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# News Release

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**June 7, 2008 (1:45 p.m. EDT)**

**No. 135**

## **Canada Concludes Negotiations for Free Trade, Labour Cooperation and Environment Agreements with Colombia**

The Honourable David Emerson, Minister of Foreign Affairs and International Trade, and Minister for the Pacific Gateway and Vancouver-Whistler Olympics, today announced the conclusion of free trade negotiations between Canada and Colombia. Agreement has also been reached on labour and environmental issues. The conclusion of negotiations with Colombia, along with the signing of similar agreements with Peru, delivers on Canada's commitment to become a more active economic and social partner throughout the Americas.

"The Government of Canada is delivering on its commitment to open up opportunities for Canadian business in the Americas and around the world," stated Minister Emerson. "The free trade agreement will expand Canada-Colombia trade and investment, and will help solidify ongoing efforts by the Government of Colombia to create a more prosperous, equitable and secure democracy."

Once implemented, this comprehensive free trade agreement (FTA) will improve market access for agricultural products, industrial goods and services trade between Canada and Colombia, and will provide a more secure environment for investment. The FTA will also ensure that Canadian exporters are not put at a disadvantage vis-à-vis trading partners that have or are seeking preferential access to Colombia's market. The parallel labour and environment agreements will ensure that progress on labour rights and environmental protection goes hand in hand with economic progress.

"This agreement, like the one that was signed by our government in Peru last week, contains some of the most comprehensive labour provisions to be found in any agreement anywhere in the world," said the Honourable Jean-Pierre Blackburn, Minister of Labour. "As the Colombian government moves forward to strengthen labour rights after a difficult past, Canada will be there to help. We believe that agreements for free trade and labour cooperation are powerful tools that can bring prosperity to workers."

The Labour Cooperation Agreement (LCA) contains strong, enforceable provisions for labour rights. Through this agreement, both countries commit to respecting the core labour standards set out by the International Labour Organization, such as the elimination of child labour, forced labour and workplace discrimination, as well as respect for freedom of association and

the right to bargain collectively. The LCA also includes an open and transparent dispute resolution mechanism. If obligations are not respected, the offending country may have to pay up to \$15 million in any one year into a cooperation fund, which will be used to resolve issues identified through the dispute resolution process. Labour, along with environmental and human rights issues, has been a focus of the Standing Committee on International Trade's ongoing hearings on Canada's negotiations with Colombia.

"The Canada-Colombia Agreement on the Environment is yet another example of how we are collaborating with our trade partners to protect the environment," said the Honourable John Baird, Minister of the Environment. "We look forward to working with our Colombian partners to continuously improve our respective environmental laws and policies to ensure the highest levels of environmental protection."

The Agreement on the Environment will commit both countries to pursue high levels of environmental protection. The agreement includes key obligations that will require Canada and Colombia to comply with and effectively enforce their domestic environmental laws and refrain from relaxing these laws to encourage trade or investment.

The FTA represents a significant step toward strengthening Canada's comprehensive bilateral partnership with Colombia. Canada's is committed to deepening its engagement in the Americas so as to promote increased prosperity, greater security and strengthened freedom, democracy, human rights and the rule of law. Canada actively engages both multilaterally and bilaterally to address the human rights situation in Colombia.

Colombia is a significant market for Canadian companies, with a population of over 44 million and a total GDP of \$154 billion. In 2007, two-way merchandise trade between Canada and Colombia totalled \$1.14 billion. Canada's direct investment stock in Colombia totalled \$739 million in 2007.

Before signing the agreements and making them public, Canada and Colombia will undertake a detailed legal review of the texts in English, French and Spanish. In Canada, the treaties will then be tabled in the House of Commons for a period of 21 sitting days. During that time, members of parliament will be able to review, debate, vote on a motion, or send the agreements to committee for further review. Following the 21-day period, the Government plans to introduce draft legislation to implement the agreements.

The negotiations began in July 2007, during the visit of Prime Minister Harper to Colombia and other Latin American countries.

Under Canada's Global Commerce Strategy, the government is working to advance Canada's trade interests in key markets by opening up new opportunities for Canadian exporters, investors and innovators. The Strategy includes an aggressive trade negotiation agenda that aims to secure competitive terms of access in markets that offer significant potential for our products and expertise.

For more information, please visit: <http://www.international.gc.ca/commerce/strategy-strategie/index.aspx?lang=en>.

A backgrounder follows.

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## **Backgrounder**

### **Canada's Free Trade, Labour Cooperation and Environment Agreements with Colombia**

#### **Canada's Free Trade Agreement with Colombia**

Once implemented, the Canada-Colombia Free Trade Agreement (FTA) will provide commercial benefits to Canadian and Colombian businesses. Benefits include:

#### ***Better market access through elimination of tariffs on goods***

Once the FTA is implemented, Canadian companies will benefit from the elimination or reduction of tariffs on key exports. Colombia's current applied tariff averages are 16.6 percent for agricultural goods and 11.8 percent for manufactured goods.

Immediately upon the implementation of the FTA, Colombia will eliminate tariffs on most industrial products, including paper, machinery and equipment, and certain chemicals as well as textiles and apparel. These are all sectors where Canadian companies have developed a global expertise.

Colombia will also eliminate tariffs on a majority of agricultural exports from Canada, including wheat, barley, peas and lentils. Products such as beef and beans will also benefit from immediate duty-free access within specified volumes. A number of other key exports, such as pork, canola, other oilseeds, animal fats, frozen french fries and whiskey will see their tariffs gradually eliminated over time. Colombia will also eliminate the use of their price band mechanism on selected products, including wheat, barley and pork.

### ***Promotion of two-way investment between Canada and Colombia***

Once implemented, the agreement will lock in market access for Canadian investors and provide them with greater stability, transparency and protection for their investments. Strong obligations are included to ensure the free transfer of capital related to investment, to protect against expropriation without compensation and to provide for non-discriminatory treatment of Canadian investments. In addition, investors will now have access to binding international arbitration to resolve disputes.

### ***Better market access for service providers***

The FTA will provide enhanced market access for service sectors of interest to Canada, including mining, energy and professional services. Canada and Colombia have also reached agreement on comprehensive disciplines for the financial services sector, including banking, insurance and securities. Once the agreement is implemented, both countries will engage their domestic professional bodies in discussions regarding the negotiation of mutual recognition agreements. Priority will be given to the engineering profession.

### ***Better access to government procurement contracts***

The agreement will give Canadian and Colombian suppliers improved market access in the area of government procurement. The FTA will guarantee Canadian suppliers the right to bid on a broad range of goods, services and construction contracts carried out by Colombia's federal government entities. It will also ensure that practices remain transparent and fair for suppliers.

### ***Maximized opportunities through trade-related cooperation***

The Canada-Colombia FTA will contribute to Colombia's economic development by creating new market opportunities for exports of Colombian goods and services, and by providing a positive environment for Canadian direct investment. As Colombia is a developing country, many of its products already enter Canada duty-free. Under the FTA, more Colombian products will have better access to Canadian markets. The FTA acknowledges Colombia's developing country status in several ways, such as by allowing it to phase out its tariffs on products over a longer period than Canada.

To complement Canada's development cooperation objectives with Colombia, and to help maximize the benefits of the agreement, Canada and Colombia have agreed to a chapter on trade-related cooperation to facilitate trade-related capacity initiatives. These efforts aim to strengthen Colombia's ability to maximize the agreement's benefits.

### ***Promotion of corporate social responsibility and anti-corruption measures***

The agreement will encourage Canadian and Colombian businesses operating within either country's borders to respect and follow internationally recognized corporate social responsibility standards, practices and principles. The FTA also includes provisions designed to combat bribery and corruption.

## Canada-Colombia Agreement on Labour Cooperation

Once implemented, the Labour Cooperation Agreement (LCA), which includes enforcement obligations and associated penalties, will help set a new standard in regard to labour agreements. Canada is also offering its resources and expertise to help Colombia fully implement this agreement, and will roll out a \$1 million technical cooperation program in the labour area over the next few months.

Through this LCA, Canada and Colombia commit to ensuring that their laws respect the International Labour Organization (ILO) 1998 Declaration on Fundamental Principles and Rights at Work. To further protect workers, Canada and Colombia have also committed to protections for occupational health and safety, and to minimum employment standards such as minimum wage and hours of work. Migrant workers will have the same legal protections as nationals in their working conditions. The agreement also includes a clause to prevent either country from weakening or reducing its domestic labour protections to encourage trade or investment.

Canada and Colombia will be obligated to respect the LCA, which includes an open and robust complaints and dispute resolution process. Failure to respect ILO principles and to enforce domestic laws is subject to penalties. If those obligations are not respected, the offending country may have to pay up to \$15 million in any one year into a cooperation fund, which will be used to resolve issues identified through the dispute resolution process.

For more information on the ILO's Declaration on Fundamental Principles and Rights at Work, please consult:

[www.ilo.org/dyn/declaris/DECLARATIONWEB.ABOUTDECLARATIONHOME?  
var\\_language=EN](http://www.ilo.org/dyn/declaris/DECLARATIONWEB.ABOUTDECLARATIONHOME?var_language=EN)

## Canada-Colombia Agreement on the Environment

Once implemented, the Agreement on the Environment will commit both countries to pursue high levels of environmental protection and to strive to develop and improve their environmental laws and policies. The agreement also includes key obligations that require Canada and Colombia to comply with and effectively enforce their domestic environmental laws and refrain from relaxing these laws to encourage trade or investment.

The agreement reaffirms both countries' commitments under the United Nations Convention on Biological Diversity to strengthen the protection of biological diversity and to respect, preserve and maintain traditional knowledge, innovations and practices of indigenous and local communities. Colombia has some of the most diverse biological resources in the world, and Canada is committed to working with Colombia to help protect and conserve these resources in a manner that respects the interests of indigenous peoples and local communities.

Both parties have committed to addressing matters that arise under the agreement in a cooperative manner, through consultations and the exchange of information. Should this fail to resolve the matter, the parties may request consultations at the ministerial level.

For more detailed information on the Convention on Biological Diversity, please consult:  
[www.cbd.int](http://www.cbd.int)

For more detailed information, please visit: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/andean-andin/can-colombia-colombie.aspx>