



**Report of the Canadian Parliamentary Delegation
respecting its participation at the Trade Knowledge
Workshop and Bilateral Visit to the National Congress of
Argentina**

**Canadian Section of the Inter-Parliamentary Forum
of the Americas (FIPA)**

**Buenos Aires, Argentina
March 15 to 19, 2010**

Report

INTRODUCTION

A delegation of six parliamentarians representing the Canadian Section of the Inter-Parliamentary Forum of the Americas (FIPA), led by the Honourable Pierrette Ringuette, Senator, travelled to Buenos Aires, Argentina from 15 March through 19 March, 2010. Also participating were the Honourable Michel Rivard, Senator, Bev Shipley, M.P., Pablo Rodriguez, M.P., Nicole Demers, M.P. and Peter Julian, M.P. They were assisted by Mr. Leif-Erik Aune, secretary to the delegation, and Mr. Michael Holden, Library of Parliament analyst to the delegation.

The purpose of the delegation's visit was twofold. The first objective was to discuss Canada's and Argentina's mutual involvement in FIPA and for the Canadian delegates to take advantage of FIPA's function as a forum for inter-parliamentary cooperation and diplomacy to engage their Argentine counterparts in dialogue on a number of issues. In particular, the Canadian Section wished to impress upon Argentine parliamentarians the importance of creating a permanent body through which to participate in FIPA: a permanent Argentine Section of FIPA, similar to the Canadian Section, which is viewed by many to be a model for participation in the association.

The Canadian delegation's second objective was to participate in the Trade Knowledge Workshop for Parliamentarians with its counterparts from Argentina. The workshop in Argentina was the fifth such event presented by FIPA. The inaugural Trade Knowledge Workshop, held in Ottawa in March 2007, included participants from eight FIPA member countries. A year later, a Canadian delegation took part in a similar, but bilateral, workshop with Parliamentarians from Trinidad and Tobago. A regional workshop for Central and South American parliamentarians was held in Costa Rica in November 2008 and a bilateral workshop between Canada and Peru was held in March 2009.

FIPA places a great deal of importance on these Trade Knowledge Workshops. Given the role of international trade in generating economic growth, prosperity and development, it is critical for parliamentarians to have a sound knowledge of international trade rules and negotiations as well as their wider policy implications. Through workshops such as these, FIPA has made it a priority to help parliamentarians from across the hemisphere build their technical capacity in matters of international trade and trade policy. By participating in this bilateral workshop, the Canadian Section hoped to advance that goal.

The delegation's trip to Argentina represents the third time in as many years that representatives of the Canadian Section of FIPA have travelled to other FIPA-member countries to build bilateral relations and to participate in Trade Knowledge Workshops. The trip also provided an occasion for parliamentarians from Canada and Argentina to discuss the opportunities for building closer economic ties between the two countries.

TRADE KNOWLEDGE WORKSHOP

The Trade Knowledge Workshop was a one-day event, taking place on 16 March 2010. It was hosted by the Argentine Congress and was facilitated by the Centre for Trade Policy and Law (CTPL) at Carleton University in Ottawa. Financial assistance for the event was provided by the Department of Foreign Affairs and International Trade (DFAIT).

The Honourable Julio Corbos, President of the Senate of the Argentine Republic, opened the workshop. He began his remarks by calling attention to the shared interests between Canada and Argentina: their similar views on the defence of human rights; their mutual interest in promoting democracy; their participation in multilateral organizations; and their common perspectives on the peaceful development of nuclear energy and non-proliferation. President Corbos also suggested that Canada and Argentina feel a shared responsibility to work together to help solve the global financial and economic crisis. He also spoke about the important role FIPA plays as a forum for parliamentary diplomacy and a vehicle through which parliamentarians from across the hemisphere can work together to solve common challenges.

In her opening remarks, Senator Ringuette spoke about the important role these Trade Knowledge Workshops play in FIPA's outreach and capacity-building efforts in the Americas. She also highlighted the value of these workshops to parliamentarians, specifically about how, by increasing their understanding of trade rules and trade issues, parliamentarians can learn to influence more effectively the development, the scope and the direction of international trade policy in their home country.

The final opening speaker was Canada's Ambassador to Argentina, His Excellency Timothy Martin. H.E. Martin noted that the Trade Knowledge Workshop provided an excellent opportunity for parliamentarians to share ideas as the world emerges from the financial and economic crisis. He also congratulated FIPA on its role in engaging the region on trade issues, noting that trade is a key driver of economic prosperity and growth. At the same time, however, he reminded those present that trade alone does not guarantee prosperity; countries need to work together to ensure that all nations, and all citizens, have the opportunity to benefit from trade.

The workshop itself consisted of two sessions and a panel discussion, all moderated by Phil Rourke, Executive Director of the CTPL. The two sessions, which set the stage for the panel discussion that followed, were: Value Chains and Strategic Policy Choices; and Bilateral and Regional Trade Agreements. The panel discussion focused on the role of parliaments in trade and development.

A. Session 1: Value Chains and Strategic Policy Choices

Phil Rourke began the opening session of the Trade Knowledge Workshop with a brief summary of the current global economic situation and near-term outlook. He stated that, while optimism is beginning to return to international markets following the 2008–2009 global economic recession, there remain challenges and risks to the recovery. In particular, he drew attention to concerns of a “double-dip” recession – when an economy slides back into a recession shortly after emerging from one.

At the same time, Mr. Rourke observed that there is an important difference between the recent recession and those of decades past. Specifically, the world trade and investment climate today is far more liberal, with significantly lower trade barriers and far fewer trade disputes. In his view, trade liberalization has made the world more integrated. This integration leads to fewer disputes between trading partners as economies are more closely linked to one another than ever before.

More significantly, international economic integration has led to a fundamental change in the way that international trade operates, giving rise to the phenomenon of “value chains” or “integrative trade.” As Mr. Rourke stated, countries (or, more accurately, their businesses) no longer make products in isolation from one another and then compete for international market share. Instead, they make products together, using inputs, designs and labour from around the world. He cited Canada’s experience with the United States in this regard, pointing to the automobile and steel industries as examples where production processes in the two countries are heavily integrated. He reminded parliamentarians that vehicle parts cross the Canada–United States border several times during the various stages of auto production and assembly.

Using the example of the production and assembly of computers, Mr. Rourke noted that the phenomenon of integrated trade takes place at the global level as well. The various components are designed, manufactured and assembled around the world, making it nearly impossible to identify a product as being manufactured in a specific country. In other words, he argued that terms like “Made in Canada” or “Made in China” are losing their meaning. For this reason, Mr. Rourke suggested that, generally speaking, businesses support policies that promote the free flow of goods and services around the world in order that they can be as competitive as possible.

Mr. Rourke also noted that, while the business world has adapted to this new reality of international trade, governments are not used to thinking about trade in such a manner. He suggested that, in many cases, governments still have a mercantilist view of trade in which exports are “good” inasmuch as they generate economic growth and jobs, whereas imports represent economic growth and employment opportunities foregone. He challenged those present to think of trade policy in terms of global value chains.

In the discussion that followed Mr. Rourke’s opening remarks, parliamentarians exchanged their ideas and concerns about trade and trade policy, and heard the views of trade policy experts from Argentina, who were also present. The discussion touched upon a wide range of issues, including Argentina’s participation in the Southern Cone Common Market (Mercosur), the parallels between Canada’s relationship with the United States and Argentina’s with Brazil, opportunities for closer Canada–Argentina economic relations and the notion of “free” versus “fair” trade. Other issues that were discussed included the rise in regional trade agreements and their impact on the legitimacy of the World Trade Organization (WTO) and on the global trading environment generally. In particular, the issue of trade in services was discussed. It was suggested that progress in services trade liberalization has been more evident in bilateral agreements than at the multilateral level, and is thus an example of how bilateral agreements are leading to “fragmented” degrees of market access around the world.

Most of the discussion was focused on the relationship between trade policies and social outcomes. Several speakers stressed that an effective and open trade policy is needed to generate meaningful economic and social benefits, including those that arise from market diversification, exposure to new production methods and technologies, and increased competitive pressures. For parliamentarians, equally important, however, was the need to define the purpose that trade policy serves. Participants stated that trade policy is not sufficient to address all of the issues that arise as a result of the effects of trade. There is, therefore, a need to use other tools to address the outcomes associated with trade policy. The need for policies to address issues such as the distribution of wealth, environmental protection and the freedom of governments to legislate in the public interest were all examples cited by those present.

B. Session 2: Bilateral and Regional Trade Agreements

The format of the second session was somewhat different from that of the first session. Instead of beginning with a presentation from a keynote speaker, the second session focused on creating a dialogue among parliamentarians, interspersed with occasional interventions from trade policy experts.

Although the intended focus of the second session was the rise in bilateral and regional trade agreements since progress on the Doha Round of WTO talks has stalled, the discussions themselves focused equally on the rise in, and nature of, bilateral and regional trade agreements, and on the relationship between trade policies and social outcomes, thereby continuing the conversation which began in the first session.

On the subject of bilateral agreements, it was suggested that the rise in such treaties was both a result of, and a factor underlying, the slow progress in multilateral trade negotiations. Given the lack of progress at the WTO, countries were choosing to focus their finite resources on negotiating agreements where discernible progress could be made. It was noted that Canada was no exception to this trend. Its engagement in the Americas, although part of a broader policy of political engagement, included the negotiation of several bilateral trade agreements.

Juliana Peixoto, a researcher with the Latin American School of Social Sciences, suggested that there are economic costs associated with this trend: bilateral and regional agreements are increasingly adapting to the specific needs, sensitivities and interests of the negotiating parties. As such, there is considerable variance in the content of regional and bilateral agreements. This growing “variable configuration” in trade agreements creates a maze of overlapping initiatives and commitments, and renders the global trading system more complex.

Much of the discussion in this session, however, focused on how to promote equality and fairness through trade and trade policy. It was suggested that more needs to be done to attract trade to remote regions in Argentina, and that work was also needed in the study of trade growth and trade policy in the context of the global financial and economic crisis, specifically on the kind of growth needed to address issues such as the distribution of wealth, labour rights and environmental degradation.

Some speakers also discussed the importance of the democratization of trade policy: the need to include a wider range of stakeholders in trade discussions – including

parliamentarians – and the need to level the playing field for some of those stakeholders. It was pointed out that corporations have considerable resources at their disposal to lobby governments on specific trade-related issues. For their part, governments have to deal with problems at the community, and not the corporate, level. As such, it was suggested that politicians need to do more to help citizens at the local and community levels to improve their own lobbying efforts to offset the advantage held by corporations.

Another topic of discussion was how bilateral and regional agreements are evolving. It was noted that there is pressure in Canada and elsewhere to make trade agreements more democratic: to expose agreements to greater parliamentary scrutiny and to incorporate more fully the participation of civil society as well as the consideration of issues such as labour and environmental rights.

Parliamentarians also discussed some policy issues that need to be addressed in order to make bilateral and regional trade agreements more effective. For example, it was suggested that governments need improved policy frameworks to promote research and development (with an emphasis on development) and to leverage products and work towards increased commercialization of research.

The main conclusion of this session was that, as trade agreements broaden in scope and – at the same time – evolve to begin to address the social issues arising from trade, they are becoming considerably more complex. This trend makes analysis of those agreements, as well as an understanding of their impacts, more complex as well. As an example, it was pointed out that a powerful lobby exists to pressure for tailor-made rules of origin to benefit specific companies. A strong degree of sophistication is needed at the policy level to understand the wider implications of those specific requests. A second example was the issue of regulation of foreign direct investment (FDI). One speaker pointed out that, at present, there is no multilateral mechanism to regulate FDI and its social/economic/environmental consequences. Work is still required to develop a tighter link between FDI and binding obligations in the social and environmental spheres.

C. Session 3: Parliament's Role in Trade and Development

The third and final session of the Trade Knowledge Workshop took the format of a panel discussion. Three speakers gave opening presentations: Ricardo Rozemberg, a researcher at San Martin University spoke about the recent development of trade policy and trade relations in Argentina; Cecilia Alemany from the Mercosur Economic Research Network commented on the link between trade and development as well as the importance of improving regional institutions like Mercosur; and Marcelo Saguier from the Department of International Relations at the Latin American School of Social Sciences spoke about the subject of corporate social responsibility (CSR) and social development.

In his remarks, Mr. Rozemberg noted that trade and trade relations are a relatively new phenomenon in Argentina, and that the country has little experience on which to draw in terms of how to develop a more open trading system. He stated that, until recently, the Argentine economy had operated under an export substitution model; exports consisted only of surplus production that had not been consumed in the domestic market.

This model changed at the direction of the World Bank, which advocated the opening of markets and more explicit export promotion. However, Mr. Rozemberg noted that Argentina's new trade policy has some legislative and judiciary challenges, specifically the need to design and develop trade policies in a country with little experience in doing so, the need to internalize international trade agreements, and the need for the judiciary to develop its role in intervening in order to overcome trade conflicts.

Mr. Rozemberg also spoke about parliament's mixed involvement in trade policy in Argentina. He observed that parliamentary committees are not active in developing new rules with respect to coordination with the executive branch, but that the Argentine Congress played a key role in implementing Argentina's recently introduced export tax on agricultural products.

Finally, Mr. Rozemberg talked about the role of the Mercosur Joint Parliamentary Committee in developing trade policy for the Mercosur countries. He noted that Mercosur has important issues to discuss and that attention must be paid to ensuring that the executive branch does not negotiate agreements without prior consultation with parliaments as the representatives of civil society.

The second speaker was Cecilia Alemany. Her talk focused on how to develop the link between trade and economic development, especially in the context of shocks such as the global financial and economic crisis that began in 2008. She noted that economic and social achievements erode quickly in times of crisis, and are slow to recover. She observed that, from the perspective of economic indicators, Argentina's recovery from the Asian financial crisis of the late 1990s was rapid, but that from a development standpoint, it took a full decade to recover.

Ms. Alemany highlighted a major challenge facing parliamentarians in addressing economic development issues, especially those precipitated by economic crises: there is significant pressure on those facing re-election to deliver short-term results – ideally during their present term in office – rather than focus on long-term policy solutions. She stated that economic crises allow parliamentarians to ask new questions about the failures of existing economic policies and to learn from the errors of the past. In the present case, parliamentarians have the chance to work towards the longer-term goal of redefining the international trading system to make it answerable to local questions and concerns. Because of the lack of long-term thinking, however, Ms. Alemany argued that the recent discourse surrounding trade and the global economy has weakened the international trade agenda.

Finally, Ms. Alemany spoke about the ongoing challenges facing Mercosur in its development as a regional institution. She observed that 80% of Mercosur's rules and regulations have not been implemented by its member states and suggested that more work was needed at the multilateral level to make progress in this area.

The third speaker, Marcelo Saguier, spoke about CSR and social development in the context of foreign direct investment. He suggested that the fundamental challenge of CSR is to change the governance system to one where investors continue to have investment rights but, in addition to those rights, have the responsibility to conform to certain codes of conduct as well. He suggested that while many companies believe there should be a system of voluntary compliance to the principles of CSR, countries

believe they should have the power to prevent damage and to fix problems guided by set of international rules and legal responsibilities to regulate investment and CSR.

Mr. Saguier argued that the approach of voluntary compliance with CSR policies has flaws that could be solved by implementing binding rules. He suggested that a global compact would be a useful mechanism through which to build a dialogue towards a binding agreement. Parliamentarians were told that, at present, many CSR discussions are moving to alternative forums: the UN Global Compact; trade integration agreements (like Mercosur-EU) and national-level initiatives.

To conclude his presentation, Mr. Saguier talked about what countries like Canada and Argentina could do to develop CSR policies that go beyond existing national legislation. His first suggestion is that governments could use funding sources as a “stick,” forbidding agencies like Export Development Canada from providing financial assistance to non-CSR-compliant companies, for example. He also suggested that governments could begin to “police” private sources of funding as well, setting CSR-related conditions on private loans for investment activity. Finally, he indicated that countries like Canada could enact legislation that makes the overseas operations of Canadian companies subject to Canadian laws. He concluded by stating that the present economic situation is an excellent opportunity to think about how to regulate investment and the role of parliaments in the context of the activities of transnational companies.

Following the presentations, parliamentarians made their own interventions and commented on what they had heard. One of the main subjects of discussion was Mercosur. They discussed the fact that, because Mercosur is a customs union, its member countries are prevented from negotiating trade liberalization agreements on an individual basis. It was mentioned that Mercosur negotiates trade agreements as a bloc because it believes that doing so strengthens its bargaining position with respect to larger economies, such as the United States.

Parliamentarians also talked about the evolution and growth of Mercosur, specifically about how the institution is evolving into more than just an economic cooperation and integration arrangement. They cited the social labour agenda, Mercosur’s potential as a coordinating institution, women’s rights and the role of women in Mercosur, and other opportunities for social and technical cooperation within the bloc.

Parliamentarians also discussed the potential risk that comes with incorporating CSR as well as strengthened environmental and labour provisions in bilateral and regional trade agreements. In particular, it was suggested that such measures can be used as disguised barriers to trade, and can have a distorting effect on trade and commodity markets.

Another issue brought up in the discussion was the fact that many developing countries may have strong environmental or labour laws, and even a strong CSR policy, but may lack the capacity to enforce their own laws. Moreover, there is currently no adequate international institution to enforce CSR policies or environmental and labour laws. It was suggested that progress could be made in this area if relatively wealthy, capital-exporting countries like Canada could enforce its own standards in domestic businesses’ practices overseas.

Finally, parliamentarians discussed the challenges in setting policies that find the proper balance between delivering short-term and long-term positive results in response to economic crises. It was mentioned that there are few tools available with which to measure the severity of a crisis or the expected impact of various policy responses on production and economic activity. This limitation makes it challenging to study and implement appropriate policy options that are in the long-term national and international economic interest.

OTHER MEETINGS

In addition to participating in the Trade Knowledge Workshop, the Canadian delegation also had the opportunity to build its network of contacts in Argentina by meeting with several members of the Argentine Congress, as well as with academics studying Canada and representatives of Canadian businesses active in the country.

A. Meetings with the Vice-President of Argentina and Members of the Argentine Senate and Chamber of Deputies

The Canadian delegation was honoured that its first official meeting in Buenos Aires was with the Vice-President of the Argentine Republic, Julio Cobos. Also present at that meeting was the Chair of the Argentine Senate's Foreign Affairs Committee, and members of the Argentine–Canada Parliamentary Friendship Group.

Senator Ringuette began the meeting by highlighting Canada's economic relationship and partnership with Argentina. She spoke about the purpose of the delegation's visit: to participate in the Trade Knowledge Workshop and to build strong relations between Canadian parliamentarians and their counterparts in other FIPA-member countries.

Vice-President Cobos also highlighted what are, in his view, the strengths of the Canada–Argentina relationship. He touched on Canada's investment presence in Argentina, the fact that trade between the two countries grew in 2009 even as the financial and economic crisis caused global trade flows to fall, and the extent to which the bilateral trade relationship is strengthened by social, cultural and parliamentary cooperation between Canada and Argentina.

In the discussion that followed, parliamentarians commented on a number of economic issues, including Argentina's recent decision to use some of its foreign reserves to pay off a portion of its national debt. Members also spoke about inflation concerns in Argentina, and the relationship between inflation and poverty.

As well, parliamentarians identified the numerous shared interests and commonalities between Canada and Argentina. In particular, the subject of education reform in Argentina was raised. The delegation heard that Argentina is implementing a series of reforms to arrest a decline in the quality of education in that country. It was noted that Canada and Argentina share a view that health and education are basic needs, and are important for economic growth and social development.

It was also observed that Canada and Argentina share similar issues with regard to federal-provincial jurisdiction over health and education, and the ability of provinces to finance programs for which they are responsible. The delegation was told that Argentine provinces argue that they lack the necessary revenues – whether through own-source taxation or direct transfers from the federal government – to finance adequately their

growing responsibilities in health and education. It was also mentioned that there are significant disparities across provinces in Argentina. While some provinces, like Buenos Aires, are wealthy, others are as poor as some of the poorest African countries. Members of the Canadian delegation observed that these policy challenges were remarkably similar to those in Canada.

B. Meeting with the Argentine Foreign Ministry

The Canadian delegation met with representatives of the Argentine Foreign Ministry, including the Secretary of Foreign Relations, Victorio Taccettii, and the Director General for North America, Tony Trombetta. That meeting gave the Canadian delegation the opportunity to discuss trade issues with leading Argentine government officials. Two general subjects formed the basis of those discussions: multilateral trade issues at the WTO; and Canada–Argentina trade relations and opportunities for closer economic cooperation between the two countries.

On the topic of multilateral trade negotiations, the delegation heard that Argentina is attracted to a number of Canada's positions at the WTO. In particular, officials highlighted Canada's position on intellectual property protection, especially in the area of patent protection on pharmaceutical products, and its position on supply management in agriculture. They noted that patent law in Argentina is not as developed as in Canada and, as such, were eager to discuss the relationship in Canada between patent protection and competition law. In response, Canadian parliamentarians talked about the cost of pharmaceutical drugs to the health care system, and the need to find the right balance between the protection of property rights and rising prescription drug costs.

On the subject of supply management, parliamentarians spoke about the broad-based political support for the system in Canada. They noted that Canada, in addition to vigorously defending supply management at the WTO, has a standard policy of exempting dairy, poultry and eggs from its bilateral trade agreements.

Discussion about the Canada–Argentina relationship touched on the similarities between the two countries. Both countries share a border with dominant economies – the United States in the case of Canada and Brazil in the case of Argentina. Moreover, both rely on trade with those larger countries as a major engine of economic growth.

The meeting also gave the delegation a chance to explore areas for closer cooperation with Argentina. It was suggested that opportunities for closer ties existing areas like science and technology cooperation – especially in food production – and in renewable energy. Alternative energy was highlighted as perhaps the most promising area for increased cooperation between the two countries.

C. Meeting with the Association of Canadian Studies in Argentina

The delegation participated in an informal lunch meeting with representatives of the Association of Canadian Studies in Argentina (ASAEC). The ASAEC is the only association of its kind in the world. It was founded in 1997 with the objectives of bringing together Canadians and those interested in Canadian culture and society for the purpose of building a better understanding of Canada within Argentina as well as to strengthen ties between the two countries, especially in areas like science and culture.

ASAEC representatives gave the delegation an overview of the organization's mandate and activities. They stated that their work focuses on the cultural aspects of Canadian studies, which represents a departure from other Canadian Studies programs. By concentrating on the cultural aspects of Canada, the ASAEC is trying to promote Canadian values and the Canadian way of living to Argentina. Some of the ASAEC's efforts to accomplish this goal include promoting increased linkages between Canadian and Argentine professors, and enabling student exchanges between the two countries.

The Canadian delegation had a lively discussion with ASAEC leaders and staff. Subjects included the ASAEC's study of the Canadian model in young offenders' cases and youth incarceration, the importance of inter-parliamentary relations in building country-to-country ties, and issues surrounding agriculture and mining in Argentina.

D. Meeting with the Head of the Energy Commission in Argentina

The Canadian delegation had scheduled a meeting with the Chair of the Chamber of Deputy's Energy Committee, Dep. Fernando Solanas, for the morning of Thursday, 18 March 2010. Unfortunately, events in the Argentine Congress prevented Dep. Solanas from attending the meeting. The previous day was the first sitting day of Congress since Argentine President Cristina Fernández de Kirchner's party lost control of the Chamber of Deputies in the June 2009 midterm elections – a rare event in Argentine politics. The Canadian delegation heard that the first sitting day was tumultuous and did not end until 4:30 am. As a result, Dep. Solanas was regrettably unavailable.

In his place, the Canadian delegation met with Felix Herrero, Head of the Energy Commission in Argentina. The two sides discussed the positive Canada–Argentina relationship in nuclear cooperation and attitudes toward nuclear power as a source of electricity in Argentina. It was mentioned that Argentina is looking to increase its nuclear power capacity and that Canada has been a strong partner in helping Argentina develop its capabilities in that regard.

The subject of alternative energy was also a major focus of the meeting. The Canadian delegation offered to work more closely with Argentina to help explore alternative energy sources like solar, wind and tidal power. The delegation heard that there is some opposition in Argentina to nuclear and hydro power because of the environmental damage those energy sources can cause. In the case of nuclear power, concerns centre around the disposal of nuclear waste, while in the case of hydro power, the issue is the potential damage to local ecosystems.

Mining issues were also raised. Mr. Herrero gave the delegation an overview of some of the jurisdictional issues surrounding the ownership and taxation of mining resources and activity in Argentina. With the exceptions of uranium and oil, mining is under provincial jurisdiction in Argentina, but the provinces have expressed concerns that they do not see a significant share of the royalties, taxes and other economic benefits associated with mining activity. The Canadian delegation pointed out that similar issues exist in Canada. While sub-surface resources in Canada are under provincial jurisdiction as well, the federal government collects corporate and personal taxes from mining and energy production activities.

E. Meeting with the President of the Chamber of Deputies and Representatives of Argentine Parliamentary Committees

In what was perhaps the most significant meeting of its mission to Buenos Aires, on Thursday, 18 March 2010 the Canadian delegation had the opportunity to meet with the President of the Chamber of Deputies, Eduardo Fellner, as well as with representatives of the Argentine Mercosur Committee, the Foreign Relations Committee, the Canada–Argentina Parliamentary Friendship Group of the Chamber of Deputies, and members of the Senate Trade Committee. In spite of the fact that Argentine deputies had been up until 4:30 am. in a marathon session of Congress, attendance at the meeting was excellent.

President of the Mercosur Committee Gabriela Michetti, opened the meeting by talking about how much she admires and respects Canada, especially in its work in education and in improving accessibility for the handicapped. She also talked about Mercosur and the North American Free Trade Agreement (NAFTA), expressing her interest in exchanging ideas about and understanding of the two agreements.

Senator Ringuette replied by introducing the Canadian delegation and underscoring the common attitudes and values of Canadians and Argentines, especially in areas like human rights, education, trade, and cooperation in areas like energy as well as science and technology. Senator Ringuette also summarized the proceedings of the Trade Knowledge Workshop, held two days earlier. Many Argentine parliamentarians were unable to attend the workshop because they had been preparing for the opening day of the new session of Congress.

These opening remarks were followed by the most vibrant dialogue and exchange of ideas of any of the Canadian delegation's meetings in Buenos Aires. Canadian and Argentine parliamentarians made numerous interventions and the time allotted for the meeting ended well before the discussions were exhausted.

A wide variety of subjects was covered in this meeting, ranging from recent Canada–Argentina cooperative ventures, including the recently signed social security agreement between the two countries and joint activity in Haiti, to mining activity, global demand for natural resources, conservation of land and water and climate change, to the diplomatic tensions between Argentina and the United Kingdom over oil and gas exploration in the disputed Malvinas (Falkland) Islands.

While parliamentarians covered myriad subjects in this meeting, one of the major points of discussion was the request made by Argentine parliamentarians to increase bilateral relations in science and technology cooperation between Canada and Argentina. The Canadian delegation offered to deliver this request to the Government of Canada and also suggested that a delegation of Argentine parliamentarians come to Canada to pursue this objective further.

Argentine parliamentarians also noted that it is unusual to see a delegation of parliamentarians travelling abroad to advocate increased commercial relations. They commented that the Trade Knowledge Workshop is an important and useful tool, one which allows parliamentarians to discuss trade issues informally. They also observed

that the Canada–Argentina bilateral workshop helped to open their minds, enabling them to consider a new, more active role in trade policy.

The Canadian delegation also heard much positive feedback about the value and potential role of FIPA in the hemisphere. Some Argentine parliamentarians expressed interest in FIPA holding an event similar to the Trade Knowledge Workshop, but focused on the relevance of federal-provincial relations in economic and social development. Shared or disputed jurisdiction, especially over resource exploitation, is an important issue in Argentina and one which many other countries in the hemisphere share as well.

Argentine parliamentarians also noted that many items frequently on FIPA's agendas are on subjects of particular interest to Argentina, especially economics, finance and debt, trade and the fight against terrorism. They stated that, in order to take full advantage more of the opportunities presented by the association, Argentina has every intention of creating an Argentine Section of FIPA, modelled after the Canadian Section.

At the conclusion of the meeting, it was widely acknowledged that the participants had only just begun to cover the multitude of questions that all were eager to have addressed. Had time permitted, these discussions would have covered such issues as foreign investment in mining, environmental insurance for resource-extraction projects, learning from the lessons of NAFTA and Mercosur, Canada's policy response to increased global demand for commodities, and closer bilateral cooperation between Canada and Argentina.

Senator Ringuette concluded the discussions by stressing that Canadian parliamentarians share an interest in exploring these subjects with their Argentine counterparts. Indeed, she stated that discussions such as these are a perfect example of why Argentine parliamentarians need to get involved in FIPA: to exchange ideas and build on their mutual experiences with their counterparts elsewhere in the hemisphere. Institutions like FIPA and the Canada–Argentina Parliamentary Friendship Group were designed for the express purpose of continuing to develop this kind of dialogue.

F. Meeting with the Chamber of Deputies' Commission on Science and Technology

The Canadian delegation met with parliamentarians who sit on the Commission on Science and Technology at the Chamber of Deputies. The purpose of the meeting was to discuss issues of mutual interest, and to explore areas for closer cooperation between Canada and Argentina in the area of science and technology.

The existing bilateral cooperation in science and technology was emphasized at the outset of the meeting. Parliamentarians highlighted the fact that Canadian technology is already evident in Argentina in the form of a CANDU nuclear reactor. In fact, shortly after the Canadian delegation's return to Canada, it was announced that a fourth nuclear power plant will be built in Argentina using CANDU technology.

Canadian parliamentarians also emphasized the fact that considerable opportunities for increased science and technology cooperation exist in other areas as well. Agriculture and environmental technologies were suggested as obvious candidates in that regard. On the agriculture side, mention was made of the need to diversify production to meet the wide-ranging demands for agricultural products for food, fuel, industrial uses and

animal feed. In terms of environmental technologies, parliamentarians talked about cooperation in waste water management and alternative energy sources, such as solar power.

Participants also discussed the role of government in promoting and developing science and technology. They talked about the importance of an appropriate legislative framework to enable research and development as well as the role that government can play in ensuring that research is commercialized effectively. In addition, the two sides discussed the importance of having the right legislative framework in place to enable research, and of government grants to encourage research in science and technology. The Canadian delegation heard that Argentina is looking to implement a national regulatory framework within the year. In reply, the Canadian parliamentarians offered to share Canada's experience in the design and implementation of regulations through the Canadian Embassy in Buenos Aires.

G. Meeting with Representatives of Canadian Businesses

The Canadian delegation's final meeting took place at the Canadian Embassy in Buenos Aires, where members met with representatives of Canadian businesses active in the country. Many of these enterprises were involved or associated with mining operations in Argentina, although other businesses, notably those in the construction and agri-food sectors, were also present.

Three broad themes emerged during the discussions at that meeting. These were: Argentina's role in Mercosur and the future of that institution; mining activity in Argentina; and Argentine trade policies, most notably its export taxes on agricultural goods.

On the subject of Mercosur, participants were divided on the future of the institution. Some remarked that Mercosur is becoming less and less of a free trade/economic organization and increasingly a general association of countries. One participant observed that Venezuela is now a part of Mercosur as a political entity, but is not participating in the common external tariff which defines the customs union. It was suggested that differences in monetary policies, regulations and states of economic development within Mercosur were all long-term impediments to the future of the institution. Others disagreed with this viewpoint, arguing that Mercosur does, in fact, have a positive future. In the view of some, Mercosur continues to grow and evolve towards its long-term goal of emulating the European Union. To that end, it was noted that Mercosur could adopt a common currency within the next five to seven years.

Discussions surrounding the subject of mining in Argentina touched upon a number of themes. Among them were environmental concerns associated with mining activity. It was mentioned that mining controls in Argentina are not lacking, but there are growing concerns related to the impact of mining on the environment. One of the specific concerns cited was the implementation of some of the country's environmental laws; some participants suggested that the poorer Argentine provinces lack the resources needed to enforce those laws. This lack of enforcement has contributed to a growing anti-mining movement in Argentina. The country recently implemented a ban on open-pit mining and on the use of certain chemicals in the extraction process.

The issue of federal-provincial jurisdiction over mining came up in this meeting as well. Some business representatives argued that the federal government collects export duties on mining (which is under provincial jurisdiction in Argentina), but is not remitting those revenues unconditionally to the provinces. The delegation heard that the provinces are looking for ways to extract more of the financial benefit from the mining activity taking place in their jurisdictions.

The final major theme of discussions, the levy of export taxes on agricultural goods in Argentina, is a complex issue. Argentina has implemented, or dramatically raised, export taxes in recent years in an effort to raise federal revenues. The delegation heard that, although they make Argentine products less competitive in foreign markets, export taxes are an important source of government income in a country with relatively few reliable revenue streams can be difficult. While it was argued that the export tax policy is popular in Argentina, some Canadian businesses observed that it is a significant challenge to adapt to new government rules and policies, especially those which act as barriers to trade.

CONCLUSION

The delegation representing the Canadian Section of FIPA had a productive trip to Buenos Aires. It successfully accomplished its two primary objectives: participating in the Trade Knowledge Workshop for Parliamentarians; and, through FIPA, building closer ties with Argentine parliamentarians.

The Trade Knowledge Workshop contained much useful information and presented an excellent opportunity for parliamentarians to explore difficult trade policy issues in an open and informal way, aided by the CTPPL and the expertise of leading Argentine trade experts. Argentine parliamentarians were supportive of the event and went out of their way to emphasize to the Canadian delegation that there is a great need to build trade knowledge capacity amongst parliamentarians.

The sole drawback to the Trade Knowledge Workshop was the unfortunate and unavoidable timing of the activity, since it took place in the midst of a tense political situation in Argentina. Argentine President Cristina de Kirchner's party had recently lost control of Congress, creating a dramatic political environment as Argentine parliamentarians prepared for the opening session of Congress. Since that opening session was held the day after the workshop, relatively few Argentine parliamentarians were able to attend the event in person, although a large number were represented by their political advisors.

The Canadian delegation is convinced, however, that interest in such workshops is high in Argentina. This fact became evident two days after the workshop during an exceptionally well-attended and dynamic meeting with Argentine parliamentarians. Many of the issues raised during the Trade Knowledge Workshop were revisited during that meeting, and it was widely agreed that parliamentarians had only scratched the surface of those issues before the time allotted for the meeting had expired.

In its view, the Canadian delegation was also successful in illustrating to Argentine parliamentarians the value of FIPA as a forum for inter-parliamentary dialogue and diplomacy, as well as a vehicle through which parliamentarians from across the

hemisphere can engage in open dialogue about the issues and policy challenges facing countries in the Americas. Indeed, one of the delegation's specific objectives was to advocate that Argentina establish a permanent Argentine Section of FIPA, similar to the Canadian Section. The Canadian delegation is pleased to report that several Argentine parliamentarians pledged to establish such a permanent body.

Finally, the Canadian delegation would like to thank the Department of Foreign Affairs and International Trade, the Technical Secretariat of the Inter-Parliamentary Forum of the Americas, the Centre for Trade Policy and Law, and the Canadian Embassy in Argentina for their support in the planning and coordination of the program.

Respectfully submitted,

Randy Hoback, M.P. Chair ,
Canadian Section
of the Inter-Parliamentary Forum
of the Americas (FIPA)

Travel Costs

ASSOCIATION	Canadian Section of the Inter-Parliamentary Forum of the Americas (FIPA)
ACTIVITY	Bilateral Visit to the Congress of Argentina
DESTINATION	Buenos Aires, Argentina
DATES	March 15 to 19, 2010
DELEGATION	
SENATE	Hon. Pierrette Ringuette, Senator Hon. Michel Rivard, Senator
HOUSE OF COMMONS	Mr. Bev Shipley, M.P. Mr. Pablo Rodriguez, M.P. Ms. Nicole Demers, M.P. Mr. Peter Julian, M.P.
STAFF	Mr. Michael Holden, Analyst Mr. Leif-Erik Aune, Secretary
TRANSPORTATION	\$ 64,098.15
ACCOMMODATION	\$ 8,818.10
HOSPITALITY	\$ 7,452.17
PER DIEMS	\$ 2,893.27
OFFICIAL GIFTS	\$ 501.59
MISCELLANEOUS / REGISTRATION FEES	\$ 460.39
TOTAL	\$ 84,223.67