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Chair

Mr. Lee Richardson

Standing Committee on International Trade

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• (1215)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Welcome back.

We are returning to the committee agenda and, pursuant to Standing Order 108(2), a study of Canada-South America trade relations, specifically Canada-Colombia.

It won't be a surprise to the committee that we had thought we might be considering a trade bill with Colombia at this time; however, the bill is still in the House and has not yet been referred to the committee. Some are hopeful that it will soon be referred to the committee, but in the meantime the bill continues to be debated in the House.

We wanted to get an update on the status of the trade arrangement and other agreements between Canada and Colombia, and we have asked witnesses from the department to appear to give us that update and answer any questions the committee has.

We only have about 45 minutes, so I'm going to ask our witnesses to give us a brief introduction of 10 or 15 minutes, just to give us a broad update, and then we'll probably have time for one round of questioning.

Visiting us again from the Department of Finance is the director of international trade, policy division, Carol Nelder-Corvari. Thank you again for appearing. With Ms. Nelder-Corvari we have Maxime Lavoie, the senior economist for tariffs and market access from the Department of Finance.

Visiting us again from the Department of Foreign Affairs and International Trade we have Matthew Kronby; and also from the department we have—this may be her first visit here—Alexandra Bugailiskis.

From the Department of Human Resources and Skills Development, we have Pierre Bouchard, who has been with us before. Monsieur Bouchard is the director of bilateral and regional labour affairs.

With those brief introductions I would like to call upon Ms. Nelder-Corvari to begin, maybe with an opening statement, and if you'd like to ask others to participate, we'll hear you and get on with the questions. Please carry on.

Ms. Carol Nelder-Corvari (Director, International Trade Policy Division, Department of Finance): Thank you, Chair, and thank you for this opportunity to return to the committee and

speak to the Canada-Colombia free trade agreement and the environment and labour agreements.

In light of the significant amount of work that's already been undertaken by this committee related to these agreements, as well as the recent debates in the House of Commons, I am going to limit my remarks to highlighting the general benefits of the agreement and updating the committee on some things that have transpired since the last time we've appeared.

The FTA is an important deal for Canadian and Colombian businesses, many of whom have appeared before this committee or met with committee members during a visit to Colombia last year. For Canada, this agreement will lead to new commercial opportunities for our exporters and investors.

Upon implementation of the FTA, Colombia will eliminate tariffs on nearly all current Canadian exports, including wheat, pulse crops, and mining equipment. The elimination of the tariffs is important to Canadian stakeholders, particularly agricultural exporters, as Colombia currently imposes tariffs on Canadian exports ranging from 15% to as high as 108% for some pork products. Colombia is a growing market for Canadian exports. In fact, our exports to Colombia increased by \$40 million from 2007 to 2008, and implementing this FTA would give our exporters a competitive advantage to continue to grow in this market.

Colombia is also an established and growing destination for Canadian direct investment, particularly in the oil and gas sector. These investments are leading the way for exports of Canadian-made machinery, such as mining equipment, heavy transportation equipment, and other mining-related and infrastructure-related equipment and services. Once implemented, this FTA will establish a stable legal framework for Canadian investors in Colombia.

Services were also an important consideration in this trade negotiation. Canadian service exports to Colombia are in the range of \$50 million a year and are concentrated in the areas of the financial, mining, engineering and petroleum extraction sectors. Upon implementation, Canadian service exporters will be treated the same as Colombian service providers, with increased predictability and transparency in access to the system. Moreover, Canada obtained the same level of market access from Colombia as they provided to the United States with respect to their service sector. Canada's service suppliers will therefore be placed on the same level of competition as their U.S. counterparts in the Colombian market.

From a Colombian perspective, Colombia will gain benefits from reduced tariffs that provide access to the Canadian market. But more than commercial benefits, this FTA, as well as other trade agreements that Colombia is negotiating, stem from a vision of a peaceful and developed Colombia. These agreements are about creating new opportunities for Colombians, which is so necessary as a means to address the drug trade, which is at the root of much of the violence in that country.

In keeping with Canada's approach to FTAs, environmental and labour aspects of economic integration were addressed in separate labour agreements and environment agreements, as well as in chapters within the FTA.

I'd like to turn briefly to what has happened since we last appeared. When Canada was involved in negotiations with Colombia, access for our beef producers was very important. The Canadian beef industry was happy with the market access achieved in this agreement, but there were some outstanding issues related to phytosanitary issues related to BSE. Canada did not have access to Colombian markets for that reason. When the negotiations took place there was an agreement that we continue on a separate track on a scientific and health examination of the BSE issue to ensure Canada could gain access. I'm happy to report that on September 16, Ministers Day and Ritz issued a news release to welcome Colombia's announcement that all Canadian beef from animals of all ages would be allowed access. In addition, Colombia has announced that they will approve Canadian cattle born after August 1, 2007. Exports will resume once valid certificates are agreed to with the Colombian government, and we expect that to occur shortly. There are just some technical certification procedures that have to be concluded. So this is very good news for the Canadian beef and cattle industry, and it ensures that the access negotiated under the free trade agreement will be available to our industry.

•(1220)

Another area that has seen recent developments is the U.S.-Colombia Trade Promotion Agreement. During the Summit of the Americas this past April, President Obama instructed his U.S. Trade Representative, Ron Kirk, to lead a review of the U.S.-Colombia Trade Promotion Agreement to deal with outstanding issues. Since then, U.S. and Colombian officials have been working together to find a way forward.

Earlier this month, a series of technical meetings began with a view to developing a plan to address congressional concerns and advance the U.S.-Colombia deal. Furthermore, recent public consultations by the U.S. Trade Representative were completed in September and resulted in over 500 comments from interested stakeholders, with a large majority of the responses being supportive of passing the U.S. agreement with Colombia.

As you are well aware, Canadian exporters compete with the United States in many countries, and Colombia is no exception. In the event that the U.S. deal is implemented before our FTA with Colombia, Canadian businesses will be put at a significant disadvantage. For example, Canada could face a tariff disadvantage of 15% on the exports of grains to Colombia, such as wheat, barley, and canary seed, exports that totalled over \$100 million in 2008.

The U.S. is not the only country, however, with whom Canadian exporters compete. As you are aware, Colombia has also concluded free trade negotiations with EFTA and is currently negotiating with the European Union.

Let me conclude, Mr. Chairman, by emphasizing that Colombia is an excellent trading partner for Canada. With a population of 44.5 million and a GDP of \$260 billion in 2008, Colombia is a country with stable political institutions, progressive laws, and a strong pro-market orientation. These strong economic fundamentals were noted by the World Bank in its report *Doing Business 2010*, which was released in September. In this report, the World Bank rated Colombia among the top 10 countries in the world for regulatory reform and the best country in Latin America for doing business.

Colombia is well positioned to weather the global economic crisis. GDP growth for 2010 is forecast by the IMF to be 2.5%, and the Colombian government has taken several measures to counter the crisis, including lowering interest rates and increasing spending on infrastructure. The overall success of the Colombian economy is due to significant efforts made in recent years towards strengthening its economy and liberalizing its trade and investment regime. Colombia's sound macroeconomic policy and improved security under its current leadership have also generated favourable economic conditions and stronger demand for imported products, which represent new opportunities for Canadian exporters.

Overall, the Canada-Colombia FTA will stimulate growth in our bilateral commercial relationship. This FTA has the support of key exporters and investors across Canada, and it responds directly to this committee's call for the negotiation of defensive FTAs in a timely manner.

Thank you, Mr. Chairman. That concludes my remarks.

I'll turn to my colleague, Alexandra, for further comment.

•(1225)

The Chair: Thank you.

Mrs. Alexandra Bugailiskis (Assistant Deputy Minister, Latin America and the Caribbean, Department of Foreign Affairs and International Trade): Thank you, Mr. Chairman.

I will just make a few brief comments. I would note, in relation to my colleague on the free trade agreement with Colombia, that we see a direct linkage with our interest from the Department of Foreign Affairs and International Trade with regard to peace building and human rights. That is, as she said, we see the new opportunities that such an agreement provides in the effort to reduce poverty and to be able to provide alternative employment.

As you know, Canada's engagement in Colombia has been promoting not only prosperity but strengthening peace-building efforts and respect for human rights. Indeed, peace building and human rights have long been a cornerstone of Canada's engagement with that country. Earlier representatives from the department have told you about the programming we have been doing in the country through our Stabilization and Reconstruction Task Force, some \$14.5 million since the year 2005, \$5 million this year alone, in an effort to help the demobilization and the reintegration of paramilitaries as well as youth. As well, CIDA, our partner, has been devoting much more in resources to Colombia, some \$64 million in the last five years. This has increasingly been focused on children and women, their rights and their protection, and seeking efforts to alleviate their poverty and to help in the reintegration of internally displaced people. Colombia continues to be one of the highest source countries of internally displaced.

I want to talk to you a little bit about the dialogue we've been having on human rights and to reassure you that it has been growing over the past few years. I'll go back just a few months, in fact, to the fact that President Uribe came to this very committee. He was visiting Canada at the Conference of Montreal, and he came and testified here. Not only did he testify, he asked that you open the committee to non-governmental organizations and to civil societies. I just want to say that was an important demonstration, but it's one that we're seeing on a daily basis.

Our access to the highest levels of the Colombian government continues to be extremely open. We were given, after a meeting by Minister Kent, an agreement that we would start a formal dialogue on human rights, and that commitment was made in July this year when my colleague, Jamie Lambert, who has testified here before you, had very senior-level discussions in a very frank and open manner. Just this week, the national security advisor, Marie-Lucie Morin, has been in Colombia for two and a half days. She has met very senior officials, not only in security areas but including the president. President Uribe again made himself available. They had a very deep, very involved discussion on human rights in which he continued to give reassurances and reiterate his commitment to his country's adherence to international standards.

We've said before in this committee that obviously Colombia faces amazing challenges, but we've also seen over the past five to seven years very deep progress in all the indicators, from poverty to security, to extrajudicial killings. The trend lines have been positive in all of those areas, but obviously there continue to be challenges.

I would just close by saying, perhaps no more eloquently than one of your own members, Mr. Scott Brison, who visited Colombia recently—

An hon. member: That wasn't Scott Brison.

Ms. Alexandra Bugailiskis: No, it was. I must admit I was very touched by the very personal nature of the people whom he met in Colombia, but he said on coming back that many Colombians were stating—and I don't want to paraphrase you incorrectly, sir—that a free trade agreement would help reduce poverty, prevent the resurgence of illegal armed groups, and help prevent more Colombians from entering the narco-economy. That, again, is a

linkage between what I see in the free trade agreement as well as in human rights and peace building.

Thank you.

The Chair: Thank you, Ms. Bugailiskis, and as well, Ms. Nelder-Corvari.

They are excellent reports. This has been a really good update and summary to reflect just where this has gone over the past number of years, particularly in the last six months. I can't imagine that we need anything further, and I think committee members will wish to rush back to their respective caucuses and ask them to pass this bill quickly.

Mr. Brison, it's your day.

• (1230)

Hon. Scott Brison (Kings—Hants, Lib.): Thanks, Mr. Chair.

Thank you for being here with us today, and thank you, Ambassador.

I have a question for you, Ambassador, concerning the geopolitical situation in the Andean region and the risk to stability in that region represented by the Chavez administration in Venezuela. When I was in Colombia, when we met with leaders of private sector unions, in fact to express support for the FTA, one of the reasons was the tremendous economic risk that the Chavez administration represented, particularly their threats to reduce trade with Colombia. I'd appreciate your views on that and on whether or not it factors into some of the indirect benefits of the FTA.

Mrs. Alexandra Bugailiskis: Thank you very much. In fact, your question is very timely, because it came up in the recent discussions of our national security advisor with President Uribe and others. They are very concerned. There have been a number of recent events that give them some concern with their neighbour in Venezuela. It's not only on the economic side, but, you're extremely right, because of the poor relationship at the moment, Venezuela, which is a major partner, a major economic importer from Colombia, has substantively reduced its imports.

But it's also the security situation. As you know, there have been allegations in the past of movements of FARC, of the insurgents, in Venezuelan territory. These continue to be allegations, but they're also very much a concern. I would point out that Venezuela has been leading the charge against recent efforts for the U.S. bases in Colombia, which are poised against the narco-traffickers. They're raising concerns and making it very difficult, I think, for the fight against drugs to continue.

Finally, I would say that the concern is with regard to the treatment of unions in Venezuela itself. They are being extremely restricted. So you're right. There are indirect benefits here from allies and friends of Colombia to be able to support it at this important juncture.

Hon. Scott Brison: Thank you.

A question on the labour and environmental agreements. I would appreciate views from Ms. Nelder-Corvari on those agreements, compared with those in the FTA between Colombia and the U.S., or the proposed FTA, and that between Colombia and the EFTA countries. A third comparison is with previous trade agreements Canada has signed, in terms of their strength in enforcement and just how robust they are comparatively.

Ms. Carol Nelder-Corvari: Thank you for that question. With respect to the United States, the general difference between the United States and Canada in approaching labour and the environment relates directly to both our market size and the way we approach international diplomacy, and that is that we take a more cooperative approach. The U.S. enforcement, in the case of Colombia, is through trade retaliation, where they withdraw benefits.

With respect to Canada, on the labour side, our approach is more cooperative, but we do allow for a binding dispute resolution that could include monetary penalties. Now, that's just being realistic about how much trade we have with Colombia and what increased tariffs or withdrawal of benefits will do.

In other words, we aren't Colombia's largest trading partner or second-largest trading partner, as the U.S. is, so monetary penalties, in effect, would be more effective than trade action. But generally the approach is cooperative. In the case of our labour agreements—and Pierre could speak more directly to this—what our labour side agreement does is it basically requires both countries to reflect ILO principles in their law and then to enforce those laws. It goes a little broader than the primary ILO principles into some other areas as well. So Canada feels very strongly that our labour side agreement compares very favourably when you look at the U.S. agreement. Now, that has to do with different approaches and, as I said, the nature of our economic relations.

With respect to EFTA, I'm not aware that they have labour or environment agreements; I don't believe they do. The discussions with the EU are ongoing now. They touch on those issues. I'm not sure how they might be reflected.

• (1235)

Hon. Scott Brison: In general, these provisions compare favourably with those in the agreements that Colombia has signed with other countries.

Ms. Carol Nelder-Corvari: Absolutely. I turn to Pierre. He's far more eloquent on this issue. Pierre is a negotiator on the labour side.

Mr. Pierre Bouchard (Director, Bilateral and Regional Labour Affairs, Department of Human Resources and Skills Development): Thank you.

Just to add a little bit more to what Carol said, in our view the agreement we signed with Colombia is the most comprehensive labour agreement in the world today. We go beyond the U.S. obligation. We've surpassed them. We have doubts at this point if the EU, in their agreements and their new model, would go beyond.

We've just seen the text of the EU-Korea agreement. That is a negotiated outcome, and we cannot know what that will be with Colombia, but that gives you a good idea. Now we know for sure we have negotiated the most comprehensive agreement.

That's the first pillar of our labour agreement. The second pillar is the strength of the dispute resolution mechanism. As Carol has pointed out, we take a different approach where we believe we've found the appropriate balance between a deterrent effect to ensure compliance and having penalties of up to \$15 million per year. That would be deposited in a fund, but to access the fund and use the money you would have to have the agreement of both parties.

Therefore, if Canada, for example, is not in agreement, the money would just keep accumulating. We've tried to find the balance between a deterrent effect and a problem-solving impact, so if there is an issue—child labour or any issue—you would have an instrument and money to change something as opposed to the U.S. approach whereby if there is a penalty or fine, it would go to the U.S. Treasury. With all due respect to the different approaches of countries, we don't understand how that approach would solve an issue on the ground, whereas our approach would have the deterrent and at the same time be able to resolve the dispute.

The Chair: Thank you, Mr. Bouchard. It was very helpful, and I did take more of Mr. Brison's time to get that clarification, so I'll just give you one more minute, Mr. Brison.

Hon. Scott Brison: Thank you very much. That was helpful. I was surprised to learn that Colombia's labour laws and labour standards are more stringent in many ways than Canadian ones, but there is an issue around enforcement and the number of inspectors.

I was also informed that Canada, through HRSDC, is helping to fund inspectors in Colombia. There are 400 labour inspectors for all of Colombia, and I think Canada provides a number of them. I think it's 150 or something like that. I'd like more information on this because it's an area of engagement that is trade-related, but it's aid-related as well. It is an area of engagement I don't think a lot of Canadians are aware of, and that is the constructive role Canada is playing in helping enforce Colombian labour laws. I'd appreciate more information on that.

• (1240)

Mr. Pierre Bouchard: Thank you. Yes, you're right. Our first approach with Colombia is to work through cooperation. Right now, some of our officials in the labour program are in Colombia training labour officials on mediation and conciliation, on health and safety. They're there this week. We have started four projects over the past few months. We had a commitment of \$1 million. We've already surpassed that. I think it's now \$1.1 million in different areas of social dialogue, of strengthening the ability of the labour ministry. This is the situation we find in most of Latin America. They have very stringent labour laws, but the problem is with their enforcement.

We are actively working with Colombia to help them strengthen their enforcement regime, and those programs are now ongoing on social dialogue, strengthening the labour ministries, occupational health and safety, and a range of other issues.

The Chair: Mr. Cardin.

[Translation]

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

Good day, ladies and gentlemen. Rarely, if ever, has a truly comprehensive impact assessment been done of a trade agreement with other countries.

Please refresh my memory for me. What is Colombia's share of Canada's total exports?

[English]

Ms. Carol Nelder-Corvari: When you're talking about Canadian exports abroad, after the U.S. and Mexico, you get into very small numbers, since U.S. and Mexican exports make up about 85% of our total exports. The remaining 15% is spread around the rest of the world. In the case of Colombia, we're talking about exports of about \$700 million annually, which would be a small percentage of our total exports. It's less than 1%.

[Translation]

Mr. Serge Cardin: So it is less than one per cent. Given Colombia's record on human rights and investment opportunities that may also impact human rights...

Several impact studies have been done. One report, entitled *Land and Conflict: Resource Extraction, Human Rights and Corporate Social Responsibility: Canadian Companies in Colombia*, looks at three case studies of the impact of Canadian projects on investment. On the subject of paramilitary forces and human rights violators, the report notes the following:

The regions in which they are active, rich in minerals and oil, have been and continue to be plagued by violence, displacement and paramilitary activities. In fact, resource-rich regions are the source of 87% of forced displacements, 82% of the violations of human rights and international humanitarian law, and 83% of murders of union leaders. Both the high levels of violence and the presence of illegal armed groups raise serious concerns about the potential for Canadian investment to benefit from or be complicit in the conflict.

There is still the clause, or agreement respecting investment in place. The report goes on to say this:

Paramilitaries and their successors control between 2 and 7 million hectares of stolen land. In one of the few returns of stolen land, some 18,000 hectares were given back to Afro-Colombian communities in Chocó in 2007.

Canadian oil and mining companies want to invest and run the risk of doing so on land that has been stolen. With chapter 11 and protection provisions, people are buying...This means that people who have been displaced from their lands will never have the opportunity to reclaim them if Canadian companies invest in Colombia. If, as a sign of good faith, the Colombian government gives the land back to the farmers, the clause on investment and expropriation will automatically apply.

Companies claim that the situation will improve if they invest in Colombia, but the situation could in fact deteriorate, particularly with respect to investments in natural resources. All that, when Colombia accounts for only one per cent of our exports.

How do you feel about all this?

• (1245)

[English]

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

I want to be clear that Canadian investors are invested in Colombia, have been invested in Colombia, and are increasing their investment in Colombia. That will continue, regardless of the free trade agreement.

What this free trade agreement does is provide more secure and predictable rules for our investors. At the same time, it tries to support those issues you're touching on: corporate social responsibility, environmental laws, and labour laws. That's why this FTA is accompanied by commitments and obligations in these areas.

This is a first agreement. You've heard Pierre talk about it being the strongest labour agreement related to any FTA in existence. The corporate social responsibility aspects of this agreement are the first time Canada has placed such commitments. They are in the investment chapter and in the environment chapter. It's an area of cooperation that has ongoing dialogue with Colombia and our investors in Colombia.

What I'm trying to explain is that this agreement gives us avenues of engagement we have never had before. Our investors have been there, and they have a very good reputation in Colombia. Some of them are recognized internationally for their corporate social responsibility in Colombia. Added to this are our government-level engagements and commitments, on the part of both Colombia and Canada, to ensure that environmental, labour, and corporate social responsibility issues are given priority.

[Translation]

Mr. Serge Cardin: Mr. Chair, I neglected to tell you that I will be sharing my time. I'm telling you now.

[English]

The Chair: That was before you used up your time.

Monsieur Guimond, you have one minute.

[Translation]

Mr. Claude Guimond (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Last August, I met with a dozen or so distressed Colombians at my riding office in Rimouski. They have been living in Rimouski for the past several years and still have family in Colombia. The father and mother, both of whom were older, were very emotional when they spoke about their children in their thirties still living in Colombia. They were convinced that they might have been killed for speaking out. They no longer knew their children's whereabouts. They told me that the Colombian government was rife with corruption. They admitted that if they were wealthy, they would have an easier time contacting their son and daughter and arranging to bring them to Rimouski.

I have to wonder how a free trade agreement will improve the human rights situation in this country.

It wasn't a question, but more of a comment. I have nothing further.

[English]

Ms. Carol Nelder-Corvari: I think I appeared before this committee in the very early stages of the free trade negotiation with Colombia. I spoke about some academic research that has been done, and I think I tabled it. It was out of Columbia University in the United States, by Professor Sala-i-Martin.

What he says, and he makes a very cogent argument in his work that has been tabled before this committee, is that some of the strongest benefits of these agreements relate to institutional capacity-building in countries, especially agreements between developed and developing countries.

What we're trying to do—and you've heard Alexandra speak about all our levels of engagement—is to make improvements across the board here. This is first and foremost a commercial agreement, but we're very positive that it does reinforce the rule of law in Colombia.

Colombia has been very transparent with the Government of Canada and with all international organizations in other countries. The UN Commission on Human Rights has an office right in Bogota. This is a country that's struggling to make these improvements. You heard President Uribe. He will tell you his challenges are significant.

The point is that they're reaching out to the rest of the world through international organizations, through these free trade agreements, to help build stronger institutions, a stronger democracy, and relationships with countries like Canada, where they feel this will be beneficial to their overall stability and security.

• (1250)

Mrs. Alexandra Bugailiskis: I would just add a few words to what my colleague has said.

It's not only what the Colombians are doing but the fact that they're opening to Canada to provide assistance. I mentioned earlier the moneys that the CIDA program is devoting. A lot of this is going into judicial reform, exactly into the areas you've been speaking about, helping marginalized communities, women, and indigenous groups to be able to have access to the judiciary, actually providing them with legal assistance, and of course it also being involved in the

actual judicial reform. So we're strengthening the laws and we're strengthening access. It takes time, obviously, but again I think the trend line is very positive in being able to make sure that they have access to those avenues.

The Chair: Thank you.

Mr. Allen.

Mr. Malcolm Allen (Welland, NDP): Thank you, Mr. Chair, and thank you all for coming and for the information.

I would like to start with the labour side of things. In a previous life, I sat around a negotiating table and hammered out collective agreements. So I have intimate knowledge about the difference between including letters in the agreement and having them outside the agreement. They can be seen as either part of the whole or separate, and this can pose problems over time, regardless of what you put in as a dispute resolution or a penalty. You can end up arguing about these pieces. You end up trying to figure out what something is, and you get into the argument of whether it's separate or part of something larger.

Nearly every major international labour organization, whether in this country, in Colombia, or elsewhere, has suggested that these sorts of agreements, specifically the labour piece, should be included in the body of the text. Environmentalists would probably say something similar. The suggestion was that the United States had the bigger stick, in the sense that they could use punitive damages against Colombia and force things to happen. Why didn't we do the same?

Mr. Pierre Bouchard: Canada's approach for the last 15 years has been to have side agreements on labour and environment, together with the free trade agreements. These are linked to the trade agreement, but they're also independent, enforceable international agreements. The dispute resolution mechanism is detailed in the legislation for Colombia. You will see provisions that will ensure that the appropriate mechanisms are created to ensure payment or the receipt of payments from Colombia to put in a fund.

The nature of these agreements make them enforceable. Whether it is inside or outside the agreement is, for us, a matter of format. The implementation of these agreements is the responsibility of ministers of labour. We have found over the years that ministers of labour, being responsible for international agreements, are committed to enforcing them. We hear criticism about this, but in the past few years we've also heard several voices that agree with us. They said it's a matter of format. What is really important is the nature of your clauses. There are some worthwhile labour agreements that other countries have signed, but their dispute resolution mechanism is nowhere near as effective as the one you will find in this side agreement. When you look at this legally, these agreements are just as enforceable as any labour chapter in the main document.

●(1255)

Mr. Malcolm Allen: Far be it from me to suggest that I'm an expert on international trade agreements. But I know labour, and it's not about formatting. The reason we don't have letters outside the agreement is that external documents carry less weight. If you talk to the ILO, the CLC, and the major labour unions, they'll tell you the same thing. That's why they've been lobbying to get it placed inside the agreement. That's the reality they live in, and I think that's the difference.

It may be true that we've been doing this for the past 15 years, but perhaps we ought not to be. Perhaps we ought to be thinking more about getting these considerations in the agreement. But we'll leave this for now.

We still have a lack of capacity when it comes to inspectors of labour standards and health and safety in the country. Yet we want to rush to sign the agreement. I understand what Ms. Nelder-Corvari said about capacity-building and the study out of Columbia University that emphasizes the role of agreements in building capacity. That's one report. There are others on the other side that suggest the opposite. It becomes a bit of a faith-based thing.

That's why a lot of us are still concerned that this matter will stall the development of human rights, labour standards, and environment standards. When it comes to capacity-building for labour standards, inspections, and health and safety, which, by Colombia's own account, are now lacking, why wouldn't we specify the capacity they need to demonstrate in these areas? Then we could check the boxes off: now we've done this, now we've done that, now we've done the other. What I'm hearing from all of you is that the administration in Colombia wants to do this. Let's see them do it. It's all well and good to say they're on their way. Let's see it completed. Has this approach been suggested to Colombia? Have we suggested a system under which we would establish a standard, have it verified in the field, and study the results?

Ms. Carol Nelder-Corvari: I understand what you're saying, and I guess there are two issues, by way of response. Through this free trade agreement, the Government of Colombia is trying to give Colombian workers new opportunities through the production of goods and new export opportunities, and to provide alternatives to the narcotics trade. You've heard the ambassador speak about this. You've heard the President speak about this. I think Vice-President Santos was here as well speaking about this. This is very important.

On the one hand, we're trying very hard through this agreement, and the Government of Colombia is trying very hard to give its workers new opportunities. To ensure those opportunities result in progress on labour rights, we have a labour side agreement. I guess we could argue about the effectiveness of penalties or not. My personal view is that you make this thing work through real efforts, and those are the things that Pierre is talking about here. The programs we have are in place. What we're trying to do on the ground in Colombia is what's important. This engagement is coming out of a mutual agreement between Canada and Colombia in the context of this free trade agreement. That's very valuable in terms of providing workers in Colombia with opportunities and with improving the application of the labour laws there, consistent with ILO standards.

●(1300)

The Chair: Thank you, Mr. Allen.

We're going to go to Mr. Holder. Can you wrap this up?

Mr. Ed Holder (London West, CPC): I'm sharing my first question with Mr. Miller. It will be a brief one, and then I'll carry on, sir.

The Chair: Yes, they're both going to have to be pretty brief. You can see the clock.

Go ahead.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): It will be brief.

To our witnesses, thank you very much.

Ms. Nelder-Corvari, in your briefing here to us there's something I need a clarification on. In the top paragraph on the second-last page, you state in there about Ministers Day's and Ritz's announcement and Colombia's announcement to allow all Canadian beef from animals of all ages. Then it goes on to say that Colombia has announced that they will approve Canadian cattle born on or after August 1, 2007.

Now, I'm wondering whether this is referring directly to live cattle. I'm sure there's an explanation in there, but it almost contradicts itself in the way it's worded.

Ms. Carol Nelder-Corvari: Yes, sorry, it wasn't clear. I think I stumbled over that passage when I read that. The first reference is an announcement that all Canadian beef from animals of all ages will be allowed, and then it was that cattle born after August 2007 would be allowed. Yes, it's live cattle, sorry.

Mr. Larry Miller: Okay, that's good. I wondered if I was out, but I just wanted to clarify that. It's very important. Thank you.

Ms. Carol Nelder-Corvari: Yes, and this is very important. Both Minister Ritz and Minister Day worked very hard with the Colombians on this, along with our food inspection experts and with the Colombian food inspection experts and veterinarians. It was a complicated process because they had to go through an Andean-level committee on this. The Colombians had made a commitment to work hard, in parallel with our efforts of the FTA, and they delivered on their word here.

Mr. Ed Holder: Thank you for that.

Further to that, and in thanking our guests, I'd like to congratulate our officials on their strong negotiations to have our beef and cattle exports resume with Colombia. That's so huge for our farmers. That's so, so significant. Well done.

I'm compelled by your comment that Colombia imposed tariffs on some Canadian pork products as high as 108%—by the way, not 8% but 108%. That's why if there's ever a reason that this FTA must go through, it's even for that reason alone—but that's not enough.

In my experience, which is short-lived on this committee, I find that agriculture tends to be probably the most challenging issue at free trade agreements. Here, everything that I have read—and I read the Canada-Colombia free trade agreement—is exceptionally beneficial to Canada's agriculture sector. I can't understand, frankly, why any member of this House who has any regard for the agriculture industry would not support your efforts.

I'm not sure what we would say to our farmers in this country. Would we desert our farmers just because dealing with Colombia represents only \$700 million in Canadian exports, which is less than 1%? If there's any argument for a free trade agreement, I sincerely believe it's because when we look at even NAFTA, 85% of our trade goes with them, but it's because we have a deal. There are some geographic benefits as well, but if we want to have an opportunity to increase our exports to other countries, it's as a result of having a trade deal such as the one you're negotiating.

I'm just trying to get my head around that. Is there something I'm missing here, that somehow if we don't have a free trade agreement we're going to do fewer exports?

Could you imagine—and perhaps this is to you, briefly, Ms. Nelder-Corvari—that this would do nothing but improve our numbers, our exports to Colombia?

Ms. Carol Nelder-Corvari: Absolutely. The agricultural community is very supportive of this deal—pork producers, beef producers, and grain producers.

What I heard in Bogota, from actual Colombian importers, was that if the U.S. deal were in place before the Canadian deal, we would lose those markets, particularly the wheat and grain markets. The distributors were willing to pay a premium price for Canadian wheat, given its quality. But with the increased transportation costs they pay for Canadian wheat imports added to the tariff

disadvantage, which is in the range of 15%, they would stop buying Canadian wheat. That's \$100 million in exports annually in the grain area.

So yes, if we don't pass this agreement, we stand to lose important markets. It's absolutely necessary that we open up new markets for Canadian exporters. This committee has told us to pursue defensive trade agreements in a timely manner. Colombia is exactly that. Colombia is engaged in free trade negotiations with many large economies, and we stand to lose not only the \$700 million in exports a year across the board but also significant growth, which we've been experiencing. This is a growing market. Colombia has been growing at an average of 5% to 7% over the last few years. It's a middle-sized, emerging economy in which Canada has a foothold, and we should build on that.

● (1305)

Mr. Ed Holder: If you could do this, what would you tell our farmers and our producers?

The Chair: We have gone over time. We've kept you a little longer than expected.

I want to say how much I appreciated the presentations today and the responses to questions. It is quite clear that you were very well prepared for this meeting, as you have been throughout. I was particularly impressed with the presentations today and with the answers. I also noticed Mr. Kronby and Mr. Lavoie itching to get into the debate as well, and we may have time for that at another time.

Mr. Bouchard, thank you for that very clear explanation of the labour side. It was very helpful. I thank you so much.

I'm not sure how we're going to convince some of our colleagues, or that we have to have this particular treaty solve all the problems of the world and provide a cure for cancer as well, but....

I want to thank you very much for joining us today.

With that, we are adjourned.

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