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Chair

Mr. Lee Richardson

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• (1545)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): I call the meeting to order.

I'm sorry to keep everyone waiting. We had votes in the House, and now we have high-level discussions at the back of the room, but we're going to have to proceed without them.

We'll start with our witnesses in our continued study of the free trade negotiations between Canada and Colombia. Today we are welcoming Tom d'Aquino, chief executive and president of the Canadian Council of Chief Executives, and Sam Boutziouvis, vice-president of economics and international trade. We also have Carl Potts from Pulse Canada and Greg Simpson from Simpson Seeds.

I think we'll ask Mr. Potts to start off. I understand you're sharing your time to begin with, so could you keep it collectively to 10 minutes? Then I'm going to ask Mr. d'Aquino to give an opening statement as well.

We'll begin with Carl Potts from Pulse Canada.

Mr. Carl Potts (Director of Market Development, Pulse Canada): Thank you, Mr. Chairman, and thank you very much to the committee for the opportunity to present here in front of you today on an issue that's of great importance to our industry: bilateral free trade agreements generally, and the one that Canada is negotiating with Colombia specifically.

I'm very pleased today to have with me Mr. Greg Simpson from Simpson Seeds in Moose Jaw, Saskatchewan. He's a seasoned veteran of this industry, and I'm going to ask him to make a few comments more specifically related to Colombia just a little bit later.

Pulse Canada is the national industry association for the pulse crop industry in Canada. We represent growers, processors, and exporters of pulses and special crops here in Canada. We work generally on market development, but we also deal with market access-related issues for our industry here in Canada.

The pulse and special crops industry here in Canada exports about 70% to 75% of our products to about 150 countries around the world. Those exports average about \$800 million per year. Last year, in 2007, they exceeded \$1.25 billion, so given the importance of exports to our sector, maintaining competitive access to international markets is extremely important for us.

The pulse industry has had a keen interest in bilateral free trade agreements since about 2004. That was the time when some of our competitors, in particular the U.S., embarked on a very aggressive

campaign to pursue bilateral free trade agreements with key countries that were key markets for Canadian pulses.

We've been supportive of pursuing strategic bilateral agreements for quite a while now. For us Peru, Colombia, Dominican Republic, and Morocco rise to the top of that list. We were very pleased to see Canada launch negotiations in 2007 with Colombia, Peru, and Dominican Republic.

In FTA negotiations, we seek tariff elimination under the fastest possible timeframe. That's really what our goals are for pulses and special crops, but at a very minimum it's very important that we at least have access parity—that we negotiate an access that's at least as good as what our competitors negotiate—to ensure that we don't become uncompetitive because of preferential tariffs.

Overall, Colombia is Canada's seventh-largest market for pulses and special crops, averaging about \$42 million per year in exports. In 2007, export value was about \$57 million; overall, in agriculture and agri-food exports to Colombia, pulses ranked second behind cereals, so it's a very important market for us. But if we look more specifically at individual products within the pulse and special crop category, the importance of Colombia becomes even more apparent: Colombia is either Canada's first- or second-largest market for green lentils, with about \$37 million worth of exports in 2007; we export about \$15 million worth of dry peas to Colombia; Colombia is Canada's sixth-largest market for canary seed; and Colombia is a top-five market for Canadian chick peas.

In terms of the impact of competitors' agreements on our industry, the U.S. agreement negotiated with Colombia gives U.S. pulses preferential access. It gives them tariff-free access for an unrestricted quantity of peas, lentils, and chick peas, and for some special crops as well. For beans it provides for a tariff rate quota system that will progressively increase U.S. access to Colombia over about 10 years.

What does that mean for the competitiveness of Canadian products? Well, it means that Canadian products will face about a 15% tariff disadvantage for peas, lentils, chick peas, and canary seed. As an example, for lentils that are worth around \$1,000 per tonne or more, a 15% tariff disadvantage works out to about \$150 a tonne. In a business in which a few dollars a tonne really matters and sometimes determines who does the business, obviously a 15% tariff disadvantage will shut Canadian products out of those markets.

While committee members, I understand, have travelled to Colombia and heard comments from Colombia's perspective, I want to share just a few comments that we've received back from Colombia.

We had a seminar and some meetings in Colombia in 2006 with importers. We found that the Canadian delegation was confronted by quite angry Colombian pulse importers. Their anger was directed at us and at the Canadian government because of, at that time, a lack of movement on a negotiation with Colombia; as importers, Colombians benefit from having equal access for pulses relative to other pulse-producing countries, and they're desperately interested in continuing to have access to Canadian product. This ensures that there's market competition within Colombia and ensures that they have competitive access to the products they need.

Will Colombian citizens benefit? Yes, absolutely: with pulses being an important protein source for people throughout the world, lower tariffs have the potential to provide food at lower costs.

In summary, I would say we're looking for three main objectives out of a Canada-Colombia free trade agreement. First off, we can maintain tariff parity access with the U.S. and other competitors to ensure that the Canadian industry is not placed at a disadvantage relative to our competitors. This is an absolute must for this agreement with Colombia and for any other FTA that we negotiate, and I understand that other agriculture sectors have provided similar comments and have a similar position on that.

Second, we can also regain parity with other countries for beans, rather than face a 60% tariff disadvantage relative to Andean countries. A Canadian agreement can help to secure and regain tariff parity for a market for small red beans in Colombia.

Third, lower tariffs reduce the cost of food and of products for importers and consumers; when we are talking about certain price-sensitive commodities such as canary seed, for example, that's particularly important in helping to encourage additional demand.

I'll ask Mr. Simpson to make some comments specifically about the Colombian market. He's been involved there for nearly 25 years and has specific expertise there.

● (1550)

Mr. Greg Simpson (President, Simpson Seeds Inc., Pulse Canada): Thank you, Mr. Chairman, committee members, and ladies and gentlemen.

I want to thank you for this opportunity to be able to present to you my perspective on the impact this bilateral free trade agreement would have on our business and the industry.

I'm from Moose Jaw, and Moose Jaw is in the production heartland for lentils and many other pulses. If it weren't for lentils, our farm and our business would not have survived the past 30 years, and this is largely due to the fact that low grain prices meant that we needed to diversify into something that would be profitable on our farms.

We supply seed to, and purchase back the lentil production from, nearly 2,300 farmers in a range of around 200 miles around our farm and our company. Just to give you an idea of how much growth we've had, when we started the business 30 years ago, we had three

employees and we shipped about a million tonnes per week. Now we've expanded to three processing mills and 65 employees. We are running 24 hours a day and exporting 5.5 million pounds per week. It's been a substantial growth. We ship somewhere around 25 containers per day when we're at full steam.

Needless to say, this is an important industry to us. Colombia is one of the number one buyers of lentils from our area, particularly the large green layered variety that is predominantly grown in our particular area. As a country they import around 68,000 metric tonnes a year, and we deal directly with importing companies in Colombia. We deal with the number one importer in Colombia right now, who imports about 50% of these lentils on an annual basis.

Successful negotiation of a bilateral agreement between Canada and Colombia is an opportunity for Canada to sustain a viable industry and to be instrumental in the development of an industry that's been largely grown without government intervention.

If the U.S. beats us in the race, we stand to lose a significant amount of the market in terms of competitiveness and market expansion. Colombia is important; without them we would quickly have an overproduction in Canada, which would result in a lowering of prices to farmers. Farmers would then get the signal not to grow the lentils. That would then have a direct impact on us in terms of reduced exports. Reduced exports mean fewer employees, because we wouldn't be shipping nearly the same amount of product. Of course we would try to find alternative markets, but that would be very difficult because Colombia has been such a big part of our business.

At the end of the day, Canada has been blessed as a resource-rich country. As citizens of Canada it's important for us to steward these resources to the benefit of all people, whether they are growers, processors, or exporters. What's also important at the end of the day is being able to take these peas, lentils, and chick peas and be able to deliver them to consumers. Bringing down the barriers of trade will allow me to do my job better and be able to bless those who are in need of food.

The cost of the tariffs right now, at \$150 per metric tonne, is significant. The price of food has doubled, if not tripled, in the last year because of what's been going on worldwide. This represents a huge amount of money when you consider the people who are trying to buy our products from Canada.

Thank you for listening to me, and I'd be interested to take some questions regarding what I've said.

● (1555)

The Chair: Thank you, Mr. Potts and Mr. Simpson.

Before we go on, I want to just close up this section of our grain and food producers and seed growers. You all received, I think, a letter from the Canadian Wheat Board. We had also suggested the Wheat Board might have appeared today as well. They did send us a letter, and I think I'll just quickly read into the record the salient parts of their agreement and save them a trip, but if you do want to have the Wheat Board come and appear, we can also extend.

Just for the record, then, this is from the Canadian Wheat Board:

Colombia is one of the fastest-growing Latin American markets for CWB grain, and it is the single largest market for Canadian barley in Latin America. In 2006-2007, western Canadian farmers exported roughly 417,000 tonnes of wheat and 73,000 tonnes of barley to Colombia.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Would you have a French version of that letter? The interpreters are complaining that they do not have the text and that it is difficult for them to translate because you are reading too fast. Would you have a copy for them?

[English]

The Chair: I don't have a copy with me in French, so I'll read it a little slower if that helps. It's only a couple of paragraphs.

We were talking about the farmers, and I'll continue with that:

Together, at today's prices, Canadian wheat and barley sales were worth over \$230 million.

The potential loss of this key market is a major concern for our organization. As you are aware, the U.S. government has signed the U.S.-Colombia Trade Promotion Agreement. If ratified, Canadian wheat and barley to Colombia could be placed at a 15 per cent applied tariff disadvantage to its U.S. equivalent. This translates into roughly \$70 per tonne of wheat at current prices. Additionally, Colombia is also negotiating an FTA with the European Union.

The commercial disadvantage of such deals will exclude Canadian wheat and barley sales from the Colombian market, resulting in lost sales opportunities for western Canadian farmers.

On behalf of the CWB, I strongly encourage your committee to endorse these negotiations. Please do not hesitate to contact us if you have any further questions or require additional information.

That's from Larry Hill, chair of the board of directors of the Wheat Board. It will be in the minutes and available on record.

With that, again, thank you, and I'm not taking this out of your time, Mr. d'Aquino.

We'll now hear from Thomas d'Aquino, from the Canadian Council of Chief Executives,.

Mr. Thomas d'Aquino (Chief Executive and President, Canadian Council of Chief Executives): Thank you, Mr. Chairman. We're always prepared to cede some time to the Canadian Wheat Board.

Good afternoon, ladies and gentlemen. I'm going to present a very short introductory statement. I promise you it will not exceed 10 minutes. I and my colleague, Sam Boutziouvis, will then be happy to answer any questions you might have.

As representatives of the Canadian Council of Chief Executives, we're very pleased to be here today to talk about something that we think is very important to Canada. I will try to make the case for supporting the government's current negotiations towards a free trade agreement with Colombia and to address a number of concerns about human rights, labour, and the environment.

For those of you who do not know us, the Canadian Council of Chief Executives is made up of the CEOs and leading entrepreneurs of 150 of our largest companies in Canada. The organization is a research, policy, and advocacy group. The vast majority of Canadian investment, Canadian exports, Canadian research and development, and training is conducted by the member companies of the council.

The other thing I should tell you, if you don't know it, is that we've had a long record of involvement historically in playing a leadership role and advancing the Canada-U.S. Free Trade Agreement; the NAFTA; and our free trade agreements with Chile, Peru, Costa Rica, Israel, and the EFTA; and now we are very deeply involved in looking at, hopefully, free trade agreements between Canada and India and Canada and the European Union. So we've had a long history of engagement, because we believe an open economy, and one that can build on the tremendous trade advantages that Canada has had, will be good for Canadian jobs and for Canadian growth in the future.

So let me begin. First, Mr. Chairman, we think that an ambitious, comprehensive Canada-Colombia free trade agreement would enhance access to a new and growing export market. With a population of some 45 million people—you know this, as you were there—and strong economic growth, Colombia represents an important market for Canadian products and services. The potential of Colombia has not gone unnoticed by Canadian companies. More than 1,000 Canadian enterprises are engaged in commerce with counterparts in Colombia. The current level of Canadian foreign direct investment in the country is about \$3 billion and is expected to increase as we move closer to the conclusion of the agreement.

Canada's annual exports to Colombia have more than doubled in the past five years to \$660 million. The proposed agreement would benefit companies and workers in a wide range of industries, including the automotive sector, steel, chemicals, public infrastructure development, oil drilling, environment, engineering, agriculture—you've heard from our colleagues on the importance of Colombia for lentils, and we've also heard from the Canadian Wheat Board with regard to barley and wheat—fertilizer, paper and other forest products, copper products, textiles, apparel and footwear, mining, and advanced manufacturing such as mining machinery and equipment.

In our view, ladies and gentlemen, a free trade agreement that is ambitious, comprehensive, and offers reciprocal access will raise awareness and further open this dynamic and growing economy to Canadian know-how and ingenuity well beyond the products and services I've just listed.

Canada's business community would strongly support a Canada-Colombia free trade agreement that includes the following key provisions: greater access to government procurement; liberalization of the services sector; strengthened protection for Canadian patents, trademarks, and trade secrets; improved customs facilitation; greater benefits for small and medium-sized exporters; reform of the domestic legal and business environment to encourage business development and investment; and finally, an agreement to prevent double taxation.

The second reason we so strongly support the agreement is that it will level the playing field for Canadian workers, farmers, and businesses. The Canadian market, as you know, is already open to Colombian imports. Last year more than 80% of what we imported from Colombia entered Canada duty free. A free trade agreement would give Canadian businesses, farmers, and workers similar access to this important growing market.

• (1600)

As you've already heard, Colombia imposes tariffs averaging 11% on industrial goods, 17% on agricultural products, including 15% on wheat, and as high as 80% on beef products and 15% to 20% on cotton yarns and paper products. The elimination of these tariffs would greatly benefit Canada.

It is vital that we keep in mind the international context. For example, the United States has already completed its own free trade negotiations, though I realize the agreements are now stalled and that Nancy Pelosi and the Democrats have said no, for the time being at least. I've absolutely no doubt in my mind that it's only a question of time, after we see the transition take place, that Colombia will come to the fore again.

When one looks at Canada and the United States, we've had many instances of leaders saying "I will not support this agreement, and I will cancel it if I'm elected", when history proves otherwise. So we're very hopeful that the compelling reasons, whether it's under a Democratic regime or a Republican regime, will move the United States closer to Colombia.

Meanwhile, as you've heard, Colombia is pursuing liberalized trade with the European Union, the members of the European Free Trade Association, Chile, Mexico and others. In our view, Canada cannot afford to fall behind lest we be rendered less competitive and possibly be shut out of the market by more aggressive negotiators.

The third reason we support it, Mr. Chairman, is that a Canada-Colombia free trade agreement would contribute to economic growth and poverty reduction in Colombia. Reforms introduced over the past decade have served Colombians well. As recently as 2006-07, the World Bank listed Colombia as one of the world's top ten economic reformers—not performers, reformers—and last year Colombia's economy grew by over 6.5%. As well, the International Monetary Fund expects that over the next five years annual economic growth will average an impressive 5%. Unemployment has dropped from 16% in 2002 to roughly 10% last year, and an estimated 10 million Colombians have been lifted out of poverty in the past five years. Wages have been rising for five straight years and inflation has declined to about 5%. Those of you who are members of this very important committee would know that those numbers are numbers that many countries would aspire to have. They are very encouraging.

The conclusion of a Canada-Colombia free trade agreement would signal Canada's strong support for the pro-growth initiatives of President Alvaro Uribe and would further increase confidence in doing business in Colombia.

The fourth point, Mr. Chairman, is that in our view the agreement would strengthen democratic reforms and human rights in Colombia. Contrary to what I know you've heard from some earlier witnesses,

recent history demonstrates beyond question that pro-market reforms encourage the development of the democratic institutions that are so important to the effectiveness of a functioning government. They deepen relations among countries, improve the protection of human rights and accountability. The increased economic activity that would result from a free trade agreement would create more and better jobs and more opportunities in the formal economy. It would discourage corruption. It would not eliminate it, but it would discourage it and enable the government to make additional investments in institutions that promote the rule of law and greater transparency.

Less than a decade ago, Colombia was thought by many to be a failing state. As recently as 2000, much of the country was controlled by terrorist groups and ruthless drug cartels. Much more needs to be done, but Colombia's transformation in the past few years has been nothing short of remarkable. The facts speak for themselves. Since 2000, the levels of general violence have been reduced by 40%. The murder rate has dropped by 40%. Kidnappings have dropped by 83%, and terrorist attacks on public infrastructure have declined 76%.

Free trade and stronger economic growth will bring new opportunities for the informal and illicit economies that for too many years have been dominated by the drug trade. Already, growth and greater openness have resulted in the demobilization of more than 40,000 paramilitary fighters; fully 95% of them have been successfully reintegrated into mainstream Colombian society.

Let me be clear: violence continues to plague Colombia. We know that. The social and economic costs of conflict are extremely high, but the problems that remain are being dealt with successfully. Colombia has a vibrant democracy with a long history of free elections, a free press, and effective opposition parties.

• (1605)

Importantly, the Colombian people have given the president an 80% approval rating. Colombia, in our view, is on the right track.

May I conclude, Mr. Chairman, with a fifth and final point. Colombia is a vital element in Canada's strategy of re-engagement in a region. For too long Canada has been a fair-weather friend to our neighbours in the southern hemisphere. Fortunately this is now beginning to change. Building on our existing free trade agreements with Chile, Costa Rica, and now Peru, Canada's government is currently negotiating with several Caribbean and Central American countries. A free trade agreement with Colombia would anchor Canada's strategy of increased engagement in the Americas, which we think is a very positive development. Not since our accession to the Organization of American States and the signing of the landmark free trade agreement with Chile has Canada been so constructively engaged in the hemisphere.

The council is convinced that these negotiations are in the economic and strategic interests of both Canada and Colombia. Of course we will have to await the outcome of the negotiations before determining whether the agreement itself is sufficiently ambitious and comprehensive. We're not interested in a piecemeal agreement. In our view, it should be comprehensive and very broad.

I think delaying or cancelling these negotiations would send the wrong signal, certainly at a wrong time, to the people of Colombia. Any postponement would constitute a commercial and foreign policy setback.

It is my understanding that the Government of Canada is pursuing high-quality labour and environmental accords in conjunction with the proposed free trade agreement, with recourse to dispute settlement mechanisms. In addition, our government is committed to working closely with Colombia in the areas of corporate social responsibility and capacity-building.

Regrettably, some labour representatives and political activists have said it would be wrong to negotiate a free trade agreement until Colombia improves its human rights record. In my view this represents a misdirected effort to derail an initiative that would greatly benefit the people of Colombia and the cause of democracy.

A moment ago I referred to the dramatic decline in violence in Colombian society. Let me offer a few more examples that illustrate the rebuilding of trust and the enhanced sense of security. In 2002, some 131 mayors throughout Colombia were forced to exercise their duties and responsibilities from outside their municipalities. Today all Colombia's mayors live and work in their respective municipalities. Ridership on Colombian roads has doubled since 2000, and the number of tourists visiting Colombia has doubled in the past five years. The International Labour Organization apparently agrees with the direction of human rights and labour reforms in Colombia; for the first time in 20 years the ILO has removed Colombia from its labour watch list.

To reiterate, Colombia continues to experience significant social, human rights, and poverty-related challenges. The good news is that Colombia is making progress. We should encourage these economic and democratic reforms. Far from walking away, we should engage the country's leadership as much as possible.

In conclusion, Mr. Chairman, we think Canadian workers and businesses of all kinds would benefit from the negotiation of an ambitious, comprehensive free trade agreement with Colombia. Furthermore, it is in Canada's interest to engage with countries such as Colombia, that are committed to democracy, the rule of law, peace, and greater security. Successful conclusion of this agreement would certainly offer better protection for workers and the environment while strengthening capacity-building and corporate social responsibility. For all these reasons, we support it.

I should say, Mr. Chairman, consistent with our philosophy as an organization—we would apply the same reasoning to China or any country in the world, whether it be Cuba or, for that matter, North Korea—our view is constructive engagement, the opening up of markets, and the patient pursuit of those goals, if necessary, that are absolutely essential to the gradual bringing in to the family of nations, in a full way, of countries that do not necessarily share our democratic values.

Thank you very much.

•(1610)

The Chair: Thank you, Mr. d'Aquino.

With the late start today, we have boxed in our time a bit. It looks like we're only going to get one round in. In fairness, I wonder if we could ask members to keep it to five minutes for this group. We have another group that was coming in at 4:30, and we're going to delay that a bit. But I'd like each party to have an opportunity to have five minutes. If you want, quickly decide whether you want to split that time. You're only going to get one round with this group of witnesses.

We're going to start with Mr. Bains from the Liberal Party.

•(1615)

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Chair, and thank you, gentlemen, for coming before the committee.

As you know, this is a very important issue. We travelled abroad to Colombia, as well, to try to better experience firsthand the complexity of that country. Mr. d'Aquino, I think you alluded to it in your remarks. It's not a matter of black and white. The country is full of extreme contradictions. You've alluded to some of them, but I want to illustrate some of the points we saw.

There is extreme growth, at 7% or 8%, but extreme poverty. You have Uribe at 80%, so he's very popular, but you have a Congress with 30 in jail and 30 being investigated. You have a country that is very democratic, but they're dealing with a lot of internal conflicts. So it's not so rosy. There are extreme challenges that I think need to be addressed. That prompted this study on human rights and the environment, specifically.

You mentioned that free trade shouldn't be examined in isolation. You said that there needs to be a concrete effort made to examine these other issues. How far do you think the free trade agreement should go in addressing human rights issues, labour issues, and environmental issues? That's one set of questions.

Second, you mentioned Colombia being a priority. How would you prioritize Colombia in light of some of the other potential free trade agreements we could pursue or other markets we should pursue in terms of our strategic interests? Where would Colombia be in terms of priority?

If you could answer those questions, it would be greatly appreciated.

Mr. Thomas d'Aquino: Thank you very much, Mr. Bains.

Let me answer your second question first. On the issue of what should be a higher priority—for instance, whether the European Union or India should have priority over Colombia—if we get into the business of identifying free trade agreements strictly on the basis of the size of a market, then one could simply have a list of one to five and forget everybody else. You know that we don't want to do that.

Hon. Navdeep Bains: But we do have our own resources...
[Inaudible—Editor]

Mr. Thomas d'Aquino: We do not support the idea of just negotiating bilateral agreements with anyone. The reason we think Colombia is so important is because Colombia is a very important country in the hemisphere, and I'm sure you would agree. It certainly is a very important country in South America. It's a country of significant size, of significant maturity, and of significant depth. It has a lot of things going for it, in addition to having a very troubled history and, as you say, a lot of unresolved problems.

I stressed in my remarks that Colombia would help to build a series of bridges and cornerstones for Canada in a continent where for too long we have not been present. I don't have to remind you that before we did our bilateral agreement with Chile, our presence in South America, indeed our presence, really, south of the southern border of the United States, keeping in mind that our relationship with Mexico is a relatively recent one....

The importance of moving into that hemisphere for us is very important, first because we think we have something to offer. Second, we think there are some very important synergies. If you ask me where it fits in, I would say that in our world, in the world of the western hemisphere, after having done the agreements with Mexico and Chile, we would put Colombia way up there. If you asked me whether that is more important than Brazil, well, Brazil is really not on the table right now, and it's not likely to be for quite some time.

As to the first issue, personally, all my professional life I've believed that the connection between open markets, democratic liberalization, rule of law, and respect for the environment are inextricably linked. That's one of the reasons, in my view, the Soviet Union collapsed. That's one of the reasons China is now joining the family of nations. There are many countries that do not have our, in absolutist terms, democratic values or protections for the values that are important to us—the environment, human rights. But we don't say to those countries that until they have achieved our level of perfection, we don't want to have anything to do with them. Why are we engaged with China? Because we want to bring China fully into the world of the family of nations, even though there are imperfections to deal with that will take time. Colombia is the same.

So in our view, environment, human rights, corporate social responsibility, and building capacity are enormously important. Should they be given the same degree of prominence as the negotiation of what I call the hard black and white elements of the free trade agreement? The answer, simply, is yes. I'm a great believer in that. I don't think we should go to any country and negotiate free trade agreements without taking into account these other things, because these other things are essential.

Hon. Navdeep Bains: Thank you very much.

Do I have any time left?

•(1620)

The Chair: Yes, you have one minute.

Okay, Mr. Dhaliwal, short and sweet.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): I'll carry on with this question where you said you favour having human rights and corporate responsibility as part of the agreement. Do you think it should be a separate clause or part of the agreement itself?

Mr. Thomas d'Aquino: Our position is that, going right back to the very first of the free trade agreements that were negotiated, the Canada-U.S. agreement being the precursor to many others—a lot of people don't realize that it was the cornerstone of literally thousands of bilateral agreements that followed—when we began our negotiations with Mexico, we faced many of the same issues.

My view has always been the following. A free trade agreement should stand on its own. Protocols, agreements that deal with the environment, labour rights, and human rights, should stand on their own as well. I've never been of the view that because they stand on their own, they have less value or less importance. So this insistence that we throw it all into the same....

If I were a 110% full-time human rights activist, I would say I would not want free trade agreements to be integrated with my human rights agreement. The reason I wouldn't is that I wouldn't want it to besmirch the purity, the clarity, and the importance of that. You throw it all together and then what do you have?

So I'm all for side agreements that have teeth, that really matter, and that are taken very seriously in the negotiations, but I would not put them all together. When you put them all together—I'm a trade lawyer by profession—there's a tendency on the part of people who are dealing with trade agreements not to think perhaps as much about human rights agreements. I want the top commitment of our country and of the Colombian authorities to human rights to stand on its own, to have a very strong set of foundations so that it will stand on its own, but not as an adjunct to something.

You know, the economists will say that free trade agreements are vastly so much more important, and we just have this little side thing over here called human rights. That's not the way I see the world. So I say, let's have side agreements—I don't even like to call them side agreements, let's call them “complementary” agreements—that have real meaning, real teeth, and that are negotiated in earnest. I think in the case of Colombia, that's extremely important.

The Chair: Thank you, Mr. Dhaliwal and Mr. d'Aquino.

Monsieur Cardin.

[*Translation*]

Mr. Serge Cardin: Thank you, Mr. chair.

I will share my time with my colleague, if time permits because I have a lot to say.

Mr. d'Aquino, you are a representative of the SPP, the Security and Prosperity Partnership of North-America, or you are close to it. Unfortunately, as MPs, we are not. You said that you are very concerned by human rights, workers' rights and the environment, and you are to be congratulated for that.

On April 7th and 8th, I attended a conference in Montréal entitled “*Humaniser le commerce*” where more than 20 experts from many different fields made presentations. After two days of presentations and debates, all the participants agreed on one thing and that is that no free-trade agreement has ever contributed directly to the advancement of workers' rights or to environmental issues. I understand that you would not want to speak of side agreements because, in relation to a free-trade agreement, that is just what they are, side agreements. They have little in common, if anything, with the basic agreement. Similarly, complementary agreements which are not integrated in free-trade agreements have never been beneficial either to human rights or the environment.

If we really want to make progress— and that seems to be your wish— how should we go about it and how can we make sure that such agreements have teeth?

Mr. Thomas d'Aquino: With your permission, Mr. Cardin, I will answer in the language of Shakespeare rather than the language of Molière to be able to explain myself more clearly.

Of course, we are in disagreement.

[English]

What you say is so contestable to me—not detestable, but contestable—because if we look at the whole evolution of the post-war world, what is it that we have seen? If you and I had been meeting in this committee room 15 or 20 years ago, the majority of the countries of the world would have been under dictatorships and under centralized economies. What have we seen in the last 25 years? Most of those dictatorships have been swept away. Why? Because concomitant with it, we've seen an opening up of the economies.

What is the European Union other than a massive internal free trade agreement? Are we suggesting to ourselves that the workers of France, Britain, Germany, the Netherlands, Belgium, Italy, and the 27 countries of the European Union somehow have seen no connection between the opening up of the European Union and the protection of workers' rights? Go and say that to any leader in any western European country, and they will say,

• (1625)

[Translation]

“I wonder what world you live in, Mr. Cardin.”

[English]

Secondly, look at the case of Mexico. Mexico is a country that still has a lot of problems. If you were to compare the Mexico of today, in which you have a much more vibrant free press, in which you had a Mexican president who defeated the dominant central party that had been in power for 72 years in the last election when he won by a razor-thin majority, what is it that you have in Mexico today? You have a much more vibrant democracy, much more openness and, with that, greater accountability, greater transparency, and all the things that go with openness.

In reality, what is the WTO but a gigantic free trade agreement? The reality is that the post-war world negates totally the assumption of many people that somehow free trade is incompatible with human rights.

The last thing I would say is that I would argue to the contrary, Monsieur Cardin, that the reason we are seeing democratic reforms in China today is not that the Chinese leaders have decided out of their benevolence to start bringing out reforms. They've been brought about because a market is alive and well with people, the Internet, communications, technology, fax, and all these things. This is what opening up really means—

[Translation]

Mr. Serge Cardin: I am sorry to cut you off but, since you do not really want to answer my question, I will let my colleague ask his own questions.

Mr. Guy André (Berthier—Maskinongé, BQ): During our trip to Colombia, we were told that trade-unionists' murders had increased in the past few years and that, out of 61 members of Congress, 31 were in jail and 30 others were being investigated in connection with activities of the paramilitaries. As far as I'm concerned, this is a clear sign of a political crisis. Furthermore, we have heard of US companies— not Canadian so far—being associated with paramilitary groups and having contributed to the displacement of 3 to 4 million people. This was discussed during the previous meetings of the Committee.

I would like to hear your comments about this as well as about corporate social responsibility. How do you think corporate social responsibility will apply in the context of an agreement with Colombia? Do you believe that this principle should be included in the free-trade agreement or in a chapter of the agreement?

Mr. Thomas d'Aquino: I will try to answer your question, Mr. André.

[English]

First of all, let me speak to the very tragic issue of killings. I'm very familiar, and have been for a long time, with unacceptably high rates of murder, not just in Colombia but in many parts of the hemisphere. It's going on in Mexico today. It's going on in many countries, and this is terrible.

The only thing I would point out is this. *The Economist* magazine points out that the murder rate among Colombian trade unionists declined to five per 100,000 in 2007. And that's one-seventh of the rate of the murder of Colombians generally.

Now, I make no distinction between the loss of life of a trade union leader and of any other Colombian. The loss of one life is a great tragedy. But I'm only pointing out that the homicides of trade unionists have fallen about 80% from a high of more than 200 in 2001 to 33 last year. That's 33 too many, but let's be very clear: unless you and I are working from a totally different database...and I'm not quoting Le Conseil canadien des chefs d'entreprise here. I'm quoting the International Labour Organization and *The Economist*. Those are the numbers. Any loss of life is a tragedy.

The second thing I would say is that of course enterprises have a responsibility to carry their values and social responsibility to wherever they invest. I would say that the record of Canadian companies, and by and large the record of American companies, British companies, French companies, German companies, Australian companies, New Zealand companies—we can go through the list of those companies that are operating in the emerging world—show that these companies bring values that represent those countries, bring a higher commitment to social responsibility, and have been the driving forces for bringing the issue of accountability, in terms of good governance, to many parts of the world.

You may say to me, “Did you know that mining company X was throwing cyanide from its gold operations into the local stream?” You will always find the odd rogue company doing that. But I would ask you to cite for me one example of a Canadian company that has acted in either a criminal or an irresponsible fashion in Colombia. I don't know of one. If there is one, I'd like to know who it is.

• (1630)

The Chair: Thank you.

Sorry, we're running out of time there.

We're going to have to move on to Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair. Thanks to the witnesses. I have three questions and one comment.

To Mr. Potts and Mr. Simpson, I'd like to know how much you've received in support for trade product promotion around the world over the past year. This is one of the ongoing problems we have in Canada. We invest absolutely nothing in trade product promotion, while other countries invest considerably more.

My other comment and questions are for Mr. d'Aquino. There is a lot in some of the comments you made that I think is contestable. I'd certainly love to challenge you to public debate on a lot of these issues—for example, Pinochet's Chile being a free-market reform state where there were appalling abuses of human rights; the rural meltdown in Mexico that has taken place and has accelerated this year because of many of the provisions of NAFTA; and what's happened in Canada. The Canadian Council of Chief Executives is extremely proud of the economic development over the past 25 years, and the figures contradict what you say. Since 1989, real income has actually declined for two-thirds of Canadian families, and we now have the same kind of income inequality that we had in the 1930s, where 50% of all income goes to the wealthiest Canadians. Those are the facts. That's what Statistics Canada tells us about what has happened since 1989.

So I simply find that your arguments around economic development don't hold water. Essentially what we have now are jobless exports. We're shipping raw logs across the border. We're shipping oil and gas. We're not creating jobs with it. That's why real incomes are falling. That's why, instead of good manufacturing jobs, we're looking at minimum-wage service industry jobs.

Those are my comments. My questions, coming back to Canada-Colombia, are around some of the things we heard in Colombia. We heard testimony about allegations of collusion between paramilitaries—thousands of them are still on the ground—and major

companies like Nestlé and Coca-Cola and Chiquita. The Colombian government is refusing to investigate those allegations, which are very serious and have resulted in the potential death of labour unions.

Do you think that companies are above the law or do you feel, like the NDP does, that when a corporate executive breaks a law it should be thoroughly investigated, and, if the allegations are true, they should be prosecuted to the full extent of the law?

My other question is around the labour side agreement. You mentioned high-quality labour accords, when we know from our briefing that what's actually in the agreement is essentially a fine, that if the Colombian government continues to abuse human rights, if there continue to be deaths of labour activists and ties between the paramilitaries and the government—the many allegations there—then essentially the Colombian government would have to pay a fine into a solidarity fund.

Do you feel that's an appropriate high-quality labour accord, and if so, what price would you put on the continuing slaughter of labour activists and human rights activists in Colombia?

The Chair: Just before you begin, we have two minutes for the answer, first from our other witnesses, and then maybe take a minute each, just to be fair.

• (1635)

Mr. Carl Potts: Very quickly, we access a program for international trade promotion through Agriculture and Agri-Food Canada called the Canada agriculture and food international program. That program helps industries develop and execute long-term international strategies to improve market promotion and market development in the international markets.

So we deal with market access problems for products, any market access issues related to our industry, and we help to increase demand for Canadian products and promote Canadian products and the Canadian brand internationally.

Mr. Peter Julian: Sorry to cut you short, I wanted just the amount. What is the dollar amount of that support?

Mr. Carl Potts: Sorry; we receive about \$250,000 under a cost-shared program with Agriculture and Agri-Food Canada.

Mr. Peter Julian: So that would be \$125,000, then?

Mr. Carl Potts: We receive \$250,000 from AAFC and \$250,000 from industry.

Mr. Peter Julian: So it's \$500,000 in all?

Mr. Carl Potts: We receive \$250,000 for that program from AAFC, matched up with \$250,000 of industry dollars.

Mr. Peter Julian: Thank you.

The Chair: Mr. d'Aquino, could you respond in a minute and a half?

Mr. Thomas d'Aquino: Yes indeed.

Mr. Julian, when you talk about facts, let me just spend 30 seconds on that issue. It was your party that said that if we entered into the very first of the free trade agreements, which was the cornerstone of many to come, we would lose our jobs, our pensions. We would lose our water, and we would become hewers of wood and drawers of water.

What are the facts? In the last 10 years, Canada, the leading performer in the G-8, has the highest employment generation of the G-8, the highest increase in value exports to the U.S., and consistently higher surpluses in our trade and goods with the United States—vastly different from what you anticipated. In fact, the picture that you painted and the attempt to scare the hell out of people is so at odds with the reality that it's not even worthy, frankly, responding to.

But let me get back to the issue of Colombia. First of all, you mentioned Pinochet. Pinochet is gone. What about the Chile of post-Pinochet, Mr. Julian? Is it a supreme performer in South America? Have you been to Chile? Do you know what the fellow South Americans think of Chile? They regard Chile as the leading economy, and not only the leading economy, but in terms of the reform of its pension system, in terms of its social policy, the leader in South America. So much for post-Pinochet Chile.

The second thing I would say is on labour agreements. I'm in favour of labour agreements that have teeth. That's what I said to Mr. Bains at the outset of the questioning. If you say to me the fine is minuscule, I'm not interested in that kind of labour agreement.

Mr. Peter Julian: What fine is appropriate?

Mr. Thomas d'Aquino: What fine is appropriate? I don't know the answer to that, but it has to be painful, it has to be real, and it has to be significant.

The third thing I would say is this. Of course you heard evidence of continuing violence against trade union leaders. I think that is deplorable. But did you invest an equal amount of time to the seven-times larger factor of Colombians who were being murdered? I'd be interested to know that. The issue of violence in Colombia is not only an issue for trade union leaders, it's an issue for all Colombians, poor, rich, whatever, who are subjected to violence and murder of the kind that we have seen.

All I can tell you is that *The Economist* has said there's been a dramatic decline in the murder of trade unionists, so obviously the government of Chile has to be doing—

Mr. Peter Julian: It's up. It's actually gone up.

Mr. Thomas d'Aquino: That's not what it says here, Mr. Julian.

Mr. Peter Julian: It's gone up. In 2008 their figures have gone up, and the summary executions have gone up as well.

Mr. Thomas d'Aquino: I'm sorry, that's not what it's saying right here, straight out of *The Economist*.

The Chair: I'm sorry, we're going to have to continue.

I'd be happy to ask for unanimous consent to have you go on all day, Mr. d'Aquino, but I'm not sure I'd get it.

[*Translation*]

Mr. Guy André: I want to answer Mr. d'Aquino who asked me to name a Canadian company. Columbia Goldfields is a mining company which has contributed to the displacement of populations in the context of the Marmato historic center. It was in the media last Monday. There are many others.

[*English*]

Mr. Thomas d'Aquino: Mr. Chair, I don't know about that company, but I'll certainly look it up.

I just want to ask you, do you for a fact whether the individuals who were the so-called displaced favoured this form of economic investment or not? Do you know the answer to that? Because I'm familiar with a lot of mining activity in South America where the local population, that at first may have been reluctant, did decide, when they looked at the level of investment—for example, the investment in teaching how to re-harvest, grow cattle, grow teak, bring in schools—that in fact the investment was a good investment. I can give you examples of that, but I don't know about this particular one.

• (1640)

[*Translation*]

Mr. Guy André: I do not want to launch a debate with you, Mr. d'Aquino, but 3 million people have been mentioned, and perhaps up to 4 million, as being displaced from a rural area to the city.

[*English*]

Mr. John Maloney (Welland, Lib.): I have a point of order, Mr. Chair.

I would like to hear Mr. Boutziouvis' response. He wanted to respond. The Bloc have already had their questioning. I think we'd like to have questions put and responses made. I don't think the interaction between the witnesses is overly productive in this case.

The Chair: Thank you, Mr. Maloney.

Mr. Sam Boutziouvis (Vice-President, Economics and International Trade, Canadian Council of Chief Executives): Mr. Chairman, the deplorable murders of trade unionists in 2002 reached as high as more than 200 individuals. Again, it's highly deplorable, but in 2007 that number had dropped to 33 trade unionists, so there's been an incredible reduction in the murder rate of trade unionists.

Coming back to the main point, the high degree of violence in Colombia continues, but there's been tremendous progress, and there was no reason—

We can put in place elements in the free trade agreement with Colombia, including elements regarding greater cooperation, corporate social responsibility, and capacity building. We look forward to seeing those. In addition to the FTA we negotiate with Colombia, which hopefully will be passed by the government once negotiated, other programs and other initiatives may take place that will contribute overall to an improved relationship between Canada and Colombia and allow Colombia to continue to work with Canada to help reduce and take care of some of these abuses that we've been speaking about this afternoon.

So it's about free trade, but it's about much more than free trade. It's about raising awareness and it's about doing more between Canada and Colombia in the future, given the success rate so far in what they have done.

The Chair: Thank you.

We're going to have to move on and I'm going to have to keep it tight. We're going to hear from Mr. Miller and Mr. Allison, and I'm going to have to ask you to keep it to five minutes for the question and the answer. We have another group that's waiting.

Mr. Miller.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): I'll be very brief, Mr. Chairman.

I just want to thank the witnesses today, not just for coming but for excellent presentations, particularly from Mr. d'Aquino. Your obvious knowledge and understanding of international workings, including trade and human rights, is to be commended, and you speak in a very educated way on it. I wish opposition members, some or all of them, were listening. It was, I thought, quite ironic that you very, very easily picked out the ideology and unbiased rhetoric of the NDP and the Bloc as far as this issue is concerned.

One thing I can tell you, in response to a question you asked here earlier, is that when we were in Colombia a couple weeks ago, we heard of no examples of Canadian companies down there that had perpetrated any of the so-called allegations of some of the Bloc members.

We heard of no government involvement in any deaths of union leaders, but I can tell you that we did hear allegations of involvement of some union activists in illegal activities. The one thing we really found on the positive side down there was the great improvement the government of Colombia under Mr. Uribe has made in improving murder rates, kidnapping rates, crime, human rights, and everything. Yes, they certainly have a long way to go, but they're working on it and I think that's to be commended.

This time, Mr. Chair, I'm going to turn it over to my colleague Mr. Allison.

Mr. Dean Allison (Niagara West—Glanbrook, CPC): I guess sometimes the challenge is that just because it's been said doesn't mean it is so, and I think that's what our NDP friends want to constantly go back to. Just because a trade unionist has made a statement doesn't mean it is true.

My question is to Mr. Simpson, who is doing business there, as well as Mr. d'Aquino. Along with what Mr. Miller had to say, there are some issues there in terms of trade unionists actually being involved in criminal activity, not necessarily with drugs, but there are certainly illegal activities in terms of some of the things that go on. I'm just wondering if some of the deaths—and you've spent some time there, Mr. Simpson—had to do with the argument the trade unionists possibly want to frame, that it's just a labour issue. They make it sound as if companies are not abiding by the law and are just going out and killing some of these members. What I'm wondering is whether it is possible it has nothing to do with the companies whatsoever. Maybe, just perhaps, they're involved with other illegal activities and that's causing some of the issues here.

You've been down there doing work. I know, Mr. d'Aquino, that you've got companies that are doing stuff. I don't think it's that black and white that you can say it's because they're involved with companies, they're anti-company, and they're killed as a result of that. Is there not a possibility of other reasons?

• (1645)

Mr. Greg Simpson: Well, first of all, I've not been in Colombia directly. I've only worked from my office in Saskatchewan, so I've not been in Colombia to actually be engaged with this particular issue. So I really can't comment directly on that.

All I want to say is that the companies we deal with are all on the up and up. There have not been any illegal activities. We are very transparent. The people I deal with have a high level of integrity. They have a heart to feed people. They really are looking at the consumer. There may be issues behind some of this in terms of the cost of food and things like that, I don't know, but the whole idea from my perspective is for us to deliver food to people in a country of need, aside from the political issues. I'd hate to see something like the free trade agreement become a political football and have food embroiled in it. One way or another, we need to deliver a commodity from Canada that is in demand from Colombia.

The Chair: Very quickly, Mr. d'Aquino.

Mr. Thomas d'Aquino: Thank you.

I know we had a colourful exchange with some of the honourable members from this side, and I don't want to leave this room with the sense that we are so ideologically at odds that we can't see the common ground.

Let me put it to you very simply. We're dealing with a country here that has had some very difficult internal problems. The Colombia of 10 or 15 years ago, the Colombia that I first came to know, was a country where you dared not walk outside for fear of being kidnapped, so what we are seeing is improvement. The only argument I'm making is that there is plenty of right and plenty of wrong, left and right. I happen to be a believer that part of the fundamental problem we're trying to deal with in the whole of Latin America is that it's a continent that's been riven by class divisions, where the poor have been exploited. There is a long, unhappy, unpleasant history of dictators working hand-in-hand with monopolists and crony capitalism. I'm aware of all of that. What I'm interested in is seeing progress, the kind of progress we have seen in little countries like Costa Rica that signed a free trade agreement with Canada, a country like Chile, where the presidential palace was being bombed and the president assassinated. Look at Chile today. It's where we can see progress.

We see real progress in Colombia today, but the central driving force of that progress has to be democratization, the opening up of the economy, accountability, rule of law, through which you will have protection of human rights. And the enterprise system, especially those from our own country and those who carry with them, I think, the highest possible values, can be seen as only a powerful force to aid and abet those causes.

Now is not the time to say, “Look, trade unionists in a small minority, tragic as it is, are being assassinated, but you know, general Colombians are being assassinated in much greater numbers than that. We don't want to have anything to do with you. It's too dangerous to be here.” It's not the right thing to do. If we took that attitude, then we'd say why go to China? Why go to some countries that today rank quite highly in the OECD but whose rule of law, values, murder rates, lack of accountability are still problematic? The name of the game is to engage people and to bring the rule of law, to bring openness and transparency to them. That's what I see this great initiative with Colombia is about.

To me, the few additional—I say few, but it's relatively few in relation to the bigger accomplishments—financial benefits that will come to Canadian companies, the thousand that are there now and the more that will come, against what Colombia can be five years or ten years from now, if Colombia can aspire to be a new Chile, I think is remarkable. If we can make a contribution to that, terrific. And a free trade agreement between Canada and Colombia will signal that Canada is not a fair-weather friend. We want to help. That is why this government has committed itself, not only to a free trade agreement but to promoting capacity building, building governance, social responsibility.

All I can tell you is that for any Canadian company of any size that is operating in Colombia, the people who are running those organizations would say the same thing I am saying to you. They don't want to be in a country that is riven by murder, by rape, by kidnapping. They want to be in a country that works. The best way to do that is to bring the rule of law to the country, and a free trade agreement will help to do that.

•(1650)

The Chair: Thank you, Mr. Allison.

I'm sorry, we're again short of time. We had to rush that a bit.

To all of our witnesses today, I appreciate your presentations and your visit here today. With that, we'll take a minute to change the name tags and bring in the next group.

Thank you.

• _____ (Pause) _____
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The Chair: We shall reconvene.

After some brief discussion with the parties concerned, I am going to suggest, because we have a vote at 5:30 and we have been rather late today, that in fairness to our witnesses...both have agreed that they will return. We're going to ask them to give their presentations today. We may have time for one or two very quick questions, but they've been gracious enough to offer to come back.

So I think this is what we'll do: we'll hear their testimony today, and maybe have a couple of quick questions, but we will have to adjourn at 5:30 for a vote.

•(1655)

Mr. Sukh Dhaliwal: We can go to 5:40. The bells will ring at 5:40.

The Chair: Well, there you go. Everyone is being most accommodating today. But we won't get anywhere if we don't get started. We'll see how the clock goes.

The general principle, Mr. Dhaliwal, is that we're going to ask Ms. Simons and Mr. Hodgson to come back and conclude a round of questioning on another day, perhaps 10 days hence.

Without further ado, on a most cooperative afternoon, we're going to hear from Glen Hodgson, senior vice-president and chief economist of the Conference Board of Canada. Then we're going to hear from Penelope Simons, an associate professor in the common law section in the Faculty of Law at the University of Ottawa.

I think I'll call upon you to begin, Ms. Simons, with a brief statement. Again, we'll hopefully be able to carry this on at a future meeting.

Professor Penelope Simons (Associate Professor, Faculty of Law, Common Law Section, University of Ottawa): Mr. Chairman, honourable members, ladies and gentlemen, thank you very much. I appreciate the opportunity to come before you to talk about some of these important issues about the free trade agreement that's currently being negotiated with Colombia.

I want to make a few points, and I'll just quickly summarize them at the beginning.

First of all, the extractive industry corporations that are investing in Colombia are operating in a conflict zone, and they're more likely to become complicit in violations of human rights that might be committed by the security forces that are protecting their business interests. They operate there with very little legal liability. Canada has no law to address this governance gap, and voluntary codes of conduct and voluntary self-regulation regimes are not effective in ensuring that corporations are not complicit in these violations.

I'm going to say also that a free trade agreement with Colombia will not improve the human rights situation. What it will do is increase protections for corporate actors, and it may also restrict Colombia's capacity to regulate in order to protect human rights. It will impose no legal obligations on corporate actors to ensure they respect human rights.

We've heard some discussion today about the situation in Colombia. As I said, those companies that are operating in the extractive industry have the possibility of becoming complicit in egregious violations of human rights that might be committed either by public security forces that are also supported by the paramilitary, or by private security forces, or even by guerrilla forces that may be extracting money to protect those business interests. Corporations that operate in rural Colombia cannot operate as neutral entities in this ongoing civil conflict.

I said that corporations operate in a regulatory void. No general international law or international human rights law clearly imposes direct obligations on corporations to respect human rights. There's little chance that the host government, such as Colombia, whose forces are among the perpetrators of grave violations of human rights in protecting certain extractive industries, will regulate the human rights impacts of corporate activity. There's no clear international legal obligation on home states like Canada to ensure that their business entities take steps to ensure their companies respect human rights standards and international humanitarian law and are not complicit in violations of human rights when they're operating abroad.

Canada has no effective legal mechanisms in place to ensure that Canadian companies that operate in conflict zones like Colombia don't become complicit in human rights violations. This is despite the fact that they actually have extensive authority and capacity under international law to regulate corporate nationals extraterritorially. There's no Canadian law that requires corporations to adopt a human rights code of conduct, perform human rights impact assessments, mitigate any assessed human rights impacts before investing in a conflict zone, or arrange for independent monitoring, all in order to ensure that Canadian investment abroad does not contribute to or profit from violations of human rights. All of this is left to the discretion of the company.

The government has preferred to rely on corporate discretion to adopt voluntary self-regulation regimes. These voluntary codes or privatized self-regulation instruments raise serious concerns about their effectiveness in ensuring that corporate actors respect human rights or are not complicit in violations of human rights when they're operating in conflict zones. Few of these instruments that include the OECD guidelines for multinational enterprises, the global compact, and the voluntary principles deal sufficiently with human rights issues associated with corporate activity in conflict zones. They don't provide effective compliance mechanisms or either reporting or verification standards, and essentially it's not in the public interest for corporate entities to frame their own obligations or verify their own conduct in relation to human rights. So violations of human rights are likely to continue or complicity might continue while corporations are being regulated only by voluntary codes of conduct.

• (1700)

An FTA, a free trade agreement, will not improve the human rights situation in Colombia or address this governance gap. There's no necessary link between trade liberalization and investment protections created by free trade agreements, on the one hand, and democratic development, the protection of human rights, and the rule of law on the other. Unless they're explicitly designed to do so, trade and investment agreements will not automatically protect human rights, and can, in fact, undermine the protection of human rights. These agreements create strong protections for corporations, but impose no correlative obligations to respect human rights. In addition, some of these provisions can operate to restrict the capacity of the host state, like Colombia, to regulate in the public interest, including in ways that would promote and protect human rights.

So how will they constrain Colombia's capacity to regulate in the public interest? Well, just very briefly, where domestic laws or regulations or policies of the host state violate substantive provisions

like national treatment, most favoured nation obligations, and pre-establishment rights, and then have a negative effect on protected investment, the foreign companies concerned can take the host state, such as Colombia, to binding international arbitration. The Colombian government may be required to pay high sums in compensation—in the hundreds of millions of dollars in some cases. This is even the case where such laws or regulations are introduced to protect or promote or fulfill human rights.

These agreements also have restrictive termination provisions, so Colombia could not simply withdraw from the agreement if it found that the agreement were restricting its capacity to respect, protect, and fulfill human rights. This Colombia-Canada agreement would likely remain in force for 15 years after it were terminated.

A free trade agreement will, therefore, create more rights for corporations and no obligations; and there will be no obligations on the home states of corporations in relation to investor conduct.

So Canada's model investment provisions create strong rights for investors that can be enforced under international law through binding arbitration, with no requirement to exhaust local remedies. In contrast, there are no obligations for investors or their home states. So there are no provisions that require corporations to respect internationally recognized human rights, that is, to do no harm.

There are no obligations on investor corporations to conduct and make pre-establishment impact assessments of their proposed investments or to mitigate any assessed negative impact.

If a labour side agreement or chapter is negotiated, it will only cover labour issues. It will not include legal obligations for corporations to comply with labour laws. Any labour chapter or side agreement that's negotiated, even if it has a stronger dispute settlement resolution mechanism and complaint mechanism than the North American Agreement on Labour Cooperation, will not address the key human rights violations that have been attributed to the Colombian military, which protects extractive industries, or attributed to paramilitaries.

There are no obligations on corporations to screen security forces or to conduct human rights training of those forces, or to disclose payments to the host state government or to guerrilla forces. Corporations that do these things will still have access to the dispute resolution settlement provisions of any free trade agreement.

There are no provisions that require the home state, such as Canada, to create a right of action or to ensure access to the courts for victims of human rights violations committed by corporate nationals of the home state, or if those nationals are complicit in such violations.

There are no provisions that require the home state, such as Canada, to prosecute any corporate nationals who may commit or become complicit in egregious violations of human rights constituting international crimes, such as war crimes, crimes against humanity, and genocide.

In closing, I'd like to argue that at the very least, a free trade agreement with Colombia—which has such terrible human rights problems, and is a country in conflict—should include minimum obligations that actually require transnational corporations operating there to be responsible for ensuring that their activities do not contribute directly or indirectly to human rights abuses, and that they do not benefit from those abuses; that they shall not commit or be complicit in violations of human rights or humanitarian law; that any security arrangements of these corporations observe international human rights norms, as well as the laws and professional standards of Colombia; and that any companies intending to operate there undertake independent risk assessment that includes human rights and humanitarian consequences of the proposed activities and assume the responsibility of getting the consent and cooperation of the Colombian government to facilitate this independent risk assessment and any ongoing monitoring of the subsequent investment.

• (1705)

In addition, at the very least there should be obligations on corporate investors to respect internationally recognized labour rights.

Thank you.

Mr. Peter Julian: I just learned that the bells will be going off at 5:40, which means that Mr. Dhaliwal's proposal is a valid one. The bells are at 5:40 now, for 5:55.

The Chair: Thanks for that. We'll carry on until the bells ring.

Mr. Hodgson.

Mr. Glen Hodgson (Vice-President and Chief Economist, Conference Board of Canada): Thank you, Mr. Chairman.

Maybe I'll start by reminding members of the committee who the Conference Board is. We're an independent not-for-profit business research organization that tries to facilitate dialogue between governments, private sector, labour in Canada, and the not-for-profit sector. We're not here to advocate for any particular cause but to talk about research and our perspective on how the world could be better organized.

I want to make four brief points of principle to start, and then address Colombia.

First, we believe that reductions in trade barriers everywhere and anywhere are a good thing. International trade is a creator of wealth because it creates competition at home, markets abroad, and increasingly it is allowing our businesses to become more efficient through traded inputs. The ideal way to have more open trade is multilateral, but with Doha stalled, we have to look to regional and bilateral agreements. Canada, to a great degree, has been left behind in this movement towards bilateral free trade. We should not be left idle on this particular front.

Second, we're now in an era that I call “integrative trade”, where more and more we're seeing a linkage between all parts of trade, foreign investment, and exports and imports as a means to make firms more efficient. Clearly Canadian firms have the desire to become as competitive as possible in a very competitive global marketplace. Therefore, to be effective, we think trade agreements should be as comprehensive as possible. They should take into account trade, investment, goods and services, and the fact that imports matter for Canadian companies as much as exports, and are now a key part of our national economy.

Third, Canadians clearly place a high value on respect for human rights. However, we must be very careful about choosing the right instrument for the job when it comes to influencing human rights, and be careful about adding excessive political conditions onto trade negotiations. This approach can quickly become one of a slippery slope, and really forms a creeping protectionism. I only have to point to the comments in the U.S. political campaign of political intervention in free trade to show how we're really at a point where the global economy is very subject to protectionist forces right now. Whenever economic growth slows down, protectionism rises up; you can see this on a global basis right now. So be very careful if you start to add extra conditions onto trade agreements.

Fourth, I think that if political factors like human rights are important in a given country's case, as much as possible we should make evidence of improved respect for human rights part of a bigger dialogue, not simply a condition within a trade agreement.

As for Colombia, I have to confess a certain degree of agnosticism, or very mixed feelings. For me, Colombia is clearly not a black and white case. Frankly it's not even that important a case. Colombia is not a top-tier market for Canada. I did some simple calculations: only 0.15% of our Canadian exports actually go to Colombia. Our annual trade with Colombia is about the same level as with South Dakota, and it is actually smaller than with Delaware or Rhode Island. Compared to some other markets that are much closer, Colombia is not really a major player. Of course as Mr. d'Aquino mentioned, 80% of Colombia's imports to Canada are actually duty-free already, so the gains from free trade are probably not as great as they would be in other cases.

While clearly there are sectors—you heard from one of those sectors just now—where expanded market access would be a good thing and would increase the prospect of greater Canadian sales, in general I think there's very little evidence that Canadian companies are going to boost their international competitiveness through increased trade with Colombia. There will not be huge degrees of improvement in an integration between Canada and the Colombian economy. We should be careful not to use Colombia to set precedent for other agreements, because it's a small case.

Indeed, I would think that absent multilateral deals, whether it's Doha or something like free trade of the Americas, we would probably see greater gains in terms of wealth creation in Canada from a sub-regional deal that included other countries in the region rather than through a series of bilateral negotiations. We're already talking about bilaterals with Peru. Adding Colombia to the list doesn't necessarily make it better; it actually makes it more complicated for the limited pool of talent we have to do free trade negotiations in Canada.

On balance we would certainly be in favour of free trade with Colombia, but it's really a question of setting national priorities. Is Colombia really the next country on our list, or should we be thinking, for example, about free trade with the EU on the heels of our free trade agreement with the EFTA countries? There, of course, it's important that I say that Premier Charest has shown very important leadership nationally by putting free trade with Europe at the top of the agenda.

• (1710)

Perhaps I'll close by suggesting that if you want to debate the issue of human rights and trade, I think China would be a far more interesting case than Colombia, because China is clearly now at the centre of globalization. It is the driving force of the global economy. So there are benefits with respect to China that simply do not exist from freer trade with Colombia. That is, of course, why China has signed a whole series of bilateral free trade agreements, including agreements with countries like Australia and New Zealand, which also respect human rights and are also advanced democracies.

So really, the issue comes down to this: if you start pursuing free trade with a country that has a history of human rights abuses, is that tacit approval or support or endorsement of those policies, or is free trade really a means of getting into a deeper engagement with that country? We have argued in our research that, in fact, pursuing free trade with countries that are not as democratic as open societies like Canada is probably a necessary condition for expanding the dialogue. But that's really the issue for this committee to debate.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Hodgson.

I think we can get in five-minute rounds here. Again, we'll just have to do it the way we did it the first time. Each party gets five minutes. You can divide it up as you like.

We're going to begin with you, Mr. Dhaliwal. You're on.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair.

To Mr. Hodgson, you said that 80% of the imports are duty-free. But we're looking at it the other way around. We're looking at it from a Canadian perspective. When we are talking about lentils and barley and all that stuff, we are exporting to Colombia. We are paying a 15% tariff, and we are the ones who are going to gain that 15%. So could you comment on that?

Mr. Glen Hodgson: I'd agree; that's why the elimination of tariffs everywhere is a good thing. It actually creates a much more level playing field internationally for us in pursuing markets abroad.

Mr. Sukh Dhaliwal: So basically, you agree that this free trade agreement will help that market. So we should go into a free trade agreement to achieve that situation.

Mr. Glen Hodgson: Well, certainly for people who are pulse exporters, the elimination of the tariff or a reduction of the tariff would be a good thing. It would actually create a more level playing field against other sources of supply in the Colombian market.

• (1715)

Mr. Sukh Dhaliwal: Next, to Professor Simons, you said that the human rights situation will get worse in Colombia. It's not improving at all. When we were talking to the vice-president of the country, in fact he admitted that there is a long way to go, but he said that they have come a long way when it comes to human rights.

Let me put it this way: if we had to go ahead and enter into this free trade agreement with Colombia, what are some of the ramifications? What are some of the steps we can consider to make sure that we address the human rights and labour rights situations that you are concerned about?

Prof. Penelope Simons: Thank you for your question.

I don't think I said that the human rights situation will get worse. My point really was that there is no causal link between a free trade agreement and improving human rights. The trickle-down argument actually has not been proven to be true.

If we were to go ahead with a free trade agreement with Colombia, I think there would have to be, as I said, some obligations imposed on corporate investors to ensure that they are not complicit in human rights abuses and that they comply with internationally recognized labour obligations. Particularly because it's a conflict zone, there should be a number of minimum obligations, such as screening security forces and having pre-establishment impact assessments. There should be an obligation to not become complicit in or profit from violations of human rights because your security forces are committing human rights violations to protect your business interests. Those are the types of things.

Mr. Sukh Dhaliwal: Are you aware of whether companies that are already doing business are following the recommendations you are making?

Prof. Penelope Simons: Right now, a lot of corporations have voluntary codes of conduct. The point I was making was that in the studies we've done in relation to voluntary codes of conduct, those regimes—the codes and the social reporting that's done—are voluntary codes with vague provisions that are voluntarily adopted. They're voluntarily self-assessed and they're then voluntarily verified. So it's really the fox guarding the henhouse. And they have not proved effective in ensuring that corporations are not complicit in human rights violations when they're operating in areas of conflict.

The Chair: Ms. Murray.

Ms. Joyce Murray (Vancouver Quadra, Lib.): Thank you.

You were really addressing your comments, Ms. Simons, to the extractive industries, where the Canadian companies are there, and there's no legal way to ensure they're not exacerbating human rights abuses or profiting from them. Would you extend that concern and comment to Canadian companies that are importing or exporting but are not present in an extractive role?

Prof. Penelope Simons: No, not those ones, companies that aren't actually present there. The thing about this free trade agreement is that it's mostly about protecting investment. We heard that the trade is actually a minimal part of it. There's \$3 billion or so worth of investment in Colombia right now, and a lot of that is extractive.

Ms. Joyce Murray: A previous intervenor argued strongly for human rights and environmental factors to be in side agreements, with teeth that were enforceable. If there were provisions legally binding Canadian companies to demonstrate and monitor that they were not profiting from or contributing to human rights abuses, would you see that being in a side agreement, or would it need to be in the basic agreement?

Prof. Penelope Simons: It could be in a side agreement, but I would prefer to see it in the basic agreement. If they have all these rights—for example, the right to national treatment, and if that is breached, the right to take the state to binding arbitration—they should also have obligations. So perhaps they shouldn't have that right if they have been complicit in egregious violations of human rights. Why should they get this type of protection if they are committing human rights abuses, for example?

It depends on how the side agreement is linked with the actual free trade agreement, as well. Will there be some sort of sanction that has to do with trade or investment provisions that's linked to the side agreement, or is it just totally separate, with the weak compliance mechanisms that those side agreements have had traditionally?

• (1720)

Ms. Joyce Murray: Okay; so it's how it's done.

Mr. Hodgson, you're essentially saying that your organization prefers pure trade-related agreements, and you're not in favour of the side agreements. It sounds like there's a bit of ambivalence as to whether this is a priority, given that it's 0.15% of Canada's exports.

Is any of your lack of passion for the free trade agreement with Colombia associated with the human rights violations in Colombia?

Mr. Glen Hodgson: I heard all the discussion earlier about the fact that murder rates have dropped. Clearly the rule of law is being applied much more rigorously. But Colombia is a very complicated and messy place, where there have been private militias and drug lords. There are border disputes with neighbouring countries right now. So if I were setting a national trade priority for Canada, Colombia wouldn't be at the top of my list.

Ms. Joyce Murray: So it's as much about that as about it being small potatoes from a trade perspective.

Mr. Glen Hodgson: It is certainly that as well. I went searching through some of the information from Foreign Affairs on our bilateral treaty with the United States, and it struck me that these tiny U.S. states are much more important to Canadian companies. We actually do twice as much trade with Rhode Island as we do with Colombia right now.

So as a matter of setting national trade priorities, deepening our relationship with the United States is job one for me beyond anything else. Then as you go down the priority list—

Ms. Joyce Murray: As a last clarification, having tools like strong side agreements that address human rights and environmental issues to address Colombia's complex and difficult situation is not a solution, in the mind of your group.

Mr. Glen Hodgson: It's theoretically doable in practice, and I'd be interested in hearing from Professor Simons where it's been done. It's nice in theory but hard to do in practice.

The Chair: We have to move on, sorry.

Mr. Cardin.

[*Translation*]

Mr. Serge Cardin: Thank you, Mr. chair. Welcome, ladies and gentlemen.

We have been talking about Columbia and human rights, workers' rights and the environment for some time already. I believe that, in the context of our free-trade agreements, we should be able to differentiate between people who want to export and people who want to invest. Exporters want to sell their goods, that's all. We all wish there were no trade barriers at all. As far as investments are concerned, some are already being made. There is no free-trade agreement but there are people working in Colombia, people operating companies and mines there. My colleague gave an example a few minutes ago. A free-trade agreement should cover all of these matters.

We know that the objective of 200 countries that trade on a global basis is to get rid of all trade barriers. Of course, that is a bit of wishful thinking because there are differences—which are not necessarily inequalities—between societies and countries. We know that companies investing abroad try to take advantage of situations that are different from ours. If there are weaknesses relating to human rights, workers' rights and the environment in some countries, they will obviously move to those countries and try to make as much profit as possible, as long as the international community will not decide to set up some rules and to make sure that they're enforced. That would obviously be fairer to everybody.

I have the feeling, Ms. Simons and you, Mr. Hodgson, that you share my opinion that we are on the cusp of a new era in the field of free-trade agreements in the sense that we are on the verge of including components such as those, of being proactive to make sure that nobody is exploited and that we do not give our blessing to corporations which take advantage of others by associating with drug traffickers and paramilitary groups or which trade with money launderers. This is a world problem and I believe that, if we do not take the initiative, if we do not innovate with our trade legislation and our free-trade agreements by including those factors, we will never make any progress. We are in a race for profits where corporations try to take advantage of other countries.

I seem to understand that your position is that there should be strong chapters on these issues in those agreements. This is just a comment I wanted to make.

• (1725)

Mr. Guy André: I have a brief question on Columbia and the issues of human rights, workers' rights and the environment. I found it very interesting that there is already no tariff on 80% of our exports. We should be trying to help this kind of country, either through international aid or through other steps.

As far as you're concerned, would it be preferable to use political pressure before signing an agreement with Colombia? Do you believe it would be possible to include in an agreement specific provisions relating to human rights and to corporate social responsibility?

[*English*]

The Chair: I'm sorry, sir, but you have one minute to answer those questions.

Mr. Glen Hodgson: Okay.

Well, this is the ultimate issue in terms of the linkage between human rights and trade: what do you do first? I think the evidence in a lot of other countries is that engagement is what really matters with countries that have a bad track record when it comes to human rights and that are not fully democratic. That's why I mentioned the Chinese case. I think it's in Canada's interest, for example, in China to engage as a means to try to influence Chinese adaptation of the rule of law and more democratic practices going forward.

I can see why there's a tendency to resist that in the case of Colombia, because so much of the evidence is shocking and the abuses have been so profound. But ultimately we have to find the channels that exist and serve our interests as a way to engage.

So I would tend to put the engagement around trade first, and then use that as a means to try to influence other behaviours going forward. But I can understand why there's another perspective.

The Chair: Thank you.

Mr. Julian.

Mr. Larry Miller: I have a point of order, Mr. Chair—

The Chair: No, Larry, we have five minutes here and five minutes there.

Mr. Larry Miller: My point of order is that he's here as 8% of the members of the committee and he's getting 25% of the questions today.

The Chair: I'm sorry, but that's just the way it turned out today.

Mr. Julian, go ahead.

Mr. Peter Julian: Thank you very much, Mr. Chair. I assume Mr. Miller was talking about the quality as well as the quantity of the questions.

Ms. Simons, you had a very effective rebuttal to Mr. d'Aquino in talking about the fact that there is no real link between investment protection and democracy and building for human rights. Even as we approach the potential for signing an agreement, we have seen a number of summary executions by the Colombia military climb and

the number of deaths of trade unionists rise as well, so there is reason for us to be legitimately worried as we go into discussions around a country where the human rights situation is actually getting worse in 2008 than it was in 2007.

I have a couple of questions regarding some of the dynamics that we heard about in Colombia. The first was this link between companies and paramilitaries. They were very clear allegations. I mentioned the companies earlier—Nestlé, Coca-Cola, Chiquita—where there are very clear allegations of abuse, companies being tied into using paramilitaries, and the end result is the deaths of trade unionists.

I'm wondering whether you think an agreement like this is an effective way of bringing those corporate executives who may have been colluding with paramilitaries to justice, or whether you think it is exactly the opposite reward, in a sense, for criminal behaviour if we move ahead with an agreement.

Secondly, I wanted to ask you about this so-called fine for the killing of labour activists, human rights activists. Essentially there would be a solidarity fund and there would be some money—no one knows how much—deposited in that solidarity fund if there are ongoing abuses. Are you aware of any agreement where you can get off with murder by simply paying a fine? Do you think that's an effective way at all of stopping horrific human rights abuses?

Prof. Penelope Simons: To answer the second question first, no, I don't think it's an effective way of dealing with human rights issues that there be some sort of fine. I find it rather appalling.

In terms of the free trade agreement, as to whether that will benefit or somehow reward corporations if they were to become involved in human rights abuses, I think it depends on what type of agreement you negotiate. If it's the typical agreement with the typical investment provisions that have no obligations on corporations, then yes, it will reward them. If you actually include very stringent but minimum obligations on corporations not to become complicit in egregious violations of human rights and to screen their security forces and this sort of thing, then it may not.

I'm not advocating for or against the free trade agreement; I'm just saying it depends on what type of agreement you have.

• (1730)

Mr. Peter Julian: The briefing we had indicated that this was a NAFTA template agreement, so including the chapter 11 provisions, the investor-state clauses. In that context, knowing that—

Prof. Penelope Simons: In that context, then all it does is provide corporations with more protections. It does nothing for human rights. So it will not do anything that...

There are a number of ways Canada could address this. They could start by implementing the consensus agreement, the consensus recommendations from the national round tables that just happened, as a beginning. They could actually extra-territorially regulate corporations acting abroad when they're operating in conflict zones. I don't think a company could argue against the types of provisions that I suggested because no corporation is out loud going to say, "We should be allowed to be complicit in violations of human rights that constitute international crimes." I don't think a corporation would argue that, for profit, we should be allowed to do that. Most corporations say they are doing all of this already. The corporations that have these corporate social responsibility programs say, "We are screening their security forces. We support human rights."

I don't see there is a business argument against actually bringing in binding legal obligations.

Mr. Peter Julian: I have one minute left, so I'll go to Mr. Hodgson.

I appreciate your testimony because you raised the question of whether or not signing this agreement would be tacit support for human rights violations. You work with studies and reports.

I want to raise two issues that came up when we were in Colombia. First off, the Colombia government changed the definition of "unemployment" so that essentially anyone working eight days a year was considered employed. In that way they lowered the unemployment rate.

I am wondering if you think that is a credible way of dealing with economic matters. You simply change the definition.

Second, we heard testimony from the president himself that essentially there were no paramilitaries in Colombia because they changed the definition: a "paramilitary" was now a "criminal". So according to CINEP, the fact that there are thousands of paramilitaries still in place in Colombia was eliminated by the stroke of a pen, by simply changing that definition from paramilitaries to criminals.

Do you think that's a credible way of dealing with these kinds of issues, and would you sign your name to a report where you simply changed the definitions of things in an effort to make things look better?

Mr. Glen Hodgson: Unfortunately, right now in Latin America there's a habit of changing definitions if you don't like the outcome. In fact, the Argentine government has done exactly the same thing around inflation. Measured inflation is announced at 8%; it's probably more like 25%.

So the answers are no and no; of course you don't fiddle with definitions in order to get the outcomes you want. A worthy interlocutory for Canada would try to adopt the same kind of high standards that we have.

Mr. Peter Julian: Thank you.

Do I have any time left?

The Chair: Well, you're just a minute over, but that's pretty good for you.

Mr. Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair. I'll share my time with my honourable colleague Mr. Keddy.

Thanks to our witnesses.

I just want to start off with Mr. Hodgson. I appreciate your preamble and the fact that you're a strong proponent of free trade, moving tariffs, having a competitive marketplace, and levelling the playing field. I reference your most recent publication, *Stuck in Neutral: Canada's Engagement in Regional and Global Supply Chains*.

In your introductory comments, you also mentioned that Canada has been left behind in establishing trade agreements. Maybe you can just elaborate a little bit on how far behind we are and what we need to do to get caught up.

Mr. Glen Hodgson: First of all, thank you very much for referencing our research. That's why we do it, to try to inform the debate in Canada.

On the issue of fitting into regional value chains, Canada is clearly on a plateau in the Canada-U.S. relationship; that's why we keep putting that forward as the single most important trading relationship. In fact, we'd like to see an FTA II, where we start talking about non-tariff barriers and other things that are becoming real barriers to north-south trade.

Sorry, what was your second point?

Mr. Ron Cannan: I know we've signed EFTA; that's the last agreement—

Mr. Glen Hodgson: Well, just going from memory, I think we've only had four bilateral agreements up to EFTA in the last fourteen years. I think we have bilaterals with Chile, Costa Rica, Israel, and EFTA becomes the fourth. You can compare that to what countries like Australia or China have done, where they have 30 to 35 agreements. The Mexicans actually have a bilateral already in place with the EU. We really are not a player in the great game of trade globalization, and fundamentally that goes back to our attitude at the WTO, and whether we're a champion of freer trade multilaterally or pursuing it regionally and bilaterally.

So as the first principle, we think Canada should put much greater weight on trade globalization.

The issue for me in Colombia is whether this is the highest-priority case or whether we should look to other high priorities, like the EU, for example.

● (1735)

Mr. Ron Cannan: I have one more quick question on that, specifically about Colombia. I know that we've heard about even today, and the Prime Minister has alluded to, fair-weather friends. You know, do you become friends with a fellow once they've won a lottery? I think there's something else to say as Canada is showing our leadership and the Prime Minister is going to Central America, to these countries, and saying that we want to help you and more or less give a hand up instead of a handout. It's not just the economics, but I think from a moral leadership perspective, do you not see Canada showing some leadership in that respect, entering into an agreement with countries like Colombia?

Mr. Glen Hodgson: There is certainly a need for Canada to engage Latin America in a much deeper way, and that's why pursuit of free trade on a regional or sub-regional basis would be my preferred route. But clearly there are things to be done to try to move forward the agenda of transparency, democracy, respect for human rights, and the whole gambit of issues within Latin America. So the visit the Prime Minister made to the region was very important as a signal that Canada takes Latin America very seriously.

Mr. Ron Cannan: And that's our goal, our ultimate united goal.

Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman, and welcome to our witnesses.

Just on the comment about where we should be engaged, on how many fronts, and the free trade negotiations around the globe, I think we have to understand that we were in a serious free trade deficit compared to the rest of the industrialized world. We're still there. There's been a real re-engagement with the Americas under this government, and this Prime Minister in particular. There also is Canadian direct investment in the Americas of over \$100 billion. That's significant, and it can't be ignored. Colombia is part of that. Peru was part of that, and it has now signed. There are free trade negotiations going on with the Central American four countries: Guatemala, Honduras, Nicaragua, and El Salvador. There are free trade negotiations going on with CARICOM, and there are free trade negotiations going on in Asia and in France. So I don't think it's quite as simple as saying that you can ignore what's going on on your doorstep, where there is significant Canadian investment and bilateral trade, and put all your eggs in the EU, when the EU is just in its infancy as far as negotiations go, because there were none.

Ms. Simons, I'd like you to expound on the whole idea of the labour and environment side agreements. I really have some difficulty following the logic that the glass is half full and that mankind is kind of born in sin and we'll never get out of that. That's an ideology that I've never really aspired to. But I think there are positives here, and there are real positives. It's not as simple as saying corporations are all evil and will never drag themselves out of the mire. I had the opportunity to visit with a number of corporations doing mining in Central America. They were doing great work.

So what do you do? Doing nothing is not an option. Allowing investment to just go rampant is not an option. Having regulated,

governed, rules-based trade is an option, but I'm not hearing that from you.

Prof. Penelope Simons: I didn't say that having rules-based trade wasn't an option. What I said was that if you want a free trade agreement to actually have an impact on human rights, then one of the things that need to happen is that you need to regulate corporate activity as well. You need to impose some obligations on corporations, and there are other provisions that need to be included in these types of free trade agreements. And there needs to be study done as to what exactly those provisions would be so that they actually help push forward sustainable development, because right now they're geared towards purely economic issues. My point was simply that you do need to have minimum obligations for corporate investors.

• (1740)

Mr. Gerald Keddy: Another one of the points raised was the fact that 31 of the members of the Colombian Congress are being charged, and 30 of them, I think, are charged and under investigation, which is deplorable. But the Colombian system has a president and an appointed cabinet, and they run on a ticket separate from Congress, so I fail to see the association there. But I'd like to hear your thoughts on that.

The other point I'd like you to comment on is the fact that they're under investigation. Some of them have been arrested. I think that's a step in the right direction. That's the rule of law prevailing.

Prof. Penelope Simons: I'm certainly not an expert on Colombia and the Colombian government. I do know that there have been links to the paramilitary within Congress—

Mr. Gerald Keddy: And that's what they're charged for.

Prof. Penelope Simons: Right—but I'm not an expert on Colombian politics, so I don't feel qualified to answer that question.

The Chair: Thank you very much. I'm sorry that we were a bit rushed today, but I think we got through a pretty good round of questions. I hope everyone was satisfied with the time they had. I must say we welcome your testimony and the witness you gave today. Thank you for coming.

We are adjourned.

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