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Final Environment Assessment of the Canada-Colombia and Canada-Peru Free Trade Agreement (FTA) Negotiations

This report outlines the results of the Final Environmental Assessment (EA) of the Canada-Colombia and Canada-Peru Free Trade Agreement (FTA) negotiations. The Canada-Peru FTA was signed on May 29, 2008, and the Canada-Colombia FTA was signed on November 21, 2008. Canada's FTAs with Colombia and Peru are high quality, comprehensive FTAs accompanied by parallel Agreements on Labour Cooperation and the Environment. Previous agreements of this nature served as the basis for these negotiations.

- The full text of the signed [Canada-Colombia FTA](#) and parallel Agreements on the Environment and Labour Cooperation
- The full text of the signed [Canada-Peru FTA](#) and parallel Agreements on the Environment and Labour Cooperation

FTA negotiations are subject to the 2001 *Framework for Conducting Environmental Assessment of Trade Negotiations*. As required by the Framework, this EA focuses on the likely economic effects of trade and investment negotiations, as well as their likely environmental impacts in Canada. The process involves three phases – the Initial EA, Draft EA, and this, the Final EA. The middle phase, known as the Draft EA, was not required for the Canada-Colombia and Canada-Peru FTA negotiations since the Initial Environmental Assessment determined that the ultimate outcomes are not expected to result in significant environmental impacts in Canada.

The Initial EA for the Canada-Andean Community free trade negotiations was completed in January 2008. The Government of Canada consulted with the Environmental Assessment Advisory Group (EAAG) and the Federal/Provincial/Territorial Committee on Trade following the completion of the Initial EA. In general, comments received from these groups concerned greenhouse gas (GHG) emissions and nutrient loads in rural watersheds.

As a result of these comments, the Government of Canada revisited the possible environmental impacts due to GHG emissions and nutrient loads in rural watersheds attributable to the Canada-Colombia and Canada-Peru FTA negotiations.

Pertinent information with respect to these comments has been added to the [Initial EA](#) and the latest version of this report is available online.

The Government of Canada subsequently opened the Initial EA for public comments on its website from January 2008 to February 2008. No comments from the public were received.

Greenhouse Gas Emissions

Climate change due to increased GHG emissions is an important transboundary environmental issue. The FTAs with both Colombia and Peru are not expected to significantly expand Canada's overall trade volumes, or those of our partners relative to overall trade and production levels. Therefore the impact of these trade agreements on Canada's GHG emissions is expected to be negligible.

Although Colombia and Peru are not major GHG emitters (combined share about 0.3% of global emissions), all countries are vulnerable to the impacts of climate change, requiring increased investments in adaptation measures. Any increase in trade with Canada is expected to contribute to economic development, and therefore help those countries to better cope with the changes in global climate already occurring.

Canada believes that economic prosperity cannot be sustained without a healthy environment, just as

progress on environmental protection cannot be achieved without a healthy economy. Canada has committed to take aggressive actions at home to reduce its GHG emissions by 20% by 2020, relative to its 2006 emissions levels, and is implementing a robust climate change plan that provides the right balance between environmental protection and economic prosperity.

Nutrient Loads in Rural Watersheds

Agricultural activities (including rearing of livestock and cultivation of crops) can pose threats to water quality by increasing the delivery of nutrients (nitrogen and phosphorus) and adding pesticides and pathogens to surface and ground waters. Many watersheds in Canada (particularly in southern Ontario and Quebec and parts of the Maritime Provinces) already show signs of impairment caused by agricultural activities: increased nutrient concentrations; presence of pesticides; and occurrences of microbial pathogens of livestock origin. Nevertheless, certain efficiencies in agri-food production have reduced threats to water quality, in particular with respect to the use of higher-yielding and more disease-resistant crops and the adoption of beneficial management practices that reduce nutrient, pesticide and pathogen loss from agricultural fields to surface waters. Because of the fact that the major agricultural product exported to Colombia and Peru is wheat produced in the Prairies, and that less than 5% of all Canadian wheat is exported to these countries, it is unlikely that reduction or elimination of tariffs would have any notable impact on environmental quality. Most of the farmland in the Prairie provinces is presently considered to be at low or very low risk of water contamination by nitrogen. Likewise, most of the farmland in the Prairie provinces is presently considered to be at low or very low risk of water contamination by phosphorus. A slight increase in wheat production is unlikely to produce detectable changes in environmental quality.

Draft Environmental Assessment

The Canada-Peru and Canada-Colombia commercial relationships are expected to be strengthened as a result of these negotiations. The anticipated increase in economic activity resulting from the FTAs is expected to yield meaningful economic benefits to Canada through improved market access into Colombia and Peru for Canadian goods, services and investment, as well as provisions that will ground the Canada-Colombia and Canada-Peru trading relationships in a coherent rules-based system, thereby making them more predictable and secure.

Nevertheless, the economic effects of the Canada-Peru and Canada-Colombia free trade negotiations, while important, will be quite modest relative to Canada's overall economic activity, and as a consequence the environmental impact is not expected to be significant. Therefore, the Initial Environmental Assessment of these negotiations did not anticipate significant environmental impacts on Canada.

In these circumstances, according to the EA Framework, the Draft EA phase is not required.

Conclusion

The purpose of the Final EA is to corroborate the findings of the previous analysis based on the concluded negotiations.

Similar to Canada's previous free trade agreements, the Canada-Colombia and Canada-Peru FTAs are both complemented by parallel Agreements on the Environment which include general exceptions with respect to the protection of human, animal or plant life or health, as well as the conservation of exhaustible natural resources. These safeguards are based on those contained in GATT Article XX and GATS Article XIV.

Through the FTAs and the parallel Agreements on the Environment, the Parties have committed to maintain environmental standards and not to encourage trade or investment by weakening or reducing the levels of protection afforded in their respective environmental laws.

Additionally, Annex 811 of the Canada-Colombia FTA and Annex 812.1 of the Canada-Peru FTA provide that good-faith, non-discriminatory measures designed and applied to advance legitimate public welfare objectives, such as health, safety, and environmental protection, do not constitute an indirect expropriation.

No new issues arose during the latter stages of the Canada-Colombia and Canada-Peru FTA negotiations with respect to potential environmental impacts in Canada. The environment-related provisions of the Canada-Colombia and Canada-Peru FTAs and their Agreements on the Environment are in line with other Canadian

FTAs and side agreements.

The results of the Final EA of the Canada-Colombia and Canada-Peru FTA negotiations confirm the findings of the Initial EA. The environmental impacts in Canada, as a result of the Canada-Colombia and Canada-Peru FTA negotiations, are not expected to be significant. The Government of Canada will continue to monitor trade flows in the sectors most affected by the Canada-Colombia and Canada-Peru FTA negotiations.

Comments on this report may be sent by email, mail or fax to:

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Any comments received will be circulated to the lead negotiator and the Government of Canada's Environmental Assessment of Trade Steering Committee in order to inform future EAs of trade and investment negotiations and other relevant policy development and decision-making processes.

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