your thoughts on that.

Mr. Jaime Giron Duarte: [*Witness speaks in Spanish*]

• (1605)

The Chair: Excuse me, we're not getting the translation.

I'm sorry, Your Excellency. Could you begin again, please? Thank you.

Mr. Jaime Giron Duarte (Interpretation): As I was saying, during Prime Minister Harper's visit to Colombia last year, during the meeting held with President Uribe he was very clear when he expressed that it is the wish of the Canadian government to support the efforts made by Colombia with a view to recovering its state of security and above all to guaranteeing human rights and fundamental freedoms in Colombia. Prime Minister Harper was very clear when he told the president that he understood that the problem in Colombia was very complex and there was no solution that could be implemented from one day to another, but that the Canadian people and the government looked upon the situation he just pointed out with great concern—the high figures in terms of murders, kidnappings. All of that affects the lives of Colombians. I can tell you that there are whole generations like mine who have not known one single day of peace.

In view of this, President Uribe offered to the Prime Minister, to assuage the concerns—this doesn't mean that Colombia will not take

care of these problems of human rights—that he was willing to include an additional chapter that would be aimed at strengthening the commitment already undertaken by Colombia to promote fundamental freedoms. I believe that the negotiation of this parallel instrument reflects the concern of Canada in relation to human rights in Colombia, but it also acknowledges the fact that Colombia has respected human rights.

The figures you mentioned are right. The government figures are different from those of organizations that defend human rights or other organizations that deal with this issue. They vary depending on the criteria used to calculate them. But they're no doubt high figures, as a result of 40 years of violence. Don't think that the issue of human rights is a pleasant issue when we know that today there are people who would like to solve their problems, problems that go back 20 or 30 years, and they expect a satisfactory solution from the government. What the government has done is to fight against impunity in order to establish the truth in every case and to open up a space for justice to be done and reparations to be made.

In this regard we believe that the affirmation of the additional commitment of Colombia to respect human rights and to re-establish human rights wherever they have been violated will come about as a result of this instrument, which, as I said, is a parallel instrument but is an integral part of the free trade agreement.

The Chair: Thank you, Your Excellency.

We'll move on now to the Bloc. Monsieur Cardin.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): I am going to share my time with my colleague Guy André.

Good afternoon and welcome, Ambassador.

Clearly, a free-trade agreement is negotiated so that both parties derive economic benefits from the potential trade. We have examined free-trade agreements where, before ratification, it is not always easy to see the big picture of the benefits to be gained and the losses that we are prepared to accept.

However, this one contains a significant additional element, that of human rights. We have to come to terms with this element, to try not to legitimize some things indirectly and to see how we can improve the situation.

When he appeared in December 2007, Minister Emerson told us that the human rights situation in Columbia was improving thanks to President Uribe's leadership. The president has been in office since 2002 and his second term will expire in 2010.

Can you tell me what specifically has been done in human rights and what objectives are being pursued?

• (1610)

[*English*]

Mr. Jaime Giron Duarte (Interpretation): Thank you very much for the question.

In fact, I'm glad those were the thoughts that came to Mr. Emerson's mind after visiting Colombia. The situation is not resolved, but what satisfies us is the progress made.

Now, you've asked us how have we progressed. I can tell you that concern for human rights has been ongoing or constant. I would like to reiterate that we're still a country undergoing a serious conflict, but for a long time we have tried to improve the situation. As a cooperative mechanism, the United Nations Human Rights Commission has rapporteurs who work according to their speciality and visit places where serious violations of human rights have occurred. We have always thought the issue of human rights is something that has to have priority over everything else. That's why we have maintained an open attitude, an open approach, and have allowed international monitoring for very many years at this point in time.

As the reports presented by the rapporteurs were prepared in a relatively short period of time, they might not have got to the crux of the problem of the Colombian situation, which, although it might be seen as similar to the situation in other countries, is really very different. So Colombia asked the UN Human Rights Commission—and maybe it's the only country that has so far done so—to allow somebody from our country to accompany these missions, who would be able to understand the situation and propose viable solutions. The commission accepted this, and with the assistance of several countries, but mostly financed by Colombia, we established an office in 1995 during the term of President Uribe. The mandate has been renewed, and has to be renewed every year. The Government of Colombia in fact has been renewing these groups for four-year periods. This office, an observer office, allows us to adopt measures.

What are the measures that have been adopted? Firstly, violations against human rights and the presentation of these cases before international human rights commissions are the result of the impunity. The president agreed to judicial reform. We went from an inquiry system to a verbal accusatory system, and this allowed us to progress at a rate of 75%. The justice area has been strengthened. A lot remains to be done, mainly with funds and professional resources.

[Translation]

Mr. Serge Cardin: Excuse me, but the clock is ticking. I am sharing my time with my colleague and I would like him to have some time left. So I will give him the floor. But I did understand, and I thank you.

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Duarte, thank you for being here and for explaining to us some of the issues faced by your country, Colombia.

You indicated that crime against trade unionists has dropped by 70%. Our statistics tell us that, at the same time, the rate of union membership has gone from 15% to 3%. This is a significant drop in union membership.

Is the reduction in crimes against union members linked to the fact that Colombia presently has fewer union members?

But other information tells us that the present government has solved less than 3% of the crimes against trade unionists. About 400 union members have been killed since Mr. Uribe came to power and about seven people have been convicted after murder attempts.

How do you account for those figures? I ask the question because I want to know if it is because of a weakness in security.

•(1615)

[English]

Mr. Jaime Giron Duarte (Interpretation): According to our information, the number of trade unions in Colombia has increased over the past years. I don't have the yearly percentages, but the information for 2007 tells me that there are one million unionized workers in Colombia and 7,650 trade unions. The administrative measures taken by government have reduced the registration process from fifteen days to five days. The government has also adopted measures whereby after those days have elapsed, and if no answer has been given to the applicant in favour or against, it will be deemed approved and therefore the trade union can be established.

In relation to the number of cases, the number of violent incidents against trade unionists is quite high. This has concerned the ILO for the past 20 years. We have 1,262 cases that have been presented to the ILO and that are also being heard by the Colombian courts.

There is another measure I wanted to explain to Mr. Cardin. The government established a prosecutor's office with the financial resources and investigative capacity to address 187 of the cases within that package. Those were selected as priority cases by a tripartite group that included government, workers, and employers. The results so far indicate that of those 187 cases, a sub-unit of the prosecutor's office has been able to conclude only 38, with judgments and sentences issued. This contrasts greatly with the situation up until 2005, when only 47 cases had been concluded and sentences handed down. What encourages us is that we have gone from 47 judgments in four or five years to 38 in just one year. And with speedier legal processes, the figures will be reduced substantially.

The Chair: Thank you, Monsieur André. I'm sorry we had to rush you there a bit.

We'll move now to the New Democratic Party. Welcome back, Mr. Masse.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thanks for coming, Your Excellency.

I want to talk a bit about what's happened in the last month with regard to trade unions in Colombia. Carmen Carvajal, from an association of teachers, was murdered in Ocaña. Leonidas Gómez, from the national bank union, disappeared and was subsequently found dead in his apartment. Gildardo Alzate was murdered by a sharp weapon in the entranceway of his residence. He was from a centre for teacher research. Carlos Burbano was killed as well. He was from the national association of hospitals. Most recently, Adolfo Montes was murdered in his hometown, in his house.

The point I'm trying to make is that this is the recent past from just this last month. Those individuals represented unions that are seen as being much more from civil society than just the labour movement.

What is your response to the fact that even the leadership of civil society labour unions are not safe in Colombia?

●(1620)

Mr. Jaime Giron Duarte (Interpretation): Thank you very much.

I would like to have information on particular cases, specific cases as you just mentioned now. I don't have that information, so I've taken down the names that you've mentioned, and I promise I will look into this with government, and we will report on the current status. But I cannot address each one of the cases.

Generally I can tell you that these cases have been publicized, and I also remember seeing the names because of the number of communications that have arrived in my office expressing concern about the status of these people. One of them was with the bank workers union. The first thing I could obtain from Colombia was that they were looking into it, but initially it seemed that his murder was not in relation to his work as a trade unionist. Obviously we're looking into this. We're verifying this information.

What do we think about the fact that the life of a trade unionist isn't guaranteed? Well, this is no justification, but considering the situation of violence that has been prevalent in Colombia, there are several groups, aside from trade unionists, who feel vulnerable. We have teachers, aldermen, and municipal councillors, and also politicians. In other words, there are many people who are in this situation who are under threat. This is why we created the plan for the protection of people under risk in 1999. Progress has been made. A program that started with 99 people now includes 2,000 members of the trade unions. It's probably the second-largest group after city aldermen to be in this protection program.

Our only satisfaction is that none of the trade union leaders who are protected by the program has been murdered so far. But as I said, I don't have information on these particular cases. I will look into it, and I will convey the information to you.

Mr. Brian Masse: I appreciate that. My concern in particular is the fact that once again these are progressive civil society organizations and teachers and so forth, and hospital workers. They're not in types of work that are normally confrontational, in which, for example, there might be environmental or other types of labour practices by companies that would lead to a conflict within the base of workers in their place of employment.

I know you've presented some information on some cases that have been closed, but we've also been presented with some information that despite the fact that the current regime has been in power for so long, very few people are coming to criminal justice with regard to any murders or assassinations, especially of trade unionists.

Can you give a recent example of someone who was brought to justice and what type of sentence they received for a murder or assassination of a union leader?

Mr. Jaime Giron Duarte (Interpretation): No, I wouldn't be able to do that because I don't have that information with me. To speak about specific cases, we would have to know the true reasons behind the murder, but also we would have to be aware of the procedures carried out. I have general information but no specific information related to cases.

●(1625)

Mr. Brian Masse: Then what would be the crime and penalty—or maybe you can provide that to the committee—of the 38 concluded cases that your justice system has gone through? Would you be able to provide that information to the committee?

Mr. Jaime Giron Duarte: I would say that the results achieved in 2007 have been significant, with 38 convictions for the murder of trade union members last year.

The result compares impressively with a total of 45 convictions in the prior five years, and only one from 1991 to 2001.

Since the sub-unit began operation in February 2007, the following results have been achieved as of February 20, 2008: 702 investigations have been opened to establish facts and suspects. Suspects have been identified in 239 cases, with 24 cases ready to be referred to court for trial; 88 suspects have been arrested and placed in preventive detention; and 40 cases have resulted in the conviction of a total of 64 criminal defendants.

Unfortunately they don't say what type of sentence they have....

Mr. Brian Masse: Maybe that can be followed up, though. I don't expect you to have that data here today. I just wanted to substantiate the process and see what types of convictions individuals are receiving for that.

Another question I have is with regard to the committee's trip to Bogota. Is it possible for the committee to have meetings with some of the trade unions and to go to places they select—maybe outside of Bogota—to be able to hear from witnesses and individuals who normally wouldn't have access to Bogota or who would feel it would be better to get that testimony elsewhere? It's similar to when you have those who are interested in economic development or investing in Colombia getting a chance to see more than just Bogota. Would that be available to the committee?

Mr. Jaime Giron Duarte: Definitely. And not only that, but we certainly would be ready to assist the subcommittee in getting those appointments, if you so decide.

The only recommendation is that it's better to know first the places you are going to be, just in case the area happens to be somehow risky for visitors, in order to take the appropriate measures. I can say that if the visits take place in the cities or in areas that are already free from the presence of the guerrilla groups or the paramilitary, there is no problem at all.

The Chair: Thank you, Mr. Masse.

I should say we have received excellent cooperation in planning the event from His Excellency, from the embassy here in Ottawa, as well as from the Colombian government. The security concerns that have been expressed have been from our embassy and our government in deference to our members and the security of the members of the committee on the visit.

Thank you for that question.

We'll move now to the Conservative Party.

Mr. Keddy, are you going to begin? We're going to have to limit it to one round. We're averaging about eight minutes, so we'll have to wrap it up. If you want to share your time with your colleagues, we'll do that, because we have another witness to appear.

Thank you, Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman. It is my intent to share my time.

I welcome His Excellency, who is appearing here today as a witness. We appreciate your time.

By reading over the information we were given to prepare for today and by trying to cut directly to the chase and deal with some of the human rights abuses that have occurred both in the paramilitary and in the terrorist organizations, it certainly is troubling—the attacks on civil society, as Mr. Masse had mentioned.

The situation, you've explained, has improved over the last half a decade, in particular. Certainly it's still a dire situation for civil society in Colombia, and we recognize that.

Ambassador, where do you see this headed? If we don't move forward, if we were not to move forward with a free trade agreement, what do you think the results of that would be for civil society in Colombia?

• (1630)

Mr. Jaime Giron Duarte (Interpretation): In fact I have to tell you that for us it would be a very hard blow not to be able to conclude free trade agreements with countries with which we have identified and with which we share a vision of a democratic world that respects freedoms and that also supports the free and just exchange of products and services.

As I was saying, for Colombia, this is part of the country's political strategy. It would be of no use to recover our national territory; it would be of no use to try to work towards the re-incorporation into society of our people; it would be of no use if we cannot guarantee for them markets to which they can take products stemming from legal activities. We would lose lots of credibility as a government and we would take a considerably large step back, and we would return to a situation that we do not wish to recall.

For us, this would be the complement of the political strategy that we're promoting currently. We always have to work hand in hand with security, but in the democratic world we've done our work on the basis that we have to defend democracy and we've worked hand in hand with economic development.

If we go back, we would lose in terms of governance, democracy. It would take us years to recover and to bring back the strength we have now.

The Chair: Mr. Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you, Excellency. It's a pleasure to have you here, and I look forward to visiting your country in the near future and seeing the individuals first-hand and face to face. It will be of much benefit to this committee and to our country, I think, as we move forward in this agreement.

I know that since 2002, when President Uribe was democratically elected, the country has gone through great transformation. As has been alluded to, there are many changes and challenges still ahead, and one of them was recently identified.

I've spoken with the former Canadian ambassador to Colombia as well as a Canadian university professor I know, a historian who has been to Colombia on several occasions, and the concern as we enter into a free trade agreement—and I believe it's a fair trade agreement as well—is that one of the things we've noticed is at times when developers move in, especially for mining explorations, people are moved off their land.

My question to you, then, is what kind of commitment would be provided as we move to strengthen the economic gap in these communities that individuals' property rights will be protected and homeowners won't be displaced off their land?

Mr. Jaime Giron Duarte (Interpretation): This is one of the issues covered in the parallel agreements that deal with environmental and labour issues. As you've pointed out yourself, and for those who know Colombia, we are a country that has been classified as a mega-diverse country, and we're very interested not only in the great variety of animal, mineral, and plant resources that we have, but also we want to guarantee sustainable development and exploitation of our resources. And we want to provide social corporate responsibility. This is what we expect to do.

The concept of corporate social responsibility has been applied in Colombia since very early on. We have a lot of experience, and what I can tell you is that the encounter we have had with Canadian companies investing in Colombia has been very satisfactory. Some companies have established a structure that could actually resemble the structure of a small municipality in which the relationship between the employers and the employees and the relationship among all members has allowed for a system that will be multiplied throughout Colombia and will have positive effects.

Colombian legislation is ready to request that each investment agreement is made with respect to the principle of corporate social responsibility. We are obviously interested in investors not only having the security required for their investments, but also we want investors to feel that a commitment is not only financial or economic, but is also a commitment toward Colombian society. This is where we're headed.

• (1635)

Mr. Ron Cannan: That's excellent, because some of the people I've spoken to see great opportunities as long as there's that free and fair trade agreement in place.

One specific trade agreement that has been debated at great length is the U.S.-Colombia free trade agreement that is presently before the U.S. Congress. If that trade agreement is passed—I believe there are tariffs as high as 60% right now—it would really affect our Canadian manufacturers, specifically in companies across the country. What likelihood do you see of that trade agreement being passed by the U.S. Congress?

Mr. Jaime Giron Duarte (Interpretation): Well, I would not want to speculate, but in fact we Colombians hope that the agreement will be passed, and we want to reach an agreement with Canada also quickly for the same reasons. Now, on the subject of the approval or not and the effect this could have on Canada, well, we have to look at this from the point of view of what it would mean for the United States or for Canada not to have an agreement that links the countries to other countries like Colombia and Latin America through the trade network that's being established. For example, the relationship between MERCOSUR countries and the Andean countries and with the Caribbean countries and the Central American countries—all these relationships are important.

Now, the negotiations we've carried out with EFTA and with the European Union at this point in time and the review of the agreement with Mexico, all of this would mean that Canadian and American markets, if that's the case, would not have a tool that would guarantee subtle access to these other markets. I would say that from the point of view of the Canadian interest, you should think of investments, but obviously we should think of economies as complementary economies. It would be very favourable, but if there's a delay in the approval of the agreement with the U.S. I do hope that the agreement with Canada will work. Colombia buys all its barley from Canada and has a need for other cereals and manufactured goods. There is a possibility for Canadian producers to trade, and I think any delay in the U.S. could at one point in time mean a very good advantage for Canadian exporters.

• (1640)

Mr. Ron Cannan: Thank you.

The Chair: Thank you, Mr. Cannan, and thank you to Mr. Keddy as well.

Well, that concludes the time we have allotted. I do much appreciate first your opening comments but also the excellent manner in which you conducted yourself throughout the answering of the questions. I thought it was quite helpful to all of us to get that information out and provoke a lot more questions that we hopefully will answer in the visit to your country.

Again, on behalf of the committee, thank you very much for your attendance today. I'm just going to ask for about a two-minute break here while we say goodbye to His Excellency and greet the ambassador from the Republic of Panama.

• _____ (Pause) _____

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• (1645)

The Chair: Ladies and gentlemen, we will continue.

We now have the pleasure and honour to welcome to our committee Her Excellency Romy Vasquez de Gonzalez, the ambassador of the Republic of Panama to Canada.

With the growing eminence of Panama as a gateway to Latin America due to the expansion of the Panama Canal, there is great interest in the general region. It was suggested and accepted by the committee that, in addition to our visit to Colombia, we would visit Panama. So I'm very pleased that Her Excellency has agreed to come

today to give us a brief overview and answer your questions about that part of the visit and the Republic of Panama.

I appreciate your taking the time to come. I'll ask you to begin with an opening statement, Excellency.

• (1650)

Ms. Romy Vasquez de Gonzalez (Ambassador of the Republic of Panama to Canada) (Interpretation): Thank you very much, Mr. Richardson.

Good afternoon, honourable members and chair of the Standing Committee on Foreign Affairs and International Trade. It's an honour for me to be invited to this forum to present you with a summary on Panama so the honourable members of this committee may anticipate the trade opportunities that are available between our countries when planning your upcoming visit to Panama.

The Republic of Panama is a sovereign state and is also independent, represented by unitarian, republican, democratic, and representative government. Power comes from the people and is enacted through three branches of government: legislative, executive, and judicial. The president and the vice-president are elected through direct universal suffrage for a five-year mandate, as are the deputies of the National Assembly. Elections will be held in May 2009.

President Martin Torrijos, who took office on September 1, 2004, with the Patria Nueva political alliance composed of the Democratic Revolutionary Party, PRD, and the People's Party, PP, obtained a majority in the National Assembly with 42 of the 78 seats. The PRD returned to power in 2004 with a large majority after being in opposition. So far eight political parties have registered for the coming election.

Panama has an area of 75,512 square kilometres, with a population of 3.2 million people, 50% of whom live in the city of Panama and 38% in rural areas; 10% are indigenous. Panama is considered a country of high to medium income, with a GDP of \$6,000. These are approximate figures recently published by the national office of the comptroller.

Panama is a member of the UN and has had a seat on the Security Council five times. At this point we are members of the council until December 31, 2008. We are a founding member of the Organization of American States, and the general assembly took place in Panama in June 2007. Canada has been a member of the OAS since 1990.

Currently we are the seat of the Parlatino, the Latin American parliament, which will move from Brazil to Panama in 2008, and we're also a member of Parlacen, the Central American parliament. The Ciudad del Saber, City of Knowledge, is a space where education and technology converge. This will be the regional centre for the Latin American United Nations. It already has offices of UNICEF and UNDP, the United Nations Development Programme, among other organizations.

The development of the Panamanian economy has been strongly linked to a privileged location and also because we provide three basic types of services: the Panama Canal, the Colón Free Zone, and an international banking centre. Our economy is fully dollarized, and we don't have a central bank. The economy depends mainly on the service sector, which represents 68% of GDP. Services include the operation of the Panama Canal, banking activities, the Colón Free Zone, insurance company activities, the ports on the Atlantic and Pacific, the shipping registry, tourism, and the building construction industry.

● (1655)

Panama is one of the countries of the world that has contributed the most to international trade. It has allowed thousands of vessels to travel more speedily throughout the world and has facilitated a more efficient and more economical exchange of products, which has benefited several national economies.

For almost 100 years the United States of America managed the Panama Canal as merely a transit route. The adjacent areas were not commercially developed. As of December 31, 1999, with the official transfer to Panama of the Panama Canal and the adjacent areas, everything has changed. What were before lands and goods aimed mainly at managing the canal and the security of the canal are now the centre of unique development and research in several sectors of economic activity.

During the first four years of Panamanian administration, the Panama Canal contributed \$870 million to the Panamanian state, which represents 46% of the total amount paid to Panama during 85 years of U.S. administration.

Over the past three years, the Panamanian economy has grown sustainably by an average of 8.5%. In 2007 the economy grew at a rate above 9%. Economic growth has increased considerably because of the decisions made by the current government on, for example, tax law reforms, social security reforms, the improvement of democratic institutions, and the enhancement of public administration. This is not only reflected in the construction sector but also in the tourism and industrial sectors. That is why we're promoting investment in several areas.

We're also adding services in order to respond to the needs of foreigners that choose Panama as a second retirement place of residence. Panama offers the advantages of financial and political stability. The U.S. dollar is the currency in the country. Panama has also become a hub for international transport of passengers and cargo and for telecommunications. A development strategy for Panama includes the participation of businesses and workers. One of the pivots of this strategy is the signing of free trade agreements, these being an essential part of economic development.

A free trade agreement with Canada would be based on a complementary trade relationship and on a relationship of growth. Trade between Panama and Canada has increased considerably since 2004. For example, in 2005 it grew by 8.9%, and in 2006 it grew by 34.7%. Canadian exports to Panama reached \$28.6 million, and Panama's exports to Canada were worth a total of \$4.1 million.

The Panama Canal is the pride of Panamanians as a result of the historic struggle that led to its recovery and because of the viable,

profitable, secure, and transparent way in which it's been managed since its return on December 31, 1999. The construction of the canal, which was begun by a French company in 1879, led to bankruptcy. Finally, the U.S. took over in 1903, and the canal was actually finished in 1914.

The Panamanian struggle to achieve fairer conditions for Panama, and the return of the canal, with the signing of an agreement in 1977 on the final return, has led to seven years, so far, of Panamanian administration that reflects a history and belief that has been forged with sacrifice, passion, and vision.

● (1700)

We've already shown the international community that we are capable of managing the canal with the highest standards of efficiency.

Honourable members of the international trade committee, we cannot reach conclusions, not before you have the opportunity of visiting my beautiful country, the Isthmus of Panama, the Panama Canal. But before answering your questions, I would like to leave you with a message, and that is that the advantage the geographic position of Panama offers the Canadian market is a point to expand in terms of trading products and services with greater access for international trade. Expanding trade links will not only increase economic opportunities, but will also enhance security matters in the hemisphere as well as democracy and the prosperity of our peoples.

Thank you very much.

The Chair: Thank you, Your Excellency. It's a great start. I appreciate that. Thank you.

We are going to begin our questions now. As you know, we have until 5:30. We're going to try to keep it tight to seven minutes. We went a little over last time around, but we'll do our best to keep it even.

Who will begin for the Liberal Party?

Mr. John Maloney (Welland, Lib.): Why don't we stick with perhaps five minutes, to give more people an opportunity?

The Chair: We have time for only one round. You can share your time if you like.

Who's going to begin with the Liberals? Mr. Maloney.

Mr. John Maloney: Your Excellency, our trading relationship with Panama is modest, but I'm amazed by the increase that your figures show for 2005, which was 8.9%, and for 2006, which was 34.7%. I'd be interested in seeing what 2007 is going to be.

Is there an appetite in Panama for a free trade agreement with Canada? I notice that you already had one in 2006 with the United States. Would you envisage it as being similar to the U.S. agreement?

Ms. Romy Vasquez de Gonzalez (Interpretation): I think that with Canada it will be a bit easier than with the U.S., definitely. We feel that with Canada there are more complementary conditions and we feel that Canada is a service economy very similar to the Panamanian economy. We've seen that we have particular characteristics in ports, transport services. We can work in mining, for example. This is something we do not do with the U.S. We've discovered that Canada is definitely a leader in the mining sector, and Panama has considerable potential in mining at this point in time.

A Vancouver company, Cominco, is very interested in developing a project in Panama, and we have already carried out a couple of seminars in mining and corporate responsibility. This is something that we do not do with the U.S. So here you have an example of something that we would not deal with in relation to the U.S.

Exports to Canada have increased in terms of non-traditional exports—melons, watermelons. This is something that we have not done with the U.S.

I think that it might be similar, but it won't be the same. I don't know if this answers your question.

Take banking services, for example. Scotiabank operates in Panama. We have more investments from British banks in Panama than from American banks. There's a greater Canadian banking presence than U.S. banking presence.

Mr. John Maloney: You mentioned corporate responsibility that you have with Cominco, but not with the United States. Is there any reason for that? Could you elaborate what you mean by corporate responsibility? Is it the way they treat their workers?

Ms. Romy Vasquez de Gonzalez (Interpretation): Precisely. We have had corporate social responsibility seminars in relation to the mining sector, and we haven't done that with the U.S. Now, that doesn't mean there are no social responsibility issues with the U.S.; I was just talking about the mining sector. So in mining, we believe that Canada leads the way. We haven't specifically developed this with the U.S. So it's an item in relation to which we want to progress with Canada, and we've never dealt with it with the U.S. That's what I meant.

Panama has never exploited its mines, but we've discovered that we have a couple of projects that we could operate, and we would wish to do that with Canadian companies that do have corporate social responsibility, that are responsible. I believe that Canada—as a country and because of the experience it has had in other countries—has been able to correct, through its experiences, situations of corporate social responsibility. That's why we've approached Canada for that sort of project. That's what I meant. I didn't mean we had problems in relation to corporate social responsibility with the U.S. I didn't mean that. It's only that with the U.S. we deal with other sectors, and they are equally responsible from a corporate point of view.

• (1705)

Mr. John Maloney: Mr. Chair, I'm going to share with my colleague here, Mr. Tonks.

The Chair: Thank you.

You have just a little over two minutes, Mr. Tonks.

Mr. Alan Tonks (York South—Weston, Lib.): Thank you, Mr. Chairman.

In 1966, Ambassador, I visited your country, coming out of a freighter at the south end of the canal, very high on the water. It was a very long way down Jacob's ladder to get to the pilot's boat. I have a great memory of your country.

From our briefing note, the Panamanian Centre is a distributor for funds that offer international trade credits to Latin America, and the Canadian Export Development Corporation makes those funds available. The whole issue—you are here with the Colombian ambassador—relates to tying trade to stability in that part of Latin America and South America. Venezuela is indicating some very difficult times.

What role does Panama play and what role can Canada play, through closer trade relationships, in contributing to the stability we would like to see in this particular area? Has the Panamanian government given any instructions through its diplomatic corps to not only use the Organization of American States as a trade facilitator, an investor, distributor, but to invest in a strategic way that would achieve human rights and stability in the region?

Ms. Romy Vasquez de Gonzalez (Interpretation): Your question has two parts, so let's address the first, on stability. You mentioned Colombia. Now, the second question is clearer: what is the role of Canada as a facilitator in terms of international trade and Venezuela? But the first question wasn't clear to me. Could you please clarify it?

Mr. Alan Tonks: Just in terms of the role of the Panamanian Centre and the investments with respect to credits that are made available through the Canada Export Development Corporation, are those investments made in a strategic way that would guarantee human rights, that would see the region stabilized as we want to see developing economies invested in, that will percolate down to the populations, perhaps not as much as in the case of Panama or Costa Rica, but certainly Venezuela and certainly Colombia, where there are many, many poor people?

Ms. Romy Vasquez de Gonzalez (Interpretation): I did understand what you were getting at.

We signed an MOU with EDC, a memorandum of understanding with Export Development Canada, in September 2006. I'll be happy to send the text to your office, if you will allow me to.

In this MOU we speak of facilitating credit between Panama and Canada with two components: first, to allow Canadian companies to have credits to participate in Panamanian projects; and second, the structures that, as you suggested, would allow for the development of rural areas—water projects, infrastructure, roads, and also Panama Canal-related projects, which as you can imagine are massive, very important projects and would involve international trade.

It's not a given that all projects must be carried out with Canadian companies, but we try. We aim for Canadian companies participating in the projects, because it is a Canadian credit. But we do seek corporate social responsibility. We seek help for rural communities. And we want them to act in a serious way. We don't want drug trafficking, for example; we do not want to promote corruption, obviously.

Now, if the projects are from Panama, I imagine the question could be that if you have so many foreign investments, how can you guarantee, say, that a Venezuelan won't come up who's involved in some illegal activity? Well, obviously we do verify the fact that investors in Panama are not involved in illegal activities. That's a given. When a foreigner is involved in a project in Panama, they have to meet certain requirements in order to be deemed an investor.

Does this answer your question? That's how it works.

• (1710)

Mr. Alan Tonks: Thank you for that.

Ms. Romy Vasquez de Gonzalez (Interpretation): Going back to the other part of your question, about the OAS, Panama has been a leading country within the OAS to seek dialogue and understanding among all countries. In terms of the conflict between Colombia and Ecuador, for example, it was our OAS ambassador who promoted a dialogue between those two countries. So we do provide leadership in terms of dialogue, and in this sense we are the leaders in terms of our relationship with Canada in promoting our dialogue.

The Chair: Thank you.

Unfortunately, we are running short of time. I'm going to try to make this fair. We'll do a rapid round and try to keep it to five minutes.

Monsieur Cardin, would you begin?

[Translation]

Mr. Serge Cardin: Good afternoon and welcome, Madam. It is a pleasure to meet you.

Is the presence of Canadian companies in Panama important?

[English]

Ms. Romy Vasquez de Gonzalez (Interpretation): Is the presence of Canadian companies in Panama important? Yes, it is.

We had a most important company, Hydro-Québec, and they had lots of profits. But they had to leave on orders from the Province of Quebec. That was very sad for us. When the energy sector was privatized in Panama, Hydro-Québec was a very important company when it came to the privatization of that sector. One year ago, Hydro-Québec had to remove all its foreign investments on orders from the Government of Quebec. It sold all the investments. But for 10 or 12 years, Hydro-Québec was a very dynamic and important Canadian company in Panama.

Scotiabank is one of the most important banks in Panama. We in fact need a lot more Canadian investment in Panama—definitely. I think the most important Canadian investment is from the retirees. We have lots of Canadian pensioners in Panama, and they are investing in real estate.

[Translation]

Mr. Serge Cardin: Yes, I saw a report recently that seemed very interesting.

You mentioned mines. Are there any in Panama currently?

I would also like to establish a link between your environmental policy and the behaviour of Canadian mining companies—if there are any—on environmental matters.

• (1715)

[English]

Ms. Romy Vasquez de Gonzalez (Interpretation): I believe the issue of Canadian mining companies will be an international issue. I think there are Canadian groups that operate throughout the world. There's a very broad network that conveys the message that Canadian miners have had considerable activities in terms of the environment, and they are conveying this message throughout Latin American.

Now, it's difficult to counter this, but there are several points of view. I think what's important is to have a forum where both parties can meet, and for each party to be respected. One thing that is basic, I think, is the work carried out by EDC, Export Development Canada, to call for respect. They require that the principles of the World Bank are respected. If the environment isn't respected and if the Equator principles aren't respected.... I believe there are ten principles. These are the principles that EDC respects or requires in order to loan money. Money isn't simply given; these requirements have to be met in order to carry out any project.

Now, the trouble is that there are junior companies and large mining companies, and when a concession is issued or given in Latin America, what we should seek is for large companies to be involved in these projects. We should not be subjected to the activities of smaller junior companies that are interested in their shares but do not deal with responsible companies. We should look for responsible companies. There will always be a group that will have a negative opinion on companies.

[Translation]

Mr. Serge Cardin: Does my colleague have any time left?

You have a minute left, my dear colleague.

Mr. Guy André: I am listening to you, but I do not have a specific question for you. You have answered my questions.

Mr. Serge Cardin: So I will use the remaining seconds.

On the brochure, it says “Do you dream of a place where the world would be within your grasp? That place is Panama.”

Can we invest in Panama?

[English]

Ms. Romy Vasquez de Gonzalez (Interpretation): I don't know what the interpreter has said.

[Translation]

Mr. Serge Cardin: I do not know what the interpreter was able to say to you, but we are giving the floor to Mr. Masse.

[English]

Ms. Romy Vasquez de Gonzalez (Interpretation): It will be worth while to invest in Panama.

The Chair: We have to move on.

Mr. Masse.

Mr. Brian Masse: Thank you, Chair.

Thank you, Your Excellency, for appearing at today's committee. Panama has a very interesting history, something we learn in our own history books here, prior to Jimmy Carter in 1979 and afterwards, so it's of great interest to Canadians.

I do know, through the documents here and your discussion, that we have been talking about a lot of positive issues around Panama and some of the things that have been going on. But I want to bring up one point on which I'd like to hear your response, because it is published through Foreign Affairs and International Trade Canada. It's a travel report for Panama. Currently, the travel report says of Panama: "Although the security situation is stable, Canadians should exercise a high degree of caution in Panama due to high crime rates." This is a travel advisory from the Canadian government, and I would like to hear your response with regard to that.

What they do is to really target certain sections of Panama as being of particular concern if you're going there. One of the things we have to deal with is recognition that if we do have a greater trading relationship, there will be personal visitation and so forth. The current administration report right now advises that travellers exercise a high degree of caution.

Ms. Romy Vasquez de Gonzalez (Interpretation): Yes, I have complained several times to my colleague, the Canadian ambassador in Panama, and I keep telling him that I don't understand why the Department of Foreign Affairs has this advisory.

But, yes, there seems to be a lot of sensitivity. Panama falls at the lowest level of the degrees of danger, as we don't have that high a degree of criminality. But they cannot put us in another category; we have to stay in the one we're in, because they cannot find another category for us. Anyway, you'll be travelling there and will definitely see that this degree of criminality does not exist.

I represent my country and cannot talk about other countries. So I won't talk about other countries, other than to say that I could compare the capital of my country with other capitals in Latin America where there's more criminality. And I can tell you that any of the tourists who have gone to Panama will tell you that things are fine. I don't think there has been any case in the five charter flights, carrying 340 passengers each, of anybody being unable to return because they were attacked or assaulted or murdered, or who didn't somehow return with their charter. On the contrary, lots of people have stayed behind because they wanted to retire in Panama, and people haven't left because they were vandalized in Panama—and that's my opinion.

• (1720)

Mr. Brian Masse: I wanted to provide you the opportunity to respond to that.

A second question that I have deals with the financial district, on which there's been much discussion, even today.

Some countries might allow people to engage in tax evasion by investing in Panama. Can you maybe respond to that allegation or that charge, that some countries may be able to offer some tax avoidance to people investing in Panama?

What are your laws regarding financial, banking, and taxation policies and treaties with other countries?

Ms. Romy Vasquez de Gonzalez (Interpretation): We're not on any blacklist, and this is one of the things that characterizes us. We have a very serious banking centre and we're not included in any blacklist. We're not a tax haven.

I think that Panama had a bad period during the Noriega days, when several banks left Panama precisely because of our political problem, and we were indeed on the blacklist of several countries. But we have worked on that. We've worked very hard. We've built up the banking centre again, and we have one of the most serious, one of the best, if not the best, banking centres in Latin America.

Mr. Brian Masse: Thank you for your answers, Your Excellency.

The Chair: Thank you. Very good.

Thank you for the timing, as well.

We're going to go quickly to the last questions. Who's going to start on this side? Mr. Keddy.

Mr. Gerald Keddy: Welcome, Your Excellency. It's nice to see you again. It's always a pleasure.

Very quickly, as I know my colleagues would also like a moment for a question as well, in the general review of the investment climate in Panama, given the changes that have occurred in your country since the canal came into Panamanian hands and given your ability to use that as a revenue generator, and given the opportunities for Canadian business in Panama, it certainly appears to me that Panama would be a prime candidate for an FTA. There's a lot to be gained for both nations.

I want to congratulate you on the direction in which Panama is moving and the opportunities that are there for trade by Panamanians. How do you see those? How do you see those opportunities for your countrymen and countrywomen?

Ms. Romy Vasquez de Gonzalez (Interpretation): For us Panamanians, it's of vital importance to have trade agreements for the development of our country. It's obvious that when we look at Panama, a small country with three million inhabitants, we feel that it's a very small country. But we mustn't forget that a large volume of products goes through Panama, as well as people involved in international trade. So we cannot just measure the potential of Panama based on the population. Panama is an intermodal centre for trade in goods, an intermodal centre for passengers, an intermodal centre for virtual businesses, and this is where the potential of Panama and Panamanians is based. I think Panamanians are creative, and we have devoted ourselves to creating opportunities.

What would be good for us would be to have advantages in trade with Canada. We identify with Canada. Canada has a large area with a small population. We have a small area with a small population, with a large canal with great potential for business. You have marine logistics and large ports; we have a lot of experience in ports. This is where our complementary characteristics come into play. If we both put together this experience, all this expertise.... Well, since we have it, we should do great things together, and I think we can.

Besides, we're two nations that can tolerate the diversity of people from many nations. Panama has welcomed people from many cultures. We are a centre that welcomes people doing business from all over the world, including from Canada. I think we are very similar in that way, and we can complement each other's characteristics and should do business together. I think we're very similar, and we could benefit definitely from our relationship.

Panamanians are hard workers. Panamanians love their country. Panamanians do not emigrate; they go out for business and come back to Panama. So Panamanians are good business partners, and we have proved that we know how to do business. And we always go back to Panama; in other words, we don't leave our country, don't emigrate.

I think that is why we are a good business partner. We know how to do business.

● (1725)

The Chair: Mr. Fast.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

I want to follow up on that line of questioning. I think Mr. Cardin also referred to this, the amount of Canadian investment in Panama. Clearly, trade is increasing dramatically between our two countries—since 2002, by about 18% each way, which is excellent. But I note that direct Canadian investment in Panama hasn't really grown measurably since 2002. I'm wondering why that is.

Thank you for the brochure and also for the CD. I notice the CD cover says "This CD contains one investment opportunity." Presumably you're inviting us to invest in Panama. I'm wondering why it hasn't happened in the last six years. Is it high taxation? Is it an unfavourable investment climate? Is it security? Is it simply that Panama doesn't have a lot to offer to Canadians?

I'd like to know, because surely there has to be something of interest in Panama that would invite Canadians to invest in your country.

Ms. Romy Vasquez de Gonzalez (Interpretation): I hope you won't be offended if I tell you. You won't be offended? Do you promise? It's because Canadians take a long time to reach a decision, to make a decision.

Mr. Ed Fast: You can actually increase the speed at which we make those decisions. Canadians are very cautious people. We like to make investments that pay dividends; however, there must be something getting in the gears here that discourages us as Canadians from investing in your country.

Ms. Romy Vasquez de Gonzalez (Interpretation): Precisely. I assure you that once we have an aviation agreement and don't have to go through the U.S., but have a direct flight so that you can go to Panama directly and get to know the canal and visit our country and realize that you can do business with us, then you will make a decision very quickly to do business with Panama.

Mr. Ed Fast: I notice that in 2006 an agreement was signed between Export Development Canada and the Republic of Panama

with respect to the canal itself, and I believe it will open the doors to Canada being part of investing in an expansion of the canal. Clearly that is an opportunity for us to boost our investment in your country.

Could you expand on that a little bit?

Ms. Romy Vasquez de Gonzalez (Interpretation): That's right. As a matter of fact, last Thursday EDC senior vice-president Benoit Daignault was in Panama. EDC has been present in the international trade meetings at the ministry, encouraging trade with Panama. I believe he will bring back a report about what Panama is like and what should be done with Panama. Mr. Keddy knows this. There are companies, such as Irving, that have been selling tugboats in the Panama Canal. Irving was selling tugboats. Now, why don't these go in as a direct investment? Well, it's because this goes through international bidding. Irving sells tugboats at the Panama Canal through bids, so it's not a direct investment, but that doesn't mean that Canada isn't present in Panama.

Scotiabank is present in Panama, but it has been there for the past 33 years, so it doesn't matter whether Scotiabank has been there or not between 2002 and today, because it has been there in any case for the last 30 years. If their deposits grow in Panama, that growth doesn't count as direct investment, because Scotiabank has been in Panama for the past 33 years doing business. Do you understand that?

So it's difficult to measure how many Canadian companies are present in Panama. For example, in the Panama Canal, the lights we use in the locks are Canadian, but they were purchased through a bidding process, not through direct investment. All the french fries that are sold in Panamanian hotels are McCain french fries. All the frozen meat sold in Panama, pork and beef, is also Canadian, but it's not a direct investment.

So who do we have to take to Panama? SNC Lavalin, the mining companies, the construction companies: those are the companies that have to be attracted to Panama. And that has been my mission: to be here and to take companies to Panama so that they get to know Panama; and to try to close an aviation agreement so that we can have a direct flight and thereby not have to fly through the U.S. but be able to fly directly, Canada-Panama.

That's why we grew in the tourism area. We used to carry 7,000 passengers. Currently we transport 55,000. I rest my case.

● (1730)

The Chair: And it's a good place to end. I think you have convinced us, and we look forward to the visit.

I want to say, in conclusion, how much we enjoyed your visit today, and also to thank you for the assistance that you and your embassy have given us in the preparation. It's not a long visit to Panama, but we're looking forward to it and appreciate the advance today. Thank you again for coming.

With that, ladies and gentlemen, the meeting is adjourned.

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