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—
Chair

Mr. Lee Richardson

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• (1540)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): I'd like to welcome you to meeting 26 of this session of Parliament of the Standing Committee on International Trade.

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

I did have one little bit of housekeeping that I don't think we need to get into today, although I'll ask the committee members if we could conclude the formal part of the meeting by about...

What time is the vote? Does anybody know?

A voice: The bells are at 5:30.

The Chair: Okay, then I'm going to ask that we conclude at about 5:15 today and go in camera just to do some housekeeping business, if that's agreeable to everybody. Are there any problems? Okay.

We'll try to keep to our set speaking agenda again. Let me repeat and also mention to our witnesses that we have a format where we do a round of questioning after opening statements by the witnesses. Each of the questioners, each member of Parliament who speaks on behalf of his party, will get seven minutes for questions and answers in the opening round. So we hope to get through all four parties in the first round and continue to a second round, in which we'd have five minutes for questions and answers. In order to get through it today, I think we'll try to adhere pretty tightly to that timeframe.

With that introduction, let me introduce, from the Department of Foreign Affairs and International Trade, Carol Nelder-Corvari, who is the director of the international trade policy division; James Lambert, the director general of the Latin America and Caribbean bureau; Cameron MacKay, the director of the regional trade policy division for the Americas; and Betti-Jo Ruston, the deputy director of the regional trade policy division for the Americas.

We also have, from Environment Canada, Dean Knudson; and from the Department of Human Resources and Social Development, Pierre Bouchard, director of the Office for Inter-American Labour Cooperation.

That, I think, will be very helpful to the committee in answering a broad range of questions. I haven't had an opportunity to consult with the witnesses as to who makes the opening address. I take it you've spoken among yourselves.

Mr. Lambert, are you going to lead off?

Mr. James Lambert (Director General, Latin America and Caribbean Bureau, Department of Foreign Affairs and International Trade): Yes, I would lead off, followed by Ms. Nelder-Corvari.

The Chair: Great. Then we'll begin with you, Mr. Lambert.

Mr. James Lambert: Thank you very much, Mr. Chair and members of the committee, for this opportunity to come forward and speak to you today about Canada's FTA negotiations and human rights in Colombia. As I mentioned, my colleague Carol Nelder-Corvari, who is the chief negotiator from the Department of Finance on this negotiation, will speak, after my introductory remarks, about the negotiations themselves.

What I would like to do is describe Canada's political engagement with Colombia generally. The relationship is a broad and diverse one. It spans a range of issues from peace-building to commercial ties to security cooperation, but given the interest of the committee, I'll focus my comments particularly on the area of good governance and human rights.

I should add that the committee's upcoming visit to Colombia, from May 11 to 14, offers an excellent opportunity for you to validate our comments with your own insights, and our embassy is looking forward to receiving you in that regard.

Canada's engagement in Colombia aims not only to promote prosperity in both countries, but to strengthen peace-building efforts and respect for human rights. Canada is doing this in multiple ways, through our advocacy on human rights, our financial and political support to Canada's peace-building efforts, and long-term development assistance.

[Translation]

Our commitment to Colombia stems from the priority that the Government of Canada attaches to deepening its engagement in the Americas. Canada is committed to exercising leadership in the Americas and to promoting increasing prosperity, enhanced security, and our fundamental values of freedom, democracy, human rights and the rule of law.

Although Colombia has an established democracy, a growing economy and a stable, responsible government, it also suffers from the longest-running internal conflict in South America, which has created the conditions in which millions have been internally displaced, or suffered human rights abuses.

[English]

So we're encouraged by the Colombian government's commitment to improving Colombia's human rights situation, something that I know Ambassador Jaime Girón spoke to you about with regard to his government's achievements to date.

So what is Canada doing in this regard? We have a long-standing tradition of speaking up for human rights generally, both in multilateral fora like the UN General Assembly and in the UN Human Rights Council.

[Translation]

We monitor developments in Colombia's human rights situation closely, on the ground. The Canadian Ambassador in Bogota and his officials meet regularly with their counterparts from like-minded countries, as well as representatives from international organizations, Colombian state institutions, and a broad range of civil society groups to assess and discuss the human rights situation in Colombia.

The priority that Canada places on human rights is also expressed through our active participation in the G24, an international coordination mechanism for Colombia which encourages dialogue on peace and human rights.

[English]

During the first half of 2007, Canada held the presidency of the G24. Some of our presidency's key priorities relating to human rights were to encourage discussion and support for the development of Colombia's national action plan on human rights and its integration in the national development plan, to assess the role of the UN High Commissioner for Human Rights office in Colombia, and to support particularly children's rights and child protection in that country.

We don't just talk about human rights in Colombia. Since 2005, Canada has spent about \$9.5 million through the Department of Foreign Affairs and International Trade's global peace and security fund.

[Translation]

We have financed initiatives and projects to protect and promote the rights of victims, strengthen transitional justice and the rule of law and enhance security and stability in partnership with international and regional organizations, Colombian state entities and civil society organizations.

• (1545)

[English]

These initiatives are an important support for Colombia's efforts to build peace. We are also supporting human rights initiatives through our development assistance. Canada's development assistance in Colombia focuses on democratic governance, and specifically on peace-building and human rights.

Canada is a lead donor in advocacy for children's rights and child protection. Through CIDA, Canada provided \$17.6 million in 2006-

07, the majority of which was used to respond to the needs of vulnerable populations. I mentioned children, adolescents, and of course internally displaced people, of whom there are more than three million in Colombia.

[Translation]

In conclusion, Canada is deeply engaged in promoting and protecting human rights in Colombia.

[English]

I would add that Colombia has been a mature multilateral partner for Canada, the United Nations, and the Organization of American States, and we have collaborated with Colombia as we go forward to planning the 2008 general assembly, which will be hosted in Medellín, Colombia, in June. Our foreign minister will participate there.

We also support the work of the OAS to address the Colombian conflict through its mission to support the peace process, which is particularly engaged in the demilitarization of the paramilitary phenomenon in that country.

Canada and Colombia have a very positive and multi-faceted relationship with flourishing commercial ties, free trade negotiations, and support for peace-building efforts.

On that note, I will turn it over to Carol Nelder-Corvari.

The Chair: Thank you, Mr. Lambert. I wanted to say I feel as though we're rushing you a bit, and I'm sorry for that. I'm grateful that we have the printed text. That's a very good summary. Thanks very much.

Ms. Nelder-Corvari.

Mrs. Carol Nelder-Corvari (Director, International Trade and Finance, International Trade Policy Division, Department of Finance): Thank you, Mr. Chair and members of the committee.

I have with me the lead negotiators on environment and labour, as well as other experts. We look forward to responding to your questions on the Canada-Colombia free trade negotiations. I understand that the subject of today's session is how human rights and the environment will be addressed in these negotiations.

As this committee is aware, FTAs are commercial instruments aimed at expanding trade and investment opportunities between nations. This economic expansion promotes growth and prosperity. Most evidence shows that open economies have higher growth rates and can achieve faster rates of poverty elimination.

As noted by the Prime Minister in Santiago, Canada is re-engaging in the Americas, and bolstering international trade is the best hope for fostering development and common security. This objective is being pursued through negotiations like the FTA with Colombia and Peru.

You heard Ambassador Jaime Girón Duarte on Monday. He clearly set out the importance of the FTA for Colombia, highlighting the fact that the FTA would provide secure market access for exports, thereby promoting alternatives to the illegal drug trade, which has been at the root of many problems in Colombia, including those respecting human rights and security. Providing new opportunities for its citizens is a key factor behind Colombia's ambitious free trade agenda, which currently includes the United States, the European Union, EFTA, Mexico, and Chile.

The efforts in these negotiations are also consistent with the recommendations made by the committee in its recent report entitled "Ten Steps to a Better Trade Policy", namely, to create new opportunities for Canadian business and prevent Canada from being shut out of markets where our trade competitors are negotiating FTAs.

The defensive objective is of particular importance in the case of Peru and Colombia, since Canada's main competitor in these markets, the United States, has already completed FTA negotiations. Peru has already passed in the United States and the U.S.-Colombia Trade Promotion Agreement is currently before Congress for decision.

Colombia is an important export market and investment destination for a number of Canadian businesses. These businesses will be placed at a disadvantage once the U.S. deal is passed. For example, Canada could face a 15% disadvantage on \$100 million in wheat exports currently shipped to Colombia.

Colombia represents a market of 45 million. Under its current leadership, sound economic policy and improved security have generated favourable economic conditions. Colombia has experienced strong and sustained GDP growth in recent years, averaging 6.5% in the last three years, with relatively low inflation.

Stronger demand has resulted in import growth, which has been beneficial to Canadian exporters. Total Canadian exports to that country are now valued at \$660 million. This is more than double the value of five years ago. Colombia continues to be an important market for Canadian products of traditional export interest, such as wheat, barley, leguminous vegetables, fertilizers, and paper products. It is fast becoming an important market for more advanced manufactured products.

Canadian investment in Colombia's extractive sector are estimated by our embassy to be more than \$2 billion, and these investments have led the way to growing exports of Canadian-made machinery, such as mining equipment and heavy transportation equipment. For example, Colombia is now the first destination, ahead of the U.S., for Canadian exports of off-highway dump trucks.

Despite the great commercial opportunities, there remain important commercial barriers that continue to limit the engagement of Canadian exporters and investors. For example, Colombia maintains sizable tariffs on most Canadian exports—averaging

12% and ranging as high as 80% for some agricultural products. In comparison, the majority of Canadian imports from Colombia can enter duty-free. In 2007, 80% of Colombia exports to Canada actually entered duty-free. The Canada-Colombia FTA would establish a more equitable balance for Canadian exporters.

Let me now give you a quick update on the status of these negotiations. Although the Peru and Colombia negotiations were launched at the same time and most meetings were held jointly, the negotiations were intended from the start to lead to two distinct FTAs: a Canada-Peru FTA, and a Canada-Colombia FTA. In fact, as members of this committee know, the Peru negotiation is now completed. This was announced by Minister Emerson and Minister Aroz on January 26 in Davos.

● (1550)

The negotiations with Colombia are ongoing. So far, good progress has been made on most issues, but some areas require further discussion prior to our being able to bring the negotiations to a successful conclusion.

With Colombia we are seeking a comprehensive, high-quality free trade agreement. Coverage will include trade in goods, services, investment, government procurement, dispute settlement, and institutional provisions.

In keeping with Canada's past approach to FTA negotiations, environmental and labour aspects of economic integration will be addressed through the negotiation of side agreements that will be directly linked to the FTA.

As well, in these negotiations we are looking to establish new avenues for cooperation, including with respect to corporate social responsibility and capacity-building through cooperation commitments.

On the environment, Canada is seeking to ensure that increased economic activity generated through the FTA does not result in less environmental protection and that Canada's trade partners do not lower their standards of enforcement to attract investment. To achieve this we are negotiating a side agreement that promotes high levels of environmental protection. Such side agreements normally commit parties to effectively enforce their environmental laws and maintain appropriate procedures to conduct environmental impact assessments.

On labour, Canada's objectives are to assist Colombia in building a stronger and more stable economy by improving working conditions and respect for worker rights and by requiring that Colombia's laws reflect internationally recognized core labour principles and that these laws be effectively enforced.

Recognizing that Canada's corporate presence in Colombia is largely concentrated in the extractive sectors and that corporate practices can have an important impact on local communities, our FTA negotiations have included discussions on how governments and industry can work together in the area of corporate social responsibility. Our investors in these countries are very active on this front, and many have been recognized for their CSR efforts. These discussions will be reflected in commitments to promote recognized principles of reasonable business conduct in appropriate sections of the FTA.

I think that provides a quick overview on the issues. Thank you, Mr. Chair. My team and I are ready to answer any questions you may have.

The Chair: Thank you, Ms. Nelder-Corvari. That was very helpful, and I am very pleased with who you brought with you today. These are the people who are working on Canada's behalf to structure this arrangement and the side agreements.

We have the lead negotiators, with Ms. Nelder-Corvari, as well as the lead negotiators on environment and labour. I think this is what this committee is looking for. Thank you all for your attendance today.

We're going to start questions again. I'm going to try to keep a pretty tight rein on the questions and answers, so if you would all keep that in mind as we proceed, I'd like to begin with the Liberal Party.

Mr. Bains.

•(1555)

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you, very much, Mr. Chair. And I'd like to thank the departmental officials as well.

As I mentioned to the Colombian ambassador in our last meeting, this issue is gaining a lot of attention at the grassroots level. I've received many e-mails; many people are concerned about it. Many people are watching this free trade agreement very closely, and many of my constituents have written to me. Their concern revolves around human rights, and I want to speak to that issue specifically.

I just want to share with you some of the key statistics that have been brought to my attention. I want your perspective on whether these statistics are in line with what you think is correct and pertinent in this particular free trade agreement. They are that fewer than 3% of the killings in Colombia have been solved, that 78 trade unionists were murdered in 2006, and that Colombia has one of the highest rates of killings of trade unionists in the world. These are specific facts that come to mind.

The concern that many people have raised—NGOs, human rights organizations—is with respect to dismantling the paramilitary mafias, prosecuting paramilitary, and ending the killing of trade

unionists. That's how they genuinely view these issues, and they put them in those three categories.

My concern is with respect to what you outlined in your opening remarks with regard to the environment, human rights, and labour agreements being side agreements. I wanted to get your perspective on this, and I've asked the Colombian ambassador about this as well. Could we have, not in the side agreements but in the actual text, in the actual free trade agreement, enforceable provisions on labour and the environment to make them more meaningful, to make sure these concerns are addressed?

You alluded to some of the economic benefits of this free trade agreement, and there's no denying that there is tremendous potential in that area. But the concern that many people have raised is around the environment and human rights. They feel the side agreements won't necessarily address these issues, these key stats that I mentioned to you.

I wanted to get your thoughts on whether it's plausible. Is it possible? Is it something that we should be strategically doing, putting these into the major text as opposed to putting them in the side agreements, and having enforceable provisions on labour, environment, and human rights?

I wanted your thoughts on that.

Ms. Carol Nelder-Corvari: Thank you for the question.

With respect to labour and environment, we are actually taking a two-pronged approach in these negotiations. They will include the traditional side agreements, but those will be linked specifically to chapters in the FTA. I think Minister Emerson spoke to that the last time he was before the committee. In doing this, though, we must be respectful of provincial jurisdictions, so we are doing as much as we can to have a stronger link between the side agreements and the FTA.

With respect to specific aspects of the labour agreement that we're seeking with Colombia, I would like to ask Pierre to speak to that.

Mr. Pierre Bouchard (Director, Office for Inter-American Labour Cooperation, Department of Human Resources and Social Development): Thank you, Carol.

The side agreement that we're seeking with Colombia on labour, if successful, would be probably the most comprehensive labour agreement ever negotiated by Canada. We are raising the bar with regard to the core obligation in the agreement and also providing for an open and robust dispute resolution mechanism with financial penalties if obligations are not respected.

By far, this would be a very high-level agreement.

Hon. Navdeep Bains: In the main text or in the side agreement?

Mr. Pierre Bouchard: As Carol mentioned, because of a specific situation.... In Canada, as you know, labour jurisdictions are separated, if you wish. There's no federal law. There's a very separate jurisdiction, so in collaboration with the provinces with which we are in regular contact, we have decided to continue with the side agreement in order to respect provincial jurisdiction.

Our discussions, I would say even over the past few years, with experts, with unions, with stakeholders on this particular issue of a side agreement versus a chapter.... When explaining our position, I think most stakeholders are gradually coming to the understanding that what matters is the obligation in the agreement. Where they are located is more a matter of format and less important. I think more and more stakeholders are recognizing this fact.

•(1600)

Hon. Navdeep Bains: I guess this speaks to the bigger concern with our trade policy with Colombia in our view of how we want to engage with them. There are two specific schools of thought with respect to a free trade agreement, and I want clarification from your perspective.

One is that we want Colombia to get its house in order on human rights and the environment, and then we will engage in a free trade agreement when we see substantive and substantial improvements. That is one school of thought.

The other school of thought is that we need to engage in a free trade agreement because that will help address the environmental and human rights aspects.

From your perspective, what is your view of Canada's position in terms of the free trade agreement, and which particular philosophy do we fall under?

Mr. Pierre Bouchard: Our approach to the Colombian labour situation and these free trade negotiations is two-pronged. We are seeking a high-level labour agreement with Colombia, and as assistance to Colombia, we are essentially saying to Colombia that if they accept the high level of obligation we will be there to help them meet those obligations. This is why we have announced over the past few months a package of technical cooperation of \$1 million to deal specifically with labour issues in Colombia, and we're currently in discussion with Colombian officials, even as these negotiations are ongoing, to discuss the implementation of that package, which hopefully will start in the next few weeks.

So more cooperation and a stronger level of obligation.

Hon. Navdeep Bains: Yes, you may respond.

Ms. Carol Nelder-Corvari: Thank you.

I think our Prime Minister has been very clear on that issue. He said that when see a country like Colombia, which has decided that it has to correct its social, economic, and political problems in an integral manner and has decided to follow a model of economic freedom that wants political democracy and protection of human rights and social development, then we must say we are here to encourage that. We are not going to tell them to fix their entire social, political, and human rights problems and then we will want to become involved in economic relations with them.

I want to add in that regard that an FTA is a commercial relationship and we are forging deeper economic ties, but along with this we're creating many avenues, not only in labour but many areas for cooperation and discussion. Many committees will be set up.

I can tell you that leading these negotiations, with the exception of me, is a very young team. They are very keen and experienced. It

is the same on the Colombian side, and they are forging the relationships that will take us into the future.

The Colombians are very optimistic about the possibilities. When you look at an FTA and all the committee structures that are set up, you are creating a number of paths of dialogue that would not exist without an FTA.

Hon. Navdeep Bains: I appreciate your mentioning the Prime Minister, and this will be my closing remark. It's not really a question.

The reason I asked what particular philosophy we are using to engage in this free trade agreement is that we see an inconsistency between, for example, free trade with Colombia and free trade with China. So the Prime Minister's remarks in Colombia seem to be in isolation, and they tend to be different when it comes to China and other countries as well. So that's what I wanted clarification on, and hopefully we'll get another chance to ask our questions.

The Chair: Thank you, Mr. Bains.

And thank you for those answers.

We're going to move quickly to Monsieur Cardin.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chair.

Ladies and gentlemen, good day and welcome.

We know, in fact, that trade is the priority of the free trade agreement. Can we say that the second priority is improving human rights, working conditions and social conditions? We can always ask that question.

Based on your experience within the framework of the agreement that you reached with Peru, on a scale of 1 to 10, where do your negotiations currently stand?

[English]

Ms. Carol Nelder-Corvari: I would say that the efforts are under way to conclude the negotiations in the next few months. That being said, it's quality that matters here. Canada wants a very strong and comprehensive agreement. Colombia shares that commitment, so we'll take as much time as necessary, but we did start with Peru and we got a fair ways trilaterally.

What happens is that often when you get to market access issues, of course you're dealing with a different bilateral trade relationship with each country, so at that point we broke off the negotiations into two separate streams.

Things are still progressing quite well. We have quite a lot of work to do, though, and we hope to do that over the coming months.

•(1605)

[Translation]

Mr. Serge Cardin: With regard to human rights and the situation in general, you seem rather optimistic and believe that there will be significant improvements. However, we know that President Uribe—who has been in power for nearly six years—could have caused this situation to change much more rapidly. I have here a report on the situation of lawyers and justice in Colombia published by Lawyers Without Borders. The report reads, and I quote:

Furthermore, the role of human rights lawyers is frequently stigmatized by government authorities. Persecution and the deliberate disregard for the right of defence are typical of a vast majority of justice system administrators and the police, who use administrative and legal actions to criminalize the exercise of the legal profession, particularly in the case of criminal lawyers, labour lawyers and human rights lawyers.

Government authorities are directly implicated. Reference is made to a number of actions, but if things are being done by legal and government authorities, how can you hope that the simple fact of doing business with Colombia will improve human rights, social and even labour conditions?

[English]

Mr. James Lambert: The chief negotiator may have more specific comments on the question of how an FTA might accelerate conditions that would permit a greater scope for rule of law and good governance in the country, but that's certainly a view we subscribe to.

I can address your most specific question about human rights, and particularly its impact on the judicial system that prevails in Colombia. I would step back and say this is an enormously complex situation the Colombian government is addressing. We're looking at the single longest-running civil conflict in the Americas, over 40 years in duration. The Uribe government has certainly taken important steps. Looking at it over the seven years of government to date, we see that the direction is very much one we support.

I agree with your point that there is a requirement here for Canada, engaging on commercial investment, to continue to insist with the government that best efforts be made on a range of issues. I think we also have to give credit where credit is due to the Colombian government for efforts that have been undertaken.

You mentioned some of the problems with the demobilization of paramilitaries, and others have been mentioned here. This is an issue created by a government that is taking steps to deal with an inherently difficult problem in Colombia. The Uribe government has taken important steps in the reform of the justice system at the constitutional level. It has moved to the introduction of an accusatory criminal regime. Oral judgments are used at the legal level. It has reinforced the budgets the judicial system has to operate on. Impunity and threats to lawyers, judges, and those who operate in the judicial system remain a very real problem and one that we want to help them address, because to do so deals very much with the climate of impunity that exists in the country. You're addressing a very important question.

As Carol cited the Prime Minister to say, it's not by any means an issue that's been put to bed, although the overall performance is much better than it has been. In this, there are still areas where we want to see them continue to advance, and Canada is playing a role. I can cite at a later time a number of programs we're involved with, including our refugee program.

I would note it interesting that over one-quarter of the refugees who come to Canada on a worldwide basis are coming from Colombia. Far from the Colombian government's viewing that as an insult, it's viewed as an important safety valve in that society, where individuals who are under threat from the left, the right, and different sectors have been able to find safe refuge here, as has been our tradition in Canada.

● (1610)

[Translation]

Mr. Serge Cardin: Immigration from Columbia is fairly significant. We can conclude that life is not much fun over there and that immigration numbers would probably be even higher if people were free to come here.

If the situation has really evolved and improved, why is the American Congress still waiting to ratify an agreement signed by the United States, which surely sees trade opportunities? Has Congress refused to endorse the agreement because it clearly does not see enough of an improvement with regard to human rights?

[English]

Mr. Cameron MacKay (Director, Regional Trade Policy Division - Americas, Department of Foreign Affairs and International Trade): Was there a question about the U.S. political system? Is that what the question was?

[Translation]

Mr. Serge Cardin: The United States has signed a free trade agreement with Columbia, but it has not yet been ratified by Congress because it claims to want to see evidence of a significant improvement in human rights. All indications are that Congress is not even close to ratifying the agreement. We could therefore deduct that the United States does not believe the human rights situation has significantly improved. Americans like to do business. They choose to ignore human rights in some countries, but in this case, they are using human rights as a reason to refuse to ratify the agreement.

[English]

Mr. Cameron MacKay: Maybe I can just confirm that there hasn't been a vote yet in Congress on whether or not to ratify the U. S. agreement with Colombia. There has been a lot of debate about it in the last week, and the rule was changed in terms of the deadline for the vote on the Colombia FTA. My understanding is that there is an ongoing debate in Washington about the human rights situation in Colombia, also a bill on so-called trade adjustment assistance. There's also a debate in Washington in the same rooms about an economic stimulus package for the United States.

All of this is happening, of course, in the context of an election, so we don't know when the vote will be in the United States. But we're of course watching it closely.

Thank you.

The Chair: Thank you for that clarification. I think that's what we needed there.

Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): I'll start off there, Mr. Chair, because what happened last week in the House of Representatives is that the House of Representatives of the United States refused fast-track approval, and by changing that fast-track rule, essentially they've put off any obligation to hold the vote. Most members of the House of Representatives are opposed to the deal. That's been very, very clear. There is no longer any obligation for house leadership to actually bring that vote forward. So Mr. Cardin's comments about the fact that the United States' elected representatives have pushed this off because this is a deal that is so controversial is very legitimate.

So I ask the panel this. You have been following events in the United States, and the fact is that this has been perceived by many observers as being a de facto rejection of the agreement—you do understand that?

The Chair: I wonder if I could interject, Mr. Julian. I don't think it's the position of our representatives today to comment on it. If you want to ask that of the minister or government policy, I think that's one thing. They've got a job to do, and that's to negotiate a free trade agreement. I'm sure they would welcome any questions on Canada's relationship with Colombia in this regard. I don't think we need to take the time of this committee to comment on matters in the United States.

Mr. Peter Julian: Well, Mr. Chair, it is relevant, because the presentation indicated that businesses in Canada will be placed at a disadvantage once the U.S. deal is passed, not "if" a U.S. deal is passed. So I'll move on to my next question, but I think for the record, very clearly the presentation is inaccurate, to say the least. Essentially, in the United States there has been a pushing back of the possibility of a U.S.-Colombia trade agreement. I think, for the record, that's important enough.

•(1615)

The Chair: I thank you for that clarification. I didn't mean to cut you off in your direction, and you did get it on the record, so let's proceed with this one.

Mr. Peter Julian: Thank you, Mr. Chair.

I'd like to go on to further comments, because I get the sense, from reading and listening to your presentation, that essentially we're looking at a NAFTA template agreement. Would that be an accurate description of the agreement that is being brought forward, which would include investor state rights—chapter 11 provisions?

Ms. Carol Nelder-Corvari: Thank you for the question.

Yes, we're looking at a comprehensive model like NAFTA.

With respect to investment, what we are seeking in investment provisions will not enable companies to force governments to lower non-discriminatory regulatory standards, including environmental standards. So we're using our FIPA model, which is further refined from the NAFTA chapter 11 in these negotiations.

Mr. Peter Julian: But it does mean that a Canadian company, for example, that wants to move into Colombia and is facing opposition from a local democratically elected municipal council could seek compensation if any decision impinged on their right to get profits from that particular enterprise.

Ms. Carol Nelder-Corvari: I apologize, because I have to be respectful. The negotiations are ongoing, but I will just reiterate that we're using our FIPA model. The most recent example, I think, was with Peru. It was put into place last year, so this is what we're pursuing, but these negotiations are ongoing. Investment negotiations are a key instrument here, given our presence in the Colombian market, so I apologize that I can't go into detail.

Mr. Peter Julian: I think you've answered it adequately. If it's based on a NAFTA template, then investor state rights apply. I think that would be a source of greater concern for many of us on the committee, that indeed there would be other ways for companies to override the rights we're supposed to be bringing into this agreement.

I want to reference another point in your presentation stating that respect for workers rights requires that Colombia's labour laws reflect internationally recognized core labour principles and that these laws be effectively enforced. How would we require that to take place? What are the mechanisms by which this would go into effect? What are the consequences for no respect for labour rights?

This is not just an academic question, as you know. We've had many human rights organizations identify that to be a labour organizer or trade unionist in Colombia is more dangerous than anywhere else in the world. If we're in negotiations when trade unionists—I believe five so far this month—are being killed, that's a matter of great concern.

What is the mechanism that requires Colombia's labour laws to be effectively enforced if we are in negotiations, when, very clearly, labour trade unionists are being killed even now?

Mr. Pierre Bouchard: We are seeking a robust dispute resolution mechanism in the side agreement. That would provide the opportunity for members of the Canadian public to bring forward complaints for non-compliance with the obligation to effectively enforce laws. Also, with the breakthrough arbitration we were talking about, these laws must reflect internationally recognized labour standards.

Therefore, the process is that members of the public bring a complaint to our office—a point of contact, if you wish, within government. We then analyze the merits. If the complaint falls within the framework of our agreement, then the dispute resolution process starts. An investigation is made and a report is written, which can lead to ministerial consultation. If the problem is not solved at the level of ministerial consultation, a dispute resolution panel, which functions along lines similar to the dispute resolution panels for trade matters, is then formed. They study the cases if there is non-compliance.

What I'm describing are the same sorts of things you have seen in previous agreements, except this time we are seeking that this dispute resolution applies to a greater number of obligations. This panel can then impose financial penalties, to be deposited into a cooperation fund. That money can then be used to resolve the matter at hand.

We are seeking to achieve a balance between a sufficient deterrent—a hard agreement, if you wish—that will ensure compliance while remaining with a problem-solving approach. By creating a fund, not pocketing the money for the Canadian government but keeping the money in Colombia to solve the problem, then both governments would agree on the mechanism to ensure compliance.

It is robust, transparent, and open to the public.

• (1620)

Mr. Peter Julian: So as the trade unionist dies, we have some dollar amount that will be deposited in a development fund. Thank you for that.

Have you met with Holman Morris, who is a noted journalist, with individuals like him, or members of groups such as Human Rights Watch? And what did they say about the possibility of an FTA with Colombia?

Mr. Pierre Bouchard: No, I haven't met with...I'm sorry, who?

Mr. Peter Julian: Holman Morris. He's a noted journalist who has spoken out about human rights abuses in Colombia. Or Human Rights Watch, which is a human rights organization.

Mr. Pierre Bouchard: No, I haven't spoken with that individual.

Mr. Peter Julian: Has any member of this panel?

Mr. James Lambert: I haven't met with the specific individual you mentioned, but we have ongoing and regular consultations with NGOs and with experts in the academic sector, the human rights advocacy sector, and human rights defenders.

Our embassy regularly meets with Colombian NGOs. Our Minister Bernier met with human rights advocates when he was down there, as do our officials on a regular basis. In fact he met with Jorge Rojas, the director of Consultancy on Human Rights and Displacement; as well as Antonio Madarriaga, who is the director of Viva la Ciudadanía; and Kimberly Stanton, whom I've met with as well when I was down there—project counselling services. In Canada we deal with KAIROS, with Amnesty, and with Alex Neve. We facilitate when they bring human rights observers and defenders from Colombia to their meetings, not only with my department, but we've pulled together interdepartmental groups to discuss the human rights situation in Colombia.

We're very much in an open mode for exchanges with civil society, with real sources of expertise on the human rights situation in Colombia.

The Chair: Thank you, Mr. Lambert, and thank you, Mr. Julian. It was very helpful.

Mr. Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thank you to our witnesses here today.

Thank you to the hard-working negotiating team for getting an agreement to this stage. I believe the conclusion of a free trade agreement with Colombia will definitely receive strong support from many sectors and Canadian businesses from coast to coast to coast.

When we heard from the Colombian ambassador in the committee on Monday, we talked about dealing with a democratically elected

government and about trying to expand to have a more liberalized trade agreement, with the protection and promotion of human rights as a complementary exercise, with mutually supporting economic growth at the same time to try to bridge the economic gap within this country for so many years. We've heard about a lot of civil unrest there for over four decades, so we're trying to bring some stability to the country.

This committee is also dealing with a trade agreement with South Korea. I'm sure you're familiar with that. Looking over the information from the witnesses on South Korea, and hearing some of the information from witnesses today as well the previous information we received, I see there seems to be some similarity between the negotiations of the free trade agreements with Korea and Colombia.

I guess what I'm trying to say, using a sports analogy, is that sometimes the best offence is a good defence.

Ms. Nelder-Corvari, in your presentation you talked about a defensive free trade agreement, and you alluded to the United States having concluded a deal with Colombia, whereas the negotiations have still not been finalized on a Canada-Colombia agreement.

We've heard from our study on free trade with Korea that should the U.S. get a deal with them and Canada not secure such a deal, there would be a lot of negative implications for Canadian businesses. And after doing some of my homework, I see that agricultural tariffs in Colombia right now range from 15% to 60% on certain products and that many Canadian manufacturers who export a great deal to Colombia are affected by these tariffs.

So my question to you, as the lead negotiator, is whether you could elaborate on how a potential U.S. agreement with Colombia would impact on our Canadian exporters and investors in absence of a Canada-Colombia free trade agreement.

• (1625)

Ms. Carol Nelder-Corvari: Thank you for that question.

At the outset, I want to point out that it's not just the United States that Colombia is negotiating with. That is our key competitor in that market, but Colombia is also negotiating with the European Union, with EFTA, and it is expanding its trade agreement with Mexico and concluding, I think, an agreement with Chile. That agreement is now moving through their congress.

The entry into force of a U.S. deal is of particular concern. It would be a definite setback for a number of Canadian companies currently doing business with Colombia. Our estimates tell us that over 1,000 Canadian companies exported to Colombia last year. Many of them are SMEs. We talk about big investors in the oil and gas industry, but as is the case, investment is a driver for trade, so a lot of these large investors are bringing with them their partners from Canada. So we're seeing more activity there; there are over 1,000 now. With the passage of the U.S.-Colombia FTA, these companies will face a significant competitive disadvantage, as they will not benefit from the same preferences as their American competitors will.

As I noted in my statement, Canadian exports to Colombia have grown significantly in recent years. In fact, they're more than double what they were five years ago; they're now at \$660 million. Most of these exports are subject to significant tariffs, as you've indicated. For example, on paper and machinery products tariffs are as high as 20%, and on some agricultural products they're much higher; and there are also complications from what are called price bands in Colombia.

These are all part of the negotiations. For example, in the case of all of these exporters, they would be placed at a competitive disadvantage in that range of tariff levels, and this is not only with respect to the U.S., but also with respect to the other trading partners I indicated, who are now in active negotiation with Colombia.

Colombia is an important destination for Canadian investment. Our embassy in Bogota estimates that it's about \$3 billion now. That's very significant, considering that we have a stock of foreign direct investment in India and China of about \$1.8 billion, so we're looking at a significant presence in Colombia. These investments, particularly in the extractive sectors, have led the way to other exports, such as mining equipment and machinery, which are linked, I believe, to the activity of small and medium-sized enterprises as well.

The Canadian businesses who have established operations in Colombia would be at a disadvantage if the U.S.-Colombia FTA were passed, as their investments would not enjoy the same level of protection as investments made by U.S. companies. Ultimately, this could affect the amount of Canadian direct investment in Colombia and weaken the positive spinoffs that are generated through this investment, including economic development in Colombia.

I think it's worth mentioning an important study this committee should be aware of. Professor Xavier Sala-i-Martin of Colombia University produced a paper just when we were launching these negotiations with Colombia, and it speaks directly to the issue of economic integration, growth, and poverty. Going back to some of the other questions here, the paper talks about the fact that investment will be the main driver for Colombia's benefit in terms of providing economic opportunities, and it speaks to some of the broader issues of institution-building and fortifying democratic principles. It's worth looking at, because he does highlight that issue, and he also highlights the fact that economists don't always capture these benefits in their economic models—and these are the key benefits, the institution-building parts of this, and the issues related to investments.

To get back to the key point of your question, we will be placed at a significant disadvantage in the Colombian market if the U.S. secures an agreement with them and we don't. Our exporters are there and are growing; the government should be there with them.

•(1630)

Mr. Ron Cannan: Just to expand on that, it's not only agriculture but also the manufacturing industry that would specifically be affected seriously without an agreement, if I'm hearing what you're saying correctly.

Ms. Carol Nelder-Corvari: Absolutely. Machinery and equipment are expanding. Our exports of paper and services are as well.

It's not just in manufacturing. Environmental and engineering services are related to the larger investments that are there.

As I noted, Colombia has now become the primary destination for off-road dump trucks from Canada over the United States. So we're seeing an expansion here, and it's very important to many of these manufacturers. It's a large market of 45 million people. The IMF is predicting growth of 5% between 2008 and 2012. That's much different from the predictions for many other countries. So we're looking at a very dynamic economy, and our manufacturers are looking there as well.

Mr. Ron Cannan: You've had some good consultations with the manufacturing industry. We always like to make sure they're supportive of the agreement. What kinds of consultations are they, and what indications have you had from them?

Ms. Carol Nelder-Corvari: We have been in consultations with manufacturers and agricultural exporters on an ongoing basis. We let them know where our discussions are, and we exchange views on the discussions.

Mr. Ron Cannan: I have one final comment. We all want free trade and fair trade, as was alluded to, and to make sure we have labour standards, environmental protection, and human rights for individuals. From your negotiations, what do you see that Canada can do to help Colombia further improve the human rights situation?

Mr. James Lambert: I'm sorry, did you ask what steps Canada can take or is taking?

Mr. Ron Cannan: Correct.

Mr. James Lambert: Okay, let me talk a little bit about, particularly, what CIDA has been doing, because that's where our major investment in human rights is.

Since 1999, Canada has contributed about \$4.5 million to the Office of the UN High Commissioner for Human Rights in Colombia. We were very pleased with the establishment of that office and were supportive of its activity, and we contributed to it. Close coordination with the office has allowed Canada to raise priority issues such as extrajudicial executions and threats against human rights defenders, to promote human rights training for the military, and to ensure that the office and the whole institutionality of the multilateral system is addressing those important questions.

UNICEF is also an important actor in the whole area of child protection in Colombia. It's very much an issue of victims of abuse in Colombia. So we've provided \$1.2 million to protect children affected by violence in Colombia. And we have given \$1.5 million to UNICEF to support the implementation and monitoring of reporting mechanisms for children in armed conflict and to follow up on UN Resolution 1612, which specifically addresses the question of child rights in Colombia.

Moreover, CIDA has given \$5.8 million to the UN High Commissioner for Refugees. I referred to the refugee situation and the displaced people in Colombia. These people are also victims of that ongoing civil conflict, and this responds to the needs of internally displaced people. It provides Plan International Canada with \$2.5 million over five years to support preventive measures to help youth avoid becoming participants in violence and conflict in that country. This is just a sample of the kind of work we're doing.

Also, through the global peace and security fund that the Department of Foreign Affairs and International Trade administers, we're very active in the whole area of security cooperation with Colombia, and that allows us to address important elements of the human rights situation there.

We've invested heavily in the OAS mission that's active in Colombia, which has overseen a demobilization of the paramilitary structures in that country. And although that's an ongoing and incomplete process, I think the OAS has played a critical role.

There's been some flow-back, more into criminal activity than into paramilitary activity. Of course there's a complex interrelationship between human rights abuse, ideological forces, and criminal narco-trafficking forces in that country. But through that contribution to the OAS, Canada has been able to play an important contribution role in the demobilization of paramilitaries in that country.

•(1635)

The Chair: Thank you, Mr. Cannan.

Thank you for that answer. We did go over time, but I think it was very worthwhile to get the answer out.

We're going to move to the second round, and I understand that Ms. Murray will begin the round and will perhaps share her time with Mr. Dhaliwal.

Ms. Joyce Murray (Vancouver Quadra, Lib.): Thank you very much, Mr. Chair, and thanks to the team for the work you do and the presentation.

I did notice that there was a focus on how this free trade agreement will strengthen peace-building and respect for human rights. I'm interested in strengthening environmental protection, so that's what my questions are about.

I know that in some countries with long-running internal conflicts—for example, I was in El Salvador very shortly after that internal civil war ended—in some of those cases, especially where there are human right abuses as well, there is environmental degradation that results. It's simply not a priority for people when their lives are at stake, and I think that's reasonable.

That is the situation in Colombia. Extractive industries and agriculture are the key trade contributions from Colombia, which we can expect to increase. Extractive industries like coal and mining have been known to result in toxic tailings and polluted waterways. Agriculture, particularly crops like bananas and sugar, and sometimes coffee, which are mentioned here, have also led to soil degradation, loss of habitat, and biodiversity reduction.

That's what my questions will focus on: the impact of the free trade negotiations on the health of the environment in Colombia. I have five questions.

One, where is Colombia currently in international rankings of environmental protection?

Two, what are the specific key environmental concerns in Colombia?

Three, what risk is there of exacerbating those key environmental health concerns in Colombia? Coal mining can lead to problems. Banana plantations can lead to the clearing of rain forests and impacts on climate and biodiversity. So what risk is there as the economy continues to grow and specifically as there is a stoking of that under a free trade agreement with Canada?

Four, in her presentation, Ms. Nelder-Corvari mentioned that Colombia's labour laws need to reflect internationally recognized core labour principles, but the comments regarding environmental laws were bit fuzzier. So is the side agreement going to require the environmental laws to reflect internationally recognized core environmental principles and effective enforcement of those?

Five, what might be a mechanism for monitoring, reporting, and enforcing environmental agreements and adherence to laws through this free trade agreement? Would there be a mechanism such as there is in NAFTA, I believe, for that kind of due diligence on environmental issues?

Thank you.

•(1640)

The Chair: That was just over four minutes. I would suggest that if you're not able to respond to all five questions in one minute, you might be able to provide Ms. Murray and the committee with written responses to some of those questions.

I'll let you pick the ones you want to answer right now. Thank you.

I'll give you two minutes. How's that?

Mr. Dean Knudson (Director General, Americas, Department of the Environment): Great. Thank you for the questions.

To the first question, I don't know their actual ranking, but that's an easy one for us to get back to you on.

On their key concerns, most of the negotiations with Colombia—especially near the end, when we were talking about the specifics on cooperation, which was of significant interest to the Colombians—focused on the issues you talked about. They wanted to know about Canada's practices with respect to corporate social responsibility and how they could learn from those experiences. They wanted to understand what we were doing on chemicals management. They wanted to understand what we were doing about biodiversity, which is a very important issue for the Colombians. I suspect that reflects where their negotiations went and what their preoccupations are, but obviously you would have to ask the Colombian government to get a more involved answer on that.

On managing the risks of economic growth, there are specific provisions we're looking to get into the side agreement and the formal FTA. They will require that countries provide a high level of environmental protection, improve their environmental governance, effectively enforce their domestic environmental laws, maintain procedures, and conduct environmental impact assessments. They will ensure that enforcement-related laws and administrative rulings are available to the public to provide sanctions or remedies for violating an environmental law, and that fair, equitable, and transparent proceedings occur. Those are some of the provisions we're looking to get into the side agreement that actually address a number of the issues you were talking about.

On recognizing core environmental principles, a pretty standard provision that we look at is what we call the MEA conflict-of-law provision, which is in the formal trade agreement. I'll ask my colleagues from DFAIT to comment on that further. But it effectively says that those multilateral environmental agreements would prevail in the event of an inconsistency between the free trade agreement and the obligations set out in those multilateral environmental agreements. That's part of the FTA.

On enforcement, I already talked about one of the provisions in the side agreement that deals with effective enforcement. There is also a dispute resolution mechanism in the environmental side agreement. It stops at the ministerial level and does not have a panel.

Thank you.

The Chair: Is there a further comment from DFAIT?

Ms. Nelder-Corvari.

Ms. Carol Nelder-Corvari: Thank you for those questions. I want to reply from a corporate social responsibility angle. It's a very serious question.

Our investments are largely in the extractive sector, and for this reason we've had two sessions in Bogotá with our investors, with the Government of Colombia, with the negotiators, where we sat around and talked about how we can do this. It's not always about what's in an FTA, what the details are or what the obligations are; it's about cooperation. It's about respecting domestic laws.

Canada has high expectations of its companies that are operating in other countries. We expect them to follow international principles and standards, such as the OECD guidelines for multinational enterprises, the Global Compact, and EITI, which is the Extractive Industries Transparency Initiative.

So we've had these discussions, and actually in these negotiations we're working very hard on a new element, which will be a cooperation chapter. That's not the only place we're talking about CSR, but it's trying to get at some of these issues: what can we do?

The companies are very active in this area. The message I often hear is that when you're operating in regions of Colombia, in the rural areas, you don't go there lightly. It's a big commitment. You're talking about investments. You have to deal with security issues. You have to deal with capacity-building in the regional government.

The concern is, once you start these operations, you're paying revenues. You want transparency. You want the local community to be able to recycle these revenues in a way that can deal with all these issues—environment issues, labour issues, human rights issues, infrastructure, hospitals, schools. You want to make sure things are improving.

Companies have their own brands. It's a risk for them as well. Call it self-enlightened interest, but it's very much a concern for them. They're active in the area, and the embassy is actively working with them. They had a seminar recently in Bogotá, in February. I forget the exact name of it, but it was to deal with business, CSR, and armed conflict—because this is the reality. These companies are very much invested in the communities when they do go in.

So this has been an active part of our discussion, and we're trying to define ways the governments can work together with the industry to ensure exactly what you're saying, that things improve, that increased economic activity leads to positive development for Colombia and does not worsen the environmental situation. These are serious issues, and they're under active consideration.

I can tell you—and I'm sure you'll get the same impression when you go down to meet with our investors and hopefully get a chance to see a project—that they're trying their best to be at the forefront of CSR.

It's worth noting as well—I don't know if you're familiar with the Global Compact, which is a UN organization, and about 3,000 companies, 1,000 NGOs, and union organizations are part of that—that the view of the executive director of the Global Compact was quoted recently in an article in *The Economist* on corporate social responsibility. The article said:

CSR is a child of openness, he says. Corporate responsibility in recent years has been driven by globalisation. If markets stay open, it will continue to spread. But openness should not be taken for granted: "The day markets close, CSR is over."

So in answer to your questions, we're trying to make progress on all fronts here and establish new areas for cooperation. Colombia is committed to the same objectives. We are not encountering difficulties in trying to move forward in this regard.

●(1645)

The Chair: Thank you.

I'm sorry, we are six minutes over with that response, so we're going to have to move on.

Monsieur André, vous avez cinq minutes.

[Translation]

Mr. Guy André (Berthier—Maskinongé, BQ): Thank you, Mr. Chairman.

Welcome. Globalization promotes economic development, but social and human development is something we also care about. And that is why we are so focused on human rights in Columbia.

Since he was elected to office, President Uribe claims to have adopted legislation and measures to improve the human rights situation. However, as my colleague said, many union leaders have been assassinated. President Uribe said that some human rights lawyers were considered to be terrorists and allies of the enemy.

Americans have criticized the fact that the free trade agreement signed between the U.S. and Columbia, and between Canada and Columbia, does not force Columbia to respect World Trade Organization standards. Has Canada raised the same concern?

It can be said that a free trade agreement with Columbia might improve working conditions and the respect of human rights in that country. In my opinion, President Uribe could have taken some measures before any agreement was signed, such as passing stricter legislation protecting the rights of workers and human rights attorneys.

The concern we have with regard to the agreement is not so much with regard to economic matters, but rather human rights.

• (1650)

Mr. Pierre Bouchard: Thank you for your questions.

To respond to your first question with regard to the obligation of the parties who have signed the agreement to respect their partner's labour laws and the basic tenets of the WTO, I have to say that this is what we aspire to. Negotiations are ongoing and we believe we will achieve that goal, and more.

You are right to say that, in the beginning, it was a concern raised by the Americans. In fact, there was an agreement. Last year, the Americans had renegotiated the agreement to include that obligation. Canada must also respect these basic rights, and it went even further by including occupational health and safety standards for migrant workers. This is new and fairly interesting. That is what we are aiming for in these negotiations. In fact, we are very proud of this section. If the parties can agree to it, I think Canadians will be very pleased.

As for what can be done to improve the situation of workers, we have to be honest and acknowledge that this type of agreement is only one tool in the tool box. It is an important tool which can help us. A few years ago, as far as labour standards were concerned, there was no mention of human rights. But now, we are dealing directly with the Department of Labour and the unions.

I myself went to Columbia to meet with the main union leaders. Our minister was also there, and he spoke to the union leaders and to President Uribe. The message was clear. Even the Colombian ambassador recognized that one death was one too many.

We recognize that the Colombian government is making an effort. The situation has improved, but there is still work to do, and the Colombian government recognizes this. By being there, and having a strong agreement we will, we believe, improve the situation. I believe that changes can be made with the \$1 million envelope which was announced. But it is one tool among many.

Mr. Guy André: Once an agreement is signed, human rights often take a back seat to the economy. Some countries which do not uphold human rights—we will not name any—have signed agreements within the framework of the WTO. These agreements include the respect of human rights and World Trade Organization standards, and much more. But often these measures are not really respected. Economic interests usually take precedence. If business is going well, why stop? I will not name the countries in question; you know which ones I have in mind. These are major economic partners who, at one point or another, violated human rights. And yet we continue to trade with them because it is in our economic interest to do so.

[English]

Mr. James Lambert: I would like to respond at a general level.

You spoke of some elements of the judicial sector—attacks on lawyers or threats to those who participate in the system. Then you made some more general comments about the human rights situation and its relation to economic undertakings. I think it's important to note that the Uruguay government, although it is far from perfecting the situation, has put a lot more money into the judicial system than was the case before. It is also putting money into direct protection of the state. Over \$40 million a year is being spent to provide protection to union leaders and other people under threat as they move through the court systems. These are important developments.

You posed a question about whether President Uribe and his government should have to complete this transformation of Colombian society before we engage with them. This goes to the heart of our engagement in the Americas. We're undertaking a very forward-looking approach in the Americas. It is about finding partners and engaging with them. But if we only engage with like-minded countries in the Americas that have attained the same level of rights and protections and social standards as Canada, it's going to be a pretty small pool we're fishing into.

Carol referred earlier to the comments the Prime Minister made in Bogotá about engaging with these countries while they are in the process of transformation. I think President Uribe and his government are moving the country in the right direction. These are absolute changes, but at the margins. There are still problems that need to be addressed. It's important for us to engage with them and be part of that solution. We shouldn't wait on the margins until the process is complete to sign a free trade agreement. There's a real role for Canada to play there.

• (1655)

The Chair: Monsieur André.

[Translation]

Mr. Guy André: I would like to make an observation. It is not only a matter of politics and social programs. Union leaders have been assassinated. I realize that the social or educational programs in Latin America, South America and in other countries are not the same as ours. But that's not what we're talking about. We're talking about the assassination of union leaders and the violation of workers' rights. There's a difference.

[English]

Mr. James Lambert: I agree that these are important questions the government is addressing. If you're suggesting that it's the only country in the Americas where union leaders are under threat, I would disagree. El Salvador has been mentioned before as a country that's gone through a peace process and made considerable progress. Impunity is a problem that we face throughout the Americas.

These are widespread problems that we have to address—impunity, inequality. Our point of view is that we want to use our development assistance, our security cooperation, and our economic instruments to help give these countries the strength and governance mechanisms they require to deal with these problems.

[Translation]

The Chair: Thank you, Mr. André.

[English]

We'll move to Mr. Fast. We're going to try for five minutes, questions and answers.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair. I'll try. I'll start by asking for clarification on one point.

Ms. Nelder-Corvari, you mentioned—and I'm going to quote you here—that “environmental and labour aspects of economic integration will be addressed through the negotiation of side agreements, which will be directly linked to the FTA”. What do you mean by “directly linked to the FTA”? Are you talking about the two agreements being signed concurrently, or are you talking about one before the other?

Ms. Carol Nelder-Corvari: I was referring to the fact that the negotiations include discussions of labour and environment chapters, which are what Minister Emerson referred to, I think, last time he was before this committee. So for the first time, we're looking at actual chapters within the FTA that will deal with labour and environment.

• (1700)

Mr. Ed Fast: I want to know, will the FTA be signed without having a side agreement in place?

Ms. Carol Nelder-Corvari: No, no. It's—

Mr. Ed Fast: So they go hand in hand.

Ms. Carol Nelder-Corvari: Yes, they go hand in hand, and the side agreements are where we're negotiating the key obligations.

Mr. Ed Fast: Okay.

I think you've heard two different perspectives on how liberalization of trade should proceed. Some people believe that before a country that has underdeveloped democratic institutions signs a free trade agreement with Canada, they should fully develop those

democratic institutions. The other perspective is one that I certainly support, where there's clearly a thread that links free trade with prosperity, with human rights and democratization.

There are so many examples in the world now of free trade agreements. I'm thinking of, say, a country like Chile, which in the sixties and seventies had a horrendous human rights record. We now have a free trade agreement with it, and I'm assuming at the time that we signed on to that free trade agreement, they didn't have fully developed democratic institutions.

Can you point this committee to models where a free trade agreement has actually contributed toward the development of democratic institutions?

Ms. Carol Nelder-Corvari: I think you answered it well. A trade agreement assists and promotes economic prosperity. When there's economic prosperity, it does promote stronger democratic institutions, better social conditions. Those are all part and parcel of the same progress in terms of economic advancement. I think Chile is a good example of such progress.

You know, economists aren't very good at pulling this information out, and that's why I did point to the study of Professor Sala-i-Martin of Columbia University in the United States. He did the study for the Inter-American Development Bank and he deals specifically with Colombia in that study and talks about the relationship between poverty and economic development, and institution-building in general. I think there's more and more evidence that that is the case.

In Colombia obviously we're dealing with a specific situation, a long-running internal conflict, and that carries with it very problematic issues. But the Uribe government is making progress. It is trying very hard on all fronts, as Jamie Lambert has explained. The United Nations High Commission has an office there, and they're very transparent about what their efforts are.

So in terms of the argument as to whether free trade agreements lead to greater economic prosperity that reinforces poverty eradication and helps fortify democratic institutions, I think there's increasing evidence of that, and that economists are now turning their attention more to trying to derive that information from the studies they do.

Mr. Ed Fast: Mr. Chair, could I ask that Ms. Nelder-Corvari table with this committee the report or the study she referred to? I think that would be very helpful. I haven't seen a copy of it.

I will just follow that up with a quick question about your consultation process. Obviously you've had consultation with industry in Canada. Presumably you've had consultations with the manufacturing sector. Are they supportive of our proceeding with a free trade agreement with Colombia?

Ms. Carol Nelder-Corvari: Yes, I haven't heard any opposition from the manufacturing sector to this deal. There are specific industries that have an interest.

Mr. Ed Fast: Can you name those?

Ms. Carol Nelder-Corvari: In the auto sector, in particular, they're supportive of this effort. I explained that we do have exports down there and we have activities in Colombia as well. So yes, they're very supportive of this effort.

Mr. Ed Fast: Now, are you talking about the manufacturing sector broadly or just specific groups within that sector? I'm thinking about the clothing industry. Would it not be a little bit concerned about entering into a free trade agreement with a less-developed country?

• (1705)

Ms. Carol Nelder-Corvari: Well, textile and apparel is traditionally sensitive. Of course, the focus is on importations from China. The case of Colombia is not seen as a major threat.

The Chair: Good. Thank you.

And thank you, Mr. Fast.

We're moving right along, so we're going to be able to go to a third round, and we're going to begin that round with Mr. Dhaliwal.

Try to do five minutes. I think it'll work.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair.

I would like to thank and welcome the talented panellists we have here.

My question is going to Ms. Nelder-Corvari.

You mentioned that most of our focus will be on the extractive industries. I have great concern about the dangers this agreement will pose to the people who are living near valuable resources. I haven't been to Colombia, but I can certainly tell you, from my experience with developing countries, that the extractive industries have been known to force the displacement of poor people from the land they want to develop.

What guarantee and what mechanism will we have in place that would lead these industries not to displace those poor people?

Ms. Carol Nelder-Corvari: Thank you.

I obviously can't speak to any particular operation or firm. I know there was recent information about one incident that I think you may be referring to. But in any case, with Canadian investments—and I think you're going to be speaking to the investors, and this is a good question to ask them—we expect investors to adhere to good standards, high standards of corporate social responsibility, and all evidence to us is that they are. In fact, there have been leaders in Colombia. Some have been internationally recognized for their efforts.

They are, first and foremost, expected to follow the laws of the land in terms of requirements in Colombia for property rights, environmental laws, and labour laws. But also we expect them to adhere to higher standards such as those that are promoted under the multinational enterprises, the guidelines of the OECD, and the Global Compact, and we're working through our embassy with them.

But I can tell you that most industries realize they have to be accountable. Globalization has required that they be accountable for their activities everywhere. It can negatively affect their brand and their share prices.

In Colombia, once they're there, they have to make a large commitment. Evidence is that they are making that commitment. The communities in particular are important. In some cases they have to

convince people who are involved in the drug trade that they would prefer to work in their operations. It's a large commitment, and it's an effort that involves activities on all fronts, as I indicated: working with the community, working with the regional government, working with the unions. It's a comprehensive effort. It has to be.

Mr. Sukh Dhaliwal: If you're leaving everything to the private enterprise, then we don't even need you here to sign that agreement. So if those private enterprises do not follow those regulations—the rules that will protect the human rights of the people who are living around those neighbourhoods—what are the sanctions you would approve so that those people would not be able to get into those unacceptable practices?

Ms. Carol Nelder-Corvari: Canada doesn't generally extend its laws to apply to actions of Canadian companies operating beyond its borders. Canada does not support other countries, either, in extending application of their laws to Canada in respect of the right of other countries to regulate activities taking place on their soil.

CSR is about initiatives, our voluntary initiatives in terms of what we're trying to promote, but voluntary initiatives can be very effective if they're made to work. That sounds like an oxymoron, but it means hard work, and that means government activity as well as corporate and local level activity. It means all parties have to work together to ensure that progress is made, and that is why we've been having discussions with our companies, as I indicated, in Bogotá.

I can tell you that they speak very passionately about this, and you will see that when you go down. When we think of corporate social responsibility in Canada, we talk about environment and we talk about basic principles. It's much more of a commitment there, and I'm sure you will find that if you have an opportunity to visit Colombia.

• (1710)

Mr. Sukh Dhaliwal: On one hand, we're trying to see that this free trade will help our efforts to reduce poverty, but on the other hand, we are saying we are not guaranteeing that there are any sanctions for those people there, either from the Colombian government or from the Canadian.

You are saying, well, it's all voluntary, but I don't see it, because I have a lot of experience with developing nations. What happens in agreements like this is that the poor are getting poorer, the rich are getting richer, and that gap between rich and poor is increasing. That is the kind of thing that worries me. How will we be able to work on child poverty? Putting \$1.2 million into UNICEF and what not is not going to help. We have to have certain mechanisms in place so that the rights of those children and the rights of women, the rights of the labour force there are protected somehow.

Ms. Carol Nelder-Corvari: I think the Colombian ambassador spoke most eloquently to this on Monday. He says Colombia needs these agreements; we need to offer economic opportunity other than the drug trade. They're seeking this. That's part of their aggressive campaign to seek agreements with the European Union, with EFTA, with Canada, with the United States. They feel this is their best opportunity to experience consistent, stable economic growth and to deal with poverty and, along with that, all the other issues that they've been trying so hard to address over the last six or seven years.

The Chair: Mr. Lambert.

Mr. James Lambert: Perhaps I could add to that, and this relates back to the question Mr. Fast posed about what the benefits are of these mechanisms and the knock-on effects that they have in terms of advancing human rights in the country.

One of the important elements that these kinds of agreements focus on is rule of law, because from a commercial point of view and an investment point of view, that's core to the security that one needs to do business in the country. And it's almost self-evident, but it has been seen in the implementation phases too, that the kinds of legal and judicial standards that are set and that are adhered to as a result of these agreements also have knock-on effects for the stability and the credibility of the judicial system as a whole in those countries.

So strengthening a judicial system to deal with the economic facts on the ground of an FTA also has an important benefit of strengthening the capacity of judges and lawyers and the level of expectation about good governance in a country.

The Chair: Thank you, Mr. Dhaliwal.

Mr. Tilson.

Mr. David Tilson (Dufferin—Caledon, CPC): We've heard a lot of negative things about what you're going through, and I commend you for facing the trying times you have ahead.

I would like you to tell me what you perceive to be the good things about the deal. Who in this country, whether in manufacturing or agriculture, will gain the most?

• (1715)

Ms. Carol Nelder-Corvari: We have exports to Colombia in the range of \$660 million. Those are largely grains and pulses. Pulses include a range of products—lentils, beans. I'm learning as I go through the tariff items. I never knew there were so many varieties. But those are traditional exports to this market.

I've met with some of the importers in Colombia who say that, given the transportation costs and other things, they import Canadian wheat because it's of a higher quality. But once the U.S. deal is in place, with the higher transportation costs, they will shift. There's a real interest from grain producers expanding their markets. We're also looking to expand in oilseeds, and we're in discussions with those industries as well. Pork and beef producers are also interested in this deal. So is the manufacturing sector—parts and accessories for motor vehicles, motor vehicles for the transportation of goods. There's a range here.

As for imports from Colombia, 80% are already duty-free. For Canada, that's not the case. We're trying to effect an agreement that is not only defensive but also a balancing mechanism in our bilateral trade relationship.

As for Canada, when you get beyond North America, our trade share with a lot of these countries is a fraction of 1%. But in the case of Colombia, it's dynamic, promising, and growing. It's growing at a pace that is quite remarkable, and that's likely tied to our investment interest. Our companies are there. They're expanding. We're doing all we can to support them.

Mr. David Tilson: Will the manufacturing industries in this country like what you're doing?

Ms. Carol Nelder-Corvari: In the case of autos, let me put it this way: we haven't heard anything negative. We've been in consultations even with the traditionally sensitive industries such as textiles and apparel. They understand where we are in these negotiations. To my knowledge, they haven't spoken out in opposition.

Mr. David Tilson: As in the EFTA deal, the main components of supply management have been carved out—specifically the over-quota tariffs. Is there something that you as a negotiator will be able to secure in this deal?

I represent an agricultural community, and we're interested in supply management. I assume that as part of your mandate you're able to reject any deal that involves cuts to that over-quota tariff.

Ms. Carol Nelder-Corvari: That's right; that's a position.

Mr. David Tilson: I'm finished.

The Chair: Great.

I thank you for coming today. Thank you, witnesses and members of the committee for being so cooperative.

It was a great round. I very much appreciate the questions and answers, right across the board, that you were able to bring. They were well prepared. I appreciate it, and I think the committee did as well. You've opened up some questions in our minds, things we want to look forward to seeing on our visit.

With that, I'm going to thank our witnesses today and excuse them. After they've gone, I'm going to take about two minutes to wrap up some business.

Thanks again for appearing today.

Mr. Ed Fast: Can you make sure we get that report tabled?

The Chair: Yes.

I had two things quickly, and one was just a grammatical change in our mandate. When we started asking witnesses to come, they weren't sure of it, so we're just rewording it. And rather than discussing it today, I thought I would just... I don't have it in both languages. It's just a change in the wording of the mandate; it's just to make it clearer, because some of the witnesses are confused as to exactly what the mandate meant when we said we'll focus on environmental impacts and human rights.

So the analyst and the clerk have suggested a rewording. I'm going to send that out in both languages to the committee. It's not a big deal, it's just really a grammatical change, but because I didn't have it in French today, I'm not going to do that today. I'll ask the clerk to send that out, as well as my response to a letter.

I also received a letter from Ken Georgetti, president of the Canadian Labour Congress, with regard to this committee business. I don't know whether all committee members received it. I wanted to get back to Mr. Georgetti, so I responded on behalf of the committee. I will circulate his letter and my response, and also indicate to the committee that I have invited Mr. Georgetti to appear before the committee to express his views as well. I'm asking the clerk to have that translated and distributed to members as well.

That was all I had.

Mr. Julian, did you have something to conclude?

• (1720)

Mr. Peter Julian: Just two questions, Mr. Chair.

I believe Mr. Georgetti was asking to accompany the delegation and was suggesting that the Canadian Chamber of Commerce could do the same. I'm wondering what the tone of your response was.

Secondly, perhaps the clerk could inform us as to the witnesses who are scheduled when we reconvene after break week next week.

The Chair: The second part of your question was?

Mr. Peter Julian: The witnesses we will have on the Monday and Wednesday when we reconvene after break week.

The Chair: I'll answer the first question first, and maybe turn to the clerk.

We're going to try to hear four witnesses. Because we don't have a lot of time, I want to hear four witnesses a meeting, and rather than trying to balance it out as we have in the past, if any balance is required, we're going to go with two business and two human rights groups separately rather than together. We'll give an hour to the first group and then an hour to the second group, I think, just to get more in and allow the committee to ask questions of each one in that regard.

With regard to your question about Mr. Georgetti, yes—it was suggested to me and to the committee—he offered to attend with us in Colombia. I responded to him that it wasn't the usual practice, that this is not a government mission and therefore membership doesn't

include outside organizations. There are a number of reasons for that. I'm certainly willing to put it on the agenda for debate, but that hasn't been the practice in the past. This is a committee visit, and for logistical reasons and all other kinds, we are going to limit it to the committee.

If you would like to put it on the agenda for further discussion, I'm happy to do that, Mr. Julian, but that is how I responded. I've sent you a copy of my response to Mr. Georgetti.

Mr. Peter Julian: Thank you, Mr. Chair.

I believe Mr. Georgetti was very clear that his organization would be picking up expenses, so it's not an issue of expenses.

The Chair: No, no. I appreciate that, but you know we do have a lot of logistical problems. As I say, I'd rather we didn't take the time at committee. If you want to raise it—

Mr. Peter Julian: I'd like to raise it at the next meeting, if I could.

The Chair: Fair enough. That's okay. But in terms of tradition and the normal way we've done it, that's how I responded. You're welcome to review that.

I think that's all I have for today. If anybody else has any further business.... We will take break week and be back to our witnesses a week Monday.

Thank you.

We're adjourned.

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