

Embassy of Canada to Colombia

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> Annual Report Pursuant to the Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia

Annual Report Pursuant to the Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia

For the period August 15, 2011 to December 31, 2012

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Introduction

Canada and Colombia signed the *Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia* ("the Agreement") on May 27, 2010. This unique agreement requires that Canada and Colombia each produce a report every year on the effect of the *Free Trade Agreement between Canada and the Republic of Colombia* (Canada-Colombia Free Trade Agreement, "CCOFTA") on human rights in both countries.

The Agreement entered into force on August 15, 2011, with the entry into force of the CCOFTA, as well as two related agreements, the *Agreement on Labour Cooperation between Canada and the Republic of Colombia* ("Labour Cooperation Agreement") and the *Agreement on the Environment between Canada and the Republic of Colombia* ("Environment Agreement"). Canada tabled its first report pursuant to the *Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia* on May 15, 2012.

This current report, Canada's second report pursuant to the Agreement, is comprised of the following elements:

- an outline of the Government of Canada's obligations with regard to this report;
- economic baseline information and background on the CCOFTA;
- a review of changes that took place during the period under review (August 15, 2011 to December 31, 2012), including a summary of all actions taken by Canada under the CCOFTA and a review of trade gains from the CCOFTA;
- a summary of input received through a public call for submissions, consultations with Canadian provinces and territories, and outreach to affected industries in Colombia on any perceived impact on human rights due to actions taken by Canada CCOFTA;
- a summary of other CCOFTA mechanisms used during the period under review;
- an outline of actions taken under the Labour Cooperation Agreement and Environment Agreement; and
- a summary of all findings.

Canada's Reporting Requirement under the Canada-Colombia Free Trade Agreement Implementation Act

Canada's obligations under the *Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia* are incorporated into Canadian domestic law under section 15.1 of the Canada-Colombia Free Trade Implementation Act ("Implementation Act"):

15.1 Pursuant to the Agreement Concerning Annual Reports on Human Rights and Free Trade Between Canada and the Republic of Colombia, the Minister shall cause to be laid before each House of Parliament by May 15 of each year or, if that House is not then sitting, on any of the 30 days next thereafter that it is sitting, a report on the operation of this Act during the previous calendar year, containing a general summary of all actions taken under the authority of this Act, and an analysis of the impact of these actions on human rights in Canada and the Republic of Colombia.

In line with these legal requirements, this Annual Report contains a general summary of actions taken by Canada during the review period under the CCOFTA, as well as the related Labour Cooperation Agreement and the Environment Agreement; and a review of any perceived human rights changes in Canada or Colombia due to these actions.

Actions under Consideration

The Implementation Act specifies that the Government of Canada is required to table a report on the impact of human rights in Canada and Colombia of actions taken under the authority of the Implementation Act. As the Implementation Act includes the CCOFTA, the Environment Agreement and the Labour Agreement, actions taken under all three agreements are to be considered by the report.

Scope and Limitations

Canada is an advocate for the promotion and protection of human rights around the world. The Government of Canada works in close collaboration with government counterparts, as well as non-governmental organizations and multilateral organizations, to advance respect for human rights worldwide, including in Colombia.

Consistent with the parameters provided by the Implementation Act, the mandate of this report is to outline the actions taken by Canada under the CCOFTA and the related Agreements on Labour Cooperation and the Environment, and any effect these actions may have had on human rights.

As the Implementation Act governs Canadian domestic implementation of these three agreements, only the impact of actions taken by Canada under these agreements will be considered in this report (see Section 4.a for a review of actions taken by Canada in the period under consideration). Issues such as foreign investment and Canada-Colombia trade in sectors where tariffs were not affected by the CCOFTA fall outside the scope of this report as no actions were taken by Canada in these areas.

Time Period under Consideration

The Implementation Act commits Canada to report “on the operation of this Act during the previous calendar year” (Section 15.1 of the Implementation Act). Given that the CCOFTA entered into force on August 15, 2011, sufficient trade data was not available for an analysis of a full calendar year of activity in 2011. As indicated in the 2012 Annual Report, this Annual Report will consider the full period from August 15, 2011 to December 31, 2012.

Human Rights under Consideration

The promotion and protection of human rights is an integral part of Canadian foreign policy. Canada stands up for human rights and takes principled positions on important issues to ensure that freedom, democracy, human rights and the rule of law are enjoyed around the world.

Tabling Date

The Implementation Act requires that the annual report be tabled in Parliament by May 15 each year or, if Parliament is not sitting, within 30 sitting days thereafter. As Parliament was not sitting on May 15, 2013, this Annual Report was tabled on June 14, 2013, within the guidelines of the Implementation Act.

Economic Baseline Information and Trade Gains from the Canada-Colombia Free Trade Agreement

This section presents a macroeconomic overview of both the Canadian and Colombian economies, the sector composition, and drivers underpinning their economic performance.

Canadian Economy

Canada is the eleventh largest economy in the world measured in terms of gross domestic product (GDP), and is one of the world’s wealthiest nations with a GDP of US\$1.8 trillion in 2012 or about five times the Colombian economy. With a population of 34.8 million in 2012, Canada’s per capita GDP in 2012 was US\$52,232. Over the past decade, the Canadian economy has shown steady growth, expanding at an annual average rate of 1.9 percent despite the global economic and financial crisis in 2008-2009. Canada weathered the recent global economic and financial crisis better than most other industrialized countries, and economic activity has more than fully returned to pre-crisis levels. Canada’s unemployment rate stood at 7.3 percent of the total labour force in 2012. The Canadian economy’s strength and resilience during the recent global economic and financial crisis reflect in part the result of solid financial institutions, investment in knowledge, broad-based tax cuts, debt reduction and infrastructure implemented over the past decade. Canada’s economic strength also lies in its skilled labour force, its well-established institutions, and its diverse and dynamic natural resource industries that supply the world with minerals, oil and gas, forest products and other commodities.

Canada is a trading nation receptive to foreign goods, services and ideas. It is one of the most open economies in the world with international trade accounting for 62 percent of GDP in 2012. Between 2006 and 2012, Canada’s merchandise trade with the rest of the world averaged an annual growth rate of 3.7 percent, increasing from US\$738.5 billion in 2006 to US\$917.1 billion in 2012. It also has low barriers to cross-border flows of goods, services, and capital. Natural resources and high-tech equipment represent the bulk of total Canadian merchandise exports. Exports of commodities have been particularly strong in recent years, in part due to rising demand from high-growth markets and high commodity prices. The United States is Canada’s major trading partner with 74.5 percent of Canadian merchandise exports destined to that market in 2012. Colombia is Canada’s 45th largest trading partner accounting for 0.16 percent of Canada’s total trade in 2012.

As with other developed nations, the services industry is the leading sector in the Canadian economy, making up 69 percent of Canada’s GDP in 2012 and employing about three quarters of the Canadian labour force. Over the past decade, the share of services in Canada’s GDP increased steadily as the Canadian economy has become more services-oriented, whereas the relative importance of other sectors have been on a downward trend. In particular, the manufacturing share of GDP dropped to 10.9 percent in 2012 from 15.6 percent in 2006. Canada has a sizable primary sector with agriculture, mining, energy and other resources-related activities contributing substantially to Canada’s overall economic growth and well-being. Canada’s efforts to expand free trade are also opening new markets, creating opportunities for Canadian businesses.

Colombian Economy

With a population of 46.6 million people, Colombia is the third most populous country in Latin America after Brazil and Mexico. Its economy is the fifth largest among all Latin American countries. Colombia’s GDP was US\$366 billion in 2012 or about 20 percent of the Canadian economy.

Over the past decade, Colombia has experienced impressive economic growth as a result of pro-market economic policies, reforms in the oil and gas sectors, tightening of domestic security and strong export growth fuelled by the increasing demand for natural resources from high-growth markets and a rise in commodity prices. Despite continuing to face challenges and limitations related to its ongoing internal armed conflict, challenges keeping infrastructure development in pace with economic demand, and high unemployment at 10.4 percent, one of the highest among Latin American countries, Colombia has shown an impressive record in macroeconomic performance: real GDP averaged an annual growth rate of 4.4 percent during the period of 2006-2012 and per capita GDP increased significantly from US\$3,702 in 2006 to US\$7,855 in 2012. Since 2011, the year of the entry into force of the CCOFTA, Colombian per capita GDP has grown 7.3% and real GDP by 4.0%.

The Colombian economy depends heavily on exports of energy and agricultural commodities. It is the world’s second largest coffee producer after Brazil, and a major supplier of cut flowers and bananas in the world. Colombia’s aggressive promotion of FTAs in the recent decade has bolstered its capacity in international trade. Between 2006 and 2012, Colombia’s merchandise trade with the rest of the world more than doubled to reach US\$119.3 billion in 2012, from US\$49.2 billion in 2006. The United States is its principal trading partner, absorbing 36 percent of total Colombian merchandise exports in 2012, followed by the Netherlands, Chile, China, Panama, Ecuador, and Venezuela.

The Colombian economy has been experiencing a profound structural change in the recent decade. The industrial sector has been strengthened due to the expansion of the production capacity in oil, coal, gold, and precious stones. The industrial sector as a share of GDP reached 37.5 percent in 2011. The relative importance of agriculture in the overall economy has declined marginally over the past decade to 7.0 percent in 2011. Services remain the largest sector of the Colombian economy, making up 55.5 percent of Colombia’s GDP in 2011.

Canada-Colombia Trade Relations

Colombia is one of Canada’s most robust bilateral trading relationships in the world. Colombia’s impressive economic growth in the past decade, its richness in resources, and favourable climates for agriculture, coupled with the government’s pro-market policy, have generated considerable opportunities for Canadian businesses and consumers. Bilateral trade between the two countries expanded significantly over the past decade. Despite

the 2008-2009 global economic and financial crisis, two-way merchandise trade doubled to reach a record level of C\$1.49 billion in 2012 from C\$1.15 billion in 2006.

From Colombia's perspective, Canada is Colombia's 19th most important trading partner, accounting for 1.3 percent of Colombia's total trade with the world in 2012, according to Colombia's trade statistics. In terms of Colombia's exports, Canada is Colombia's 25th most important destination of exports. Canada's relative position in Colombia's total exports has been fairly stable over the past decade. (See Annex 1: *Canada's Merchandise Trade with Colombia, 2001-2012.*)

Canada-Colombia Free Trade Agreement

The CCOFTA entered into force on August 15, 2011. It provides for the liberalization of various types of economic activities, including trade in goods, trade in services, foreign investment, and government procurement. Free trade with Colombia is consistent with Canada's Americas Strategy, which focuses its engagement on increasing economic opportunity, strengthening security and institutions, and building a stable foundation for Canada's engagement by deepening our relationships with Latin American countries. It further bolsters Canada's ambitious pro-trade plan, by creating new opportunities for Canada's exporters and investors in dynamic, fast-growing markets around the world. Economic growth through liberalized, rules-based trade and investment can help create new wealth and employment opportunities. This growth also helps solidify efforts by governments to create more prosperous democracies and to reduce poverty.

In addition to the CCOFTA, Canada and Colombia signed the Labour Cooperation Agreement and the Environment Agreement on November 21, 2008.

Review of Changes during the Period August 15, 2011–December 31, 2012

This section will review changes from the period August 15, 2011 to December 31, 2012 in terms of actions taken by Canada under the CCOFTA, and possible human rights impacts in Canada and Colombia. In order to undertake this analysis, this section contains the following areas:

1. **Review of the Actions Taken by Canada under the CCOFTA:** A review of actions taken by Canada under the CCOFTA during the period August 15, 2011 to December 31, 2012.
2. **Preliminary Screening of Trade Gains from the CCOFTA and Affected Industries:** A review and analysis, using official data, of changes in trade in goods and services between Canada and Colombia in order to identify economic sectors which demonstrate the greatest change since the implementation of the CCOFTA.
3. **Consultations with Stakeholders:** A review of input received from consultations with stakeholders.
4. **Summary of Other CCOFTA Mechanisms:** A review and summary any activities undertaken under the CCOFTA Mechanisms (e.g., consultation, public communications, and dispute resolution mechanisms) that pertain to human rights.
5. **Labour Cooperation Agreement:** A review and summary of activities undertaken in the previous year as called for by the Labour Cooperation Agreement.
6. **Environment Agreement:** A review and summary of activities undertaken in the previous year as called for by the Environment Agreement.

Summary of Actions Taken by Canada under the CCOFTA

The Implementation Act requires the Government of Canada to report on actions taken under the authority of the Implementation Act during the period under consideration. This section contains a summary of actions taken under the CCOFTA. Actions taken under the Labour Cooperation Agreement and the Environment Agreement can be found in Sections 4.e and 4.f of this report.

Table 1 below contains a summary of actions taken by Canada under the CCOFTA.

Table 1: Actions taken by Canada under the Canada-Colombia Free Trade Implementation Act

| Clause Number | Short Description of Clause | Actions Required by Canada for Free Trade Agreement (FTA) Implementation |
|---------------|--|--|
| 1 | Short Title | None |
| 2-5 | Interpretation | None |
| 6 | Crown bound by the legislation | None |
| 7 | Purpose | None |
| 8 | No cause of action except for investor-state | None: no disputes to date |
| 9-15 | Implementation of the FTA, Labour Cooperation Agreement and Environment Agreement | None |
| 16-22 | Monetary assessments arising from disputes as accorded under the Canadian International Trade Tribunal Act | None: no disputes to date |
| 23 | Arbitration related to violations of the Investment chapter under the Commercial Arbitration Act | None: no disputes to date |

| | | |
|-------|--|--|
| 24 | Compliance enforcement of the Labour Cooperation Agreement under the Crown Liability and Proceedings Act | None: no disputes to date |
| 25-29 | Application of the Customs Act | None |
| 30-42 | Changes to the Customs Tariff | Impact from the elimination of customs duties on goods according to staging categories |
| 43 | Monetary assessment relating to Labour Cooperation Agreement disputes under the Department of Human Resources and Skills Development Act | None: no disputes to date |
| 44-46 | Emergency action safeguard under the Export and Imports Permits Act | None: no disputes to date |
| 47 | Governance of crown corp. under the Financial Administration Act | None |
| 48 | Entry into force date | None for purposes of the Annual Report exercise |

During the period August 15, 2011 to December 31, 2012, the actions taken under the Implementation Act have been tariff reductions related to the CCOFTA, and actions taken under the Labour Cooperation Agreement and the Environment Agreement (see sections 4.e and 4.f of this report).

Summary of Tariff Reductions

The tariff reductions implemented by Canada are undertaken in accordance with the *Tariff Elimination Schedule of Canada* of the CCOFTA.

Nearly all tariff reductions were implemented immediately upon the entry into force of the CCOFTA ("Staging Category A"). However, there are some tariff lines that are being phased-out over a number of years. Since the Agreement entered into force, tariff lines subject to phase-outs have undergone partial tariff reductions. (See Annex 2: Summary of the Tariff Elimination Schedule of Canada of the CCOFTA).

Tariff reductions implemented during August 15, 2011–December 31, 2012 fall under a number of implementation timelines:

- **Staging Category A**, under which tariffs were removed immediately upon the coming into force of the CCOFTA on August 15, 2011;
- **Staging Category B** (3-year linear phase-out, i.e., 1/3 tariff reduction on entry into force, second 1/3 tariff reduction on January 1, 2012, and remaining tariff fully removed on January 1, 2013);
- **Staging Category C** (7-year linear phase-out, with all tariffs to be removed by January 1, 2017);
- **Staging Category D17** (17-year linear phase-out, with all tariffs to be removed by January 1, 2027); and
- **Staging Category E** (excluded from tariff elimination)

Staging Category A (immediate implementation) comprises 96.6% of tariff lines, representing 99.8% of Canadian imports from Colombia in 2008 (prior to the implementation of the CCOFTA). Of the tariff lines in Staging Category A, 3,810 Canadian dutiable tariff lines were dropped immediately to zero upon entry-into-force of the CCOFTA on August 15, 2011, with the other 4,328 tariff lines already subject to most favoured nation (MFN) duty-free treatment. Of the remaining tariff lines, 176 are subject to incremental phase-outs, while 110 tariff lines representing 0.01% of Canadian pre-CCOFTA imports from Colombia are excluded.

Examples of notable tariffs subject to immediate elimination by Canada include the following:

- Poultry fat (11%)
- Fresh cut flowers (6-12.5%)
- Grains (wheat and barley) (over-quota 21-94.5%)
- Natural gas (12.5%)
- Apparel (18%)
- Footwear (17.5-20%)
- Textiles (10-14%)
- Automobiles (6.1%)

Overall Summary of Canadian Actions Taken under the CCOFTA

Overall, the actions taken by Canada under the CCOFTA have been tariff reductions. Of tariff reductions, 96.2% of tariff lines (representing 99.8% of pre-CCOFTA implementation import levels by Canada of Colombian goods and services) were eliminated upon the entry into force of the CCOFTA.

Preliminary Screening of Canadian and Colombian Trade Gains from the CCOFTA and Affected Industries

To detect the early effects of the CCOFTA, this section will divide the monthly trade data into the pre- and post-CCOFTA periods with cross-references to the extent of tariff reductions. The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011). The data is further divided according to the extent of tariff reductions. The first category represents the products that were duty-free prior to the implementation of the CCOFTA. The second category represents the products that were not liberalized and experienced no tariff changes. The third, fourth, and fifth categories represent the products that had tariff reductions by 0.1 percentage points; 5.1 to 10.0 percentage points, and 10.1 percentage points or greater, respectively. After the products are sorted into their respective tariff reduction categories, the monthly average trade levels of the pre-CCOFTA and the post-CCOFTA periods are calculated, with absolute and relative changes between these two averages used to determine the trade enhancement effect following the CCOFTA.

It should be emphasized that this is a simple data comparison between pre-CCOFTA and post-CCOFTA trade flows by the extent of tariff reductions without controlling for macroeconomic factors and other sector-specific and season-specific factors that could significantly affect bilateral trade flows

during the observed period. If a trade agreement is effective, one should be able to demonstrate greater trade flows in the most affected sectors than in the least affected sectors.

Canadian Exports to Colombia

In the first 17 months since the CCOFTA entered into force, Canada experienced a significant increase in its merchandise exports to Colombia. Monthly average exports from Canada to Colombia increased from a pre-CCOFTA level of US\$53.05 million to the post-CCOFTA level of US\$71.22 million, representing an increase of 34.2 percent. One of the salient features outlined in Annex 3 is that Canada's exports to Colombia in the sectors with the most significant tariff reductions grew considerably faster than exports in the sectors least affected by the trade agreement. Most trade growth came from the products with more than 10 percentage points of tariff reductions and the products up to 5.0 percentage points of tariff reductions, which grew by US\$3.9 million and US\$2.6 million, respectively. (See analysis below and annexes 4 to 7.)

On the other hand, products that were exempted before the agreement or not liberalized and products with 5.1-10.0 percentage points of tariff reductions suffered negative trade growth. Without controlling for other non-free-trade-influenced factors, the simple data comparison of trade flows between pre-CCOFTA and post-CCOFTA periods is supportive of the view that trade flows were indeed sensitive to tariff cuts under the CCOFTA. This implies that Canadian exporters responded strongly to tariff reductions under the CCOFTA. Additionally, trade in the sectors that experienced substantial tariff reductions grew faster than trade in the sectors that were not liberalized or had modest tariff reductions.

The tables in Annexes 4 to 7 report the sectors that benefit most from the CCOFTA from the perspective of Canada's exports to Colombia. Overall, Canada's export gains were broad-based. For the products that were previously duty-free, Canada's export gains were dominated by exports of paper and paper products. Other sectors that also experienced the significant export increases were: animal or vegetable fats and oils, food industry residues and waste, prep animal feed, machinery and equipment, dairy products, birds' eggs and honey (see Annex 4).

For the products that received 0.1 to 5.0 percentage point tariff reductions, most export gains took place in the following sectors: machinery and equipment, medical instruments, and fertilizers (see Annex 5).

A number of sectors in the category that received 5.1 to 10.0 percentage point tariff reductions experienced increases in monthly average exports since the CCOFTA was implemented. In this category, the largest increases in monthly average exports since the CCOFTA was implemented were experienced in the following sectors: farm machinery and equipment, paper and paperboard, iron and steel, explosives, toys, games, and sports equipment (see Annex 6).

Products that received more than 10 percentage point tariff reductions had the largest monthly average export gains relative to the other tariff reduction categories (see Annex 7). The gains under this category were completely dominated by strong sales of auto products to Colombia. Canadian monthly average exports of automotive products increased from less than US\$0.5 million in the pre-CCOFTA period to more than US\$2 million in the post-CCOFTA period. Other products that also experienced substantial export gains under this category included: meat and edible meat offal, toys, games and sports equipment, paper and paperboard, as well as tools of base metal.

Canadian Imports from Colombia

On an annual basis, Canada's imports from Colombia declined from US\$799.3 million in 2011 to US\$664.3 million in 2012. However, on a monthly basis, average Canadian imports from Colombia increased marginally from US\$60.2 million over the 19 months preceding the implementation of the CCOFTA (January 2010 to July 2011) to US\$61.0 million over the 17 months after the trade agreement entered into force (August 2011 to December 2012), an increase of 1.4 percent.

The distribution of import gains by the extent of tariff reductions is summarized in Table 9. Products that were duty-free prior to the CCOFTA and products that experienced 0.1 to 5.0 percentage point tariff reductions experienced modest trade growth following the implementation of the CCOFTA. In contrast, Canada's imports of products that had received 5.0 to 10.0 percentage point tariff reductions and products with more than 10.0 percentage point tariff reductions declined.

The utilization rate¹ of the CCOFTA and the proportion of Canadian imports from Colombia that takes advantage of the CCOFTA increased significantly from 18 percent of all dutiable imports in the wake of the implementation of the CCOFTA to 73 percent at the end of 2012. Products with the highest tariff reductions had the highest utilization rates, 72.8 percent, whereas for the products that were duty-free prior to the CCOFTA 2.3 percent of the products in this tariff reduction category utilized the CCOFTA. This is expected as the products with significant tariff reductions saw greater benefits from the CCOFTA, while products with modest tariff reductions saw little differences between MFN rates and CCOFTA rates. However, perhaps due to external, sector-specific issues or seasonal reasons, the high utilization rates of the CCOFTA did not translate into greater import values. (See Annex 8: *Monthly average Canadian Imports from Colombia by the Extent of Tariff Reductions, US\$.*)

¹ The utilization rate is a measure that determines how widespread the use of the CCOFTA is in bilateral trade between Canada and Colombia and is calculated as the percentage of trade that takes advantage of the reduced tariffs of the CCOFTA.

At the sector level, more than 80 percent of Canadian imports from Colombia were duty-free prior to the implementation of the CCOFTA. Canada's imports of this category of products and increases in imports of this category of products were completely dominated by one particular product: mineral fuel (see Annex 9).

For the products that received 0.1 to 5.0 percentage point tariff reductions, the sectors that showed clear signs of benefiting from the CCOFTA were sugar products and, to a lesser extent, cereal and flour preparations (see Annex 10). Products such as stone articles, laminated textiles and electronic machinery under this category showed positive import growth. However, the utilization rate of the CCOFTA for stone articles was 7.87 percent, and the utilization rates for laminated textiles and electronic machinery were zero. This implies that the increases in imports of stone articles, laminated textiles and electronic machinery were driven by non-tariff factors.

For the products that received tariff reductions between 5.1 and 10.0 percentage point tariff reductions, the largest increases in monthly average imports since the CCOFTA was implemented were experienced in live trees and cut flowers (see Annex 11). This sector clearly benefited from the CCOFTA as 78 percent of live trees and cut flowers from Colombia under this category of tariff reductions were imported via the CCOFTA. Total import increases of this category of products amounted to US\$204,249. Other products that also showed strong import increases include sugar products and stone articles. The utilization rates of the CCOFTA for these two products were 92.5 percent and 71.4 percent, respectively.

Products with more than 10.0 percentage point tariff reductions saw modest decreases in imports from Colombia after the implementation of the CCOFTA (see Annex 12). Import gains in the sectors of apparel, animal and vegetable oils and footwear were offset by a decline in imports of live trees and cut flowers. This decline was mainly due to a decline in imports in one specific category of cut flowers: fresh roses. Overall, the cut flower sector reported a high level of utilization of the CCOFTA.

Overall Impact of the CCOFTA

Overall, Canada has a solid trading and investment relationship with Colombia. Bilateral merchandise trade between the two countries expanded rapidly in the recent decade compared to Canada's trade with the Latin American region as a whole. With the implementation of the CCOFTA, Canada has the potential to further expand the bilateral trading relationship with Colombia.

A simple comparison of trade flows between pre-CCOFTA and post-CCOFTA periods shows that Canadian exports to Colombia grew more quickly in sectors that were significantly liberalized than in sectors that were less liberalized, and there was a significant increase in the utilization of the trade agreement from the perspective of Canadian imports from Colombia. All these factors indicate that Canadian business responded strongly to the new business environment by taking advantage of the new trade agreement. At the same time, the high utilization of the CCOFTA has not translated into greater import volumes.

Consultations with Stakeholders

Public Call for Submissions

To ensure the ability of all interest parties to provide input, on May 7, 2013, the Government of Canada issued a public call for submissions to help inform the analysis of the impact of the actions taken under the Implementation Act for the Government of Canada's 2013 Annual Report. The public call for submissions was posted on the website of Foreign Affairs and International Trade Canada. (See Annex 14 for a copy of the public call for submissions.)

No submissions were received through this consultation mechanism.

Outcalls by the Embassy of Canada to Colombia in Bogotá with the Sugar and Cut Flowers Industry

In order to gain a better understanding of the perceived impacts of the CCOFTA on human rights conditions in Colombia, representatives of the Embassy of Canada to Colombia in Bogotá undertook outcalls between October 2012 and January 2013 to consult with business, local authorities, labour unions, civil society and local and departmental governments on the cut flowers industry and the sugar industry.

Cut flowers and sugar were determined to be two sectors most likely to be affected by the CCOFTA: both sectors have seen reductions in tariffs on imports to Canada under the CCOFTA, have high utilization rates of CCOFTA tariffs on imports, and have a relatively high volume of trade with Canada, being among the most prominent sectors in Colombia-Canada bilateral trade.

Among those consulted in both the cut flowers and sugar industries (i.e., business, local authorities, labour unions, civil society and local and departmental governments), no group perceived the CCOFTA and/or the implementation of the Canadian tariff reductions under the CCOFTA as impacting on human rights conditions or broader issues, such as the ability to unionize, the use of short-term contracts rather than long-term employment, or labour conditions.

Instead, those consulted generally indicated that macroeconomic trends had a dominant impact on industry. In the sugar industry in particular, one consulted source indicated that the reduction in the Canadian tariff on Colombian sugar from US\$30.86/tonne to US\$27.23/tonne over the first year of CCOFTA implementation had a much smaller effect on the industry than falling global commodity prices; world sugar prices fell nearly 30 percent, from US\$0.295/lb. in July 2011 to US\$0.201/lb. in September 2012. In the cut flowers industry, the rapid appreciation of the Colombian peso compared to the currencies of Colombia's main export markets, including Canada, was seen to have had a much stronger impact on the sector in Colombia than tariff reductions under the CCOFTA.

In both industries, global commodity prices and the appreciation of the peso were seen to outweigh the impact of the tariff reduction under the CCOFTA.

With regard to trade agreements, business noted that increased market access through lower tariffs on exports to Canada would provide opportunities for long-term business expansion. However, a number of groups indicated that the entry into force of FTAs with the United States and the European Union would have a potentially larger impact on trade, given those areas' larger markets, and the fact that the United States and the European Union comprise a significantly larger portion of Colombian trade than Canada.

Consultation with Provinces and Territories

The CCOFTA provides for improved market access into Colombia and Canada for Canadian and Colombian goods, services and investment, respectively, as well as provisions that ground the Canada-Colombia trading relationship in a rules-based system, making it more predictable and secure.

The Government of Canada consulted with provincial and territorial human rights commissions (or equivalent bodies) with regard to whether any of these bodies raised concerns, or received any comments, questions or expressions of concern, regarding effects on human rights in Canada in its jurisdiction attributed to Canada's tariff reductions under the Canada-Colombia Free Trade Agreement during the period August 15, 2011–December 31, 2012. No provincial or territorial human rights commission (or equivalent body) raised or received any such comments or expressions of concern.

Summary of Other CCOFTA Mechanisms

As described in Section 4.a, no actions have been taken by Canada under the CCOFTA other than tariff reductions according to the *Tariff Elimination Schedule of Canada* of the CCOFTA. No disputes have taken place to date and no dispute resolution or consultation mechanisms have been utilized.

Labour Cooperation Agreement

Background

The Labour Cooperation Agreement (LCA) commits Canada and Colombia to ensuring that their laws not only respect the International Labour Organization's (ILO) *Declaration on Fundamental Principles and Rights at Work* (1998), but also provide acceptable protections for occupational health and safety, hours of work, wages and migrant workers. The CCOFTA itself also includes a labour chapter and labour provisions.

Specifically, the LCA commits both countries to:

- Comply with and effectively enforce their domestic labour laws and policies through appropriate government actions. These laws must embody the following internationally recognized labour principles and rights:
 - freedom of association and the right to collective bargaining
 - the elimination of all forms of forced or compulsory labour
 - the effective abolition of child labour
 - the elimination of discrimination in respect of employment and occupation
 - acceptable conditions of work with respect to minimum wages, hours of work and occupational health and safety; and
 - providing migrant workers with the same legal protections as citizens in regards to working conditions.

- Ensure that they do not waive or otherwise derogate from their labour laws in a manner that weakens or reduces adherence to the internationally recognized labour principles as an encouragement for trade or investment.
- Ensure that requests for labour inspections are given due consideration and that a person with a legally-recognized interest has appropriate access to proceedings before a tribunal which can enforce national labour law.
- Make information publicly available in relation to their labour laws and enforcement and compliance procedures.
- Encourage the use of voluntary best practices of corporate social responsibility by enterprises.

The LCA contains provisions concerning institutional mechanisms to ensure its effective implementation. This includes a dispute resolution process to ensure compliance with the possibility of up to \$15 million in fines in any one year. All monetary assessments will be paid into a cooperation fund to be expended in the territory of the party complained-against to address labour issues. The LCA also provides for a Ministerial Council, comprised of the Ministers of Labour of both Canada and Colombia, which shall meet within the first year after the entry into force of the CCOFTA and thereafter, as necessary, in order to oversee its implementation.

A key element of Canada's labour approach is cooperation. The provisions of the LCA are complemented by concrete actions to address the labour situation in Colombia, notably through labour-related information sharing and technical assistance.

Actions Taken under the Labour Cooperation Agreement

The first Ministerial Council meeting took place in Bogotá, Colombia, on January 22-24, 2012. Outcomes of the meeting included: the designation of formal contact points in each government for the LCA; a discussion of recent Ministerial accomplishments and priorities; approval of the 2012-2013 Plan of Action for Cooperative Labour Activities, and discussions about the possible timing and agenda of the next Ministerial Council meeting.

As stipulated by the CCOFTA, the Canadian and Colombian Ministers of Labour met with members of the public, including both union and employer representatives, as well as representatives of international organizations, to obtain their views on the LCA's implementation.

The approved 2012-13 Plan of Action for Cooperative Labour Activities under the LCA lays out a series of areas for future work, specifically on technical assistance for effective tripartite dialogue (comprised of government, employers and unions) and areas for increased information sharing (see Annex 15). This document will help guide the parties in the development of new cooperation initiatives and ensure full implementation of the LCA.

The Labour Program has provided funds since March 2011 to a social dialogue project implemented by the ILO in selected Colombian departments. An analysis of local labour conditions led to the development of a training program under which more than 200 government officials, workers and employers received training in the areas of fundamental labour rights, child labour, collective bargaining and strategic planning.

Project results also include the approval by the Assembly of the Department of Magdalena of specific sections on issues such as employment promotion, social security, social dialogue and child labour in its Departmental Development Plan. In addition, a tripartite agreement to approve a Decent Work Program^[2] for the Municipality of Medellín is being developed.

Environment Agreement

Background

The Environment Agreement commits both countries to encourage high levels of domestic environmental protection, to foster good environmental governance and to promote transparency and public participation. It also creates a framework for undertaking environmental cooperative activities. The Environment Agreement, signed in parallel to the CCOFTA, reinforces the concept that free trade should not take place at the expense of the environment. The CCOFTA itself also includes an environment chapter and environment provisions.

The Environment Agreement commits both countries to pursue high levels of environmental protection and to continue to develop and improve their environmental laws and policies. It requires each country to:

- comply with and effectively enforce its domestic environmental laws and policies through appropriate government actions;
- neither weaken nor reduce levels of protection afforded in its domestic environment laws to encourage trade or investment;
- ensure that proceedings are available to sanction or remedy violations of its environmental laws (e.g. residents of a country may request investigations of alleged violations of environmental laws of that country);
- increase public awareness and transparency by ensuring that information regarding environmental laws and policies is available to the public;
- ensure that environmental impact assessment processes are in place;
- encourage the use of voluntary best practices of corporate social responsibility (CSR) by enterprises;
- strengthen the protection of biological diversity; and
- respect, preserve and maintain traditional knowledge, innovations and practices of indigenous and local communities.

The Environment Agreement commits the countries to make every attempt, through consultations and the exchange of information, with an emphasis on cooperation, to address any matter which may arise between them relating to the Environment Agreement. If the countries fail to resolve the matter, one of them may seek consultation at the ministerial level.

With the goal of strengthening environmental governance, the Environment Agreement includes a framework to undertake environmental cooperation activities aimed at supporting the objectives and obligations of this Agreement and addressing key environmental issues of mutual interest to Canada and Colombia. These activities are an opportunity to promote high levels of environmental protection through technical exchanges and information sharing.

Actions Taken under the Environment Agreement

The First Committee meeting under the Canada-Colombia Environment Agreement, comprised of officials, took place in Bogotá, Colombia, on March 21 and 22, 2012. At this initial meeting, Canada and Colombia reviewed the key commitments and institutional arrangements required by the Environment Agreement. In addition, both Canada and Colombia jointly began work on selecting collaborative projects for the cooperative work program under the Agreement.

Canada was able to provide approximately \$3.125 million in fast start financing support for climate change mitigation and adaptation projects in Colombia during 2012-2013. These included:

- the provision of environmental education to municipal and regional government officials, citizen groups and journalists in order to build their capacity to mitigate the effects of natural disasters that arise due to changing weather conditions, such as increased flooding;
- support for the development of strategic mitigation strategies and country-specific capacity building in the oil and gas sector to support a shift towards clean renewable energy, energy efficiency and energy security;
- funding for clean cookstoves and fuels which supported detailed strategic and national assessments and implementation strategies leading to the enhanced ability to affect existing stove transformation and meet national goals; and

- support for the development of an integrated approach for waste management in Colombia, which included a series of actions for the whole waste stream, such as diversion of organics from landfills, increased separation of waste through sorting, composting, recycling, increased methane capture and biogas utilization from landfills and wastewater treatment facilities.

The Canada-Americas Trade-Related Technical Assistance program supported the initiation of a project dealing with ways to conserve biological diversity on working landscapes (e.g., rangelands, silviculture, coffee farms).

Additional projects are currently in various stages of development. The next Committee meeting is currently being planned for later in 2013, at which point Canada and Colombia will again take stock of the objectives and obligations of the Environment Agreement, the results achieved to date, and potential future cooperative activities in support of the implementation of the Environment Agreement.

Summary of Findings

The mandate of this Annual Report is to summarize the actions taken by Canada under the CCOFTA, the Labour Cooperation Agreement and the Environment Agreement, and any impact of these actions on human rights in Canada and Colombia.

The actions taken by the Government of Canada under the CCOFTA have been tariff reductions. Notably, 99.8% of Canada's imports from Colombia (2008 figures, pre-implementation of the CCOFTA) became immediately duty-free on August 15, 2011 though tariff reductions on 3,810 tariff lines. Of Canada's remaining tariff lines, 4,328 were already duty-free under MFN rates, 176 will be reduced in phases from the entry into force of the CCOFTA, and 110 will retain their rates and be excluded from the CCOFTA. No other actions were taken by Canada under the CCOFTA.

With regard to the impact on human rights in Colombia, outcalls with industry, local government, labour unions and civil society in the cut flowers and sugar sectors in Colombia indicated that macroeconomic issues affected business much more significantly than tariff reductions due to the entry into force of the CCOFTA. Human rights concerns or broader concerns, such as export volumes or business growth, were not attributed to the CCOFTA, as macroeconomic issues were seen to play a much larger role, and concerns raised in both industries pre-dated the entry into force of the CCOFTA.

It is not possible to establish a direct link between the CCOFTA and the human rights situation in Colombia. There is no evidence of a causal link between reductions in tariffs by Canada in accordance with the CCOFTA, and changes in human rights in Colombia.

With regard to impact on human rights in Canada, no Canadian provincial or territorial human rights authority (or equivalent body) has received comments or concerns regarding the effect of Canadian tariff reductions.

The impact of future actions taken by Canada under the CCOFTA is expected to be minimal. Of the tariff reductions implemented by Canada, 96.6% of tariff reductions (representing 99.8% of pre-CCOFTA implementation import levels by Canada of Colombian goods and services) were implemented upon the entry into force of the CCOFTA. The remaining tariff reductions, representing roughly 0.19% of pre-CCOFTA implementation levels of Colombian goods and services imported by Canada, have a staggered implementation of between three and 17 years. In addition, 110 tariff lines, representing 0.01% of pre-CCOFTA implementation levels of Colombian goods and services imported by Canada, have no adjustment to tariffs under the CCOFTA.

The Implementation legislation obligates the parties to provide an analysis of actions taken under the CCOFTA on human rights in Canada and the Republic of Colombia. Based on an examination of the actions taken under the CCOFTA, it is not possible to reach any conclusion on whether any changes in human rights in either country have occurred.

Annexes

- **Annex 1:** Canada's Merchandise Trade with Colombia, 2001-2012²³
- **Annex 2:** Summary of the Tariff Elimination Schedule of Canada of the CCOFTA²⁴
- **Annex 3:** Monthly averaged Canadian Exports to Colombia by the Extent of Tariff Reductions²⁵
- **Annex 4:** Top 10 Monthly Average Export Gains from the Duty Free Category²⁶
- **Annex 5:** Top 10 Monthly Average Export Gains from the Sectors with 0.1-5.0 Percentage Points Tariff Reductions²⁷
- **Annex 6:** Top 10 Monthly Average Export Gains from the Sectors with 5.1-10.0 Percentage Points Tariff Reductions²⁸
- **Annex 7:** Top 10 Monthly Average Export Gains from the Sectors with More Than 10.0 Percentage Points Tariff Reductions²⁹
- **Annex 8:** Monthly average Canadian Imports from Colombia by the Extent of Tariff Reductions³⁰
- **Annex 9:** Top 10 Monthly Average Import Gains from the Duty Free Category³¹
- **Annex 10:** Top 10 Monthly Average Import Gains from the Sectors with 0.1-5.0 Percentage Points Tariff Reductions³²
- **Annex 11:** Top 10 Monthly Average Import Gains with the Sectors with 5.1-10.0 Percentage Point Tariff Reductions³³
- **Annex 12:** Top 10 Monthly Average Import Gains from the Sectors with More Than 10 Percentage Point Tariff Reductions³⁴
- **Annex 13:** Detailed Analysis of Trade Growth of HS 06 (Live Trees and Other Plants; Bulbs, Roots and The Like; Cut Flowers and Ornamental Foliage)³⁵
- **Annex 14:** Call for Submissions³⁷
- **Annex 15:** Plan of Action for Cooperative Labour Activities under the Canada – Colombia Agreement on Labour Cooperation (2012-2013)³⁸

Annex 1: Canada's Merchandise Trade with Colombia, 2001-2012, C\$ million.

| Year | Exports | Imports | Total Trade | Trade Balance |
|------|---------|---------|-------------|---------------|
| 2001 | 365.9 | 415.5 | 781.3 | -49.6 |
| 2002 | 343.5 | 393.0 | 736.5 | -49.5 |
| 2003 | 307.6 | 373.9 | 681.5 | -66.3 |
| 2004 | 387.1 | 418.6 | 805.7 | -31.5 |

| | | | | |
|------|-------|-------|---------|--------|
| 2005 | 448.2 | 583.6 | 1,031.8 | -135.4 |
| 2006 | 513.2 | 640.4 | 1,153.6 | -127.2 |
| 2007 | 662.2 | 468.6 | 1,130.8 | 193.6 |
| 2008 | 708.8 | 638.8 | 1,347.6 | 70.0 |
| 2009 | 592.0 | 733.6 | 1,325.6 | -141.6 |
| 2010 | 642.3 | 717.3 | 1,359.5 | -75.0 |
| 2011 | 760.9 | 799.3 | 1,560.2 | -38.4 |
| 2012 | 828.0 | 664.7 | 1,492.7 | 163.3 |

Source: Statistics Canada.

Annex 2: Summary of the Tariff Elimination Schedule of Canada of the CCOFTA

| Staging Category | # Lines | % Lines | 2008 Canadian Imports from Colombia (\$USD, Mil) | % 2008 Canadian Imports from Colombia | Product Examples |
|--------------------------------|-------------|---------------|--|---------------------------------------|--|
| A (Immediate duty-free) | 8138 | 96.6% | 605.043 | 99.8% | Fresh cut flowers, most textiles, apparel, furniture, industrial and electrical machinery |
| B (3-year linear) | 19 | 0.2% | 0.201 | 0.0% | Spent fowl, some footwear (e.g., waterproof, sport, work boots, footwear with metal toe cap) |
| C (7-year linear) | 156 | 1.9% | 0.179 | 0.0% | Within-access supply management tariff lines; rubber gloves, all other textiles (that are not in A), ships, furnishings made of textiles |
| D (17-year linear) | 1 | 0.0% | 0.655 | 0.1% | Refined sugar (tariff line 1701.99.00: refined, not containing added flavouring/colouring matter) |
| E (Excluded) | 110 | 1.3% | 0.061 | 0.0% | Over-access supply management tariff lines (dairy, poultry and eggs) from tariff reduction; other refined sugar tariff items |
| Total | 8424 | 100.0% | 606.141 | 100.0% | |

Source: Canada-Colombia Free Trade Agreement, Tariff Elimination Schedule of Canada of the Canada-Colombia Free Trade Agreement, Global Trade Atlas, and Foreign Affairs and International Trade Canada calculations

| Tariff Reductions | Pre-CCOFTA | Post-CCOFTA | Changes | Growth (%) |
|-------------------|------------|-------------|-----------|------------|
| Duty-Free Goods | 2,751,924 | 4,286,194 | 1,534,270 | 55.75 |
| | | | | |

| | | | | |
|----------------------|------------|------------|------------|--------|
| Exempted Goods | 267,749 | 176,827 | -90,922 | -33.96 |
| 0.1 – 5% Reductions | 13,484,457 | 16,077,179 | 2,592,722 | 19.23 |
| 5.1 – 10% Reductions | 11,974,933 | 11,757,438 | -217,495 | -1.82 |
| Over 10% Reductions | 10,913,478 | 14,771,431 | 3,857,953 | 35.35 |
| Total | 53,053,329 | 71,222,031 | 18,168,702 | 34.25 |

Source: Global Trade Atlas, WTO and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 4: Top 10 Monthly Average Export Gains from the Duty Free Category, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Changes |
|-------------|--|-------------|-------------|-------------|
| 48 | Paper & paperboard | 2,462,150.4 | 3,576,365.8 | 1,114,215.4 |
| 15 | Animal or vegetable fats and Oils | 261,339.5 | 496,516.5 | 235,177.0 |
| 23 | Food industry residues & Waste; prep animal feed | 56,108.7 | 195,278.5 | 139,169.8 |
| 84 | Nuclear reactors, boilers and machinery | 5,793.7 | 39,302.7 | 33,509.0 |
| 4 | Dairy products; birds eggs; honey | 71,271.8 | 77,518.8 | 6,247.0 |
| 72 | Iron and steel | 0.0 | 936.1 | 936.1 |
| 29 | Organic chemicals | 149.0 | 907.5 | 758.5 |
| 40 | Rubber and articles | 0.0 | 2.1 | 2.1 |
| 38 | Miscellaneous chemical products | 0.0 | 1.7 | 1.7 |
| 85 | Electric machinery | 0.0 | 0.1 | 0.1 |
| Total | | 2,751,924.0 | 4,286,194.0 | 1,534,270.0 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 5: Top 10 Monthly Average Export Gains from the Sectors with 0.1-5.0 Percentage Points Tariff Reductions, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA Exports | Post-CCOFTA Exports | Export Gains |
|-------------|------------------------------|--------------------|---------------------|--------------|
| 84 | Nuclear reactors & machinery | 3,807,763.2 | 5,734,060.5 | 1,926,297.3 |
| 31 | Fertilizers | 3,267,596.3 | 4,244,447.9 | 976,851.7 |
| | | | | |

| | | | | |
|-------|--------------------------------|--------------|--------------|-------------|
| 90 | Medical instruments | 1,142,826.6 | 2,028,785.1 | 885,958.5 |
| 22 | Beverages, spirits and vinegar | 126,744.9 | 251,265.1 | 124,520.2 |
| 72 | Iron and steel | 40,491.3 | 106,381.9 | 65,890.7 |
| 73 | Articles of iron or steel | 32,111.0 | 85,252.3 | 53,141.4 |
| 87 | Vehicles | 17,680.2 | 69,094.5 | 51,414.3 |
| 2 | Meat and edible meat offal | 34,668.4 | 70,653.9 | 35,985.5 |
| 82 | Tools of base metal | 108,597.1 | 142,565.2 | 33,968.2 |
| 12 | Oil seeds | 86,658.5 | 114,787.3 | 28,128.8 |
| Total | | 13,484,456.8 | 16,077,178.5 | 2,592,721.7 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 6: Top 10 Monthly Average Export Gains from the Sectors with 5.1-10.0 Percentage Points Tariff Reductions, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Exports |
|-------------|--|---------------|---------------|-------------|
| 84 | Nuclear reactors & machinery | 4,377,349.47 | 5,262,616.59 | 885,267.11 |
| 48 | Paper & paperboard & articles | 712,716.11 | 1,278,068.71 | 565,352.60 |
| 73 | Articles of iron or steel | 450,360.42 | 545,324.29 | 94,963.87 |
| 36 | Explosives; pyrotechnics; matches | 366,507.63 | 461,305.00 | 94,797.37 |
| 7 | Iron and steel | 20,952.42 | 106,450.41 | 85,497.99 |
| 95 | Toys, games & sport equipment; parts & accessories | 38,527.11 | 105,621.82 | 67,094.72 |
| 39 | Plastics and articles | 235,539.26 | 298,356.18 | 62,816.91 |
| 30 | Pharmaceutical products | 286,520.68 | 337,233.29 | 50,712.61 |
| 21 | Miscellaneous edible preparations | 385,749.05 | 434,866.82 | 49,117.77 |
| 28 | Inorganic chemicals | 58,139.53 | 90,615.88 | 32,476.36 |
| Total | | 11,974,933.16 | 11,757,438.24 | -217,494.92 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 7: Top 10 Monthly Average Export Gains from the Sectors with More Than 10.0 Percentage Points Tariff Reductions, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Changes |
|-------------|--|--------------|--------------|-------------|
| 87 | Vehicles | 469,192.3 | 2,661,252.1 | 2,192,059.7 |
| 2 | Meat and edible meat offal | 452,286.3 | 953,483.5 | 501,197.2 |
| 95 | Toys, games & sport equipment; parts & accessories | 121,332.0 | 568,222.4 | 446,890.4 |
| 48 | Paper & paperboard & articles | 12,391.6 | 379,483.5 | 367,091.8 |
| 82 | Tools of base metal | 742,192.7 | 1,025,919.5 | 283,726.8 |
| 33 | Cosmetic or toilet preparations | 259,894.9 | 445,600.4 | 185,705.5 |
| 85 | Electric machinery | 447,381.5 | 566,649.6 | 119,268.1 |
| 5 | Products of animal origin | 0.0 | 41,735.2 | 41,735.2 |
| 62 | Apparel articles and accessories | 27,900.8 | 62,175.2 | 34,274.3 |
| 40 | Rubber and articles | 26,137.3 | 55,474.8 | 29,337.5 |
| Total | | 10,913,478.2 | 14,771,430.8 | 3,857,952.6 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 8: Monthly average Canadian Imports from Colombia by the Extent of Tariff Reductions, US\$

| Tariff Reductions | Pre-CCOFTA | Post-CCOFTA | Changes | Growth (%) | Utilization Rate (%) |
|---------------------|------------|-------------|---------|------------|----------------------|
| Duty-free Goods | 49,319,570 | 49,970,466 | 650,896 | 1.3 | 2.3 |
| Exempted Goods | 5,513 | 4,056 | -1,457 | -26.4 | 0 |
| 0.1 – 5% Reduction | 1,583,014 | 1,831,022 | 248,008 | 15.7 | 40.2 |
| 5.1 – 10% Reduction | 6,364,354 | 6,274,928 | -89,426 | -1.4 | 65 |
| Over 10% Reduction | 2,911,856 | 2,892,777 | -19,079 | -0.7 | 72.8 |
| Total | 60,184,424 | 61,025,045 | 840,621 | 1.4 | 6.3 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 9: Top 10 Monthly Average Import Gains from the Duty Free Category, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Changes | Utilization Rate (%) |
|-------------|-------------|------------|-------------|---------|----------------------|
|-------------|-------------|------------|-------------|---------|----------------------|

| | | | | | |
|-------|----------------------------------|--------------|--------------|-------------|-------|
| 27 | Mineral fuel | 22,949,871.5 | 25,769,828.4 | 2,819,956.8 | 2.87 |
| 99 | Special provisions | 4,939.3 | 244,273.0 | 239,333.7 | 0.00 |
| 56 | Wadding and felt | 2,228.7 | 187,827.2 | 185,598.5 | 0.00 |
| 90 | Precision or medical instruments | 18,468.4 | 170,005.6 | 151,537.2 | 0.00 |
| 03 | Fish | 127,341.5 | 239,737.9 | 112,396.4 | 0.06 |
| 42 | Leather articles | 128,516.4 | 194,930.9 | 66,414.5 | 27.56 |
| 17 | Sugar | 4,686.8 | 64,488.7 | 59,801.9 | 66.82 |
| 35 | Starch products | 158,783.5 | 215,361.3 | 56,577.8 | 71.37 |
| 30 | Pharmaceutical products | 301,916.5 | 357,440.5 | 55,524.1 | 9.66 |
| 97 | Art & antiques | 3,525.6 | 53,809.7 | 50,284.1 | 0.00 |
| Total | | 49,319,571.0 | 49,970,465.8 | 650,894.8 | 2.26 |

Source: *Global Trade Atlas and Foreign Affairs and International Trade Canada calculations*

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 10: Top 10 Monthly Average Import Gains from the Sectors with 0.1-5.0 Percentage Points Tariff Reductions, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Changes | Utilization Rate (%) |
|-------------|-----------------------------|-------------|-------------|-----------|----------------------|
| 17 | Sugar products | 1,225,184.8 | 1,338,001.7 | 112,816.9 | 49.97 |
| 68 | Stone articles | 31,741.8 | 127,016.1 | 95,274.3 | 7.87 |
| 59 | Laminated textiles | 21,258.4 | 44,182.7 | 22,924.3 | 0.00 |
| 85 | Electric machinery | 33,168.2 | 47,151.2 | 13,983.0 | 0.00 |
| 19 | Cereal & flour preparations | 17,777.7 | 30,345.8 | 12,568.1 | 46.85 |
| 28 | Inorganic chemicals | 97,070.3 | 108,068.4 | 10,998.0 | 0.00 |
| 82 | Tools of base metal | 84.7 | 9,322.1 | 9,237.4 | 0.00 |
| 32 | Dyeing extracts | 1,093.5 | 6,087.4 | 4,993.8 | 20.08 |
| 71 | Precious stones | 0.0 | 1,861.5 | 1,861.5 | 22.54 |
| 73 | Iron & steel articles | 2.4 | 1,699.4 | 1,697.0 | 0.00 |

| | | | | | |
|-------|--|-------------|-------------|-----------|-------|
| Total | | 1,583,013.7 | 1,831,021.9 | 248,008.2 | 40.21 |
|-------|--|-------------|-------------|-----------|-------|

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 11: Top 10 Monthly Average Import Gains with the Sectors with 5.1-10.0 Percentage Point Tariff Reductions, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Changes | Utilization Rate (%) |
|-------------|------------------------------|-------------|-------------|-----------|----------------------|
| 06 | Live Trees & cut flowers | 3,914,900.5 | 4,119,249.7 | 204,349.2 | 78.00 |
| 32 | Dyeing extracts | 34,684.7 | 114,223.2 | 79,538.4 | 4.55 |
| 17 | Sugar products | 162,448.3 | 206,440.1 | 43,991.7 | 92.53 |
| 68 | Stone articles | 277,910.3 | 308,870.2 | 30,960.0 | 71.35 |
| 20 | Vegetable preparations | 25,042.3 | 47,976.5 | 22,934.2 | 21.35 |
| 85 | Electric machinery | 786.6 | 19,853.1 | 19,066.5 | 0.02 |
| 40 | Rubber articles | 5,526.6 | 20,889.6 | 15,363.0 | 26.31 |
| 84 | Nuclear reactors & machinery | 347.8 | 12,788.2 | 12,440.4 | 0.00 |
| 29 | Organic chemicals | 14,611.0 | 26,007.4 | 11,396.4 | 90.22 |
| 64 | Footwear | 3,450.2 | 11,787.1 | 8,336.9 | 82.90 |
| 82 | Metal tools | 44,205.7 | 51,924.0 | 7,718.3 | 0.13 |
| Total | | 6,364,353.6 | 6,274,928.5 | -89,425.2 | 65.00 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 12: Top 10 Monthly Average Import Gains from the Sectors with More Than 10 Percentage Point Tariff Reductions, US\$

| HS02 Sector | Sector Name | Pre-CCOFTA | Post-CCOFTA | Changes | Utilization Rate (%) |
|-------------|-----------------------------------|------------|-------------|----------|----------------------|
| 61 | Apparel | 242,401.2 | 325,112.8 | 82,711.7 | 61.83 |
| 15 | Animal & vegetable oils | 24,142.2 | 91,448.9 | 67,306.7 | 75.43 |
| 62 | Apparel articles and accessories, | 381,845.7 | 390,336.9 | 8,491.2 | 34.95 |
| 64 | Footwear | 3,548.3 | 11,107.8 | 7,559.5 | 76.10 |
| 22 | Beverages | 5,942.7 | 12,390.1 | 6,447.3 | 24.39 |

| | | | | | |
|-------|------------------------------|-------------|-------------|------------|-------|
| 19 | Cereal & flour preparations | 1,511.0 | 3,582.5 | 2,071.5 | 63.64 |
| 82 | Metal tools | 3,495.2 | 4,616.2 | 1,121.0 | 0.00 |
| 65 | Headgear | 1,411.9 | 2,381.1 | 969.2 | 61.77 |
| 60 | Knitted or crocheted fabrics | 0.0 | 500.4 | 500.4 | 91.39 |
| 55 | Manmade staple fibers | 648.6 | 934.6 | 286.0 | 0.00 |
| Total | | 2,101,138.6 | 1,943,153.2 | -157,985.5 | 72.81 |

Source: Global Trade Atlas and Foreign Affairs and International Trade Canada calculations

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 13: Detailed Analysis of Trade Growth of HS 06 (Live Trees and Other Plants; Bulbs, Roots and the Like; Cut Flowers and Ornamental Foliage)

| Tariff Reductions | Description | Pre-CCOFTA | Post-CCOFTA | Change |
|-----------------------------------|--------------------------------|-------------|-------------|------------|
| Previously Duty Free | | 17,871.9 | 12,392.3 | -5,479.6 |
| Tariff Reductions over 10% | | | | |
| HS10 | Description | Pre-CCOFTA | Post-CCOFTA | Change |
| 603131000 | Orchids, Cymbidium, cut, fresh | 101.8 | 22.8 | -79.0 |
| 603139000 | Orchids, nes, cut, fresh | 1,384.3 | 340.3 | -1,044.0 |
| 603110000 | Roses, cut, fresh | 2,099,652.5 | 1,942,790.1 | -156,862.0 |
| Subtotal | | 2,101,138.6 | 1,943,153.2 | -157,985.5 |

| Tariff Reductions, 5.1 – 10% | | | | |
|-------------------------------------|--|-------------|-------------|----------|
| HS10 | Description | Pre-CCOFTA | Post-CCOFTA | Change |
| 603140000 | Chrysanthemums, cut, fresh | 820,997.0 | 902,542.5 | 81,545.5 |
| 603120000 | Carnations, cut, fresh | 1,199,620.1 | 1,266,303.9 | 66,683.8 |
| 604209000 | Foliage, Branches, Parts Of Plants | 0.0 | 45,073.4 | 45,073.4 |
| 603150000 | Cut Lilies And Buds, For Bouquets Or Ornamental | 0.0 | 34,252.9 | 34,252.9 |
| 603190000 | Cut flowers & flower buds, fresh, nes, for bouquet | 1,845,306.5 | 1,849,079.2 | 3,772.7 |
| 604909000 | Foliage, Branches Of Plants | 0.0 | 995.9 | 995.9 |
| | | | | |

| | | | | |
|--------------|--|--------------------|--------------------|-----------------|
| 603902000 | Gypsophila, dried or otherwise prepared | 2,601.5 | 3,067.7 | 466.2 |
| 602909090 | Plants, live, nes, excl for prod cutting, etc, | 13.2 | 0.0 | -13.2 |
| 604999000 | Foliage, branch, etc, w/o flo or bud, for bouquets | 321.2 | 25.0 | -296.2 |
| 602909020 | Shrubs & bushes, excl for prod cuttings, etc, | 495.1 | 15.4 | -479.7 |
| 603901000 | Gypsophila, dyed, bleached or impregnated | 8,820.9 | 728.1 | -8,092.8 |
| 604919000 | Foliage, branch & pts of plant w/o flo or bud | 36,725.3 | 17,165.8 | -19,559.5 |
| Subtotal | | 3,914,900.5 | 4,119,249.7 | 204,349.2 |
| Total | | 6,033,911.1 | 6,074,795.2 | 40,884.1 |

Source: *Global Trade Atlas and Foreign Affairs and International Trade Canada calculations*

NB: The post-CCOFTA period is defined as the first 17 months after the trade agreement entered into force (August 2011 to December 2012), and the pre-CCOFTA period is defined as the preceding 19 months before the trade agreement entered into force (January 2010 to July 2011).

Annex 14: Call for Submissions

The following public call for submissions was posted on the webpage for the Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia on the website of Foreign Affairs and International Trade Canada (http://www.canadainternational.gc.ca/colombia-colombie/bilateral_relations_bilaterales/hrft-co_2012-dple.aspx?lang=eng):

Public Call for Submissions regarding Canada's Annual Report on Human Rights and Free Trade between Canada and the Republic of Colombia

The Government of Canada is seeking the input of interested parties pursuant to the provisions of the Canada-Colombia Free Trade Agreement Implementation Act (Implementation Act), which entered into force on August 15, 2011.

The Implementation Act includes the Canada-Colombia Free Trade Agreement, the Canada-Colombia Agreement on Labour Cooperation and the Canada-Colombia Environment Agreement.

The Implementation Act requires the Minister for International Trade to "...cause to be laid before each House of Parliament by May 15 of each year or, if that House is not then sitting, on any of the 30 days next thereafter that it is sitting, a report on the operation of this Act during the previous calendar year, containing a general summary of all actions taken under the authority of this Act, and an analysis of the impact of these actions on human rights in Canada and the Republic of Colombia."

Interested parties are invited to provide written submissions to help inform the analysis of the impact of the actions taken under the Implementation Act being developed for the Government of Canada's 2013 annual report. The 2013 annual report will cover the period from August 15, 2011, the date the Implementation Act came into force, to December 31, 2012.

For confidentiality and security purposes, the submissions and names of contributors to this consultation process will not be released to the public by the Government of Canada.

Submissions should be e-mailed or postmarked no later than May 16, 2013. Contributions can be sent by e-mail, facsimile or mail to:

Consultations - Agreement concerning Annual Reports on Human Rights and Free Trade between Canada and the Republic of Colombia

South America Division (GCA)

Foreign Affairs and International Trade Canada

125 Sussex Drive, Ottawa ON K1A 0G2

Fax: 613-944-0760

Email: GCA@international.gc.ca

Annex 15: Plan of Action for Cooperative Labour Activities under the Canada – Colombia Agreement on Labour Cooperation (CCOALC) (2012-2013)

Following the First Ministerial Council Meeting, Canada and Colombia's Labour officials will work together to further define activities in the areas listed below:

1) Finalize the following Agreement Procedures:

1. **a. Model Rules of Procedure for Review Panels; and**
2. **b. Guidelines for Public Communications (each Party will develop and publish its own Guidelines)**

Completion of these procedures is necessary in order to ensure the effective implementation of the CCOALC.

2) Provision of Technical Assistance in the Area of Social Dialogue

Canada has recently funded projects in the areas of awareness of and compliance with labour standards, occupational health and safety, and labour inspection and is currently funding a project to strengthen social dialogue. Colombia and Canada will continue to work closely and on an ongoing basis in order to ensure that the technical cooperation is efficient and responds to the Parties' shared interests. The Parties may explore the possibility of developing new initiatives in any of the above-mentioned areas.

3) Information Sharing in the Areas of:

1. **a. labour inspection mechanisms;**
2. **b. occupational safety and health;**
3. **c. trade and labour;**
4. **d. employment opportunities and labour statistics; and**
5. **e. migrant workers;**

The Parties will exchange information and share best practices on standards, regulations, procedures and best practices in the above-mentioned areas. In addition, Canada would appreciate if Colombia could share information pertaining to progress under the Colombian Action Plan Related to Labor Rights. This list is indicative only and the Parties may decide to exchange information on other labour issues.

Date Modified: 2013-08-21