

Government Response to the Report of the Standing  
Committee on Foreign Affairs and International Trade

# The Free Trade Area of the Americas:

## Towards a Hemispheric Agreement in the Canadian Interest



Canada

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## Government Response

The Government expresses its appreciation to the Committee for its ongoing contributions to public consultations on Canada's international trade priorities and objectives. The Committee's report on the Free Trade Area of the Americas (FTAA) provides valuable direction and guidance for the Government as it participates in negotiations to create the world's largest free trade area.

The FTAA represents an historic opportunity to unite the 34 democratic countries of the hemisphere in a comprehensive free trade area that promotes and stimulates economic integration and development. The FTAA's origins date back to the first Summit of the Americas in Miami in December 1994. The formal negotiations were launched by Leaders at the second Summit of the Americas in Santiago in April 1998 with a commitment to conclude an agreement by 2005. The Summit process engages the member countries in an integrative and cooperative forum to promote economic, social and political development. More specifically, the Summit agenda focuses on: economic integration and free trade; the elimination of poverty and discrimination; democratic development; and education. The FTAA is a central element to the promotion of economic integration and free trade, but the Government strongly believes that the increased economic growth, integration and development that will be realized under a free trade agreement will reinforce the other Summit objectives. The Government supports the Summit of the Americas process as a means by which Canadian ideals and values can be furthered throughout the Americas. As a reflection of this deeply-held commitment, the Government is hosting the third Summit of the Americas, in Québec City, in April 2001.

Canada has long been an advocate of the benefits of international economic integration and has pursued the objective of economic growth through free trade within the international arena for over 50 years. As an open, mid-sized economy, Canada depends on free trade to promote economic growth, create jobs and sustain our high standards of living. Over 40% of goods and services produced in Canada are exported and one in three new jobs depends on international trade. In addition, our integration in the global economy



spurs innovation and advances in productivity and technology, and leads to greater choice and lower prices for Canadian consumers. Canada has played an important part in establishing the rules-based regime governing international trade in goods, services and investment and has assumed active leadership roles in both multilateral and regional fora.

Canada's trade policy goals and priorities in regional undertakings are fully consistent with Canada's overarching objectives of multilateral trade liberalization. The Government believes regional trade agreements can serve as valuable contributors to trade liberalization within the multilateral system by reducing barriers, preparing industries for international competition and generating momentum for further liberalization efforts. With the shared goal of establishing a rules-based system to govern international trade, regional and multilateral arrangements can be mutually supportive and reinforcing as a means to achieve the common end.

As the Committee notes, Canada stands to benefit greatly from the negotiation of a hemispheric trade agreement. The aim is to reach an agreement that is balanced and comprehensive, World Trade Organization (WTO) — consistent and a single undertaking (i.e. participants must sign on to all elements of the agreement). The creation of an FTAA is a natural extension of Canada's successful regional trade initiatives, building on the 1994 North American Free Trade Agreement (NAFTA) with the US and Mexico, and the 1997 Canada-Chile Free Trade Agreement (CCFTA). With a combined population of 800 million and an aggregate GDP of nearly US \$11 trillion, an FTAA would be the world's largest free trade area. The countries of Latin America and the Caribbean offer lucrative potential markets and new commercial opportunities for Canadian companies that could be capitalized on under an FTAA. Latin America and the Caribbean (that is, the non-NAFTA countries of the FTAA) collectively generate a GDP of US \$2 trillion and have a population of nearly 500 million, and are well positioned as dynamic, emerging economies with tremendous growth potential. The possible launching of bilateral free trade negotiations with Costa Rica, a proposal currently being explored, could serve as a building block for the FTAA and help inject momentum into the negotiations.



The Committee also notes the importance of using the FTAA to secure stronger investment protection measures throughout the Americas. With more than \$32 billion invested in the Americas outside of the NAFTA countries and Chile, Canadian businesses would benefit from a more liberal hemispheric investment regime that would include investment protection rules. In addition, outward investment by Canadian firms stimulates our exports, improves our competitiveness, and creates high-skilled jobs for Canadians.

The Government has played an active and important leadership role in the FTAA negotiations, reflecting the importance it places on concluding an agreement. Canada was selected to serve as the initial chair of the negotiations and the Government is confident that the progress achieved under Canadian stewardship paves the way for the next steps in the negotiating process.

As the negotiations to create an FTAA proceed apace, the Committee's Report serves as a valuable point of reference for government officials with a view towards establishing negotiating positions and pursuing outcomes in the best interests of Canadians. The Government agrees with the Committee's assessment that Canada's commercial interests and objectives have to be managed concurrently with broader objectives based on the social dimensions of trade and other public policy issues affected by international trade. The Government will retain its capacity to regulate in the public interest and believes that Canada's full participation in setting and regulating the rules-based regime for international commerce is essential for our future economic prosperity and continuing to advance the broader public interest within the globalized economy.

## **Canada's Trade Policy Agenda**

### ***Recommendations 6, 13 and 7***

**T**he Government agrees with Recommendation No. 6 that Canada should continue its active leadership role in moving the FTAA negotiations forward. The FTAA is an important element of Canada's trade policy agenda and the Government is committed to the FTAA process as a means of promoting international trade and investment and stimulating economic growth and development.

During the first phase of the negotiations, from April 1998 through to the Ministerial meeting held in Toronto this past November, Canada played a pivotal leadership role as Chair of the negotiations, particularly in overseeing the work of the various Negotiating Groups and other bodies addressing horizontal issues. A key contribution of Canada's chairmanship was the establishment of a sound and efficient institutional and administrative infrastructure that should help with the continued smooth functioning of the negotiations under Argentine chairmanship and beyond.

Canada will continue to play an important role in the negotiations reflecting the importance the Government places on this initiative. Canada has been selected to Chair the Negotiating Group on Government Procurement and to serve as Vice-Chair of both the Negotiating Group on Competition Policy as well as the Joint Government-Private Sector Committee of Experts on Electronic Commerce. The Government is also dedicated to providing leadership on other issues of importance to the FTAA process, in particular the engagement of civil society at both the hemispheric and domestic levels, trade-related environment and labour issues, and addressing the concerns and interests of the smaller economies in the negotiations.

With respect to Recommendation No. 13, it should be noted that the liberal trading regime recognizes the legitimacy and desirability of countries in setting the rules of international commerce and provides a preferable alternative to a power-based system dominated by states with the most economic and political clout. States are also better able to exercise greater influence over matters of public policy related to the effects of globalization from within a fair, rules-based system. Such public policy matters include issues related to economic growth through trade, as well as the social and political dimensions of trade including health, safety, environment, labour and culture. Clearly, a trade-reliant middle power such as Canada is best situated as an important contributor within a rules-based system that allows it to pursue growth through international economic integration, while maintaining full capacity to regulate in other areas of public policy.

The Government agrees with the Recommendation No. 7 that business facilitation remains a priority in the negotiations. The agreement on a number of business facilitation measures (including eight customs- and



ten transparency-related issues) was a key outcome of the Ministerial meeting in Toronto, November 3-4. These measures were compiled on the basis of input from the business community (especially through various Americas Business Fora), FTAA Working Groups established subsequent to the first Summit of the Americas, and governments of the participating countries.

Canada is strongly supportive of the underlying objective of supporting or reinforcing ongoing business activities in the hemisphere by reducing red tape, seeking greater clarity on rules and regulations, improving customs clearance procedures and reducing business transaction costs. In many ways, these day-to-day business transaction issues matter more to businesses than traditional trade barriers and demonstrate to companies throughout the Americas the real and tangible benefits that can be realized within the FTAA process. It should also be emphasized that the work on business facilitation is ongoing and will continue throughout the life of the negotiations. In the short term, officials will be concentrating their efforts on implementation of the measures adopted in Toronto and on developing a second package of business facilitation measures for adoption by Ministers in Argentina in April 2001.

## **Consultations with Canadians**

### ***Recommendations 1 and 2***

**T**he Government is committed to conducting the FTAA negotiations as openly and inclusively as possible and to consulting closely with Canadians throughout the FTAA negotiating process.

The Government has been, and remains, engaged in an on-going, transparent and accessible consultation process. Consultations to date reveal that Canadians realize that we live in an increasingly interconnected world, and that they favour liberalized trade. There is also an appreciation of the need to ensure that the benefits of trade are distributed widely and that Canadian values are protected. The Government will continue its outreach and consultation efforts to keep Canada's trade agenda attuned to what Canadians are saying as negotiations proceed and issues become more clearly defined.



The Government agrees with Recommendation No. 1 that the Minister for International Trade encourage his colleagues to actively engage civil society in their respective countries in a meaningful consultation process. On the margins of the FTAA Ministerial Meeting in Toronto, the Government sponsored the Americas Civil Society Forum organized by NGOs under the leadership of a Canadian organization, Common Frontiers. A highlight of this forum was the meeting of 22 FTAA Trade Ministers and Vice-Ministers with representatives from organizations from a cross-section of civil society from across the Americas. The Ministers were presented with a wide range of recommendations that were developed at the Americas Civil Society Forum and engaged in a question and answer session with participants. This meeting was an unprecedented event in the trade negotiation process. Just as importantly, the Americas Civil Society Forum demonstrated to the different participating countries that such dialogue is feasible and to the benefit of all parties involved. The Canadian organizers should be commended for their key role in ensuring that the many voices from the hemisphere could participate in the Forum, both constructively and inclusively.

One of the key outcomes of the Toronto Ministerial is that Ministers agreed to continue to hear from representatives of civil society throughout the hemisphere through the mechanism of the FTAA Committee of Government Representatives on the Participation of Civil Society. The Government believes that considerable progress has been made in engaging our hemispheric partners on civil society issues, taking into account that we are in very early days in the negotiations themselves and in the FTAA dialogue with civil society, and will be promoting continuous civil society engagement throughout the FTAA negotiations.

Considering that international trade is a significant contributor to all levels of the Canadian economy, the provincial and territorial governments are actively consulted on all aspects of trade policy and contribute to the development of trade priorities that reflect the interests and aims of all governments and the people they serve. Accordingly, the Government agrees with the Committee's 2nd Recommendation.



In order to provide Canadians with timely information, updates on Canada's trade policy agenda, including the FTAA, are available on the Department of Foreign Affairs and International Trade website at <http://www.dfait-maeci.gc.ca/tna-nac/>. Canadians are being encouraged to participate actively in the consultative process. Thousands of Canadians have already been heard at meetings, deliberated in focus groups, made submissions, or otherwise participated in the development of Canada's negotiating priorities.

## **Market Access**

### ***Recommendations 15 and 16***

In the broad market access negotiations, the Government would negotiate modalities based on export interests while taking into account domestic sensitivities, including appropriate base years and base rates, consistent with those used in other FTAs. This would result in the elimination of tariffs on all non-agricultural products over a period not to exceed 10 years and would address non-tariff measures. The Government would push for clear and simple rules of origin that leave little room for administrative discretion and promote the economic interests of Canada and our hemispheric partners. The agreed rules would be supported by customs procedures designed to provide effective verification procedures together with transparent and predictable border systems.

Recommendation No. 15 advises the Government to establish a common base year upon which to commence reductions of all industrial tariffs for all participants. It has been the practice in previous free trade negotiations involving Canada to choose a specific base period from which all tariff reductions begin. The recommendation is also that this period should maximize Canadian interests. Thus far, all participants have agreed that there is a need to agree on a base period or base year from which to begin tariff reductions. Canada will work to get agreement on a base period that will reflect overall Canadian interests. However, this issue will only be resolved once the nature of the tariff elimination process is agreed by all FTAA participants.

Recommendation No. 16 calls for the Government to seek a 10-year time frame as the maximum period over which all industrial



tariffs should be eliminated. It also advises that the Government should show the flexibility to obtain accelerated tariff reductions whenever possible. The Government agrees with this recommendation as indicated above, and will attempt to have 10 years agreed upon as the maximum phase-out period, which is consistent with past practice, including under the WTO. In addition, the Government will press for immediate or early tariff elimination for products of export interest.

## **Agriculture**

### ***Recommendation 21***

**R**ecommendation No. 21 advises the Government to negotiate broader trade liberalization in agricultural products in the context of the WTO and to seek to obtain more concessions, more quickly, in the context of the FTAA. On August 19, 1999, the Government made public its negotiating position on agriculture for the new WTO round of negotiations. With respect to the FTAA, the Government will continue negotiations as scheduled and in a consistent manner with the WTO negotiations. It will do so with the objective of achieving access for Canadian agri-food products to markets of the other FTAA participants on terms more favourable than is likely to be possible in the WTO.

## **Services**

### ***Recommendations 22 and 23***

**T**he Government agrees with the Committee's recommendation that the FTAA services negotiations should be used to advance Canadian services export interests, taking into account domestic policy considerations and objectives. The Government is conducting extensive consultations to identify and assess specific Canadian interests in this regard.

The Government also agrees with the Committee that it should take an approach that would lead to the broadening and deepening of liberalization commitments in a manner consistent with Canadian trade interests and national public policy objectives. A sectoral approach is a possible way to meet these objectives.



## Investment and Competition Policy

### *Recommendations 25, 26 and 28*

The Government agrees that, in any negotiations on investment in the FTAA negotiations, there should be a clear delineation of the concept of expropriation. There is a need to ensure that the Government retains the right to regulate in the public interest while at the same time seeking to protect the interests of Canadian investors abroad.

The Government agrees that our past experiences with the negotiation and implementation of investment rules with other countries, including Latin America and the Caribbean, provides a basis for exploring possible investment rules in an FTAA agreement.

The Committee's recommendation with respect to competition policy (Recommendation No. 28) confirms the approach taken by the Government. Building on this, and taking into account the support expressed for this approach in public consultations, the Government is in favour of negotiations leading to the establishment of a framework for competition policy in an FTAA agreement, on the understanding that to do so would not prejudice the independence of competition authorities.

A competition policy framework would ideally require FTAA countries to adopt a sound competition law, at the national or sub-regional level, that proscribes certain anti-competitive behaviour, and with appropriate scope and independence in investigation and decision-making, access to effective deterrents, and an advocacy role for the competition authority while protecting confidential information. A framework would also require a commitment to the principles of transparency, non-discrimination and procedural fairness and include mechanisms to facilitate implementation and enhancement of commitments by member countries and co-operation between competition authorities. The application of dispute settlement procedures to competition cases is complex and controversial. Further analysis will be needed to determine if and how binding dispute settlement procedures could be used in relation to competition policy within the FTAA.

Given the various stages of development of countries within the Americas with respect to the adoption, implementation and

enforcement of a competition policy, the establishment of support mechanisms will be critical to the successful implementation of an FTAA chapter on competition policy. A peer review process similar to the WTO Trade Policy Review Mechanism could foster transparency and provide FTAA countries with an objective review of the substantive provisions of their competition laws and promote enhancement of their competition policies. While the Government agrees with the Committee on the need to encourage effective enforcement of competition laws, it will be necessary to ensure that any review process does not undermine the independence of competition authorities through a review of individual cases or of a competition authority's enforcement record. A chapter on competition policy will also need to take into account the development dimension. The Government has already been involved in providing technical assistance to countries in the Americas and further assistance will be required to help developing and emerging economies enhance their capacity in the area of competition policy.

The Government supports the recommendation of the Committee to resist merging anti-dumping provisions with predatory pricing provisions in competition policy and law. Rather, the Government will continue its efforts to seek improvements to the application and operation of anti-dumping systems in the hemisphere in the context of a separate Negotiating Group on Subsidies, Antidumping and Countervailing Duties.

## **Government Procurement**

### ***Recommendation 24***

**T**he Government recognizes that an agreement on government procurement that includes all FTAA countries and covers the broadest possible range of goods and services (including construction) may provide benefits for the Canadian economy. The Government is currently examining its priorities for access to foreign government procurement markets, including FTAA countries. Consistency between an FTAA and existing government procurement trade agreements, including the WTO Agreement on Government Procurement, is a desirable objective, particularly with respect to

procedural obligations for procurement authorities, as is periodic review to broaden and strengthen an agreement. Further consultations will take place with stakeholders prior to finalizing Canada's position.

## Culture

### *Recommendation 14*

The Government announced in the Speech from the Throne its intention to develop a new approach internationally to support the diversity of cultural expression in countries around the world. The Government agrees that Canada should pursue a new international instrument on cultural diversity.

As described by the Cultural Industries Sectoral Advisory Group on International Trade (SAGIT), the purpose of the agreement would be to set out clear ground rules to enable Canada and other countries to maintain policies that promote their culture while respecting the rules of the international trading system and ensuring markets for cultural exports. The agreement would recognize the special role of cultural goods and services and the right of governments to preserve and promote cultural diversity. The Government is pursuing a multi-faceted approach to build support for this strategy in such fora as the International Network on Cultural Policy, the United Nations Education, Social and Culture Organization (UNESCO), the WTO, the Organization for Economic Cooperation and Development (OECD), La Francophonie, the FTAA and others. The Government will also continue to work with domestic stakeholders to define Canada's interests with respect to trade in cultural goods and services in the forthcoming trade negotiations.

The development of an international instrument on cultural diversity will likely take several years. In order to build support for this instrument, Canada will continue to engage in discussions on how best to ensure that countries can maintain the flexibility to pursue their cultural policy objectives, while respecting the rules governing the international trading system. We will keep all options open on the most appropriate forum for the negotiation of a new international instrument and its content.

Pending developments with respect to the negotiation of a new International Instrument on Cultural Diversity, the Government of Canada will continue to seek the maximum flexibility in international agreements, such as the proposed FTAA, to pursue its cultural policy objectives.

## **Intellectual Property**

### ***Recommendation 27***

**T**he Government agrees that Canadian positions in intellectual property (IP) trade policy negotiations should represent all Canadian interests. An international framework for IP rights provides certainty and transparency that encourages trade. It also encourages innovation and investment in research and development, both at home and in export markets. It facilitates licensing arrangements (such as the transfer of technology) to establish or expand business opportunities. Finally, such a framework for IP rights allows for the balancing of national objectives, such as the protection of public health, and the promotion of the public interest in certain key sectors.

The Government will participate in continuing international negotiations covering intellectual property rights, including the FTAA, and will develop negotiating positions that are consistent with our domestic intellectual property policies and that advance Canadian IP interests as they evolve through ongoing consultations with Canadians. The Government will also build alliances with trading partners to help in obtaining successful results for Canada.

## **Technical Barriers to Trade**

### ***Recommendation 19***

**R**ecommendation 19 urges the Government to seek to establish an FTAA agreement that incorporates rules on technical barriers to trade that are consistent with our international obligations. Canada has benefited greatly from the WTO Technical Barriers to Trade (TBT) Agreement, and the Government will seek to extend these benefits through an FTAA by proposing the full and effective implementation of the WTO TBT Agreement. This will allow countries to carry on with the uncompleted work of implementing the TBT

Agreement, while continuing the important discussion of refining the TBT Agreement within the larger global context of the WTO.

## **Smaller Economies**

### ***Recommendations 8 and 9***

Canada has been an active participant in meetings of the FTAA Consultative Group on Smaller Economies and has suggested a number of approaches to attain a clear and workable definition of a small economy. The difficulty in reaching agreement on a definition, however, has been caused largely by disagreement over the relationship between the concepts of “development” and “size”. Canada provides tariff reductions to developing and least developed countries under both its General Preferential Tariff (GPT) and Least Developed Country Tariff (LDCT) programs, but would not be prepared to grant automatic privileges to countries only on the basis of their claim to “smaller economies” status.

Canada, via the Canadian International Development Agency (CIDA), has directed substantial technical assistance resources to the more vulnerable countries of the hemisphere with a view to reinforcing their capacity to fully integrate themselves in the world trading system and to participate fully in the FTAA negotiations process.

Regarding Recommendation No. 9, the Government has no intention of relinquishing its current position that all parties to an FTAA must be subject to the same undertakings and obligations. At the same time it is prepared to negotiate time-limited “privileges” (such as longer phase-in periods to reach the same level of obligations as other member countries) on an ad hoc basis, with individual countries, and for certain products. The Government will also continue its capacity building efforts to help smaller economies in this area.

## **Trade Remedies**

### ***Recommendations 17, 18 and 20***

The Government agrees with the Committee that it is preferable to achieve improvements to anti-dumping rules at the multilateral level. Canada has been supportive of efforts to undertake negotiation of the WTO Anti-Dumping Agreement



with a view to strengthening and improving these rules. As the Committee noted, Canada's principal concern in this area is the use of anti-dumping measures by the United States against Canadian exports. Given this, and the fact that there are currently no immediate prospects for conducting multilateral negotiations on this issue, the Government will continue its efforts to seek improvements to the application and operation of anti-dumping systems in the hemisphere. At the same time, Canada, as a major user of anti-dumping measures, must also seek to maintain the effectiveness of anti-dumping remedies.

The Government agrees with Recommendation No. 18 that subsidy disciplines must be pursued under the WTO Agreement on Subsidies and Countervailing Measures, rather than on a hemispheric basis. Given the fact that non-FTAA members would not be subject to any new subsidy disciplines negotiated in a hemispheric agreement, they could continue to disrupt markets within the hemisphere and elsewhere. It would therefore be preferable that new subsidy disciplines in the hemisphere be accomplished in tandem with equivalent multilateral disciplines.

With respect to agriculture subsidies, however, the Government will continue to explore possible ways to achieve the agreed objectives of eliminating export subsidies affecting agricultural trade within the hemisphere, preferably by negotiating the multilateral elimination of export subsidies in the WTO.

Regarding the application of countervailing duties, Canadian producers have been concerned over the application of the US countervailing duty regime as it has been applied against Canadian exports. In this regard, the FTAA negotiations provide the Government with an opportunity to seek improvements and clarifications to the operation of countervailing duty laws in the hemisphere in order to mitigate their impact on Canadian exports.

The Government agrees with Recommendation No. 20 that it may be desirable to establish a transitional safeguard mechanism to protect Canadian producers from unforeseen difficulties associated with hemispheric trade liberalization. Any such transitional mechanism would likely include provisions such as: limiting safeguard actions to the suspension of duty reductions or increasing duties to no more than

the Most Favoured Nation (MFN) rate; applying safeguard actions for a limited duration and consultation/notification obligations.

The need for ongoing safeguard mechanisms such as contained in the NAFTA will need to be assessed in light of the overall agreement on market access in the FTAA, the relation between possible FTAA safeguard mechanisms and existing regional trade agreements in the hemisphere, and the WTO obligations of Canada and the other FTAA partners.

## **Dispute Settlement**

### ***Recommendation 29***

**I**n general, the Government agrees with Recommendation No. 29, which states that in principle Canada should negotiate a dispute settlement system in the FTAA that is based on the WTO model. In fact, this is part of the negotiating guidelines given to all parties in the FTAA. The San Jose Ministerial Declaration of March 1998 says that, inter alia, the FTAA will be WTO-consistent (Article II, para. 9). The San Jose guidelines specific to dispute settlement expressly state that a fair, transparent and effective mechanism should be developed taking into account the WTO Dispute Settlement Understanding (DSU).

That said, it will be important for Canada to consider some of the lessons learned from operation of the DSU, and particularly to follow the progress of the DSU review. For example, Canada may wish to negotiate an FTAA dispute settlement mechanism that reflects our stated position on certain important areas such as the need to clarify the procedure for implementation of WTO rulings and our desire to increase the transparency of the dispute settlement system.

The Government also agrees that it will be important to devise mechanisms which address the relationship of WTO, regional and bilateral dispute settlement mechanisms. Provisions of this nature have been addressed in other agreements, for example Article 2005 of NAFTA, and will have to be considered in the FTAA context.

## Social Dimensions of Trade

### *Recommendations 3, 4, 5, 10, 11, 12*

#### ***Summit of the Americas-related issues***

The Minister for International Trade has stated that our social and economic agendas are connected. The Government of Canada is firmly committed to addressing the social dimensions of trade. The Summit of the Americas process is a major element of the Government's agenda promoting this commitment within the hemisphere.

Regarding Recommendation No. 3, the mandates and missions of the Pan American Health Organization (PAHO), the Inter-American Development Bank (IDB), and United Nations Economic Commission for Latin America and the Caribbean (ECLAC) are subject to ongoing examination by their members, including Canada, through existing mechanisms such as expert seminars, the development of program and project work-plans, and annual meetings of their senior deliberative organs. These organizations are active participants in the Summit of the Americas process and in the Summit Implementation Review Group (SIRG), which oversees progress on Summit commitments including those contained in the Eradicating Poverty and Discrimination basket of the Plan of Action from the Santiago Summit.

In this context, PAHO and the IDB play significant roles in Summit implementation as Responsible Coordinators for the health technologies and micro, small and medium enterprises themes respectively. With the Organization of American States (OAS) Trade Unit, the IDB and ECLAC also provide technical support to the FTAA negotiating process as members of the Tripartite Committee. Having recently assumed the Chair of the SIRG, Canada will continue to work with all Summit partners in maximizing coordination and ensuring effective monitoring and implementation of Summit mandates.

With respect to Recommendation No. 4, it should be noted that the Government seeks in negotiations of all treaties or conventions to ensure that there are no conflicts with Canada's international human rights obligations or with measures to protect or progressively realize rights that are affirmed under international law. Canada strongly

supports the principle that no country should seek in any forum to deny or circumvent its international human rights obligations. Canada has been active in advancing respect for human rights in the Americas and has put forward proposals to strengthen the inter-American human rights system.

In relation to Recommendation No. 5, the Inter-American Convention Against Corruption was adopted in 1996, before work was completed on the Organization for Economic Cooperation and Development (OECD) Convention. Canada is a signatory of the Inter-American Convention Against Corruption and the domestic ratification process is underway. Canada is also participating actively in work recently initiated in the OAS to develop a monitoring mechanism based on peer review for the Inter-American Convention Against Corruption.

### **Labour**

The Government strongly supports International Labour Organization (ILO) measures to promote universal respect for core labour standards. These objectives have direct relevance for the hemisphere, in particular increased capacity for delivery of the ILO's technical cooperation activities that represent the most direct and practical means of promoting minimum labour standards, effective social security systems and better employment.

In the context of more liberalized trade in the hemisphere, the Government is working to increase the influence and capacity of the ILO to address the social implications of globalization in partnership with other institutions. The Government supports strengthening relationships between organizations within the UN system such as the ILO, Bretton Woods institutions as well as regional organizations including the OAS and IDB as a means of promoting core principles and values in the hemisphere.

Through its growing presence within the Inter-American Conference of Ministers of Labour forum, Canada will continue to encourage and promote cooperation between the ILO Regional Office and the member countries of the OAS on initiatives aimed at increasing awareness, promoting respect for basic rights of workers and compliance with core labour standards in the Americas; and Canada will press for the adoption of a declaration of labour principles based on

principles in the North American Agreement on Labour Cooperation and the Canada-Chile Agreement on Labour Cooperation.

In 1998, in the context of the Summit of the Americas, two Working Groups: (Modernization of the State and Labour Administration and Globalization of the Economy and its Social and Labour Dimensions) were created to follow up on the labour elements of the Action Plan of the Second Summit of the Americas and the Plan of Action adopted by the Ministers of Labour following the XI Inter-American Conference of Ministers of Labour in Chile. The role of these groups is to provide relevant information to assist Ministers of Labour to respond to the challenges of economic globalization, in particular to improve working conditions and basic labour standards throughout the region. Canada is a member of the two Working Groups as our ILO regional representatives in Latin America.

### ***Environment***

**W**ith respect to Recommendation No. 11, it should be noted that the Government attaches great importance to respecting the provisions of international agreements and to ensuring that the appropriate national measures are in place to do so. The Government also supports reporting on progress in meeting international obligations as well as such other compliance mechanisms as may be appropriate as important tools in ensuring compliance by all the Parties with these obligations.

The Government believes that trade policy and environmental policy can and should be mutually supportive and, indeed, that liberalized trade is a key component of sustainable development. In the FTAA, the Government's position is that each Negotiating Group should consider relevant trade and environmental issues as they arise.

The Government supports further work to clarify the relationship between trade rules and trade measures in multilateral environmental agreements (MEAs). In the WTO, the Government has advocated a "principles and criteria" approach to MEAs that would assist both trade panels in assessing of MEA trade measures, and MEA negotiators in contemplating the appropriate use of trade measures in MEAs. In the NAFTA, Canada, the United States and Mexico agreed that specified

multilateral environmental agreements should prevail over the NAFTA to the extent of any inconsistency.

Recommendation No. 12 addresses an issue that is integral to the implementation of the Government's commitment to mutually supportive trade and environment policies. It is the policy of the Government to base policy on up-to-date scientific and technical information.

The Government believes it is essential to integrate trade and environment policy formulation, and to foster coordination between domestic trade and environment ministries to meet the challenges posed by the cross-cutting nature of these issues in both trade and environmental fora. As a matter of practice, trade officials consult widely in preparation for negotiations, including with Environment Canada and civil society.

# Notes

