



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **A CANADA-ECUADOR TRADE AGREEMENT: SELECTED CANADIAN PRIORITIES**

**Report of the Standing Committee on International Trade**

**Honourable Judy A. Sgro, Chair**

**JUNE 2024  
44th PARLIAMENT, 1st SESSION**

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Chair**

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## **NOTICE TO READER**

### **Reports from committees presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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# **THE STANDING COMMITTEE ON INTERNATIONAL TRADE**

has the honour to present its

## **NINETEENTH REPORT**

Pursuant to its mandate under Standing Order 108(2), the committee has studied free trade negotiations between Canada and Ecuador and has agreed to report the following:





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# LIST OF RECOMMENDATIONS

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*As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.*

## **Recommendation 1**

**That the Government of Canada pursue the elimination of tariff and non-tariff barriers to trade. Any non-tariff barriers that are not eliminated should be science-based, achieve a legitimate public policy objective and restrict trade to the lowest extent possible. As well, the Government should ensure the existence of a timely and binding mechanism to resolve disputes regarding non-tariff trade barriers. .... 14**

## **Recommendation 2**

**That the Government of Canada, in deciding about investment-related provisions, fully consider available options for protecting Canadian investments in Ecuador. Before making a decision, the Government should consult with relevant Canadian stakeholders about these options. .... 14**

## **Recommendation 3**

**That the Government of Canada pursue provisions that address trade issues relating to human rights, labour, the natural environment, gender, Indigenous peoples, and small and medium-sized firms. To the extent possible, these provisions should be similar to the provisions in Canada’s existing trade agreements. .... 15**

## **Recommendation 4**

**That the Government of Canada undertake consultations with relevant stakeholders throughout the negotiating process as proposals are considered. Moreover, the Government should develop measures that would inform Canadian firms about export opportunities in Ecuador and that would otherwise provide support as the resulting trade agreement is implemented. .... 15**

**Recommendation 5**

**That the Government of Canada ensure that no trade agreement between Canada and Ecuador is concluded without full, transparent and effective consultation with, and no agreement is implemented without the free, prior and informed consent of, affected Indigenous peoples in Ecuador. The Mujeres Amazonicas Defensores de la Selva collective should be among the Indigenous peoples who are consulted and from whom consent is gained..... 15**



# A CANADA–ECUADOR TRADE AGREEMENT: SELECTED CANADIAN PRIORITIES

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## INTRODUCTION

According to the Government of Canada’s [Trade Data Online](#), in 2022, Ecuador was Canada’s 51st-largest merchandise trade partner, with bilateral merchandise trade totalling \$1.3 billion: \$603.3 million in Canadian exports to Ecuador and \$679.5 million in Canadian imports from that country. Moreover, in that year, wheat and refined oil together represented 76.9% of the value of Canadian exports to Ecuador, and—combined—crude oil and precious metal ores accounted for 48.3% of the value of Canadian imports from that country. Alberta and Saskatchewan were Canada’s highest-valued exporters to Ecuador in 2022. Global Affairs Canada’s Trade Commissioner Service [points out](#) that Canadian firms have opportunities in the following seven sectors in Ecuador: agriculture, food and beverages; education; infrastructure, building products and related services; mining; oil and gas; clean technologies; and defence and security.

In 1996, Canada and Ecuador signed a foreign investment promotion and protection agreement that Ecuador unilaterally [terminated](#) in 2017, effective in 2018. The Government of Canada [indicates](#) that, in 2022, the stock of Canadian direct investment in Ecuador totalled \$2.6 billion, and that Ecuador was the 37th-largest destination for Canadian foreign direct investment among the 145 countries for which data were available for that year. As well, Global Affairs Canada [notes](#) that Canadian direct investment in Ecuador—at \$2.6 billion in 2022—had tripled over the previous five years, leading Canada to be the largest foreign investor in Ecuador, mostly because of investments in the natural resource development sector. The Trade Commissioner Service [underlines](#) that “Canadian cumulative mining investments” in Ecuador exceeded \$2 billion in 2021.

On 24 November 2022, Canada and Ecuador [announced](#) the launch of exploratory discussions about a Canada–Ecuador trade agreement. At that time, ministers from the two countries suggested that such an agreement could “improv[e] market access conditions and creat[e] a more predictable and transparent trading environment.” In Canada, [public consultations](#) about a potential agreement were held between 6 January 2023 and 21 February 2023. On 13 December 2023, Canada’s Minister of Export Promotion, International Trade and Economic Development [tabled](#) a [Notice of Intent](#) to initiate negotiations for a Canada–Ecuador trade agreement. In accordance with the [Policy on Tabling of Treaties in Parliament](#), the Government of Canada will table the



negotiating objectives for such an agreement within 30 days of the beginning of negotiations.

On 6 February 2024, the House of Commons Standing Committee on International Trade (the Committee) adopted a [motion](#) requiring a study of “Canada’s intended objectives and expected outcomes” for the Canada–Ecuador trade agreement negotiations. During meetings held in February 2024, the Committee heard from Government of Canada officials, an academic, and representatives of three civil society organizations and of four agriculture-related trade associations. The Committee also received a document from Global Affairs Canada, briefs from the Canadian Agri-Food Trade Alliance and the Canadian Chamber of Commerce, and a written response from the Canadian Produce Marketing Association.

In this report, the Committee’s focus is witnesses’ comments that are specific to a Canada–Ecuador trade agreement. The first and second sections present their views about opportunities for trade and investment—respectively—in Ecuador, and the third section summarizes their observations about tariff and non-tariff barriers to trade. The fourth section outlines their opinions about public consultations for such an agreement, and the fifth section highlights their positions about “inclusive provisions” in such an agreement. The report concludes with the Committee’s thoughts and recommendations.

During the current study, some witnesses made statements on topics that the Committee has recently examined because of other motions. For example, in June 2021, the Committee tabled a report entitled [Investor–State Dispute Settlement: Some Considerations for Canada](#). In the Committee’s February 2024 hearings, Global Affairs Canada [officials](#), the [Canadian Centre for Policy Alternatives](#), the Canadian Chamber of Commerce’s [brief](#), [Amnesty International Canada](#), [Mining Watch Canada](#) and [Thomas Chiasson-LeBel](#)—Assistant Professor at the Université de l’Ontario français—made comments similar to the witnesses’ views outlined in the June 2021 report.

Moreover, during the current study, a number of the remarks made by witnesses about human rights and environmental considerations—including with respect to the mining operations of Canadian firms—resemble those contained in the Committee’s September 2023 report entitled [Canadian Mining and Mineral Exploration Firms Operating Abroad: Impacts on the Natural Environment and Human Rights](#). In particular, the opinions that Global Affairs Canada [officials](#), [Amnesty International Canada](#) and [Mining Watch Canada](#) presented to the Committee in February 2024 are like the views outlined in the September 2023 report.

Furthermore, during the current study, certain witnesses representing agricultural and agri-food products made general remarks about non-tariff trade barriers, which were

discussed in the Committee’s December 2023 report entitled [Non-Tariff Barriers to Trade: Some Canadian Perspectives](#). Specifically, in February 2024, the [Canadian Produce Marketing Association](#), [Cereals Canada](#) and [Pulse Canada](#) provided perspectives to the Committee that are like those included in the December 2023 report.

Finally, some statements made by witnesses during the current study either did not directly reference the topic of “Canada’s intended objectives and expected outcomes” regarding negotiations for a Canada–Ecuador trade agreement, or were not precisely related to recent Committee studies. For example, Global Affairs Canada [officials](#) mentioned “Canadian technology for controlling gas flaring,” and [they](#) highlighted both opposition by civil society organizations and the leadership of national Indigenous groups in that country to mining, and illegal mining activities in Ecuador that are linked to narco-criminal groups. [Amnesty International Canada](#) commented on firms that are “install[ing] climate-destroying gas flares on their oil platforms” in Ecuador. [Mining Watch Canada](#) drew attention to Canadian mining firms’ projects in the Amazon and in the paramos that are “denounced” by Indigenous communities “because of their environmental impacts,” and—additionally—[Mining Watch Canada](#) noted citizen-led referendums in Ecuador and stressed the need to respect the choice of Indigenous peoples in Ecuador “if they already say no to mining projects.”

## CANADA’S TRADE WITH ECUADOR

With a focus on Canada’s trade with Ecuador, witnesses provided their views to the Committee concerning the potential economic benefits of a Canada–Ecuador trade agreement. They also made observations about market access, including in relation to particular agricultural goods: cereals, pulses, fresh produce and pork.

According to Global Affairs Canada [officials](#), a Canada–Ecuador trade agreement “would generate modest but positive economic benefits” for both countries. Global Affairs Canada’s document<sup>1</sup> estimated that, by 2030, such an agreement could increase Canada’s and Ecuador’s gross domestic product (GDP) by about US\$82.4 million (0.003%) and US\$49.3 million (0.025%), respectively. As well, the document indicated that such an agreement could lead to “tariff savings” totalling \$55.6 million for Canadian exporters and \$4.5 million for Canadian importers.

Moreover, Global Affairs Canada [officials](#) stated that Canada aims to negotiate a trade agreement with Ecuador that provides Canadian firms with preferential access to that

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1 The document from Global Affairs Canada has not been uploaded to the House of Commons Standing Committee on International Trade’s website.



country's market and that is similar to Canada's recent trade agreements, including with respect to “digital trade, inclusive trade, responsible business conduct, [the natural] environment and labour.” In [their](#) opinion, such an agreement would provide Canada with a competitive advantage over countries that do not have a trade agreement with Ecuador.

The Canadian Agri-Food Trade Alliance's [brief](#), the Canadian Chamber of Commerce's [brief](#), the [Canadian Pork Council](#), the [Canadian Produce Marketing Association](#), [Cereals Canada](#) and [Pulse Canada](#) supported the negotiation of a Canada–Ecuador trade agreement. However, in the [Canadian Centre for Policy Alternatives'](#) view, such an agreement would provide Canada with limited new access to Ecuador's market.

Concerning market access, Global Affairs Canada [officials](#) pointed out that Ecuador is the “only country on the Pacific coast of South America” with which Canada does not have a trade agreement. According to the Canadian Chamber of Commerce's [brief](#), a “well-negotiated” Canada–Ecuador trade agreement would “significantly enhance” commercial relations for Canadian firms in Ecuador and in the Latin American region.

Global Affairs Canada [officials](#) also indicated that, in negotiating a Canada–Ecuador trade agreement, Canada's significant agricultural interests are lentils, oats and wheat, while Ecuador's primary interest is cut flowers. The Canadian Agri-Food Trade Alliance's [brief](#) asserted that Ecuador's domestic production of food and other essential goods is insufficient to “meet consumer demand,” leading the country to rely on imports of barley, lentils, oats and peas from Canada. The Canadian Chamber of Commerce's [brief](#) suggested that preferential access for Canadian agricultural exports—particularly barley, lentils, oats, peas and wheat—to Ecuador should be secured.

With a focus on Canadian cereals exports, [Cereals Canada](#) described a Canada–Ecuador trade agreement as a “significant opportunity to solidify” market access for Canadian exporters. [Cereals Canada](#) highlighted that Canada is Ecuador's leading supplier of imported wheat, with a 60% market share, and added that Ecuador is “a market with significant growth potential.” Moreover, [Cereals Canada](#) said that it “see[s] growth in Latin American countries for [exports of] both wheats and cereals from Ontario as well as Quebec.” As well, [Cereals Canada](#) drew attention to value-added opportunities in Ecuador, including to meet the needs of millers and bakers.

Concerning Canadian oat exports, [Cereals Canada](#) mentioned that a Canada–Ecuador trade agreement would “help diversify [Canada's] oat [export] markets.” According to [Cereals Canada](#), Canada is currently the “primary oat exporter in the Americas.”



Regarding opportunities for Canadian pulse exports, [Pulse Canada](#) mentioned that a Canada–Ecuador trade agreement would create “another market” for its members’ exports. [Pulse Canada](#) characterized market diversification as a priority, and remarked that “exploring new trade deals with countries such as Ecuador is of great importance to Canada’s pulse growers, processors and exporters.” Furthermore, Pulse Canada commented that the value of Canadian exports of lentils and dried peas to Ecuador totalled \$28 million and \$4.2 million—respectively—in 2022, and were the “overwhelming majority of Ecuadorian imports” of these two products.

In relation to Canada–Ecuador trade in fresh produce, the [Canadian Produce Marketing Association](#) noted that “important trading relationships” currently exist between the two countries, with—in 2023—Canada importing fresh produce from Ecuador valued at \$89.6 million. The Canadian Produce Marketing Association’s written response<sup>2</sup> observed that a trade agreement with Ecuador could help to diversify import sources for tropical fruits that cannot be grown in Canada. The [Canadian Produce Marketing Association](#) pointed out that its members are focused on both diversifying their export markets and “enabling the ongoing reliable supply” of fresh produce for Canadians.

Finally, with respect to Canadian pork exports, the [Canadian Pork Council](#) characterized Ecuador as a “growing” market that is of interest to its members.

## CANADA–ECUADOR INVESTMENT

In the context of Canadian investments in Ecuador and a Canada–Ecuador trade agreement, the Committee’s witnesses focused on existing protections for such investments and the potential inclusion of an investor–state dispute-settlement (ISDS) mechanism in a trade agreement.

Global Affairs Canada [officials](#) stated that, with Ecuador’s termination of its foreign investment promotion and protection agreement with Canada effective in 2018, Canadian investments in Ecuador are—at present—“protected up until 2033.” They underscored that future investments will not have those protections and will not be able to access an ISDS mechanism unless a Canada–Ecuador trade agreement were to include relevant provisions.

The [Canadian Centre for Policy Alternatives](#) maintained that Ecuador’s termination of its foreign investment promotion and protection agreement with Canada “has not affected

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2 The written response from the Canadian Produce Marketing Association has not been uploaded to the House of Commons Standing Committee on International Trade’s website.



Canadian investment flows” to that country. [Thomas Chiasson-LeBel](#) argued that foreign investments in Ecuador have grown since that country suspended its bilateral investment protection agreements with a number of jurisdictions, including Canada.

Concerning investment provisions in a Canada–Ecuador trade agreement, Global Affairs Canada [officials](#) characterized the “enforcement of investment chapter obligations” through an ISDS mechanism as a “key interest” for Canadian firms. In [their](#) opinion, Canada is “Ecuador’s number one investor” and the two countries have a “mutual interest” in negotiating an investment chapter. The [officials](#) said that the Government of Ecuador “wants [an] ISDS [mechanism]” as part of a trade agreement with Canada, but [they](#) also pointed out that a recent court decision in Ecuador found the ISDS mechanism in the Ecuador–Costa Rica trade agreement to be unconstitutional. [They](#) mentioned a 21 April 2024 referendum in Ecuador containing a question about modifying the country’s constitution to allow the use of ISDS mechanisms.

The Canadian Chamber of Commerce’s [brief](#) asserted that including an ISDS mechanism in a Canada–Ecuador trade agreement would be “essential to protect Canadian investments” in Ecuador. However, the [Canadian Centre for Policy Alternatives](#) stressed that the inclusion of such a mechanism “should be a non-starter.” Similarly, in describing the potential inclusion of an ISDS mechanism as a “major concern,” [Mining Watch Canada](#) proposed that the Government of Canada should “take [such a mechanism] off the table” when negotiating a trade agreement with the Government of Ecuador.

[Thomas Chiasson-LeBel](#) contended that the inclusion of an ISDS mechanism in a Canada–Ecuador trade agreement would undermine the sovereignty of the Government of Ecuador and the capacity of Ecuadorians to “influence their development.” As well, [Thomas Chiasson-LeBel](#) drew attention to the “very strong debate” in Ecuador about including such mechanisms in that country’s trade agreements. According to [Thomas Chiasson-LeBel](#), it is very difficult to have ISDS mechanisms that do not negatively affect the rights of employees, women and Indigenous peoples.

## **TARIFF AND NON-TARIFF PROVISIONS IN A CANADA–ECUADOR TRADE AGREEMENT**

Witnesses provided their perspectives to the Committee about tariff and non-tariff barriers in a Canada–Ecuador trade agreement.

Regarding tariffs, Global Affairs Canada [officials](#) said that about 40% of Canadian exports to Ecuador and about 90% of Canadian imports from that country are currently duty-free. [They](#) also stated that Ecuador applies “an average tariff rate of 17% on non-

agricultural goods.” Moreover, the [officials](#) noted that two of Canada’s competitors in Ecuador—the European Union and China—have trade agreements with Ecuador that provide their exports with “tariff advantages” over Canadian exports.

[Cereals Canada](#) asserted that, with a Canada–Ecuador trade agreement, Canada’s agricultural exporters would benefit from lower tariffs because their products are currently “not very price competitive” in Ecuador. In particular, [Cereals Canada](#) advocated the removal of Ecuador’s ad valorem tariff of 5% that is applied on imports of Canadian oats that are not used for seed. According to [Cereals Canada](#), removing this tariff would have “significant impacts on [Canadian oat] exports to Ecuador and then throughout the region.” As well, [Pulse Canada](#) stressed that a trade agreement with Ecuador “must include the lowering of tariffs for Canadian pulses.”

Concerning non-tariff trade barriers, Global Affairs Canada’s document estimated that almost 50% of the increase in Canada’s GDP and about 33% of the increase in Ecuador’s GDP that would be expected to occur because of a Canada–Ecuador trade agreement would “be derived from the removal of barriers to trade caused by the Andean Price Band System<sup>3</sup> for certain agricultural goods such as wheat.”

[Cereals Canada](#) suggested that, when negotiating a trade agreement with Ecuador and with other jurisdictions, as well as when implementing trade agreements, the Government of Canada should focus on pursuing provisions in three areas: the regulation of non-tariff trade barriers; scientific assessments that are risk-based; and timely and binding dispute-resolution processes.

The [Canadian Produce Marketing Association](#) argued that a Canada–Ecuador trade agreement should not have “phytosanitary and other requirements that are not science-based or essential to security.” [Pulse Canada](#) underlined the need for a “robust” sanitary and phytosanitary chapter in such an agreement, with this chapter including “predictable, transparent and, importantly, science-based requirements.” With respect to maximum residue limits for pesticides, [Cereals Canada](#) proposed that the Government of Canada should “continue to support the use of harmonized, science-based standards.” The [Canadian Pork Council](#) said that the “more Canada can expand the concept of science-based regulation” in its trade agreements, the better its “position [as a global leader] will be,” and the [Canadian Produce Marketing Association](#) drew

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3 According to the [U.S. Department of State](#), the Andean Price Band System is a “system of variable ad valorem tariffs that are applied to certain agricultural imports from countries other than those of the Andean Community, basically bulk commodities.” It also stated that the system is “designed to raise tariffs when world prices are low and to lower tariffs when world prices are high.” The Andean Community [comprises](#) Bolivia, Colombia, Ecuador and Peru.



attention to the importance of a “mutual recognition of food-safety systems” in a trade agreement in order to create a “level playing field.”

To address disputes about non-tariff barriers, such as those relating to sanitary and phytosanitary measures, the Canadian Chamber of Commerce’s [brief](#) and [Cereals Canada](#) encouraged the Government of Canada to pursue the inclusion of an “effective binding dispute resolution mechanism” in a Canada–Ecuador trade agreement. Similarly, the [Canadian Pork Council](#) emphasized the need for dispute-resolution mechanisms in such an agreement.

[Thomas Chiasson-LeBel](#) suggested that, if the Government of Canada is unable both to conclude a Canada–Ecuador trade agreement and to address sanitary and phytosanitary barriers affecting Canadian pork and beef exports to the European Union, efforts should be directed to the latter rather than to the former.

## **CONSULTATIONS REGARDING A CANADA–ECUADOR TRADE AGREEMENT**

In providing their comments to the Committee about consultations regarding a Canada–Ecuador trade agreement, witnesses highlighted consultations in Canada and in Ecuador, and with particular groups of people.

Global Affairs Canada [officials](#) stated that approximately 30 submissions from Canadians were received during Canada’s public consultations about a Canada–Ecuador trade agreement. Moreover, [they](#) noted that the Government of Canada consults with “an indigenous working group” throughout the process of negotiating a trade agreement, and intends to continue to do so.

With a focus on public consultations in Ecuador about a Canada–Ecuador trade agreement, Global Affairs Canada [officials](#) mentioned that the Government of Ecuador has not undertaken as “extensive a consultation process” as that which occurred in Canada, adding that the Government of Ecuador is interested in Canadian technical assistance and support concerning how to conduct consultations. [Amnesty International Canada](#) commented that organizations in Ecuador that are focused on human rights, the natural environment and Indigenous peoples have been “neither informed nor consulted” about such an agreement. Similarly, the [Canadian Centre for Policy Alternatives](#) contended that a “large section of Ecuadorian civil society” has “not been consulted,” and [Mining Watch Canada](#) asserted that there has been a “lack of transparency and consultation” in Ecuador concerning a trade agreement with Canada.

## GROUP- AND SUBJECT-SPECIFIC PROVISIONS IN A CANADA– ECUADOR TRADE AGREEMENT

The Committee’s witnesses drew attention to provisions in a Canada–Ecuador trade agreement that would be important for specific groups and communities—women, Indigenous peoples, employees, and small and medium-sized firms—and regarding specific subjects—the natural environment, human rights and responsible business conduct.

Global Affairs Canada [officials](#) observed that a Canada–Ecuador trade agreement with “robust” provisions concerning “labour and the environment” would be a “net benefit” to Canada. [They](#) underlined that, when negotiating such an agreement, the Government of Canada intends to pursue provisions in these two areas, and to continue with its usual approach of ensuring that such provisions are subject to a dispute-settlement mechanism. As well, the [officials](#) stated that a chapter on responsible business conduct is being considered. The Canadian Chamber of Commerce’s [brief](#) argued that a trade agreement between Canada and Ecuador should “reflect current best practices in Responsible Business Conduct (RBC), leveraging Canadian leadership in this area to enhance human rights, inclusivity, and development outcomes in Ecuador.”

Moreover, according to Global Affairs Canada [officials](#), the Government of Canada will seek a Canada–Ecuador trade agreement that benefits “traditionally under-represented groups,” such as women, Indigenous peoples, and small and medium-size firms. [They](#) added that the Government of Ecuador “supports inclusive trade provisions” relating to gender, Indigenous peoples, labour and the natural environment. The [Canadian Produce Marketing Association](#) supported the inclusion of provisions regarding the natural environment, Indigenous peoples and “populations that are not always as recognized,” including women.

[Mining Watch Canada](#) asserted that a Canada–Ecuador trade agreement would “exacerbate environmental conflicts, human rights violations, the militarization of territories, and threats and intimidation against indigenous leaders who speak out against Canadian mining projects.”

Concerning gender, Global Affairs Canada [officials](#) remarked that the gender chapter in some of Canada’s trade agreements aims to “promote women-owned business trade.” They mentioned that the Government of Ecuador is willing to “explore” such “areas,” and is committed to pursuing related provisions in a Canada–Ecuador trade agreement.



In focusing on the impact on Ecuador’s Indigenous peoples of Executive Decree No. 754, which “amended the Regulations to the Organic Code of the Environment,”<sup>4</sup> Global Affairs Canada [officials](#) maintained that this executive decree “was not found by the constitutional court to be interfering with free, prior and informed consent” of Indigenous peoples. However, [Amnesty International Canada](#) contended that the executive decree allows mining firms to begin activities “without indigenous peoples’ free, prior and informed consent.”

[Mining Watch Canada](#) proposed that the Government of Canada should “guarantee” that a Canada–Ecuador trade agreement would not “advance” without broad, transparent and meaningful consultations with affected Indigenous peoples in Ecuador. As well, [Mining Watch Canada](#) argued that their “free, prior and informed consent” should be assured before such an agreement “advance[s].” [Mining Watch Canada](#) also asserted that Ecuadorian communities have not had an opportunity “to voice their concerns” about a trade agreement with Canada.

Regarding the natural environment, Global Affairs Canada [officials](#) underscored that, although Ecuador’s views about discussing carbon tax provisions when negotiating a Canada–Ecuador trade agreement are unknown, the Government of Canada intends to pursue a comprehensive environment chapter. That said, according to [them](#), the Government has not made a decision about pursuing the inclusion of a “carbon pricing co-operation provision” in such a chapter. Moreover, [they](#) mentioned that carbon pricing was not a topic raised during the exploratory meetings with Ecuador regarding a trade agreement. [Cereals Canada](#) suggested that “prices on carbon and carbon taxes” are not a “standard clause in a trade agreement.”

Finally, in relation to human rights, [Mining Watch Canada](#) expressed concerns that a Canada–Ecuador trade agreement would exacerbate the human rights situation in Ecuador because of a resulting increase in Canadian mining investments in that country. [Amnesty International Canada](#) suggested that the Government of Canada should ensure “ex-ante and ex-post human rights impact assessments” of such an agreement. As well, [Amnesty International Canada](#) drew attention to the recommendation by the United Nations Working Group on Business and Human Rights that calls on “all [United Nations] states to negotiate only such international investment agreements that are compatible with their international human rights obligations.”

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4 [Compliance Legal Latam, “Ecuador | Executive Decree No. 754 Reform to the Regulation of the Organic Code of the Environment.”](#)

## THE COMMITTEE’S THOUGHTS AND RECOMMENDATIONS

International trade makes a positive contribution to Canada’s economic growth, the prosperity of the country’s firms and the standard of living of its residents. In 2018, the Government of Canada announced its [Export Diversification Strategy](#), which has a target to increase the value of Canadian exports by 50% by 2025. Trade agreements help to diversify trade, and to ensure that trade occurs in a way that is consistent with agreed rules. As of 6 June 2024, Canada had 15 [trade agreements](#) with 51 countries. A Canada–Ecuador trade agreement could provide Canadian firms and their employees with new or greater opportunities in a range of sectors in Ecuador.

When negotiating trade agreements, one key objective is eliminating tariff and non-tariff barriers to trade. The Committee recognizes the importance of eliminating these and other trade barriers to enhance growth and prosperity. Because eliminating non-tariff barriers can be more difficult than eliminating or phasing out tariffs, the goal during negotiations should be ensuring that any non-tariff barriers that remain are science-based, are not arbitrarily applied, do not constitute a disguised trade barrier, and do meet such legitimate policy objectives as protecting human, animal or plant life and health. In negotiating a Canada–Ecuador trade agreement, Canada’s negotiators should pursue both the elimination of trade barriers, and the inclusion of a binding and timely mechanism for resolving disputes relating to any barriers that remain.

Concerning ISDS mechanisms, debate is ongoing and views continue to be divided about the advantages, disadvantages and impacts of these mechanisms. The Committee notes that, because Ecuador has terminated the foreign investment promotion and protection agreement that it had with Canada, Canadian investments in that country—which are significant in total value—will cease to be protected as of 2033. Furthermore, the Committee is mindful that, on 21 April 2024, the citizens of Ecuador [voted](#) to keep Article 422 of that country’s 2008 constitution, which prevents Ecuador from entering into treaties that provide for the use of international arbitration to settle disputes between that country and foreign investors. Regarding a Canada–Ecuador trade agreement, the Government of Canada’s decision about whether to pursue an ISDS mechanism should be partly guided by its informed assessment of available options for protecting Canadian investments in Ecuador, as well as the views of relevant Canadian stakeholders about these options.

According to [Natural Resources Canada](#), preliminary 2022 data regarding the value of Canadian mining assets located abroad indicate that Ecuador was not among the top 10 countries; that said, some mining and mineral exploration firms that are headquartered in Canada have operations in Ecuador. The Committee is aware of mining and mineral



exploration–related concerns about human rights, labour and the natural environment. In the context of a Canada–Ecuador trade agreement, Canada’s negotiators should pursue provisions not only in these three areas but also concerning responsible business conduct. To the extent possible, these provisions should be modelled on those contained in some of Canada’s recent trade agreements.

Alongside human rights, labour and the natural environment, a number of Canada’s trade agreements contain provisions that are focused on gender, Indigenous peoples, and small and medium-sized firms. The Committee acknowledges the benefits of what certain observers describe as “inclusive” trade agreements that seek to address the needs of particular groups. In discussing a Canada–Ecuador trade agreement, Canada’s negotiators should pursue provisions relating to gender, Indigenous peoples, and small and medium-sized firms that are similar to those in some of the country’s “inclusive” trade agreements.

Finally, as noted earlier, international trade and trade agreements benefit Canada, as well as Canadian firms and employees. The Committee realizes that consultations with relevant stakeholders are important for determining priorities: before trade negotiations begin, and as proposals are being made during the negotiating process. Consultation, as well as communication, are also important as the resulting trade agreement is implemented. Regarding a Canada–Ecuador trade agreement, the Government of Canada undertook consultations more than a year ago. However, consultations should continue to occur with the firms and employees potentially affected by such an agreement.

In light of the foregoing, the Committee recommends the following in relation to the negotiation of a Canada–Ecuador trade agreement:

#### **Recommendation 1**

**That the Government of Canada pursue the elimination of tariff and non-tariff barriers to trade. Any non-tariff barriers that are not eliminated should be science-based, achieve a legitimate public policy objective and restrict trade to the lowest extent possible. As well, the Government should ensure the existence of a timely and binding mechanism to resolve disputes regarding non-tariff trade barriers.**

#### **Recommendation 2**

**That the Government of Canada, in deciding about investment-related provisions, fully consider available options for protecting Canadian investments in Ecuador. Before**



**making a decision, the Government should consult with relevant Canadian stakeholders about these options.**

**Recommendation 3**

**That the Government of Canada pursue provisions that address trade issues relating to human rights, labour, the natural environment, gender, Indigenous peoples, and small and medium-sized firms. To the extent possible, these provisions should be similar to the provisions in Canada’s existing trade agreements.**

**Recommendation 4**

**That the Government of Canada undertake consultations with relevant stakeholders throughout the negotiating process as proposals are considered. Moreover, the Government should develop measures that would inform Canadian firms about export opportunities in Ecuador and that would otherwise provide support as the resulting trade agreement is implemented.**

**Recommendation 5**

**That the Government of Canada ensure that no trade agreement between Canada and Ecuador is concluded without full, transparent and effective consultation with, and no agreement is implemented without the free, prior and informed consent of, affected Indigenous peoples in Ecuador. The Mujeres Amazonicas Defensores de la Selva collective should be among the Indigenous peoples who are consulted and from whom consent is gained.**



## APPENDIX A: LIST OF WITNESSES

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The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<b>Amnesty International Canada</b> Kathy Price, Latin America Campaigns Coordinator	2024/02/13	93
<b>Canadian Centre for Policy Alternatives</b> Stuart Trew, Senior Researcher	2024/02/13	93
<b>Cereals Canada</b> Mark Walker, Vice-President, Markets and Trade	2024/02/13	93
<b>MiningWatch Canada</b> Viviana Herrera, Latin America Program Coordinator	2024/02/13	93
<b>Department of Employment and Social Development</b> Pierre Bouchard, Director, Bilateral and Regional Labour Affairs Reuben East, Deputy Director, Investment Trade Policy Doug Forsyth, Director General, Market Access Dean Foster, Director, Trade Policy and Negotiations H. E. Stephen Potter, Ambassador of Canada to Ecuador	2024/02/15	94
<b>As an individual</b> Thomas Chiasson-LeBel, Assistant Professor, Université de l'Ontario français	2024/02/27	95
<b>Canadian Pork Council</b> Stephen Heckbert, Executive Director René Roy, Chair	2024/02/27	95

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Produce Marketing Association</b> Ron Lemaire, President	2024/02/27	95
<b>Pulse Canada</b> Jeff English, Vice President, Marketing and Communications	2024/02/27	95
<b>As an individual</b> Thomas Chiasson-LeBel, Assistant Professor, Université de l'Ontario français	2024/02/29	96
<b>Canadian Pork Council</b> René Roy, Chair	2024/02/29	96
<b>Canadian Produce Marketing Association</b> Jane Proctor, Vice-President, Policy and Issue Management	2024/02/29	96
<b>Department of Foreign Affairs, Trade and Development</b> Dean Foster, Director, Trade Policy and Negotiations H. E. Stephen Potter, Ambassador of Canada to Ecuador	2024/02/29	96
<b>Pulse Canada</b> Jeff English, Vice President, Marketing and Communications	2024/02/29	96

## **APPENDIX B: LIST OF BRIEFS**

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The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

**Canadian Agri-Food Trade Alliance**

**Canadian Chamber of Commerce**



# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 93, 94, 96, 109 and 110](#)) is tabled.

Respectfully submitted,

Hon. Judy A. Sgro  
Chair





## **COMPLEMENTARY OPINION OF THE BLOC QUÉBÉCOIS**

The Bloc Québécois supports the report's recommendations. Considering the many concerns raised by several witnesses, notably the Canadian Centre for Policy Alternatives and Professor Thomas Chiasson-LeBel, an additional recommendation to the effect that only states may have recourse to the dispute settlement mechanisms that will be included in the Canada-Ecuador Free Trade Agreement, including investment protection disputes, would have been judicious. Although, in the Ecuadorian constitutional referendum held on April 21, 2024, citizens voted to maintain the article that prevents Ecuador from resorting to international arbitration for the settlement of disputes with foreign investors or individuals, Global Affairs Canada officials have been very clear about Canada's interest in incorporating such a mechanism, which we deem contrary to the sovereignty of states.

In view of the numerous testimonies of flagrant human rights violations, including those of Amnesty International Canada and MiningWatch Canada, we also felt it necessary to recommend that the Canadian government guarantee mandatory human rights and environmental due diligence, through a legal framework enshrined in legislation, as well as access to remedies in the event of rights violations by Canadian companies operating in Ecuador and the rest of the world. It would also have been desirable to ensure compliance with this obligation via a formal follow-up and complaint process.



New Democratic Party of Canada

Dissenting Report

It is the position of the New Democratic Party of Canada (NDP) that this report's recommendation 2 fails to address a central element of these negotiations, which is that Ecuador does not want trade agreements containing investor-state dispute settlement (ISDS). On April 21, 2023 the citizens of Ecuador voted to keep Article 422 of their 2008 constitution, which prevents Ecuador from using ISDS in international treaties or instruments. It is the view of the NDP, that recommendation 2, through its silence on ISDS, provides the government with licence to ignore the will of the people of Ecuador. Any free trade agreement which allows for the interests of private corporations to take precedence over those of a sovereign state is simply the continuation of colonialism. As Chrystia Freeland, then foreign affairs minister, said in October 2018, "ISDS elevates the rights of corporations over those of sovereign governments." She added, "In removing it [from CUSMA], we have strengthened our government's right to regulate in the public interest, to protect public health and the environment, for example,..." The NDP believes Canada should be negotiating free trade agreements which are structured to ensure the rights of sovereign states take precedence over those of corporations.

