

CANADA AND COSTA RICA SIGN FREE TRADE AGREEMENT

April 23, 2001
Ottawa, Ontario

Prime Minister Jean Chrétien today announced the signing of a free trade agreement between Canada and Costa Rica. The signing in Ottawa was witnessed by the Prime Minister and Costa Rican President Miguel Ángel Rodríguez Echeverría.

"Costa Rica is a dynamic economy that offers important benefits for Canada," said Prime Minister Chrétien. "This Agreement shows that developing countries want to share in the same kind of prosperity that we enjoy. And they recognize that freer trade is the path to that goal."

The **Canada-Costa Rica Free Trade Agreement**, signed by Canadian Minister for International Trade Pierre Pettigrew and Costa Rican Trade and Industry Minister Tomás Dueñas, provides balanced market access for industrial and agricultural goods for exporters in both countries. It includes better access for Canadian fish, paper products, auto parts, plastics, wood and agricultural goods. The deal will also reduce red tape and ease border procedures for Canadians doing business in Costa Rica.

Two-way trade in merchandise between Canada and Costa Rica rose to approximately \$269 million in 2000, led by a 25 percent jump in exports. The new free trade agreement is expected to accelerate that growth.

Two parallel accords were also signed at the ceremony, following a pattern set by side agreements in the Canada-Chile free trade pact. The **Canada-Costa Rica Agreement on Environmental Co-operation** was signed by Environment Minister David Anderson and Foreign Minister Roberto Rojas. The **Canada-Costa Rica Agreement on Labour Co-operation** was signed by Labour Minister Claudette Bradshaw and Costa Rican Labour and Social Security Minister Bernardo Benavides. By signing these side agreements, Costa Rica commits itself to effectively enforcing its environmental and labour laws.

The Prime Minister also noted the conclusion of the **Canada-Costa Rica Joint Statement on Global Electronic Commerce**. The Statement demonstrates both countries' commitment to collaborate closely in fostering an international environment that supports the growth of electronic commerce and maximizes social opportunities for all citizens.

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Backgrounder

CANADA-COSTA RICA FREE TRADE AGREEMENT

The Canada-Costa Rica Free Trade Agreement signed by Canadian Minister for International Trade Pierre Pettigrew and Costa Rican Trade and Industry Minister Tomás Dueñas is recognition that trade is a path to prosperity that can be shared by larger and smaller economies alike.

To take into account the difference in the levels of development and size of the two economies, Canada will liberalize its market more quickly than Costa Rica. For example, in market access, Costa Rica will eliminate its tariffs immediately on some 67 percent of its tariff lines, and over a period of up to 14 years for the remaining goods. For its part, Canada will provide immediate duty-free access for some 86 percent of its tariff lines, the remaining goods being subject to tariff elimination over a period of up to eight years.

Under the Agreement, most industrial products will receive immediate duty-free access on implementation, including some key Canadian export interests such as automotive and environmental goods, newsprint, prefabricated buildings and some construction products. Tariffs on the remainder of these goods will be gradually phased out over a period of either seven or 14 years, depending on the type of product. Significant gains are also expected for agricultural products such as french fries, pulses, grains and oilseed products, fresh fruit and vegetables and processed food products.

One of the main accomplishments of the Agreement is the successful negotiation of a precedent-setting framework for competition policy that could serve as a model for the region. The chapter on competition policy will promote greater transparency and certainty in both markets and enhance the effectiveness of enforcement activities by competition authorities in the two countries through the establishment of a concrete framework for co-operation and consultation.

Additionally, the Agreement includes a comprehensive chapter on trade facilitation that will serve to make trade procedures more efficient and reduce formalities and costs for Canadian businesses. The Canada-Costa Rica Free Trade Agreement is the first bilateral free trade agreement containing innovative stand-alone provisions on trade facilitation.

Other areas addressed include the temporary entry of business persons, customs procedures, rules of origin, antidumping and non-substantive provisions for services, investment and government procurement. Cultural industries are exempted.

The Government of Canada has consulted extensively on this initiative with businesses, non-governmental organizations and Canadians at large, as well as with the provinces and territories. The response received was strong and indicated support for pursuing a free trade agreement with Costa Rica. Negotiations with Costa Rica were launched in June 2000 and concluded in early April 2001.

The full statement is posted on the following Web site:

http://www.dfait-maeci.gc.ca/tna-nac/Costa_Rica-e.asp

Canada-Costa Rica Agreement on Environmental Co-operation

The Canada-Costa Rica Agreement on Environmental Co-operation commits the parties to ensure their laws provide for high levels of environmental protection and to effectively enforce those laws through appropriate government action. There are commitments to ensure that all laws, regulations and administrative rulings covered by the Agreement are promptly published or made publicly available and calls for the advance publication, to the extent possible, of proposed laws or regulations to allow for public comment. The parties commit to ensure private access to remedies and that judicial and administrative proceedings are fair, open and equitable.

The private access to remedies is to remedies under the laws of each Party. Hence Canada commits to provide access to remedies in Canada under the law of Canada, and Costa Rica commits to provide access to remedies in Costa Rica under the law of Costa Rica.

The initial priorities for co-operative activities will be strengthening environmental management systems, expanding and strengthening the role of the public in environmental policy making, and promoting innovation and efficiency in the conservation of biodiversity and the sustainable use of natural resources.

The Agreement contains provisions relating to transparency and public participation, including a process whereby a person or non-governmental organization may request a response of either party with respect to the effective enforcement of their environmental laws and regulations. A summary of both the inquiry and response will be made public.

The full statement is posted on the following Web site:

http://www.ec.gc.ca/international/costarica/index_e.htm

Canada-Costa Rica Agreement on Labour Co-operation

Overall, the Canada-Costa Rica Agreement on Labour Co-operation demonstrates Canada's commitment to promoting and protecting workers' rights in the context of trade liberalization in the Americas.

The agreement ensures the effective enforcement of domestic labour law related to core labour standards defined in the 1998 International Labour Organization (ILO) Declaration on the Fundamental Principles and Rights at Work. These are freedom of association; the right to collective bargaining; the abolition of forced labour and child labour; and the elimination of discrimination in employment. The Agreement also includes a co-operative work program and a mechanism to allow the public to raise concerns about the effective enforcement of labour law in the other country. This mechanism can lead to ministerial consultations and an independent third-party review panel.

The full statement is posted on the following Web site:

http://labour.hrdc-drhc.gc.ca/psait_spila/aicdt_ialc/documents

Canada-Costa Rica Joint Statement on Global Electronic Commerce

The Canada-Costa Rica Joint Statement on Global Electronic Commerce was developed in the margins of the Free Trade Agreement negotiations with a view to strengthen both countries' existing collaborative efforts on electronic commerce issues, facilitate cross-border electronic transactions and extend the benefits of the information economy to all citizens.

Canada and Costa Rica share a common vision in the development of an information society and economy and hold similar points of view on key questions surrounding the future growth of electronic commerce. Both countries recognize the need for international harmonization of e-commerce policies. Co-operation on consumer protection, e-government, security, privacy and market development are part of the bilateral action agenda. Canada and Costa Rica also agree to collaborate closely in international forums, including the World Trade Organization (WTO); the Free Trade Area of the Americas (FTAA); the Inter-American Telecommunications Commission (CITEL); and various digital divide initiatives, such as the Digital Opportunity Task Force (known as the G-8 *DOT Force*) and the UN ICT Task Force.

The full statement is posted on the following Web site:

<http://www.ecom.ic.gc.ca/english/index.html>

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