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# News Release

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**December 18, 2001 (6:30 p.m. EST) No. 167**

## **CANADA-COSTA RICA FREE TRADE AGREEMENT AND EXPORT DEVELOPMENT CANADA LEGISLATION RECEIVE ROYAL ASSENT**

International Trade Minister Pierre Pettigrew today announced that legislation to implement the Canada-Costa Rica Free Trade Agreement and to update the Export Development Act has received Royal Assent.

"These acts of Parliament are important milestones in Canada's international trade efforts," said Minister Pettigrew. "When it comes into force, the Canada-Costa Rica Free Trade Agreement will help our exporters gain an important advantage over their principal competitors in the Costa Rican market. Amendments to the Export Development Act balance the competitive needs of exporters while helping Export Development Canada (EDC) to show leadership in social responsibility in corporate practices."

The Canada-Costa Rica Free Trade Agreement will offer increased efficiency in trade procedures and improved border-related processes. The agreement also includes better access for Canadian fish, paper products, auto parts, plastics, wood and agricultural goods. It is expected the agreement will add to the momentum in favour of a Free Trade Area of the Americas. The agreement will come into force once Costa Rica completes its legislative process, likely in mid-2002.

Amendments to the Export Development Act will require EDC, which will be renamed Export Development Canada, to conduct environmental reviews of projects that it supports, and will update governance and administrative procedures. The changes to the Export Development Act will come into force on December 21, 2001.

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A backgrounder is attached.

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## **Backgrounder**

### **CANADA-COSTA RICA FREE TRADE AGREEMENT**

#### **Main Elements**

Upon implementation of this agreement, Costa Rican tariffs on most Canadian exports of industrial products such as automotive and environmental goods and prefabricated buildings will immediately be eliminated. Tariffs on the remainder of industrial products will be gradually phased out over a period of either 7 or 14 years, depending on the type of product.

Gains will be realized for Canadian agricultural products, such as french fries, pulses, grain, fresh fruit and vegetables, and processed food products. About 94 percent of Canada's current agriculture and agri-food exports to Costa Rica will realize market access benefits.

The Canada-Costa Rica Free Trade Agreement represents the first bilateral free trade agreement to include innovative stand-alone procedures on trade facilitation. Canadian exporters will benefit from the increased efficiency of trade procedures and the reduction, simplification and modernization of border-related requirements, procedures and formalities.

The competition policy framework included in the agreement will promote greater transparency and certainty in both markets for business. This will establish a concrete framework for cooperation and consultation and enhance the effectiveness of enforcement activities by competition authorities.

### **EXPORT DEVELOPMENT ACT**

#### **Legislative Summary**

This enactment amends the Export Development Act by:

- changing the name of the Corporation to Export Development Canada;
- enabling the Board to delegate its powers and duties to committees that it may establish, other than the executive committee;
- requiring the Corporation, before entering into a transaction that is related to a project, to determine, in accordance with a directive established by the Board, whether the project is likely to have adverse environmental effects and, if so, whether the Corporation is justified in entering into the transaction;
- requiring the Auditor General to audit the design and implementation of the directive established by the Board, at least once every five years;

- exempting Ministers and EDC from certain provisions of the Canadian Environmental Assessment Act, in order to prevent a duplicate obligation to conduct environmental assessments arising under that Act; and
- enabling the Board to make bylaws respecting the establishment of a pension plan for the officers and employees of the Corporation and their dependants.