



**Report of the Canadian Parliamentary Delegation  
to the Congress of the Republic of Peru and Trade  
Knowledge Workshop**

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

**Lima, Peru  
March 23-27, 2009**

# Report

## INTRODUCTION

A delegation of four parliamentarians representing the Canadian section of the Inter-Parliamentary Forum of the Americas (FIPA) travelled to Peru from March 23<sup>rd</sup> to 27<sup>th</sup>, 2009. The delegation was led by Mr. Ed Holder, M.P.; also participating were the Honourable Percy Downe, Senator, the Honourable Lawrence MacAulay, P.C., M.P., and Mr. Paul Crête, M.P. The parliamentarians were assisted by Mr. Leif-Erik Aune, Secretary to the Delegation, and Mr. Michael Holden, Library of Parliament Analyst to the Delegation.

The purposes of the delegation's visit to Peru were to discuss Canada's and Peru's mutual involvement in FIPA, and to participate in the Trade Knowledge Workshop for Parliamentarians with Peruvian Members of Congress. Peru had been a longstanding and active member of FIPA; Members of the Peruvian Congress were present at the inaugural Plenary Assembly in Ottawa in 2001 and at every subsequent Plenary Assembly until 2005. More recently, however, Peru's involvement in FIPA has decreased. The Canadian delegation intended to meet with a number of Peruvian Members of Congress to advocate for greater participation in FIPA and to remind their Peruvian counterparts of the important role the association can play as a vehicle through which parliamentarians from across the Americas can meet to discuss important public policy issues of mutual interest and concern and best practices for how those issues could be addressed. In particular, the Canadian delegation wished to highlight FIPA's upcoming 6th Plenary Assembly, to be held in Ottawa in September 2009, and to invite Members of the Peruvian Congress to attend those meetings.

The Trade Knowledge Workshop in Peru was the fourth such event presented by FIPA. The inaugural Trade Policy 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 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.

FIPA places a great deal of importance on these Trade Knowledge Workshops. Given the importance of international trade to economic growth, prosperity and development, it is critical for Parliamentarians from across the hemisphere to have a sound knowledge of international trade rules and negotiations and their wider policy implications. Through workshops such as these, FIPA has made it a priority to help parliamentarians from across the hemisphere to 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 decision to participate in a Trade Knowledge Workshop with Peru was particularly timely. Canada and Peru signed a free trade agreement in May 2008 and the Government of Canada introduced legislation to implement the agreement while the Canadian delegation was in Peru. The Trade Knowledge Workshop provided an occasion for Parliamentarians from the two countries to get together to discuss the

opportunities that free trade creates for closer economic ties between Canada and Peru, as well as any challenges or issues that might arise out of the agreement.

## **TRADE KNOWLEDGE WORKSHOP**

The Trade Knowledge Workshop was a two-day event, taking place on March 25 and 26, 2009. It was hosted by the Congress of Peru and facilitated by the Centre for Trade Policy and Law (CPTL) at Carleton University in Ottawa, and the Economic and Social Research Consortium (CIES) in Lima, Peru. Financial assistance for the event was provided by the Department of Foreign Affairs and International Trade (DFAIT).

Dr. Anibal Huerta Diaz, President of the Peru-Canada Parliamentary League, opened the workshop. In his remarks, he highlighted the important role FIPA is playing as a forum in which Parliamentarians can work together and cooperate to solve differences in the region, towards the ultimate goal of promoting economic development across the hemisphere. He stressed the importance of trade as an economic development tool and the opportunities that the Trade Knowledge Workshops provide for Parliamentarians to develop their own knowledge and expertise on trade rules and trade issues.

Canada's Ambassador to Peru, Mr. Richard Lecoq, and the head of the Canadian delegation, Ed Holder, also provided opening remarks. AMBASSADOR Lecoq noted the rich exchange that already exists between Canadian and Peruvian Parliamentarians and the fact that South America is a foreign policy priority for Canada. He also highlighted the timeliness of this seminar, pointing out that countries must resist the temptation to turn inward during the current global economic crisis and must instead look to trade as a key element of an eventual recovery. To that end, AMBASSADOR Lecoq congratulated FIPA for playing an important role in building Parliamentarians' understanding of trade and trade issues, and of how trade can generate wealth and economic activity, both locally and globally.

In his remarks, Mr. Ed Holde, M.P., noted that the purpose of these trade workshops is to provide parliamentarians with an opportunity to gain a more in-depth understanding of the multilateral trading system and of the role they can play in influencing the development, scope and direction of trade policy. Mr. Holder also discussed the strong growth in Canada's economic relationship with Peru and the opportunities that a bilateral free trade agreement between the two countries offers.

The workshop itself consisted of five sessions covering a range of trade-related topics. These were:

- Trade Rules and Trade Politics;
- Parliament's Role in Trade Development;
- Trade, Competitiveness and Development: Opportunities and Challenges for Peru;
- Labour, Poverty and Gender in the Context of Trade Liberalization in Peru; and
- Key Policy Issues in the Canada-Peru Economic Relationship

## 1. Trade Rules and Trade Politics

The opening session of the Trade Knowledge Workshop essentially set the groundwork for the rest of the seminar. Ms. Anne McCaskill, Secretary of the Canadian section of the NAFTA Secretariat, began with a presentation entitled, "Trade Rules and Politics". In that presentation, Ms. McCaskill described the importance of parliamentary engagement in international trade matters and the evolving context in which that engagement is taking place. She noted that numerous forces are at work thereby increasing the need for parliamentarians to become more involved in international trade issues while, at the same time, the growing complexity and scope of the international trading system makes it increasingly difficult for them to do so.

Ms. McCaskill identified a number of factors contributing to the growing complexity of international trade issues. These included: the expanding scope of multilateral trade negotiations; the emergence of new global trade patterns, sometimes referred to as "integrative trade"; the rise in regional and bilateral trade agreements in response to the faltering Doha Round of World Trade Organization (WTO) negotiations; and the growing tendency for trade rules to affect policy and law in areas that were once the sole domain of governments. She also expanded on the numerous roles for parliamentarians to play in these areas, as well approaches for engaging constituents, negotiators, interest groups and other stakeholders in the global trade agenda.

Following this overview of parliamentarian involvement in trade policy issues, Ms. McCaskill outlined some of the key features of international trade agreements. These included the fundamental concept of non-discrimination, which includes both national treatment (ensuring that foreign interests are treated no less favourably than domestic interests) and most-favoured nation status (ensuring that governments do not favour one trading partner over another). Also discussed were issues such as progressive liberalization, rules-based codes of conduct, and binding dispute settlement.

Ms. McCaskill closed her presentation by providing a synopsis of the current state of WTO trade negotiations. She noted that two related factors were contributing to the lack of progress in multilateral trade talks: an inability to reach a consensus in certain aspects of trade negotiations; and the shifting balance of power at the bargaining table. The former includes issues relating to agriculture, non-agriculture market access (NAMA), services, trade rule and special and differential treatment. The latter referred to the increased role being played by developing countries and coalitions of common interest at the negotiating table, as well as the growing prominence of China on the international stage.

Following Ms. McCaskill's presentation, the floor was opened for questions and comments by Parliamentarians taking part in the session. Some of the subjects of discussion included the evolution of bilateral trade agreements and the presence of side agreements on labour and the environment; the need to take more account of issues of human development and social justice in research on trade impacts; and the relationship between trade agreements and environmental protection, particularly as it relates to the use of trade remedies and sanctions as a means to enforce environmental agreements.

A major theme of the discussion was protectionism in the context of the global economic downturn. Several Parliamentarians observed that protectionist sentiment tends to rise in tough economic times. In particular, members of the Peruvian Congress expressed their concern that developed countries, which had theretofore preached open markets and trade liberalization as agents of economic development, would themselves turn inward and close their markets to developing countries which had grown reliant on trade for economic growth. It was generally agreed that Parliamentarians have an important role to play in promoting the value and benefit of free trade. Doing so effectively requires the ability to identify and evaluate the issues and policies that could lead to trade obstruction.

A related discussion considered the issues of subsidies, non-tariff barriers to trade and the use of trade remedies. Parliamentarians expressed concerns that, in the context of global economic uncertainty, compliance with trade rules may decrease and they noted that the use of subsidies and other domestic supports is rising. The importance of binding dispute resolution as a means to deal with these issues was discussed, as was the limitations of dispute settlement; trade agreements cannot solve every trade dispute and compliance with dispute panel rulings is not guaranteed. Moreover, in an integrated global economy, it can be counterproductive to raise tariffs in retaliation to such non-compliance.

Finally, Parliamentarians considered the shift in the balance of power at the WTO. It was a longstanding concern of many countries that the trade liberalization agenda was dominated by the United States and the European Union. More recently, however, other major players have emerged, including China, India and a number of other countries involved in south-south coalitions and regional groupings. While the increased involvement of these countries in the multilateral trading system is welcome, it also presents a challenge as reaching agreements at the WTO, a fundamentally consensus-driven process, is becoming increasingly difficult.

## **2. Parliament's Role in Trade and Development**

The second session of the Trade Knowledge Workshop began with two presentations. The first, by Ms. Anne McCaskill entitled, "Parliament's Role in Trade and Development". This presentation built on her presentation in the previous session by considering in more detail the role of parliamentarians in international trade policy and by identifying the tools that parliamentarians need to play that role effectively, both at the national and international levels.

Ms. McCaskill observed that there are three roles for parliamentarians to play in trade policy issues. The first is that, by engaging with constituents and special interests, they provide an essential link between citizens and their governments. Second, there is a critical role in oversight and implementation of trade policies, negotiations and agreements. Finally, diplomacy within and between parliaments is critical as it helps to generate new information and approaches to dealing with trade issues, builds knowledge and technical capacity, and can help bridge differences and build consensus across international borders.

In terms of the tools that parliamentarians need, of paramount importance was information. As a first step it was deemed critical that parliamentarians have access to

adequate staffing and sufficient research support. Parliamentary Committees were identified as another important way in which parliamentarians can obtain information on trade-related issues. In the Canadian context, committees provide institutional structure and have the ability to undertake enquiries, studies and hearings, and have the responsibility to review legislation. Finally, Ms. McCaskill stressed inter-parliamentary networks as an invaluable source of information, consultation and cooperation. Through parliamentary associations, whether regionally-based groups like FIPA, or larger multilateral groups like the Inter-Parliamentary Union (IPU), parliamentarians build contacts with whom they can exchange ideas and concerns about trade-related policy issues; discuss topics of mutual concern; and share policy solutions and best practices.

The second presentation was given by Mr. Ignacio Basombrío, President of the Peruvian Center for International Studies (CEPEI). Mr. Basombrío's presentation began with an overview of the economic and structural reforms that have taken place in Peru and other countries in the region over the past 20 years. He noted that Peru has complied with economic reform programs and has achieved considerable progress in terms of economic growth in recent years. However, he also observed that the present economic crisis demonstrates clearly that markets do not have all the answers for economic development and that there is a critical role for the state and parliamentarians to play as well.

Mr. Basombrío also pointed out his concerns regarding the relationship between the executive and the legislative branches in Peru. He argued that there is too much authority in the hands of the executive branch; political control of the executive is limited; and that no effective mechanism exists through which the two sides can work together.

The remainder of Mr. Basombrío's presentation focused on the political mechanisms that are needed in Peru in order to improve Parliamentary involvement in, and oversight of, free trade negotiations and agreements. He suggested that, in view of the technical complexity of international agreements, the ability of Peru's legislators to get more involved in trade agreements and trade policy may be limited by the lack of sufficient research and analytical support. It is especially critical that Congress play a more active role in the negotiation of free trade agreements because its ability to influence trade agreements is significantly reduced once those deals are signed. In Mr. Basombrío's view, Peru should consider emulating the Canadian system in this regard.

The discussion following the presentations focused on the balance of power between the executive and legislative branches of government, both in Canada and in Peru. It was noted that, in the case of Peru, four factors were contributing to the perceived imbalance: media and academic portrayal of Congress as being bureaucratic and ineffective; the lack of funds to improve technical support for Congress; the lack of a system of continuous information flow between the two branches; and the need for Congress to become more efficient by reducing unnecessary duplication of laws and regulations and improve their overall effectiveness.

### **3. Trade Competitiveness and Development: Opportunities and Challenges for Peru**

The final session of the first day of the Trade Knowledge Workshop focused on the opportunities and challenges that trade liberalization presents for Peru, with a presentation by Mr. Eduardo Morón, Principal Researcher and Professor at the Research Center of Universidad del Pacífico (CIUP). In his remarks, Mr. Morón touched upon four broad themes: the definition of an open economy; the advantages and disadvantages of economic openness; mechanisms to achieve openness and growth; and reflections on Peru's experience with market liberalization.

Mr. Morón reviewed how economic openness can be measured and the economic literature on the impacts of trade liberalization and Peru's performance relative to other countries in Latin America. He noted that a general relationship exists whereby openness leads to economic growth which in turn leads to poverty reduction. Notwithstanding this general relationship, he stressed that, on its own, trade openness does not necessarily lead to poverty reduction; other factors play a critical role that can augment or counter the impacts of trade openness. He noted that infrastructure development, labour market flexibility, education and good governance were all critical components of any economic development strategy.

The economic evidence in Mr. Morón's presentation clearly demonstrated that countries that opened their markets in the 1980s and 1990s ("globalizers") on the whole grew faster than countries which remained closed ("non-globalizers"). The remainder of his presentation centred on the mechanisms by which economic openness contributes to growth, including: fostering comparative advantage; attracting productivity-enhancing investment and imports; improving market access; and imposing policy discipline on institutional processes.

The discussion following the presentation focused largely on the role of trade as a generator of wealth and the need for effective redistribution policies to ensure that the benefits of trade are realized by all. It was generally agreed that more effort is needed to ensure that economic openness be sustainable and socially relevant. It was noted that governments have an important role to play in income and wealth redistribution, but that in Latin America, tax policies and government transfers are not sufficiently redistributive – disposable incomes in the region are no more evenly distributed than before-tax incomes.

A related concern was the potential impact of the economic downturn on trade and the short-term economic impact of free trade agreements. While Peru has benefited from trade and openness, a decrease in trade and economic growth could result in lower employment. At the same time, there is often a short-term economic adjustment whenever free trade agreements are implemented. These short-term effects, which may coincide with the economic downturn, could create the impression that free trade is bad for employment and lead to doubts about the value of free trade and economic openness.

#### **4. Labour, Poverty and Gender in the Context of Trade Liberalization in Peru**

The second day of the Trade Knowledge Workshop began with a panel discussion on some of the broader issues associated with trade liberalization. The panel was moderated by Ms. Norma Correa, Project Officer at the Economic and Social Research Consortium (CIES). The panellists included Mr. Waldo Mendoza, Head of the

Economics Department at Pontificia Universidad Católica del Peru (PUCP) and President of the Board of Directors at CIES; Ms. Janina León, Associate Professor at the Department of Economics at PUCP; and Mr. Juan Chacaltana, Senior Researcher at the Research Center for Development and Participation (CEDEP).

Mr. Waldo Mendoza was the first to speak, concentrating his remarks on the subject of international trade and poverty. He identified two contemporary issues in Peru that relate to trade and poverty: the recently-implemented free trade agreement between the United States and Peru; and the international economic context in which trade is taking place.

Mr. Mendoza observed that a significant share of economic activity in Peru is found in natural resource industries, especially mining and agriculture. These sectors have enjoyed strong growth in recent years, owing to the two issues mentioned above. Before the U.S.-Peru FTA was implemented, the U.S. had unilaterally granted preferential market access to Peruvian goods, contributing to higher production (especially in agriculture) and export growth in Peru. At the same time, the global commodity price boom further raised the value of Peruvian exports, generating an export-led economic boom.

This situation has changed dramatically. Commodity prices have fallen, meaning that Peruvian exports have become less valuable on the global market. Meanwhile, the U.S.-Peru free trade agreements marks the end of Peru's preferential access to the U.S. market as Peruvian tariffs on U.S. goods, especially agricultural products, will begin to come down. When this happens, the availability of lower-priced U.S. goods could, in some cases, lower the prices that Peruvian farmers receive for their goods. This combination of factors could have significant implications for agricultural producers in Peru, many of whom are among the poorest people in the country.

The second presenter, Ms. Janina León, spoke on the subject of economic activity, employment and gender. She stressed the importance of trade as a generator of economic growth, without which, in her view, there would be no employment growth for women.

Ms. León also provided an overview of women's labour market performance in Peru. She noted that women in urban areas earn more than their rural counterparts, but women still have a lower participation rate, higher unemployment rate, lower wages and work fewer hours than do men.

Because of the absence of good data on the subject of gender and trade in Peru, Ms. León focused on two specific case studies of women becoming more active in the workforce because of export market opportunities. In both case studies, one involving the export of handicrafts and the other, large-scale, export-based agricultural production, it was found that trade improved female empowerment, generated jobs for women, reduced poverty and resulted in improved access to medical and social services (which are being provided, in many cases, not by the government but by private companies).

Ms. León suggested, however, that the current economic downturn could reverse these trends as lower exports will lead to fewer jobs, lower wages and an increase in



poverty. Moreover, if companies shut down operations because of poor economic conditions, this could mean the end of access to medical and social services for women.

The final speaker, Mr. Juan Chacaltana, gave a presentation of the subject of Employment, Trade and Youth. He began with an overview of labour market conditions in Peru, noting that there has been an employment boom in Peru in recent years, especially in terms of formal or “registered” employment. Formal employment growth has been particularly strong in some cities outside of Lima and in resource-based industries, especially in agriculture.

However, the employment boom has largely bypassed the youth population, defined as those 15-29 years of age. Moreover, the prospects for improvement in the immediate future are dim as youth employment tends to be the first to be hit by cyclical economic downturns.

It was also noted that the most attractive employment prospects for youth are in export-oriented, medium-sized and large companies. These companies pay higher wages to youth and, although the gap between youth and adult employment conditions is wider than in the labour market generally, the career prospects for youth are better-than-average as well.

Mr. Chacaltana ended his presentation by identifying a major policy challenge in Peru: the need to engage youth in society. One quarter of the country’s youth are neither employed nor studying and, in many cases, are turning to crime, extortion and theft.

Because of the length of the presentations and delays in starting the session, there was relatively little time for discussion following this session. However, Parliamentarians still had the opportunity to discuss the possible implications of Peru’s free trade agreements with the U.S. and Canada on economic growth in that country, as well as issues relating to the education system in Peru and the need for education reform in order to improve job prospects for those on the margins of society.

## **5. Key Policy Issues in the Canada-Peru Economic Relationship**

The final session of the Trade Knowledge Workshop centred on the Canada-Peru bilateral economic relationship. As with the previous session, this final meeting began with a panel discussion. The panel included Mr. Álvaro Diaz, Advisor at the Ministry of Trade and Tourism in Peru, Mr. Luis Carlos Rodrigo Prado, Chairman of the Canada-Peru Chamber of Commerce, and Claudio Herska, from the Peruvian Institute of Business Management. The panel was moderated by Javier Portocarrero, Executive Director at CIES.

Mr. Álvaro Diaz began the session with a brief overview of the agreement and the negotiation process, in which he was actively involved. He noted that the main component of the agreement was tariff elimination, although there were important provisions in areas like investment protection, and rules of origin, to name two. The agreement also includes two parallel accords on labour and the environment. The labour agreement upholds the International Labour Organization’s (ILO’s) Declaration of Workers’ Rights and includes some support for capacity-building relating to education standards and technical qualifications in Peru.

Mr. Diaz was optimistic about the potential of this agreement to enhance Canada-Peru economic relations. He also stated that the Canadian negotiators were, in his experience, the best he had come across in terms of their ability to negotiate in a hospitable and transparent manner.

The second speaker, Mr. Luis Carlos Rodrigo, focused his comments on one of the expected benefits of the agreement for Peru: the opportunity it provides the country to improve its regulations and standards. In his view, this trade agreement, and the two side agreements, are an important step in forcing Peru to move towards a more efficient and transparent legal framework and to raise its standards for workers' rights, as well as the degree of enforcement of environmental regulations and corporate social responsibility (CSR).

The final speaker, Mr. Claudio Herska, spoke about the Canada-Peru FTA in the context of the global economic downturn, focusing on three specific topics. The first of these was market regulations and reforms. He observed that both Canada and Peru have relatively stable banking sectors and stressed the importance of capital flows in ensuring a speedy economic recovery in both countries.

The second topic was the rise in protectionism around the world. Mr. Herska argued that subsidies, anti-dumping and countervailing duties, and non-tariff barriers are all on the rise and that this rising protectionism will cause economic growth in Canada and Peru to suffer if it continues unabated.

The final topic covered two subjects: the environment and public services. On the issue of the environment, Mr. Herska noted that Peru has had bad experiences in the past when it comes to private sector investment, especially in resource-based industries like mining. A number of companies had established mining operations which were subsequently abandoned, or left stagnant when the company went bankrupt. Because of weak regulations and enforcement at the time, many of these mining sites have caused considerable environmental damage. While contemporary mining practices in Peru are significantly better, the image of foreign-owned mining suffers from the enduring legacy of 20- to 30-year-old projects and as such, mining investment continues to face stiff resistance in some circles in Peru.

In terms of public services, Mr. Herska argued that the Peruvian government faces a considerable challenge in providing services to isolated areas of the country. Another related issue is the need to be responsive to the varying needs of the numerous indigenous cultures in Peru. Mr. Herska believed that there were opportunities for Canada and Peru to share best practices on this issue.

The discussions following the presentations included a lively exchange with several indigenous Members of Congress from Peru. They suggested that no information had been made available on the details of the Canada-Peru free trade agreement, preventing elected Parliamentarians from being able to express an opinion on the terms of the deal. These claims were vigorously denied by the three presenters. It was noted that one of the ongoing challenges with free trade and globalization is that ideology frequently enters the debate, making it difficult to have a reasoned discussion on the subject.

The remainder of the discussion focused on two specific topics: trade and the environment; and education reform. On the environment, it was noted that the main problem with mining in Peru has been not with environmental regulation, but with enforcement. As mentioned above, the reputation of mining in Peru is tarnished by the actions of companies 20-30 years ago. At present, mining is a positive contributor to the economy, generating jobs and significant revenues for local communities.

On education, Parliamentarians discussed the need for significant reforms. The government has approved a national education plan, but this plan is meeting with stiff resistance in some circles. Peru is one of the worst performers in terms of educational outcomes in all of Latin America. Parliamentarians heard that there is a shortage of teachers and too many low-quality universities. Students graduate from university with a degree but poor skills and debt, creating disappointment, unmet expectations and social problems. Indeed, there could be a skilled labour shortage in Peru in the near future for want of well-educated Peruvians.

## **OTHER MEETINGS**

In addition to participating in the Trade Knowledge Workshop, the Canadian delegation also had the opportunity to meet with several members of the Peruvian Congress. As mentioned above, the goal of these meetings was to advocate for greater participation in FIPA by parliamentarians from Peru and to invite Members of the Peruvian Congress to the 6th Plenary Assembly of FIPA in Ottawa in September 2009.

The Canadian delegation also held meetings with Canadian businesses active in the country to get a better understanding of the issues and challenges Canadians face trading and investing in Peru. Canadian Members of Parliament also has a unique opportunity to visit the site of a Canadian International Development Agency (CIDA) post-earthquake reconstruction project.

### **1. Meetings with Peruvian Members of Congress**

The Canadian delegation spent the day of March 24 in meetings with Peruvian Members of Congress. The delegation met with members of the Canada-Peru Parliamentary League; with Peruvian Parliamentarians active in FIPA; and with Indigenous Parliamentarians.

During these meetings, the Canadian delegation and their Peruvian colleagues discussed a wide range of issues. These included Canada-Peru economic relations and the recently-signed free trade agreement between the two countries; the global economic downturn; and Peru's strategy for overcoming the challenges brought on by the weakening outlook for the world economy. Parliamentarians also exchanged views and ideas about foreign affairs issues in Latin America, and Peru's development challenges: its reliance on resource-based industries for economic growth; and the need for legal and other institutional reforms in the country.

The delegation met with Ms. Hilaria Supa, President of the Parliamentarian Indigenous Group; discussions focused on issues such as cultural diversity and rural poverty. Parliamentarians talked about isolated communities in Peru and the impact of forestry and mining operations in those areas. They also discussed concerns about the potential impact of Peru's free trade agreements with countries like the United States and Canada on native groups, the environment and local culture. In their view, these issues would benefit from further study. For their part, the members of the Canadian delegation discussed policy issues relating to First Nations populations in Canada, including poverty and efforts made to correct historic mistreatment of Native populations in Canada.

At the conclusion of these meetings, it was noted that FIPA provided an ideal forum for Parliamentarians from across the hemisphere to discuss issues such as those mentioned above and to build consensus and mutual understanding. The delegation heard that the FIPA Plenary Sessions are particularly important vehicles to allow parliamentarians not only to exchange ideas and concerns about policy, but also to build networks of personal connections and contacts. It was observed that government policies are often formed because of the personal relations build through fora such as FIPA.

Several Peruvian Members of Congress expressed their willingness to attend the FIPA Plenary Session in September.

## **2. Meeting with the President of Congress of Peru**

In a break between sessions of the Trade Knowledge Workshop, the Canadian delegation was honoured to meet with the President of Congress, Mr. Javier Velásquez. During that meeting, President Velásquez thanked the Canadian delegation for their visit to Peru and expressed his enthusiasm about the important role FIPA plays in strengthening relations across the hemisphere. He also noted the efforts being made in Peru to consolidate economic reforms and open markets. President Velásquez cited the role Canada has played as a partner in this regard.

On behalf of the Canadian delegation, Mr. Ed Holder thanked President Velásquez for his hospitality and observed that it was important for Canadian parliamentarians to be able to meet with their counterparts from elsewhere in the hemisphere to discuss policy challenges and to share ideas. He also discussed the progress made in the Trade Knowledge Workshop and noted that the workshop played a valuable role in building the trade knowledge capacity of parliamentarians from both countries, in order that they, as President Velásquez had mentioned earlier, be in a better position to be able to make important policy decisions.

Mr. Holder also extended an invitation to President Velásquez to attend the FIPA Plenary Session in September, reminding him that Peru had regularly attended FIPA meetings in the past and made a valuable contribution to the discussions at those meetings.

## **3. Meeting with Peruvian Foreign Affairs**

Following the Trade Knowledge Workshop, the Canadian delegation went to the Peruvian Ministry of Foreign Affairs to meet with Mr. Néstor Popolizio Bardales, Ambassador and Undersecretary for American Affairs, and Ministry officials. This was the delegation's first opportunity to meet with officials responsible for implementing Peru's trade policy and gave Canadian parliamentarians a chance to ask more detailed questions about the issues and concerns they had heard over the course of the Trade Knowledge Workshop and the meetings earlier in the week with Peruvian Members of Congress.

Peru's trade and development policy and Canada's economic relationship with Peru were the focus of discussions. Ambassador Popolizio affirmed his strong support for the Canada-Peru free trade agreement and noted that such agreements were a key plank in Peru's economic development policy platform. He noted that the idea of trade liberalization enjoyed widespread support in Peru, and stated that the pursuit of trade liberalization agreements with a number of major world economies was motivated by two considerations: the desire to increase market access for Peru's exports and to attract foreign direct investment; and to assist Peru in reforming its laws and regulations, helping them move towards international standards in those areas. Ambassador Popolizio also expressed his strong desire that Canada pass the necessary legislation to implement the bilateral free trade agreement as quickly as possible.

On the topic of development policy, the Canadian delegation discussed CIDA's involvement in Peru and the fact that Peru was recently identified as a priority destination for Canadian development assistance. The delegation heard that while Peru is a middle income country, it faces considerable challenges with extreme poverty in some areas.

The Canadian delegation also took the opportunity to ask more detailed questions about Peru's education system and mining activities in the country. In terms of education reform, the delegation heard that Peru faces two distinct challenges: a lack of adequate education infrastructure; and the quality of education being delivered. On the mining issue, members discussed some of the social and environmental problems that have been associated with mining activity in the past. The delegation heard that informal mining is often the source of these problems.

Ambassador Popolizio also mentioned to the delegation the possibility of an official visit to Canada by Peruvian President Alan Garcia. It was suggested that such a visit be timed with the passage of the Canada-Peru FTA. Mr. Holder suggested that the official visit could coincide with the FIPA Plenary Assembly in September.

#### **4. Meeting with Representatives of the Canadian Businesses Community in Peru**

The Canadian delegation's final meeting took place at the Canadian Embassy in Lima where members met with representatives of Canadian businesses active in the country. More than a dozen businesses were represented. Many of these enterprises were involved or associated with mining operations in the country, although other businesses, notably those in financial services, were also present.

The subjects of mining activity in Peru and the Canada-Peru free trade agreement dominated the conversation. On the topic of the Canada-Peru FTA, the delegation heard that the agreement will help increase trade between the two countries, as well as contribute to transparency and higher regulatory standards in Peru. The agreement will also increase investors' confidence in Peru and help facilitate new investment projects in that country. It was agreed that delaying implementation of the Canada-Peru agreement would be costly because U.S. businesses currently operate at a competitive advantage in Peru because the U.S. Peru free trade agreement has already entered into force.

On the subject of the extractive sector, Canadian businesses described some of their activities relating to corporate social responsibility: their contributions to local economic development, including, in some cases, donating a percentage of profits to regions of the country that do not receive much support from the Peruvian government. Businesses also discussed the legacy of mining in Peru as it relates to environmental and social concerns. They noted that most of the resistance to mining has been the result of environmental damage caused by the terrible past legacy of irresponsible mining activity. Currently, some informal mining is causing problems, but the delegation heard that the government in Peru lacks the ability or the will to control that activity.

Nevertheless, the current situation in mining is much improved: all projects in the last 10-15 years have conformed to international standards; legislation is in place

requiring companies to properly close down mining operations; enforcement of, and compliance with, environmental standards has improved; and the Peruvian government now distributes 50% of all mining taxes collected to the local communities in which the mining operations are taking place. In fact, the delegation heard that this policy has created some difficulties in local communities where the capacity to administer and manage these large sums is often lacking.

## **5. Site visit to a CIDA Project**

On the final day, the Canadian delegation, accompanied by the Canadian Ambassador to Peru, Mr. Richard Lecoq, visited the site of a CIDA reconstruction project in Chincha Baja, 300 kilometers south of Lima. Chincha Baja was among the communities devastated by the August 15, 2007, earthquake, in which 529 people lost their lives and which damaged or destroyed more than 100,000 homes.

In the days following the earthquake, the Government of Canada committed, through CIDA, \$2 million in rescue and recovery efforts in the region. Half of this amount was directed through multilateral channels such as the International Federation of the Red Cross, and the other half went to local bilateral projects. An additional \$11 million was later approved to support longer term repair and reconstruction efforts.

The purpose of the Canadian delegation's visit to Chincha Baja was to visit two projects being carried out by a local non-governmental organization, "Amigos de Siempre," as well as Rotary Canada, and supported by financial contributions from CIDA. The first project, supported by \$60,000 in CIDA emergency funding, was the reconstruction of a local primary school. Ambassador Lecoq and the Canadian delegation visited with school children, who greeted the delegation with formal speeches, traditional dances and poetry recitations. Ambassador Lecoq and the delegation also participated in the inauguration of one of the recently rebuilt classrooms and presented gifts to the children.

The second project was the reconstruction of the local Centre for Occupational Education, supported by \$500,000 in CIDA money. The project will serve and promote the education of poor women in the local community by providing them with an opportunity to finish their primary and secondary education in order to enter the Centre's technical-productive program. Ambassador Lecoq and the Canadian delegation participated in the ceremony to begin construction of the new centre by placing the first stones in the ground.

Respectfully submitted,

Mr. James Bezan, M.P.  
Chair, Canadian Section of the  
Interparliamentary Forum of the Americas  
(FIPA)





# APPENDIX 1



Foro Interparlamentario de las Américas  
Fórum Interparlamentar das Américas

FIPA

Inter-Parliamentary Forum of the Americas  
Forum interparlementaire des Amériques

Canadian Section

Section canadienne

## **Bilateral Visit and Trade Knowledge Workshop to Lima, Peru from March 23 to 27, 2009**

Program

### **Monday, March 23**

#### **TORONTO**

Arrival in Toronto

**Toronto Pearson International Airport**

15:30 Departure from Toronto

**Toronto Pearson International Airport**

#### **LIMA, PERU**

22:30 Arrival in Lima

**Jorge Chavez International Airport**

Depart for Hotel

Arrival at Hotel

**Swissotel San Isidro, Lima**

### **Tuesday, March 24**

8:00 Breakfast

**Restaurant le Café**

9:15 Departure for Congress of Peru

10:00 Meeting with the Canada – Peru Parliamentary League

**Sala Embajadores**

11:00 Meeting with Peruvian Parliamentarians active in FIPA

**Salon Embajadores**

12:00 Visit of the Congress Building and Inquisition Museum

1:00 Lunch at Congress in their restaurant

15:00 Meeting with Indigenous Parliamentarians  
**Congress – Sala Embajadores**

20:00 Dinner  
**Restaurant Cala**

22:00 Return to hotel  
**Swissotel San Isidro, Lima**

### **Wednesday, March 25**

7:30 Breakfast  
**Restaurant le Café**

8:20 Departure for Congress of Peru

9:00 Arrival at Congress of Peru  
**Congreso de la República**

9:15 Trade Knowledge Workshop  
Trade Rules and Politics

11:00 Meeting with President of Peruvian Congress  
**Sala Embajadores**

11:30 Trade Knowledge Workshop  
Trade Rules and Politics

13:00 Lunch  
**Congress**

14:30 Trade Knowledge Workshop  
Trade and Development

19:30 Dinner  
**Restaurant La Huaca Pucllana**  
**Guided tours through ancient tombs until 22:30 – Optional**

21:30 Return to hotel  
**Swissotel San Isidro, Lima**

### **Thursday, March 26**

7:30 Breakfast in  
**Restaurant le Café**

8:20 Departure for Congress of Peru

9:00 Arrival at Congress of Peru  
**Congress**

9:15 Trade Knowledge Workshop  
Gender and Women Entrepreneurs  
Key Policy Issues in the Canada-Peru Economic Relationship

13:30 Reception offered by the Peruvian Congress  
**Congress**

14:00 Lunch  
**Restaurant Tanta**

TIME Meeting with Minister of Foreign Affairs / Deputy Minister of Foreign Affairs Time  
TBD  
**Ministry of Foreign Affairs**

17:30 Business Roundtable  
**Canadian Embassy**  
**Calle Bolognesi 228, Miraflores**

18:30 Reception offered by the Embassy / Ambassador Lecoq  
**Canadian Embassy**  
**Calle Bolognesi 228, Miraflores**

### **Friday, March 27**

**- No interpretation this day -**

6:30 Breakfast  
**Restaurant le Café**

7:00 Departure from Swissotel to Chincha and Pisco

13:00 Lunch  
**Restaurant El Condado – fixed menu -**

18:00 Return to Lima

20:00 Check-out from hotel  
**Swissotel San Isidro, Lima**

20:30 Arrival at airport  
**Jorge Chavez International Airport**

23:59 Departure for Toronto

### **Saturday, March 28**

#### **TORONTO**

8:55 Arrival in Toronto  
**Toronto Pearson International Airport**

## Travel Costs

<b>ASSOCIATION</b>	Canadian Section of the Inter-Parliamentary Forum of the Americas (FIPA)
<b>ACTIVITY</b>	Bilateral Visit and Trade Knowledge Workshop
<b>DESTINATION</b>	Lima, Peru
<b>DATES</b>	March 23-27, 2009
<b>DELEGATION</b>	
SENATE	Hon. Percy Downe, Senator
HOUSE OF COMMONS	Mr. Ed Holder, M.P., Head of Delegation Hon. Lawrence MacAulay, P.C., M.P. Mr. Paul Crête, M.P.
STAFF	Mr. Michael Holden, Association Analyst Mr. Leif-Erik Aune, Association Secretary
<b>TRANSPORTATION</b>	<b>\$ 21,748.88</b>
<b>ACCOMMODATION</b>	<b>\$ 9,352.34</b>
<b>HOSPITALITY</b>	<b>\$ 903.54</b>
<b>PER DIEMS</b>	<b>\$ 1,531.62</b>
<b>OFFICIAL GIFTS</b>	<b>\$ 460.16</b>
<b>MISCELLANEOUS / REGISTRATION FEES</b>	<b>\$ 1,008.25</b>
<b>TOTAL</b>	<b>\$ 35,004.79</b>