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—
Chair

Mr. Lee Richardson

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• (1535)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Gentlemen—it's just the gentlemen today—we're about to begin.

I want to welcome you all back to the 30th meeting this session of the Standing Committee on International Trade.

Mr. Parliamentary Secretary, it's nice to see you back. We'll just give Mr. Miller 30 seconds to get seated. While I do that, I'll welcome our witnesses here with us in the West Block.

Jean-Michel Laurin, thank you for coming. We'll introduce you more later. And welcome, John Wright.

Sorry I'm a little late. The flight from Calgary was a little late.

Can you hear me all right, John?

Mr. John D. Wright (President and Chief Executive Officer, Petrobank Energy and Resources Ltd.): I can hear you very well, Mr. Chairman.

The Chair: Good. Thank you.

I think we will begin. We're going to take the first approximately 50 minutes with our first two witnesses. We have, from the Canadian Manufacturers and Exporters, Jean-Michel Laurin, who is vice-president of global business policy. From Petrobank Energy and Resources Ltd. in Calgary, we have John D. Wright, president and chief executive officer.

We'd like a five- to ten-minute opening to give a brief background, and then the committee will pose questions to you individually or to the two of you as we proceed.

If you're ready to go, I wonder if we could ask John Wright to begin.

Mr. John D. Wright: Can you hear me all right?

The Chair: Yes, just fine. Please carry on.

Mr. John D. Wright: Great. Thank you.

Thank you very much, Mr. Chairman and members of the committee. It's a great honour to be able to present to your committee today.

I'm here representing Petrobank Energy and Resources Ltd., but I'm also representing a subsidiary of ours, Petrominerales Ltd., which is a Bogota-based oil and gas exploration company.

For a little bit of background, I have personally been doing business in Colombia since 1992 with the past three companies I've

been involved in. I first went there about November of 1992. I most recently was in Colombia last week with my wife and four-month-old baby.

Petrominerales, our Colombian-based subsidiary, is a Toronto Stock Exchange-listed company. It's owned 76% by Petrobank. It's owned 24% by the general public. We have a current market capitalization of about \$1.7 billion and we are 100% focused in Colombia.

Petrominerales is a major investor in Colombia, along with a number of other successful TSX-listed companies. We have many happy shareholders, and we have been fortunate both to have some success in the oil and gas business in Colombia as well as to be able to take advantage of recent upticks in the price of oil on the international markets.

Petrominerales is in the business of exporting Canadian expertise and capital and of repatriating profits. A good question to ask is why we would choose Colombia.

From both personal experience and experience with the many people who have worked with us in Colombia, Colombia represents for us the best combination of geological opportunity, fiscal regime, and geopolitical stability in the international exploration world.

Colombia has put in place a solid fiscal regime of royalties and taxes and a regulatory environment that we believe is second to none on a combined basis in the international oil and gas business. Colombia has demonstrated extremely strong business continuity, sanctity of contracts, and assurances from government that have meant that the political risk of doing business in Colombia is de minimis.

Colombia has also put in place a very strong regulatory and environmental framework, which we're very happy to work within, and we find many similarities between the Colombian regulatory framework and the Canadian, particularly Albertan, regulatory framework.

Perhaps the single biggest asset that we're able to encounter in our operations in Colombia is the Colombian people. We find them to be a well-educated, highly motivated, extremely passionate, and strongly nationalistic people who are prepared to work hard and build a better Colombia for themselves and their grandchildren.

There are also many brilliant initiatives that the Government of Colombia has undertaken, which we have actually been strong proponents of bringing back to the Canadian regulatory framework. If I could just highlight one of those, an interesting facet of the Colombian royalty regime on oil and gas exploration is that, by legislation and by law, a specific percentage of every royalty dollar earned from the production of oil and gas in operations in Colombia is returned to the municipality from which that oil production was originally received and to the province from which that oil production was originally produced.

The net effect of this is that the local governments and the provincial governments of Colombia are able to participate fully in the success of any resource development that occurs in their area. They're able to receive direct funding in direct reference to the amount of oil that's produced in their region, which allows them to sustain a strong infrastructure framework as well as to be able to create some long-lasting institutional investments in the form of social infrastructure, such as schools, hospitals, and so on.

That's a great example of how the oil industry and the government have worked together to create a positive feedback loop in the country. Actually, in my opinion anyway, had such a system been put in place in areas like Alberta and some of the other regions of Canada where there are currently some serious disconnects between local industry and investors, there would be a much better continuity in Canada today.

• (1540)

We're big believers in implementing a north-south relationship over the long term. We think Canada's initiative to undertake a free trade agreement with Colombia and other nations in Latin America is an excellent opportunity to broaden Canada's scope and positive influence in the region. We believe Canada can take the lead right now.

From our perspective, we're not concerned with tariffs. We're not concerned with bilateral trade. We would like to have a very open and transparent relationship with the Colombian government. We have a strong tax treaty, reciprocal investment protection, and improved access to high-quality transfer of some of the best and brightest people. Some of the best and brightest people from Colombia are working for us in Canada now; some of the best and brightest in Canada are working for us in Bogota at this moment. We believe that's an excellent way to build and foster a strong relationship in the region, and we believe Colombia is an excellent place to start that relationship.

The Chair: Thank you.

We will hear first from Monsieur Laurin, and then we'll go to questions from the committee.

Jean-Michel Laurin is vice-president of global business policy for the Canadian Manufacturers and Exporters.

[Translation]

Mr. Jean-Michel Laurin (Vice-President, Global Business Policy, Canadian Manufacturers & Exporters): Thank you, Mr. Chairman.

Good afternoon. If you do not have any objections, I will be expressing myself mostly in French today.

My name is Jean-Michel Laurin. I am here representing the Canadian Manufacturers and Exporters, Canada's largest trade and industry association, with members from all of the sub-sectors involved in manufacturing throughout the country.

The manufacturing sector remains Canada's most important commercial sector: 16% of our GDP is dependent upon manufacturing and 21% is dependent upon foreign exports. As we enjoy repeating, each manufacturing dollar produced generates more than three dollars worth of economic activity overall. When a single-industry community loses a plant, one often discovers that in that community everything was dependent upon that industry. That is a good illustration of the importance of the manufacturing sector.

The manufacturing sector is mainly responsible for our trade internationally. More than two thirds of exported Canadian goods and services are manufactured products. The rest is mainly made up of agricultural and energy products. Research and development are highly dependent upon the manufacturing sector. Three quarters of private research and development funded by the private sector is done by manufacturers. Approximately two million Canadians earn their daily bread working in a plant or a factory.

You are aware of the fact that the manufacturing sector is going through difficult times. A profound transformation of the sector is underway in Canada, especially in Quebec and Ontario. The diagnosis is the same virtually anywhere in the country. Manufacturers must be among the best in their field because, as we well know, the Canadian dollar has appreciated. This has brought about a reduction in the export income of manufacturers and exporters. Rising energy prices are further shrinking their profits. It is becoming more and more difficult to earn a profit, which explains why we have seen so many jobs disappear in the manufacturing sector over the last five years.

International competition is becoming ever stronger. Our markets have become much more open. This forces our companies to achieve good results, which is becoming more and more difficult. The economic slowdown in the United States is also of great concern to us. It is forcing businesses to re-examine their business model, to look for other growth opportunities and to seek out means to mitigate the impact of the recession on their main export market.

Lastly, people are very worried by the economic slowdown and the credit market problems. Many of our members are telling us that they are having difficulty obtaining credit. That gives you an idea of the present situation of the manufacturing sector.

The Canadian economy and Canada's manufacturing sector are undergoing a deep transformation, but this phenomenon is not strictly Canadian. It is a symptom of what is happening at the global level. We are witnessing a realignment of the economic forces throughout the world. Global economic growth was quite steady during the 1990s, in large part because of the vigorous growth of the American economy.

The PowerPoint document I had distributed contains statistics that show that a good portion of the economic growth over the coming years will come from emerging economies, such as Colombia. For example, we see that developed economies will have an average growth of between 0 and 3% over the course of the next few years. In the United States, for 2008 and 2009, predicted growth is below 1%. Our traditional markets are not growing markets. Competition is becoming more and more fierce. Given that emerging economies are looking to penetrate the Chinese market, it is more and more difficult for our exporters to maintain their share of our traditional export markets.

In emerging and developing economies, however, economic growth has been very strong and quite steady. The data I have provided to you are those of the International Monetary Fund, that does economic predictions. Whether you are talking about Africa, Russia, China, India or Colombia, the annual growth rate is always above 5%. In certain cases, such as China or India, annual growth has even reached close to 10 or 11%. These are therefore major economies, characterized by rapid and even phenomenal growth.

• (1545)

Your study deals mainly with Colombia. Free trade agreements with developing countries or emerging economies are a relatively new phenomenon. In the past, we tended to negotiate free trade agreements with the United States. Mexico was one of the first cases. Traditionally, we have done much of our trading with comparable developed countries, whereas now, we are targeting developing countries. It is therefore perfectly logical that you ask yourselves these questions.

This is a phenomenon which will continue. A few years ago, 85% of our exports went to the United States. The number today is 79%. The percentage is dropping because we are developing markets other than the United States. Companies use North America as a manufacturing base, but their aim is to penetrate world markets.

Concerning the performance of Canadian exporters over the last year, our exports to the United States have fallen back by more than 3%. However, our exports to China have increased by 21%, and they have risen by 14% in the case of Brazil and by 29% in that of Colombia. Markets where growth has been strong are markets such as Colombia. Our members are certainly interested in developing and opening up these export markets. Therefore, any measure that would facilitate access by Canadian companies to these markets would be most welcome.

Moreover, not only have our exports to Colombia increased, but, over the course of the last year, we have accumulated a trade surplus with that country. We export more goods to Colombia than we import from that country. This is a very unusual situation in the case of an emerging economy. Usually, it is the opposite that occurs: we have a trade deficit such as that which we have with China.

Another aspect that should be underscored is that the manufacturing sector plays a very important role in trade between Canada and Colombia. Last year, more than 68% of our exports to Colombia were products manufactured in factories in Canada. Five years ago, that number was 57%. There has therefore been important growth in our exported industrial goods to Colombia.

We are seeing that economic growth is truly happening in the emerging economies. The majority of our members are in favour of a free trade agreement with Colombia. There will certainly be challenges for certain sectors, but that is the case in the negotiation of any type of free trade agreement.

One must not however view an agreement and the negotiations as an end in itself. The objective should be to do more in order to facilitate trade between Canada and Colombia. The witness who preceded me stated that security is certainly an aspect that is on top of the list when a company is thinking about doing business in Colombia. It is not simply economic development that should be taken into account; one must also consider the level of social development.

The Canadian government has a very important role to play in helping Canadian companies increase their trade with countries such as Colombia. For example, the Canadian International Development Agency for several years offered programs aimed at helping companies penetrate these markets and work alongside aid agencies. In our view, stakeholders in the economy, trade, investment and international aid should work hand in hand in order to maximize the impact we can have on the development of these partner countries.

I look forward to your questions. Thank you for having invited us here today.

• (1550)

[English]

The Chair: Thank you, Monsieur Laurin.

We will now go to questions. I'm not sure if our witnesses are aware that the committee recently returned from Colombia, where we met, amongst others, a couple of representatives from Canadian firms doing business there—Nexen and Enbridge particularly. We're very impressed with their corporate social responsibility. We heard as well from the Government of Colombia that those Canadian companies, including yours, Mr. Wright, were well thought of in Colombia.

I would like to start the questioning today with Mr. Bains. I think we're going to have to get through this quickly, so let's try to keep it to seven minutes for each questioner, and that will include the answers. I'll ask the clerk to watch the clock.

Mr. Bains.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Chair.

Thank you very much, guests.

As the chair mentioned, we came back from Colombia. I have learned a great deal from that trip. It is a country full of extreme contradictions. You have tremendous growth, but extreme poverty. You have a very popular president, but a Congress that's under investigation—up to 30 members, I believe. You have essentially a very mature democracy, but a country that is dealing with a very long internal conflict. It was incredible, the sharp differences we saw and experienced first-hand.

Our goal was a very clear-cut mandate to look at human rights issues and environmental aspects, not so much on the access to market and free trade, but on some of those other issues that became a cause of concern for many Canadians.

Mr. Wright, could you comment and elaborate on that particular set of concerns, and the one the chair raised, in terms of what initiatives your company has taken to address and deal with some of those, above and beyond the traditional free trade agreement with respect to market access, the reduction of tariffs, and so forth? I'm speaking specifically about corporate social responsibility and initiatives you are taking to help deal with the human rights issues and environmental concerns that are being brought forth to our committee.

• (1555)

Mr. John D. Wright: Excellent. Thank you, Mr. Bains. I'd be happy to comment on our programs down there.

We take a three-pronged approach to our community relations involvement. I echo your comments about the stark disparity between what's happening in the economy and what's happening with high levels of poverty and some of the social issues that are going on in Colombia. But I can comment, from having lived in Latin America and from having visited most of the Latin American countries, that Colombia is actually one of the few places where they seem to be getting it right over time. One of the things we found is that when we've implemented our own corporate social responsibility, we've actually started at a much higher level in the social hierarchy, dealing with much higher-level problems than, for example, some of the issues I dealt with the last time I was active in Latin America, which was in Ecuador.

So we've taken a three-pronged approach. We spend an awful lot of time working with the local communities, investigating their needs, and ensuring that they fully understand what our relationship will be with them if we go into an area and make investments in that area. We focus on our ability to contribute to the educational side of their communities to focus on improving the overall ability of the people in that region to both compete as well as participate in the business we're undertaking. We undertake to utilize the local people, in particular to provide both cultural and aboriginal baselines for us to complete our environmental studies, providing an opportunity for us to actually use the local knowledge as the baseline for how we want to do business on the surface.

Finally, we work very hard to make sure we inculcate a high level of employability and employment opportunities for the local people. In a very simplistic vision, our belief is that the best social program is a job.

I would suggest that we're actually starting in areas where there already is a decent social infrastructure. We're not starting from zero, so a lot of times the educational initiatives we're undertaking are actually helping local governments to understand the process of government and the legislative implications of things that are happening at the provincial and national levels. We've also spent an awful lot of time making sure there is corporate governance trickling down through the local governments and into the municipalities to allow them to carefully reinvest a lot of the tax revenue we generate and the royalty trickle-down that comes into their hands as well.

I can talk, if you like, about environmental initiatives we're undertaking, but from a corporate social responsibility perspective, those are the highlights.

Hon. Navdeep Bains: If you had to calculate it for all those initiatives, what's the amount that you invest locally in Colombia in dollar terms, and then, if you could, as a percentage of your profits or a percentage of your revenues?

Mr. John D. Wright: I apologize, it's not a number I have at my beck and call, so I'll try to do my best to guess. I would suggest that our corporate social responsibility initiatives, including investments in the local economy, would be in the \$2 million to \$3 million range. That's about 10% of our profits.

Hon. Navdeep Bains: If \$2 million to \$3 million is 10% of your profits, I think that's a substantial investment. I think that's something you should be proud of, and I'm very impressed by it.

I have a second set of questions. This one pertains to CME. I had a question with respect to this particular free trade agreement, and I heard your comments, Mr. Laurin. For any free trade bilateral agreement we undertake, there's a unique set of circumstances. There's no doubt that with regard to Colombia, time and time again we're reminded of the seriousness of the human rights violations that take place in that country, the unions, and the problems they're encountering. According to the feedback we received when we were there, by and large, the trend is that things are improving; things are getting a bit better.

In this particular free trade agreement, how far, from your perspective, and aside, again, from the trade aspects, should these other measures be included—human rights issues, labour standards, and environmental standards? Do you think they should be part of the main text or the side text? Do you think they should be excluded altogether? I'd like to hear your comments on that.

• (1600)

Mr. Jean-Michel Laurin: Thank you, Mr. Bains, for the question.

Whether we have those other elements included in the trade agreement is something personal that has to be negotiated with our partners. I think our interest is partnering with them to develop their own economy. That being said, we want to make sure we frame the agreement in a way that Canadians are comfortable with our going forward.

I know with the current Colombian government, things are moving in the right way. That's what we hear from our members that are doing business in that market. I think having this trade agreement moving forward is just an additional step in trying to engage with our partners in Colombia.

Obviously, I think if you want to expand trade with Colombia, you need to address security, human rights, and environmental issues as well, because as I said earlier, they are part of the obstacles to doing business there. If you talk to a lot of companies, they'll say, "Well, maybe Colombia is not on my radar screen for some of these reasons".

Tariffs are just one aspect of it. I think the trade agreement in a traditional way focuses a lot on eliminating tariffs and non-tariff barriers, but I think if you want to effectively expand business between Canada and Colombia, you need to address some of these other issues that are of concern to—

Hon. Navdeep Bains: And create a genuine partnership.

Mr. Jean-Michel Laurin: Exactly. I think there are cases such as the ones you've heard about today, and I'm sure when you met with Nexen and Enbridge in Colombia.... I think we have expertise and we have resources to contribute to developing the Colombian economy, whether it's by building infrastructure, helping them build transportation infrastructure, or getting access to energy. We have the knowledge and expertise in Canada in all those fields, and in water and sanitation.

These are things the people there need in order to develop their economy, but also in order to improve their own personal lives. You talked about poverty, and I know this is something that is very prevalent in many parts of Colombia. I think you need to put the infrastructure in place so that people have access to electricity, running water, safe drinking water, and access to roads so that trade can expand into some of the rural areas, and so on. This is something Canadians can do in partnership with Colombians.

I hope that answers your question. I think we need to look at it in a much broader way than just eliminating tariffs. That's one small aspect of a much broader, deeper relationship that we need to establish with them. We actually have a relationship now, but it's just a matter of enhancing that relationship.

The Chair: Thank you.

Thank you, Mr. Bains and Mr. Laurin.

We're going to go now to Mr. André. Before we do, Mr. André will be directing his questions in French.

I wonder if you have the translation facility there for French, Mr. Wright.

Mr. John D. Wright: Yes.

The Chair: Mr. André, you have seven minutes.

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Welcome to you both.

My first question is for Mr. Wright. How many people do you presently employ in Colombia? What are their working conditions? Are they unionized? You talked about your companies' social responsibility. It was stated that 10% of your profits were devoted to human investment. Should that be the standard? Should a free trade agreement better frame corporate social responsibility?

Mr. Laurin, you are very familiar with the manufacturing sector in Quebec and throughout Canada. Which manufacturing sectors would benefit the most from a free trade agreement with Colombia, and which ones might be threatened?

There is also the issue of respect for human rights. A good many union members have been assassinated in Colombia over recent years. What fears might such an agreement bring about for

businesses setting up shop in Colombia and that must have some form of security?

• (1605)

Mr. Jean-Michel Laurin: I will answer your question with regard to those sectors that would most benefit from a free trade agreement and the ones that would have the most to lose. The manufacturing sector exports a whole variety of products. It mainly exports auto parts and various related goods, the majority of which are produced in Ontario. It also exports mining equipment, because this is a sector that is active in Colombia. Large trucks are used to transport equipment.

Quebec and other provinces also export a lot of newspaper and other paper products. The pulp and paper industry is a major player in Quebec. It is therefore an important export market for that sector. Often, products such as copper wiring, various types of machinery and equipment are exported to Colombia in support of mining. A good many of our members do business in Colombia because their clients in the mining sector are established there. They therefore will export their products to Colombia to serve their customer base.

With regard to those sectors that are more at risk, there is good complementarity. We produce a lot of goods that the Colombians do not produce, and vice-versa. Colombia exports coffee and bananas. It would be nice if we could produce more such products here in Canada, but we do not have the right climate.

Canadian refined sugar producers have some concerns. These companies' business model was designed in order for them to be close to their clientele. I do not know if you have invited them to participate in these consultations, but I know that they have concerns all of their own. Colombia exports a lot of raw sugar. Is this sugar used in processing in Canada? I do not know, but I do know that Canadian sugar refineries have concerns whenever there is talk of a free trade agreement with a tropical country which, by definition, is close to the source of supply. That about summarizes my position with regard to the costs and benefits.

As for the defence of human rights and the fears in this area, the Colombian government is very aware that one of the main obstacles for Canadian businesses wishing to set up in the country relates to human rights and the safety of persons. Mr. Wright spoke of this. A free trade agreement is a step in the right direction, but more still must be done. Colombia has demonstrated that it is moving in the right direction. The country has a plan and wants to attract foreign investment, increase trade in order to develop its economy and show its people that trade is profitable and will help the country grow richer.

We must negotiate an agreement that will be beneficial for both economies, but we must not limit ourselves to that sole aspect. We must continue to work with the Colombians and move on to the next steps and establish a relationship that extends beyond trade with our partners in Colombia.

[*English*]

The Chair: I'd like to hear from Mr. Wright on this too.

I would ask that we try to keep responses to two or three minutes, so we can allow everyone an opportunity to ask a question today.

Carry on, Mr. Wright.

Mr. John D. Wright: Okay. I think I've remembered the questions.

First of all, with respect to the number of people we've hired, we directly employ about 100 people in Colombia—96% of them are Colombians, the other 4% are ex-pats.

As far as the number of people we employ in our operations in the field, a huge majority of our operations are conducted through third-party contractors. We currently have three drilling rigs working for us and a typical drilling rig would employ about 100 to 150 people through all the different subcontract groups, so it's in the range of another 300 to 500 employed in that. We also have a full-time seismic crew running, which probably has a contingent of about 100 to 120 people involved, again primarily third-party contractors.

The working conditions for everyone I think are very good. Certainly the local staff in our office command salaries that are very commensurate with Canadian salaries. The professionals are well paid and in huge demand. They're very capable people.

None of our direct employees is unionized. Very few of the people in the contracting industry are unionized. Not unlike Canada, the preponderance of unionization is in the public sector in Colombia.

Finally, with respect to the question about more social responsibility, oversight associated with a free trade agreement, I don't think we would have any problem with a normalization of corporate social responsibility in setting some minimum standards and so forth. I think one of the greatest things Canada has to export is our ability to actually deal in a multicultural sense and to deal with the competing parties in any type of a business negotiation and to find a win-win solution. I think that's really what corporate social responsibility is ultimately going to be about.

If I could take 30 seconds, I just want to clarify that the amount of money we're investing in the social responsibility part of our business during the investment phase will actually change over time. As we reduce the level of investment after a field has been developed, we then will shift our investment to a non-profit foundation we've set up called Fundación Vichituni, which will continue with some of the initiatives we've begun, but which, ultimately, we hope, will become self-sustaining and will not require over the long term the support of Petrominerales to be a success.

•(1610)

The Chair: Thank you. That was very helpful.

I think we're going to have the Conservative Party split their time on the first round.

We'll begin with Mr. Miller, and I'll let you know when you've gone about halfway through.

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

Thank you, gentlemen, for being here today, both live and on camera. It's good that you've taken the time.

Mr. Wright, I want to congratulate you and the other Canadian companies that we talked to while we were in Colombia. I think it speaks to the quality of companies and their ability and confidence to go out in the world and compete and do a great job. We met with a lot of different groups—from displaced Colombians, people from civil society, and certainly some business people from Canada—while we were down there, and we heard some real success stories.

There was one thing that was very prominent in all groups—civil society and displaced people. There was a comment from Ms. Murray, from the opposition party. She asked a question of the displaced people we met on our first day there: Would a free trade agreement with Canada and Colombia benefit or harm your people? The answer was unequivocally, “absolutely”. That was the word they used. Although there are concerns down there with Colombia's past record in some areas, we all know and we heard while down there that they've made great improvements.

Another comment I heard down there that really stuck with me was by one of their ministers. I stand to be corrected, but I think it may have been the justice minister. He had been kidnapped for six years, escaped, and came back as a member of Parliament, and he had shown a lot of fortitude to do that. He said to us that Colombia has come a long way; that it still has room to grow, and he recognizes that, but at some point other countries around the world, including Canada, have to put some trust in Colombia.

Would you gentlemen agree with that assessment, that comment, by this gentleman? I don't know who wants to go first.

Mr. John D. Wright: I'm happy to jump in. I hope, by the way, the answer was unequivocally yes.

To be clear, in the time I started going to Colombia in 1992, in the time of Pablo Escobar and the Cali cartel and all that, the absolutely palatable difference in the atmosphere and in the vibrancy of the people is potently clear to anyone who has lived in the country or spent any time in the country. Yes, Colombia has a long way to go, but there is no question they're doing the right things to move down that path. To focus on things that have happened 20 or 30 years ago is a ridiculous way to predict what the future is going to be like in a country like Colombia. They're moving into the first world. Their economy is booming at a rate that would be the envy of almost any economy in the world. They have a highly motivated, highly educated workforce.

There's a joke in Colombia—but it's true—that there are two rush hours: one at five o'clock when everyone goes home from work and another one at 10 o'clock when everyone goes home from night school. The roads are literally clogged with people bettering themselves. So it's the right place for us to be doing business.

•(1615)

Mr. Jean-Michel Laurin: I agree with Mr. Wright. Colombia seems to be doing the right things, from an economic standpoint, and trying to improve the situation in their country for their people.

When you asked that question, or one of your colleagues from the opposition party asked that question...I understand the woman when she said it was totally a good thing for her and for her country, and she saw the trade agreement negotiations very positively. The main reason why you have poverty is because you have the absence of economic opportunities for the poorest. It's probably one of the main reasons why so many of them turn to the illegal drug trade, because for some of them it's the only economic opportunity they have. By providing them with other economic opportunities, to trade more freely with Canada and with other countries with which they're negotiating, I think it can only help the country move forward in the right direction.

Mr. Larry Miller: Thank you.

Mr. Dean Allison (Niagara West—Glanbrook, CPC): John, my question is for you, sir, because you've certainly spent some time down there. My concern is that oftentimes we hear the Bloc and the NDP talking about the deaths of trade unionists. I'm not saying they've said this, but we have heard from others that it's almost the companies' fault. It almost seems, in that breath, that not enough has been done by the government, etc. We've even had some civil society groups and unionists say that Canadian companies are a problem. I have a hard time believing the testimony when they throw out that blanket statement, that all Canadian companies....

When we ask for some specific examples, there's not one. There's not one specific example about what Canadian companies are doing or not doing in terms of corporate and social responsibility. As a matter of fact, every example we have of Canadian companies clearly demonstrates the fact that not only are you guys doing the right thing, but you're setting the example; you're setting this money aside. So in that context, I have a hard time believing anything that comes out of their mouths, in terms of it being sort of everyone else's fault, and unionists...we're not sure what's going on.

My question to you is this. Because you've been down there, and it may not be directly...is it possible that some of the unionists who are involved or have been killed...that it doesn't relate to unionism at all, but it relates to crime or some of the other issues that are going on down there? We've been led to believe by some of them that it's because they would not get along with the companies. It's almost implied in some cases that it's the companies' responsibility. We have also heard that maybe it has nothing to do with the companies whatsoever, that there is an issue because of the drug crimes, etc., that go on down there. Has your experience given you any insight into some of that, or have you heard of anything that might even relate to some of these things?

Mr. John D. Wright: I don't think I'm the right person to provide a lot of insight into the union business in Colombia. I will say this. We jointly operate a field with the state oil company, Ecopetrol. Ecopetrol's field operators are unionized under something called USO. We have great relationships with them. It's not my impression that they're a bunch of hard-line guys trying to make some changes. But there have been times in the past when certain unions have been

involved in fairly nasty sabotage operations, and there have been corporate fights and so forth.

I think if you look into the history of any industrialized country, there's been a stage where the union movement has gone through a phase like that, and I believe Colombia has gone through a phase like that as well.

As far as linking it back to the drug trade or to some of the illegal elements of society there, I can't imagine that there wouldn't be a statistical relationship, because there'd be a statistical relationship between almost any group of people and that group in society. So there probably is one, but I'm not the guy to make that assessment.

•(1620)

Mr. Dean Allison: Thank you.

Mr. Laurin, in your experience, based on your companies that have been doing business with Colombia, is there any indication of that?

Mr. Jean-Michel Laurin: I would just like to refer to the first part of your question to Mr. Wright. You said you have so many good cases of companies going into Colombia—and you've seen some of those first-hand—doing the right thing and helping the country develop itself both economically and socially. That's my experience with companies, whether it's in Colombia or in any other developing country. It has been pretty good, and those cases never get put forward. I hope in your report you will document some of those cases you've seen or heard about in testimony here at this committee. Too often, all we hear about is that there are cases of companies that misbehave, and we never put a name forward. There's a lot of hearsay about the behaviour of Canadian companies in developing countries, and I think it's unfortunate, because all those who are members of CME....

We actually had a conference in Vancouver last week, called International Development Days, which is an annual conference we do in partnership with CIDA and the multilateral development banks. There are so many examples of companies doing business in South America, in Asia, and everywhere around the world, and doing the right thing. They are partnering with NGOs, partnering with social groups, and partnering, for example, with EDC, which has corporate social responsibility guidelines, an environmental assessment, and environmental requirements that they ask of Canadian companies.

Canadian companies are doing the right things mostly all the time, but we never hear about it.

I think there are some issues with the labour unions there. I think Mr. Wright has talked about that quite well. I wouldn't have a lot to add to what he said, but I think they're moving in the right direction, and that's what matters.

The Chair: Thank you, Mr. Laurin.

We're going to try to get another quick round in, and that would be one question from each party. So I'm going to try to keep it to five minutes—tight—if we can. We're not even going to get through five minutes if we can't.

I have Mr. Dhaliwal on the list. You can do two and a half minutes each, if you want to. It'll depend on the length of the answers.

Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair.

Mr. Chair, when we were in Colombia, we raised this issue that Dean Allison was mentioning, which is that the multinational companies in Colombia are accused of supporting and providing funds to paramilitary, military, and guerrilla groups. When I asked questions to all the people who appeared before the committee, none pointed out a particular Canadian company.

I would like to find out about your experience in Colombia when you were first there in 1992. Have you had to deal with the paramilitary, Mr. Wright?

Mr. John D. Wright: No. We've never ever had to deal with the paramilitary.

Mr. Sukh Dhaliwal: The other issue is the gap between the poor and the rich. Even though we're saying this treaty will help the Colombian people, when we're looking at the most vulnerable of that society, how would they, in particular, benefit, and not only a certain small number of rich people, from signing this agreement?

Mr. John D. Wright: Just to be clear, I think every society has a wealthy sector. That isn't the sector of society we do business with. We're hiring technicians, engineers, clerks, geologists, field workers, cooks, and truck drivers. We hire across the whole economic spectrum. If we're providing employment, investment, and growth, then I have to believe that we're increasing the worth of the economy from the top to the bottom and that it pulls everyone along. And I think we've certainly had that impact in regions where we've operated.

Mr. Sukh Dhaliwal: I have to commend you for spending 10% on corporate social responsibility, because other companies we talk to are spending in the range of 6% to 7%. That's what they mentioned for Columbia.

How do you make sure the money you spend on corporate social responsibility goes towards the well-being of the poor people or other people who really deserve it and not into the hands of those corrupt politicians or corrupt administrators who are facing charges?

• (1625)

Mr. John D. Wright: Unfortunately, I did pull the 10% number out of the air. I'm confident it's correct today, but it will change over time as our investment portfolio changes. I just want to be clear about that.

It's always a big issue, and whether we're investing in northern Alberta or in the southern part of the Llanos Basin in Colombia, it's the same issue. If we're going to put investments into the local economy, we want to make sure they have an impact and don't go into the pockets of the wrong people. We can focus on doing infrastructure-type investments. There's a clear response to an infrastructure investment. We can also focus on ensuring that as the education process goes forward, there are checks and balances and accountability associated with any kind of investment that goes into a region.

Just as a small example, we've been trying to improve the outreach capability of the local communities by providing a radio tower and a transmitter so they can transmit their own frequencies and get their message out. I'm not sure how we measure the value of that. We get feedback from the local community that it's a positive thing, and they're availing themselves of it, so that's an indication.

The Chair: Thank you.

Mr. Maloney.

Mr. John Maloney (Welland, Lib.): Are the labour and environmental standards of your Canadian operations similar to the operations in Colombia? If not, how do they differ and why?

Mr. John D. Wright: I would suggest that Colombia has a more rigorous labour law in place. Because it's under the civil code, a lot more specifics are spelled out. There are a lot more institutionalized social programs, particularly for people who receive income at the lowest level of the pay scale. That means there are subsidies on employment income, and additional salaries are paid if you earn below a certain level. There's a clothing allowance and a food allowance—provisions that aren't typical in a Canadian environment.

From an environmental perspective, the environmental regulatory and oversight system is very similar to what we're subject to in Alberta. There are certain differences between the Alberta example, which I know best in Canada, and the Colombian example. One of the specifics is that the Colombian example actually has specific time periods for environmental reviews to be conducted within and answers to be delivered from the government, which gives us some certainty that we're going to get an answer within a certain period of time. You'll also find that the standards themselves are very comparable.

There are certain things we're doing, and I'll give one example. We are making sure we are a world leader in providing an example for everyone in Colombia about re-injecting produced water into the aquifer in our oil field operations. That isn't a common practice down there because the water is essentially fresh, but it's standard practice in Alberta. It's a practice that we believe Alberta and Canada should be exporting all over the world.

The Chair: Thank you, Mr. Maloney.

Monsieur Cardin.

[*Translation*]

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

Mr. Wright, my question is for you.

I would like to remind Mr. Allison that during the course of our trip to Colombia, we were made aware of the fact that there are millions of displaced persons. Some people talked of 3.2 million and the number could reach as high as 4 million. The displacement of a good many of these people could be attributable to oil production or mining. We know that resource development takes up vast expanses of land.

Are there any Canadian companies that you are active in or that you know of that have caused the displacement of people? In what conditions have these displacements occurred?

[English]

Mr. John D. Wright: I can tell you first-hand that I'm not aware of a single Colombian who has been affected by any of our operations and is now considered to be a displaced person. In fact, our investments have had the opposite effect. We've attracted people to areas where we're working. We've created all the trickle-down industries in regions and built up local economies to the point where we've seen a net influx of people into areas where we're operating.

Certainly to my knowledge—and again I'm not an expert—the huge majority of displaced people in Colombia are those who've been threatened by the criminal elements of the society, predominantly the FARC, the ELN, and the narco traffickers. It has next to nothing to do with the oil industry, as far as I'm aware.

• (1630)

The Chair: I think we have time for one quick question from Mr. Keddy, and we'll wrap this session up.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chair.

Welcome to our witnesses. I have a question for Mr. Wright.

You mentioned that you attract individuals into an area. Obviously they're looking for jobs, and they're looking for the spin-off jobs from people who end up depositing in that area. That's very commendable, and that's a story we heard from other companies working throughout South and Central America.

You said you recently travelled to Colombia. You've been down there since 1992, but you recently travelled with your wife and your four-month-old baby. I expect you consider Colombia safe enough for your family, which is commendable. Certainly we had a lot of security with us. I think that's normal procedure when we're down there, that the government wants other governments to be safe.

But overall, with your nearly eighteen years of experience down there, what have you seen vis-à-vis security of the Colombian countryside?

Mr. John D. Wright: Certainly my four-month-old daughter is welcome in Bogota any time she wants to go, but my wife insists on travelling with me every time I go down there, because she loves it.

The city has changed. It wasn't always like this. I think you have to be very clear that there has been a very distinct transition. The expat people we post in Bogota typically don't want to leave. They like it there, and they really love the lifestyle.

The best anecdote I would suggest is that the traffic has decreased on the weekends because everyone is travelling to their country homes, which was impossible in the 1990s, for example. The FARC was very prevalent in the countryside, and they'd kidnap people from the side of the roads. That doesn't happen any more.

People are moving into the suburban regions. They're building country homes. The lifestyle is really improving for everyone there. It's palpable. You can feel it in the air. People are very, very invigorated.

I think it's a return to the Bogota of old. I never knew it when it didn't have the issues, but I imagine that's what it used to be like.

The Chair: Great. Thank you very much, and I thank you for keeping the answers tight.

We're going to have to wrap it up. I very much appreciate your appearance here today following our visit. It's a very positive response. I must say it's very similar to what we were hearing in Colombia, as opposed to what we may have heard before we went there. This is a great follow-up, from that perspective. Thank you for your time today.

Mr. Laurin, thank you as well.

I think we've already signed off with Mr. Wright, but, John, if you're still there, thanks for doing this.

We're going to adjourn for a moment while we revert from the teleconferencing.

• _____ (Pause) _____

•

• (1640)

The Chair: We shall resume. For the next 50 minutes we'll have representatives from Lawyers Without Borders and also from the Canadian Association of Labour Lawyers.

I'm going to introduce, first of all, Pascal Paradis and Denis L'Anglais from Lawyers without Borders, and also Mark Rowlinson. Mark is from the Canadian Association of Labour Lawyers.

We have spoken briefly and I understand, Mr. Paradis, that you will begin for five to ten minutes, followed by Mr. Rowlinson, at which point we'll go to questioning by the committee.

Mr. Paradis.

Mr. Pascal Paradis (Director General, Lawyers Without Borders): Thank you very much, Mr. Chairman.

I am the executive director of Lawyers Without Borders, and I'm here with Denis L'Anglais, who is a member of the board of Lawyers Without Borders.

[Translation]

Lawyers Without Borders is an organization that contributes to the defence and promotion of human rights, the fight against impunity, the holding of fair and impartial trials and the respect of the rule of law in various countries in crisis, developing countries or what we call fragile countries.

We have been active in Colombia since 2003, when we launched at least a dozen missions that led us into virtually all of the regions of the country, from North to South and from East to West. We work alongside local and international partners such as the International Federation of Human Rights, the Colombian Lawyers' Commission or the *Colectivo de abogados José Alvear Restrepo*.

In December 2007, we published a report that, thanks to the translation service, has been provided to you in French and in English. This is a report that was tabled with the United Nations Special Rapporteur on the independence of judges and lawyers. Given that you have the report, I will not deal with it at length here today. I will simply summarize its main highlights to then deal with the issue of concern to us here.

The report contains documented evidence on recent cases showing that acts of violence and aggression against human rights defenders, especially lawyers, continue to be committed. These acts include killings and assassination attempts, threats and intimidation, with the result that these lawyers have been forced to move or go into exile.

Furthermore, the role played by lawyers is often stigmatized by government authorities. Persecution and deliberate contempt for the right to a defence are widespread among administrators in the justice system and the police, who engage in administrative and judicial actions with the intention of criminalizing the practice of law. These attacks obviously have serious consequences in terms of combating impunity, protecting and developing a social state under the rule of law and providing effective representation by a free and independent lawyer to all citizens, including local businesses and foreign companies.

Furthermore, the numerous statements made by the government and the president affirming that human rights activists are serving the cause of terrorism or are FARC members are a violation of articles 16 to 18 of the Basic Principles on the Role of Lawyers adopted by the United Nations. These statements have a serious effect on the practise of law and undermine the rule of law by identifying lawyers with armed players, thus endangering their lives and their safety by exposing them to paramilitary attacks. That is our first message for today.

I know that during previous sessions you have heard comments on serious violations of the rights of trade unionists — my colleague will discuss this further today —, of Aboriginal peoples, of environmentalists and of peasant leaders. Our report shows that these violations of fundamental human rights extend to virtually all spheres of Colombian society, including the representatives of justice, namely lawyers. This is a rather simple strategy: without lawyers, there is no justice. You will understand that the rule of law is struck in its very heart. The respect by a country of the rule of law is, however, a prerequisite to the legal security required for the establishment of a healthy business or free trade environment.

This leads directly into the topic for today's discussion.

● (1645)

[English]

Lawyers Without Borders is a neutral and non-political organization. We therefore do not express any opinion in favour of or against free trade, neither do we have any specific or philosophical approach as to whether, in theory, free trade has or may have a positive or negative impact on the state of human rights in a specific country.

However, Lawyers Without Borders' focus is on the rule of law, justice, and human rights. We believe it is our role to denounce human rights violations committed by a state. If Canada embarks on free trade negotiations with that state, we believe it is our duty to

urge caution. It is in such a context that our representation today must be taken.

A free trade agreement is a partnership. As in any other contract, it is a gesture of approval. In this case, as Colombia is in search of international legitimacy, we can be sure that signing a free trade deal with Canada will be advertised by the Colombian government as a seal of approval.

If human rights are really a priority for Canada, they must constitute a preliminary question. If Canada's undertaking in favour of human rights means something, we must first assess whether Colombia's human rights record makes it a country with which Canada wants to be associated.

Unfortunately, Colombia is no ordinary country. It is a country facing a horrendous internal armed conflict that has lasted for more than 40 years. It is still qualified as the worst human rights crisis in the hemisphere by independent international bodies, such as the United Nations and the Organization of American States. Gross human rights violations are still committed, including with the participation of public forces or the complicity of state agents.

[Translation]

On this, I wish to be clear. There exist in Colombia illegal groups, armed groups that we call guerilla groups, the FARC, the ELN and the PL. They commit gross human rights violations that we denounce as strongly as those that we will be discussing here today, namely the ones committed by the State or by paramilitary groups. However, given that it is the matter of the negotiation of a free trade agreement with the Colombian State that is being discussed, we will today concentrate on the State of Columbia and on the links it may have with paramilitary groups.

We know that the Committee has heard contradictory statements and statistics. Some people say that the situation is vastly improved. That is what you heard earlier. The second message that we wish to deliver to you today is that the situation remains so serious that it does not justify the ratification of a free trade agreement with Colombia without preconditions being fulfilled, specifically in the area of human rights.

What is the present situation? Once again, you have heard various conflicting statements. We are neither a political nor an activist organization. We rely upon what we know best. We are an association of lawyers and we will talk to you about facts that have been established in decisions rendered by international tribunals such as the Inter-American Court of Human Rights or by Colombian courts, after due hearing of the parties. We will talk to you today about evidence proven before the courts after due hearing of the parties.

Even if this fact is largely ignored, it is a reality that the courts have established: the Colombian government itself created the paramilitary groups, in particular with decree 3398 in 1965 and Bill 48 in 1968. These groups were then supported by the government, through the provision of military intelligence, equipment, logistical aid and authorizations to carry weapons.

It is only since 1989 that the paramilitary have been qualified under the law as delinquent groups. Despite this legislative acknowledgment, the Canadian government, again according to national and international courts, has failed in its duty to adopt effective prevention and protection measures for the civilian population faced with paramilitary action. Again despite this legislative acknowledgment, the government presided over the creation of a broad network of civilian police through decrees 356 in 1994, and 2794, in 1997, and this network is but a euphemism for a new form of paramilitary presence.

Worse yet, the direct participation of the army, police forces and public servants in serious crimes, including mass massacres has, up until very recently, been proven in law, namely before the Inter-American Court of Human Rights. We could tell you about the Rochella massacre, a 2007 decision, the Ituango massacre, a 2006 decision, the Pueblo Bello massacre, a 2006 decision, and the Mapiripán massacre, a 2005 decision. These were massacres of local peoples that the army, the police or public servants participated in or approved.

The decisions I have just listed are examples; there are others. Numerous similar cases are still before Colombia's national justice system or international courts. Violence in Colombia is continuing at a dramatic pace.

In the decisions of the Inter-American Court of Human Rights that I mentioned a few moments ago, as in other cases tried before Colombian courts, and in particular the Supreme Court of Colombia, it has been proven that there still today continue to be ties between the paramilitary and various levels of government or the State. Whereas these ties used to be but rumours or carefully guarded secrets, they are today clearly out in the open given the unprecedented wave of arrests, charges and incarcerations of members of the Congress, local politicians, public servants and law enforcement members. These arrests and charge-layings have involved the very top of the State of Colombia, of the country's administration and even President Alvaro Uribe's entourage. For example, Jorge Noguera, who is Chief of the Security Department and was Alvaro Uribe's campaign manager in 2002, is today accused of having allowed the infiltration of the Administrative Security Department — the ASD— by the paramilitary and of having supplied it with lists of trade unionists to be assassinated.

It is in this context, where the courts have recognized and confirmed the existence of direct links between the government and the paramilitary, that the demobilization process of the paramilitary has been launched. This is a process that the government flaunts to show that great strides toward peace are being made in Colombia.

•(1650)

I must talk to you about a legal point. Whereas the majority of the international community, much as it is the case in Canada, believes that the demobilization process is being carried out under a law that was passed in 2005, the justice and peace law, or Bill 975, as it is called, more than 90% of the paramilitary who have been demobilized these last few years were demobilized under another lesser known act, an act of 1982. This act grants complete amnesty to those who apply under it, which means that they have no prison term

to serve. These people are simply put back into society without having paid for their crimes.

The highest court of the country, the Supreme Court of Colombia, has stated that this massive demobilization under Bill 782 of 2002 was done illegally and without any legal foundation. The government has ignored this decision and has even accused the judges of ideological prejudice.

In fact, the demobilization process has not even achieved the final result that its name announces, in other words demobilization. The National Reparation and Reconciliation Commission, a creation of the Colombian State — it is not an NGO, but an organization of the State of Colombia —, states, in its most recent report, that more than 60 paramilitary groups have been reorganized and relaunched, often under different names, in 23 departments of Colombia. The paramilitary therefore continue to exist, continue to control a portion of the economy and continue to control parts of the State of Colombia at the local, regional and national levels.

Generally speaking, impunity reigns in Colombia. Hundreds of members of the public forces and of the State machine have participated in gross violations of human rights that have been recognized as such by the courts. However, these people have not yet been arrested, nor accused, nor, most importantly, punished.

In short, Colombia remains a country where the rule of law, justice and the fight against impunity are lame and where the government has defaulted on its international obligations with regard to human rights, having notably been found guilty of violations of the most fundamental of human rights, the right to life of its citizens.

Before signing a free trade agreement with Colombia, Canada should undertake a serious evaluation of the human rights situation and impose conditions prior to the signing of any agreement. These conditions should at the very least include the adoption of concrete measures to remove any ties between the State and the paramilitary, to bring an end to impunity and to respect and protect citizens, lawyers, judges, public servants and civil society organizations working for the promotion and defence of human rights and the state of law.

I will leave you with our third and final message: so as to ensure that an eventual free trade agreement with Colombia produces concrete positive results in the area of human rights, it is now that Canada can have some leverage, but not once the agreement has been signed.

Thank you.

•(1655)

[English]

The Chair: Thank you, Monsieur Paradis.

We will want to get around to questioning from all the members, so I'm going to have to ask Mr. Rowlinson to keep it shorter, if you could. We've gone over by about five minutes. Could you condense it a little, just so we have an opportunity for questions afterwards?

Thank you.

Mr. Mark Rowlinson (Labour Lawyer, Canadian Association of Labour Lawyers): Thank you very much, Mr. Chair. I will try to be brief.

My name is Mark Rowlinson. I'm here on behalf of the Canadian Association of Labour Lawyers. We're grateful for the opportunity to make these submissions on the ongoing negotiations aimed at establishing a free trade agreement between Canada and Colombia. CALL has taken a substantial interest in the situation facing workers, trade unionists, and advocates in Colombia over the last 15 or so years. We have worked with Colombian lawyers and academics to gain a better understanding of the human rights and labour rights situation in Colombia, and we are actively involved in the international campaign to bring an end to the ongoing labour and human rights abuses in Colombia.

As this committee has already heard, entering into a free trade agreement with Colombia raises important legal and ethical issues for Canada. Arguably, as you've just heard, Colombia has the worst human rights record of any country in the hemisphere. With respect to labour rights, Colombia continues to attract attention for its appalling record regarding the frequent murder of trade unionists.

Given our expertise, we are of course particularly concerned about the labour rights situation in Colombia. There are those who argue that hemispheric trade agreements that contain labour provisions or so-called labour side agreements serve to ensure that basic labour rights are respected by the countries that are bound by the agreement. However, our experience with hemispheric trade agreements has shown that the protection of labour rights in these agreements leaves much to be desired. Moreover, there continues to be a systemic failure to enforce labour rights in many parts of Central and South America, especially in Colombia.

Preferential trade agreements have not generally provided any real mechanism, in our submission, to ensure that labour rights are protected when implemented by contracting parties. Therefore, our message to this committee, in a nutshell, is that there's no basis to believe that the insertion of labour provisions into a proposed trade agreement between Canada and Colombia will have any positive effect on the labour rights climate in Colombia. As a result, in our view, Canada should not consider free trade with Colombia until there is a clear and dramatic improvement in the general human rights conditions in Colombia.

From pages 2 through 4 of our brief I give you an overview of what we describe as the current labour rights crisis in Colombia. I'm not going to go through it in detail. You have already heard from Amnesty International, from the Canadian Council of International Cooperation, and I believe from the Canadian Labour Congress on this situation.

But I want to leave you with one overarching message. I have no doubt that during your trip to Colombia you were told, and have been told repeatedly, that the situation in Colombia is improving. The situation in Colombia has improved somewhat, but I think it is important to remember a few statistics. Under the current administration, the Uribe administration, over 400 trade unionists have been assassinated. In the first four months of this year alone, 22 trade unionists were assassinated in Colombia. The reality is that the International Labour Organization continues to cite Colombia for its

repeated failure to comply with ILO core labour standards and for its repeated failure to adequately protect trade unionists in Colombia. The reality is that trade union density in Colombia has been declining over the last 10 to 15 years. The last figures I have show it was under 5%, therefore making trade union density in Colombia amongst the lowest anywhere in the Americas.

So I would commend to you that at page 4 of our brief we have included an excerpt from the most recent ILO report, from the ILO Committee on Freedom of Association. It notes with great concern that members of trade unions continue to be the targets of serious acts of violence because of their union membership. It expresses the fact that while the government has made significant efforts, it nonetheless observes that the number of persons being protected has declined and considers that the protection efforts need to be strengthened by the Colombian government. It is simply not the case, with respect, that these issues have been adequately addressed by the current Colombian government. There are no significant international human rights institutions that are prepared to stand up and tell you that Colombia is meeting its international human rights obligations.

I want to talk very briefly about our experience with respect to the labour provisions in existing hemispheric trade agreements. In short, they have proven thus far to be a disappointment.

Obviously I'm speaking to you here without the benefit of a draft text of the Canada-Colombia agreement. I have reviewed the evidence given by Mr. Pierre Bouchard before this committee. It's fairly clear that Mr. Bouchard indicated that while there will be moderate improvements in existing labour provisions and trade agreements, the trade agreements that are likely to be in a Canada-Colombia agreement will be similar to those we have found in NAFTA, the Canada-Chile Free Trade Agreement, and the Canada-Costa Rica Free Trade Agreement.

● (1700)

Those trade provisions have a number of serious defects that I've identified at pages 5, 6, and 7 of our brief. I'll just review them with you very briefly.

First, the agreements focus on the enforcement of existing statutes rather than on raising labour standards.

Second, those agreements that do require the parties to maintain ILO core labour standards, such as the draft U.S.-Colombia agreement, only require that states not derogate from that obligation in a manner "affecting trade or investment between the parties". This means Colombia can continue to violate ILO core labour standards provided it does so in a manner that doesn't affect trade and investment. That's a serious deficiency, in our view.

Third, the enforcement mechanisms in existing labour provisions of trade agreements are uniformly unsatisfactory. They are slow. They're cumbersome. They're not independent. They're not often transparent. They're too bureaucratic. The result—and I don't have time to go through all the stages—is that under existing trade agreements, such as NAFTA.... There have been multiple complaints filed on the labour side agreement of NAFTA and not a single one has ever reached the arbitration stage. They end in ministerial consultations and then they die; that is to say, the signatory states have shown no desire whatsoever to create enforceable labour rights under trade agreements.

Finally, the remedies that are available under the labour provisions in existing hemispheric trade agreements are also uniformly unsatisfactory. At best, they amount to fines, and if the states agree, there is the potential for the revocation of the trade agreement. Again, the remedies are largely fines. So the question this committee has to consider is, in the context of the state of Colombia, where the labour rights violations are so egregious, whether or not the kinds of remedies you see in existing trade agreements are appropriate.

To wrap up, our organization essentially has two recommendations to this committee. In our view, the Government of Canada should not enter into a trade agreement with Colombia until such time as respected international human rights institutions have determined that Colombia is in fact meeting its international labour rights and human rights obligations.

Second, given the importance of this trade agreement, both for Canada's foreign policy and for the Americas in general, the negotiation and ratification of the trade agreement must take place in a free, transparent, and democratic context, which is to say that once it is completed, the text of the trade agreement should be released to the public. The Government of Canada should engage the trade union movement, civil society organizations, and professional organizations in a full consultation process about the agreement, and then at the end of the day the agreement should be subject to ratification, if you will, by the House of Commons.

Those are very abbreviated submissions, and we look forward to your questions.

Thanks very much.

• (1705)

The Chair: Thank you.

We're going to begin with Mr. Dhaliwal, and we're going to have to keep very tightly to seven minutes for the questions and the answers. We'll simply have to cut it off at seven minutes. If you're in the middle of an answer, we're going to cut your microphone off. I'm sorry.

Mr. Dhaliwal.

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

Thank you, and welcome to Lawyers Without Borders and the Canadian Association of Labour Lawyers.

Mr. Chairman, I hear this story here and I heard it when we were in Colombia. When we heard the vice-president and also the foreign affairs minister of the country speaking there, they admitted they

have come a long way and have a long way to go. They admit there are issues, and in fact the foreign affairs minister has also indicated, when it comes to the lawyers and the justice system, that the budget for the justice system has been doubled, new trial courts have been established, and more judges have been hired. A prosecutors unit has been set up as well.

I would like to ask you this, first of all. Do you agree with the foreign affairs minister's statement, and if not, can you tell this committee how we, as Canadians, can help to address those problems of the justice system as part of the agreement?

Mr. Pascal Paradis: Thank you for the question.

I believe it is true that some progress has been made in Colombia regarding the justice system. For instance, a new penal procedure was implemented lately, starting in 2004, but it has also entailed a lot of problems for litigation lawyers.

That being said, there still remains a long way to go. As I was saying, there are still links between the paramilitary and some parts of the justice system that have been proven in front of tribunals. Also, there is a failure to put an end to impunity. A lot of cases still remain to be merely investigated: no investigation, no inculcation, and of course no court decision.

There are, for instance, some specific cases, which we look at, of attacks against human rights defenders. For years we have been going back to Colombia and asking, "Where is the investigation in this case?", and the answer is always the same: we have empty files in front of us.

What can we do? Once again, the message for us is that we now have leverage because we are negotiating a free trade deal with Colombia. Within the negotiation process, it's possible for us to put in conditions to say we would like to see this and this realized.

Mr. Sukh Dhaliwal: What are those conditions? Do you have some suggestions?

Mr. Pascal Paradis: I wouldn't say I have specific recommendations now, but of course an assessment has to be undertaken first.

Look at our report. It contains 23 specific recommendations. Those are specific recommendations we would make to this committee. Those are things we would like to see improved in Colombia.

I think my colleague has a comment.

Mr. Denis L'Anglais (Member of the Board of Directors, Colombia Group, Lawyers Without Borders): May I add to the point that a substantial number of judges were named in order to deal with an increasing number of cases. According to the new law, the Justice and Peace Law of 2005, they created two tribunals of exception in Barranquilla and Bogota in order to deal with the possible demobilization of the paramilitaries. In fact, they expected a certain number, a very high amount of demobilization, which wasn't the case.

So you have two tribunals of exception with a new criminal procedure. In those tribunals, the judges are not formed for that and the advocates and the lawyers are not formed to try those cases. So you have a possible justice system that could deal with this but is not really ready to do so. In fact, the problem is that they haven't tried any demobilized paramilitaries yet; they are still under investigation.

We're talking about three years now since the adoption of that law. So the justice system doesn't work in Colombia.

Mr. Sukh Dhaliwal: My next question is to Mr. Rowlinson.

Canadian businesses have been to Colombia and have created opportunities and have put money into corporate social responsibilities, improving the lives of Colombians. When we asked the question about human rights situations, and even murders and whatnot using the paramilitary, there was not a single case, even with the ILO, of Canadian companies violating the human rights situation.

Free trade is going to create opportunities for Canadian investors, but at the same time it's going to improve the lives of Colombians through this corporate social responsibility that Canadian companies carry. So why do you still say that we should not get into this Canada-Colombia free trade agreement?

• (1710)

Mr. Mark Rowlinson: I'd answer your question in two ways.

First, I think when you're talking about a free trade agreement between a Canadian state and a Colombian state, the interests of the Canadian government in pursuing the trade agreement have a broader impact and a broader meaning than simply the effect it may or may not have on Canadian resource extraction companies in Colombia.

Second, you are absolutely correct. As I sit here today, I am not aware of any egregious human rights violations that have occurred in the context of Canadian companies operating in Colombia. I don't know if that is because Canadian investment in Colombia is a relatively recent phenomenon or a smaller phenomenon, but there are a litany of examples—and I'd be happy to review them with you in some detail—whereby American companies investing in Colombia have been the subject of innumerable lawsuits in the United States over the egregious murders of trade unionists in their workplaces.

I'll give you an example. I believe Penamco was a company bottling Coca-Cola in Colombia. The president of the trade union in that workplace was assassinated in the workplace by paramilitaries, and that has become the subject of extensive litigation in the United States.

I would like to think, as I'm sure you would, that Canadian companies are more committed to social responsibility than other companies. I don't know the answer to that. As I said, we don't necessarily take a position on that issue. But it's not clear to me that this particular trade agreement being considered by the Government of Canada will necessarily have much to say about corporate social responsibility.

Mr. Sukh Dhaliwal: But we should be able to come up with something. If we walk out of this agreement without doing anything

to address the situation in Colombia, it probably will make life worse for the Colombian people.

The Chair: We move to Mr. Cardin for seven minutes.

[*Translation*]

Mr. Serge Cardin: Welcome.

I will be sharing my time with my colleague, Mr. André.

You stated that the paramilitary groups were for all intents and purposes created by the government. Today, even if there is talk of demobilization, approximately 90% of these groups are reconstituting themselves. People have been targeted and are under investigation. Others — including government officials — have been incarcerated. When one sees the monster that these paramilitary groups that the government created have become, one might ask if the government has not simply lost control of the situation. Have these groups become delinquents or criminals who are trying to manipulate the judicial system from the inside? Is the bench still in cahoots with these groups?

You talk about impunity and indeed it was recently reported in the news with regard to the FARC that trips to France and even money were being offered. This is yet another case of impunity. We went to Colombia. Various situations are brought to our attention and it is now up to us to sift through all of that. People say that there has been improvement. There is talk of unionization. However, in 2007, 38 people were assassinated. We are still only in May, and when you made your report, there had already been 22 victims.

In absolute numbers, there have been improvements during certain periods, but it seems that the trend is holding fast. We have talked here about the lawyers, the judges, the bench. People are unable to act if the government refuses to make a firm commitment to clean things up. I imagine that in the absence of the rule of law, even the business people who go over there will have well-founded fears.

• (1715)

Mr. Guy André: With regard to the unions, there is talk of people assassinated by companies, paramilitary groups or the State, because they are linked to drug trafficking. That is what is being said out there.

Who is largely responsible for the killings of these trade unionists? That is a fundamental issue. Of course, unionization is falling back. It had reached 15%, but it is now at only 3%. The Uribe government does not favour new union accreditations, unionization.

Mr. Pascal Paradis: The comments you made cover a lot of aspects. I will try to deal very briefly with a few of them. I see that the Chairman is watching the clock.

Has the government lost control over the paramilitary? It is clear that the paramilitary today have a life of their own. These are independent groups. Just like the guerilla, they are involved in drug trafficking. All of that is a war to gain control over coca shrub growing land. One must not forget that the coca shrub is at the heart of all of this.

I am not the one who is saying this, and it is not my opinion, but that of the Colombian courts. After having heard the evidence put to them, the Colombian courts, as well as the international courts, have determined that there are still very strong links between various levels of government, the State and the paramilitary. For example, government officials can supply hit lists to the paramilitary in order to get them to do their dirty work for them. Collaboration is possible.

For example, the cases before the Inter-American Court of Human Rights that I mentioned earlier led to major judgments stating that the paramilitary had arrived by helicopter, transported by the military. The armed forces transported 100 men, paramilitary fighters entered the village, massacred a few men and raped a few women and then left. During that time, the police had blocked all of the roads in order for the crimes to be committed. When we talk about collusion, that is the type of thing that happens. It can be at the regional level, at the local level, or as we now see, at the national level.

You talk about better statistics, but it is a war of numbers. And as I told you earlier, we do not march in these wars. I do however wish to invite you to be prudent with regard to official numbers. Indeed, two of the most recent national directors for statistics in Colombia, in 2005 and 2006, resigned because they deemed that they were being submitted to too much pressure to change the numbers. These people had been appointed by the government. So, yes, there certainly has been some improvement, but, as we stated earlier, the situation remains serious.

Are we fearful for those companies? Yes, certainly. It is not an easy environment. I know that it is sometimes difficult to imagine, when you have gone to Bogota, a large city where the men wear suits and ties and where women in well-tailored clothes simply go about their business. It is true that that Colombia exists, the Colombia of North Bogota. But I would challenge some of the people who spoke earlier to go with their family to the South of Bogota, one kilometre from the centre. They would witness a completely different reality, and I am not talking about the countryside or the jungle, where most human rights violations are being committed, far from the centres. Yes, companies can have certain fears. They are often forced to take part in a given process.

I will try to be brief.

Your last question pertained to who does the assassinating. I cannot answer that question. For example, last year, the American courts condemned Chiquita Brands — not just your ordinary company — to a record fine of 25 million dollars. It had been proven that the company had, for years, paid paramilitary groups to maintain security around its production site. During that time, the paramilitary, who were being paid, assassinated dozens and dozens of union leaders. That fact was proven before a court of law in the United States. Companies sometimes feel forced, either voluntarily or under threat, to participate in this type of thing. This process is occurring in Colombia.

● (1720)

Mr. Denis L'Anglais: In an interview given on August 20, 2003, the vice-president answers your question by saying that there are many enemies of unionization. Union leaders are mainly the victims of the paramilitary, but there is also the FARC and the national

liberation army. There are also business people and company presidents who do not want to see their workers organized under unions and who give out contracts to have these people eliminated.

It is the vice-president himself who gave that response.

[English]

The Chair: Thank you.

Mr. Julian.

[Translation]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair.

Mr. Paradis, would it be possible to have that report from the courts provided to our Committee?

Mr. Pascal Paradis: These are decisions of the Inter-American Court of Human Rights and they are available. I could easily provide you with the references.

Mr. Peter Julian: If you could sent that to our Clerk, it would be much appreciated.

[English]

I have three questions. First off, the Colombian government has an extremely slick public relations machine. We saw that at work when we were down in Bogota. Not only the government, but also representatives of the so-called independent sector that turned out later to be their former cabinet ministers or ambassadors. So there were a lot of people taking essentially the same line as the government, but upon further investigation it turns out that a lot of those people are connected with the government.

When you find out in a court case, as lawyers, that somebody has a conflict of interest, that they're testifying but they don't reveal fully their links with the government, what generally happens? And what advice can you give this committee in terms of that testimony?

Secondly, in terms of the independent, the really independent testimony we heard, it was overwhelmingly concerned about the ongoing human rights violations and labour rights violations. There is as well a lot of concern about economic violence that is occurring, the fact that there are very clearly, as you've testified, links between the government and the paramilitaries. The paramilitaries are very present. Thousands of them are still on the ground. And we heard some testimony from people who were working on the ground for the UNHCR that there is increasingly economic violence. In other words, paramilitaries working with companies, none of whom have been investigated, like Nestlé, Coca-Cola, and Chiquita.

My second question is, do you feel the government is almost rewarding criminal activity by moving ahead with a free trade agreement when there is all of this uncertainty around links between the paramilitary and the government?

My third question is this. As you may have seen from previous testimony, what the Canadian government proposes is that there be some sort of fine. When there are ongoing human rights violations, labour rights violations, you pay a fine into a solidarity fund, kind of treating it like a speeding ticket if you kill a labour activist or a human rights activist. Do you feel that is sufficient to deal with the human rights issues in Colombia, or do you feel, like I do, that it's some kind of horrific joke?

Mr. Mark Rowlinson: Let me answer quickly all three questions.

First, in respect of the independence of those with whom the committee met, obviously I can't necessarily comment on that. But the reason why CALL is specifically urging this committee and the Government of Canada to only embark upon this free trade agreement after independent international human rights institutions have confirmed that Colombia is living up to its human rights commitments is precisely for this reason. We don't have the time to get into a debate and a back and forth about statistics and numbers, but it is essential that only truly independent organizations can be relied upon in an environment like Colombia to provide you with reliable advice.

Your second question related to the Colombian government rewarding or encouraging criminal activity. There's no question that the Colombian government is, as I'm sure you witnessed, actively seeking to promote a free trade agenda with Canada, with the United States, and with others. The Colombian government clearly believes that the free trade agenda will ultimately serve its purposes. It's not clear to me, at least, that the Colombian government really cares, frankly, whether or not foreign investment acts in accordance with, for example, accepted corporate social responsibility norms. Frankly, I think they have another agenda.

Third, on your question related to fines, I think this is precisely the point. If this committee is going to consider a free trade agreement with the Government of Colombia, this committee needs to think about whether or not the provisions of that agreement are actually going to do something to improve the labour rights situation in Colombia, whether or not there is going to be a sufficient deterrent on the Government of Colombia to actually act and stop these labour rights violations that are taking place in Colombia. In our view, given the previous hemispheric trade agreements and given all of the information we have about the likely content of this trade agreement, the answer to those questions has to be no. There is simply not going to be any incentive on the Government of Colombia to improve the human rights and labour rights situation in Colombia.

• (1725)

[Translation]

Mr. Denis L'Anglais: The Justice and Peace Law offered transitional justice under which five to eight-year sentences were provided for those accepting to give testimony and to confess to the exactions committed by them. Such persons, if prosecuted under the Colombian justice system, risk 40, 50 or 60-year jail sentences. Traditional justice provides for five to six years' detention. Once these people have served their time, they are reintegrated into society and are entitled to an allowance for up to 18 months, whereas the victims and their families have not yet been able to obtain a single cent from the justice system. Does that partly answer your question?

Allow me to draw your attention to an article by Mr. Pablo Heidrich that appeared recently in the *Globe and Mail*. He suggests a rather interesting interpretation. In his view, Canada is interested in a free trade agreement with Colombia and if it flies, it will provide Colombia with sufficient ammunition to fight off the American government's hesitations. If the latter were to see Canada, a country that enjoys a solid international reputation in matters of human rights, accept to sign a free trade agreement, that would facilitate things. The real objective is a free trade agreement with the United States, and not with Canada. But that is just a journalist's interpretation.

[English]

The Chair: Thank you very much.

Mr. Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you very much, Mr. Chair.

I thank our witnesses. I appreciate your perspective.

I just want to clarify whether all three of you have been to Colombia.

We had an excellent trip. It was definitely eye-opening for me. We had an excellent cross-section of witnesses. We heard from both independents and government and from NGOs who were very frank and honest. From some of the information we received, it's definitely a country still in a transition state. They're in the middle of a war. I don't know if you heard the witnesses who came here before you, approximately an hour prior. Their comment was that they're getting it right, but it's taking time.

We had an excellent meeting with President Álvaro Uribe Vélez. He's served six out of his eight years. He's running with an 80%-plus approval rating. I think any politician in this room who could run that percentage of popularity would think they were doing something right.

I think my colleagues have generally the same perspective as far as the fact that 70% of Colombians are now receiving health care, which is up from 30%. All types of crime are trending down, including a significant reduction in kidnapping and murder. They have a family-in-action program where they're providing education and vaccinations for children and ensuring they are properly fed. It's a huge step forward. Is there room for improvement? Definitely. What we saw was a snapshot in time of where they're going.

I was speaking with the ambassador, and at his home we had a good cross-section of people who have been in business. I represent an area in the interior of British Columbia, and there was a gentleman who was in forestry for over 27 years in B.C. Five years ago he decided to move to Colombia. He said it was the best move he's made. He recommends it for any forester—obviously we have a downturn in our economy here—to take some of their skills, work ethic, and environmental practices and implement them in their work field.

I look at what we saw and where we're going, and I guess the question I have is this. Mr. Paradis, you can start off with this. We talked about human rights violations. One statistic we've heard over and over—and I asked several people—is that 95% of the human rights violations are caused by paramilitary and guerrilla groups such as FARC. There have been hundreds of thousands of people who have been displaced. We went to Soacha, which, as you said, is at the edge of town, approximately 45 minutes' to an hour's drive, and we saw these displaced people. It was a result of groups like FARC. I don't know if that's a concern of your organization. It sure is a concern of mine.

You also mentioned the human rights violations by the state. Yet, we were told that 95% of the violations are by these other organizations. Do you have any examples of human rights violations by the state?

• (1730)

Mr. Pascal Paradis: I'm sorry, could you—

Mr. Ron Cannan: Human rights violations by the state.

Mr. Pascal Paradis: I just named a few that have been recognized by the Inter-American Court—participation by state forces, police, and military in massacres and extrajudicial killings. These cases are available in the rosters of the Inter-American Court or the Colombian government. I'm not talking about any other cases. There are hundreds of cases. I'm just talking about the grossest violations like killings and massacres.

Mr. Ron Cannan: So in what year was the state charged for human rights violations?

Mr. Pascal Paradis: Well, the last court cases were in 2007 and were based on facts dating back to the nineties. But of course court cases take a long time.

What I'm saying is that for the facts happening now, you will read the court cases in 10 or 15 years. But there are still complaints and cases against the state before international authorities, the Inter-American Court system, and the Colombian courts for the same kinds of things.

Once again, Lawyers without Borders is generally not involved in collecting statistics, and so on, but we do work with partners such as the Colombian Commission of Jurists, which partners with the European Union and Canada. Canada actually finances the Colombian Commission of Jurists, which is the local branch of the International Commission of Jurists. It's an outstanding organization, beyond any doubt or ideological link to whatever side. They say that

during the first mandate of President Álvaro Uribe, there were 3,000 assassinations, with the paramilitary responsible for 60% of those killings, the state directly responsible for 15%, and the guerillas for the rest. So what they are basically saying is that 70% to 75% of the grossest violations of human rights are committed through the omission or the participation of the state, because they say the paramilitary is linked to the state and the state has not put an end to these links, and therefore it has some kind of responsibility.

Mr. Ron Cannan: I commend your efforts.

Is Lawyers Without Borders funded through legal organizations, or how are you funded?

Mr. Pascal Paradis: Our organization is funded through our own fundraising and through grants from CIDA, for instance, or other organizations—but mainly through our own fundraising.

Mr. Ron Cannan: I know that Connie Watson, the CBC reporter, was with us and gave an excellent report when we went up to Soacha and talked with the United Nations, where we had the learning circle on CIDA investing in the schools and helping children transition.

I thank my colleague Mr. Julian for bringing those wonderful Canadian pins that we were able to distribute.

The question was asked of those displaced people, do you not think a free trade agreement would be beneficial to you, giving you an opportunity for increased education and enhanced opportunities for employment? They said absolutely. So when you hear from people who are displaced and looking for opportunities, they think it's a good initiative to continue to give them an opportunity

Wouldn't you think that would be prudent of the government to do?

Mr. Pascal Paradis: Well, everybody has hope that his or her situation will improve. I understand them for having hope, and we all hope it will produce results.

Once again, we don't have any specific theoretical or philosophical case for or against free trade, but what we are saying is that it would commend Canada, when considering a free trade agreement with Colombia, to look at the situation of human rights and to do something about it before signing a deal. Assess the situation and set some preliminary conditions for the sake of all of Colombia—its citizens and displaced people.

Mr. Ron Cannan: I agree that we need to work together and give them hope.

• (1735)

The Chair: Thanks, Ron.

A voice: Could I address Mr. Cannan's question?

The Chair: We're out of time, I'm sorry.

That is it for the day. Thank you very much for your appearance.

The meeting is adjourned.

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