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Major Research Paper

“DO BILATERAL AGREEMENTS HELP TO IMPROVE THE ENVIRONMENTAL
BEHAVIOR OF CANADIAN FIRMS IN OIL AND MINING PRODUCING COUNTRIES:
AN INVESTIGATION OF LATIN AMERICA”

Diana Maria Bonilla Macias
0008957186

Submitted to
Professor Catherine Liston-Heyes

University of Ottawa
Faculty of Public and International Affairs
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Abstract

Over the past decades, bilateral and multilateral environmental agreements have contributed to positive and progressive economic, social and environmental changes in the international community, however those agreements have yielded modest results because they appear to be increasingly slow and polarized, because countries face very different issues.

This paper will attempt to identify whether free trade agreements (FTA's) really help to improve the environmental performance of Canadian oil and mining firms working in Latin America, analyzing to what extent firms achieve environmental compliance of these agreements in the region.

First, a brief history of Canada's commitment in Latin America and an overview of Canada's current environmental policy will be presented. After that, this present paper will then consider the different viewpoints found in the related literature on whether countries are interdependent to each other especially after FTAs are ratified, concluding with some recommendations for the compliance of the regulations.

Keywords: Free Trade Agreements, oil sector, mining sector, interdependence, Canada, Latin America, Global Governance.

INTRODUCTION

Since the mid-1990s, Canada's commitment to the Latin America region has been based on historical, economic and political issues. Most countries in the region have taken the path towards the consolidation of their economic markets, establishing stronger but flexible regulations for trade and adapt to globalization. Canada has made considerable efforts to provide direct support to the region through bilateral, regional and multilateral organizations, aiming to enhance capabilities to protect the environment through monitoring and enforcing law and regulations. (Coyler, 2012)

Canada has sought to design various mechanisms within its markets, establishing priorities in its Foreign Policy, such as the protection of Human Rights, the promotion of democracy, resolution of global conflicts, human security, environment protection, in conjunction with the promotion of transparent rules through the implementation of treaties that ensure sustainable development and projection of their culture. (Global Affairs Canada, 2019)

Nevertheless, the Center for International Governance Innovation asserts that trade agreements can include different types of environmental provisions showing diversity of environmental agreements and creating variations between countries that can design political and legal opportunities for enhancing its effectiveness. (Morin, 2018)

The purpose of this paper is to examine the current environmental bilateral free trade agreements (FTAs) between Canada and the Latin American oil and mining producing countries, trying to determine if those agreements have helped to improve the good environmental behavior performance of the Canadian oil and mining firms in inside that region.

Canada and Latin America have shared a long history in cooperation towards environmental policies and relations that have been strengthened thanks to the different economic,

political and social missions based in commercial exchange, double-track investment, fight for peace and international security, and strengthening in this way democracy and social development. (Global Affairs Canada, 2013). Within Canadian foreign policy, there is an interest in projecting an image of cooperation towards other nations, where social and environmental care are fundamental in establishing its agenda.

In order to meet the objective of this paper, the history of Canada's economic and environmental relationship with Latin America is first outlined, followed by the literature review on the importance of the bilateral free trade agreements that are described under the liberal perspective of complex interdependence.

Next, an analysis of Canada's overall environmental strategy of bilateral trade agreements with Latin American oil and gas producing countries: Chile, Colombia and Peru, (excluding the North American Free Trade Agreement (NAFTA), Costa Rica, Honduras and Ecuador), considered the most important countries where most Canadian companies have invested in Latin America region. Subsequently, this paper will analyze the main problems that have contributed to the failure in compliance of the environmental bilateral free trade agreements in Latin America.

After studying the bilateral environmental Free Trade Agreement between Canada and those Latin American countries, this paper will attempt to recommend the implementation of a stronger international or regional regime to achieve and enhance the compliance of the policies established in the current environmental agreements and set certain rules for future agreements.

Environmental free trade agreements have strengthened relations between different countries and have helped to improve in general the behavior of firms, but there are some limitations when implementing FTAs, due to different local policies applied implemented by the

involved different actors which are increasingly slow and polarized due to the diversity of political ideologies, social behavior and their natural resources.

Free Trade Agreements can limit the regulatory capacity of political leaders to enact environmental regulations, however, increasingly cooperation and coordination in trade is recommended because they have the potential of consolidating its effectiveness.

It is also important to highlight that, increasingly and with greater prominence, companies and trade associations participate in the definition of trade agendas definition, negotiations that involve different actors with diverse interests and positions. Therefore, the establishment of clearer rules is required to coordinate work between governments. (Puentes, 2017)

"A range of new and unprecedented issues have emerged. The energy problems, the resources, the environment, the population, the use of space and the seas are now equated with issues of military security, ideological and territorial rivalry, which traditionally had shaped the diplomatic agenda "... Kissinger, Henry

METHODOLOGY

Progressive trade between Canada and Latin American countries has shown improvement in the economy of the region, including strong provisions in important areas such as labor, environmental protection, gender equality, and also for the reinforcement of government regulations which are of global interest, but also it has brought negative side effects to the economy, societies and environment.

The main focus of this paper is to investigate whether or not the environmental bilateral agreements have helped to improve behavior of Canadian firms in the Latin American oil and mining producing countries.

The research was outlined from 1997 to 2018, enough time to overlook the advances and limitations of trade agreements. In the first part of the paper, the literature review is first described including the history of the relationship between Canada and Latin America, followed by the Canadian domestic policies towards the environment and its engagement with environmental free trade agreements (FTAs). Subsequently, this paper will outline the theoretical framework describing the importance of the liberal perspective under complex interdependence, which has been an important theory to demonstrate that bilateral and multilateral agreements are greatly increasing during the last decades bringing some positive effects to the economy, however they appear to be slow and divided.

In the second section, I will outline the policy position of this research, outlining Canada's domestic overall environmental strategy and then Canada's overall environmental strategy towards Latin American region, describing the history of the establishment of FTAs with: Chile (1997), Colombia (2011) and Peru (2009), showing the positive aspects and the limitations in compliance of the regulations of the trade agreements.

In the third part, I will present the environmental problems after Free Trade Agreements were ratified and its development on enhance and comply will be outlined, likewise, I will analyze what would happen if those agreements were not in place. This section was complex during research because it was difficult to determine the precise degree to which Canadian bilateral agreements with Latin American oil and mining producing countries have helped to enhance in compliance, because of the current lack of information, and absence of follow up of the actors.

Consequently, after showing the positive and negative aspects that FTAs bring for the compliance of environmental regulations, this paper will attempt to recommend some alternative regulatory agreements and give some policies that could establish a different options and rules for future agreements, will recommend establishing a consensus between countries in the Latin American region to create regulatory cooperation through trade agreements.

The information collected in this paper was based on the combination of analytical data taken from academic articles, official government sites, official NGOs sites and newspapers, seeking to cover the entire theoretical framework based on complex interdependence which tried to demonstrate the importance to create strong and concrete rules for trade agreements, despite the sensitivities and vulnerabilities of developing countries. The present research paper found that bilateral agreements could hamper the relations, so it is recommended to establish stronger regimes to better address the environmental performance of extractive firms in the Latin American regions, one example is through citizen participation. Additionally, academic analysis as well as expert opinions were used to predict the behavioral outcomes of Canadian oil and mining firms after signing the FTA, and future analysis should be conducted to stipulate stronger outcomes.

LITERATURE REVIEW

History of Canada and Latin America relationship

Canada's commitment with Latin America has been marked by variation on periods of positive and negatives outcomes. Canada shares connections with countries and people of Latin America and Caribbean that go far beyond geography, including: people-to-people ties, mutual values, investment, student exchanges, tourism, and environment. Canada works with its partners in the region to strengthen these relations to address social, economic and security issues, and identify opportunities to further develop trade and investment ties for mutual economic, social and cultural benefit. (Environment and Climate Change, 2018)

Canada engages with countries and people of the region through policy dialogue, stakeholder commitment, and international development programming, encouraging inclusive economic growth and sustainable development, supporting poverty eradication, promoting and defending human rights, strengthening democracy, engagement with climate change, improving regional security, and increasing opportunities for marginalized groups. (Global Affairs Canada, 2018)

From 2006 to 2016, Canada has invested \$6.06 billion in international development assistance in the region through bilateral programming and multilateral institutions. At the first-ever Summit of the Americas in Miami (1994) Canada was among the biggest proponents of the proposed Free Trade Area of the Americas (FTAA). (Daudelin, 2013). Providing alternatives to advance a common agenda, to establish actions at the national and regional level and address challenges for the Americas. (Global Affairs Canada, 2018)

In the earlies 1990's Latin America was a relatively peripheral region in Canada's foreign policy, however, the Canadian government and Canadian firms have had an extensive history in

working in the region, operating and investing mainly in the extractive sector. Imperial Oil was the first major firm from the resource sector to launch operations in the Americas when it entered in Peru and Colombia between the 1910's and 1920's. (Randall, 2019)

Perhaps the most important formation of Canada and Latin America trade strategy was under the commitment where the former Prime Minister Brian Mulroney defended the values of free trade. (Hart, 2002)

Subsequently, in 1997 under the government of the Prime Minister Chrétien, Canada's and Chile's FTA came into force, which was the first FTA with a Latin American country. It was also accompanied by the Canada-Chile Agreement on Environmental Cooperation, as well as the Agreement on Labor Cooperation, consequently, this type of agreement was repeated by the next FTA with Latin American countries. (Global Affairs Canada, 2018)

In 2001, Canada hosted the third Summit of the Americas in Quebec City, which opened the opportunity for further FTAs, and after 9 months of negotiations, the Canada-Costa Rica FTA came into force in 2002. (Global Affairs Canada, 2017)

In 2007, under the government of the Prime Minister Stephen Harper, Canada engagement with the Latin America region continued, the government stated the objectives to bolster Canada's economic interests. In 2008, Canada's first-ever Minister of State of Foreign Affairs for the Americas was appointed. (Kent, 2010)

Later, in 2008 the Canada-Peru FTA was signed and came into force in 2009. Then the Canada-Colombia FTA was signed in 2008 and came into force in 2011, then Canada-Panama FTA came into force in 2013. The last negotiation in the region, the Canada-Honduras FTA which came into force in 2014, all under Harper government. (Global Affairs Canada, 2018)

During the present government, Prime Minister Justin Trudeau has highlighted that it is important to expand to new markets through modern and progressive trade agreements to reach Canada’s success towards Latin American region.

Table 1: Canada’s Free Trade Agreements with Latin America (Excluding NAFTA)

Agreement	Date of signature	In Force
Chile	December 5, 1996	July 5, 1997
Costa Rica	April 2001	November 1, 2002
Peru	May 29, 2008	August 1, 2009
Colombia	November 21, 2008	August 15, 2011
Panama	May 14, 2010	April 1, 2013
Honduras	November 5, 2013	October 1, 2014

Global Affairs Canada: “Canada-Costa Rica Free Trade Agreement”, “Canada-Peru Free Trade Agreement”, “Canada- Colombia Free Trade Agreement”, “Canada-Panama Free Trade Agreement- Additional background information”, “Canada-Honduras Free Trade Agreement”

Canada and the environment

According to the Canadian Environmental Protection Act, 1999, the protection of the environment is essential for the well-being of Canadians and its primary purpose is to contribute to sustainable development through pollution prevention. The Government of Canada, seeks to achieve sustainable development that is based on ecologically efficient use of natural, social and economic resources and acknowledges the need to integrate environmental, economic and social factors in the development of all decision-making by government and private entities; the Government of Canada is committed to implementing pollution prevention as a national goal and as the priority approach to environmental protection. (Global Affairs Canada, 2018)

According to OECD (2017), the international dimension of green growth is particularly important for Canada, international environmental agreements have helped to drive domestic environmental action and have shaped environmental regulation and discussions on climate policies. However, Canada has withdrawn from two major environmental agreements since 2004 the Kyoto Protocol and the UN Convention to Combat Desertification. However, the actual Prime Minister Justine Trudeau has started a new commitment towards engagement and implementation of multilateral environmental agreements. Canada has developed a federal plan to meet its engagement with the Paris Agreement, committed to meet the 2020 Aichi target related to protected areas and has re-joined the UN Convention to Combat Desertification. Canada is also playing an important role in international forums like the Climate and Clean Air Coalition, the Arctic Council Task Force on Black Carbon and Methane, the Global Methane Initiative and the Carbon Pricing Leadership Coalition.

Federal, provincial and territorial governments across Canada have taken actions to protect more than 100 million hectares of land, nearly 10% of Canada's land mass, and 3 million hectares of ocean. Canada jointly with the European Union have ratified the United Nations Convention on Biological Diversity; Canada was the first industrialized country to do so, hosting the Biodiversity Convention Secretariat. Canada has also emphasized the importance of developing a post-2010 policy framework for the conservation and sustainable use of biodiversity under the Convention for Biological Diversity (CBD). It has also reiterated its determination to collaborate closely to ensure that an ambitious and comprehensive global climate agreement is reached and reiterated the need to achieve at least a 50% reduction in global greenhouse gases by 2050. (Global Affairs Canada, 2018)

EDC has helped to facilitate more than \$ 60 billion in business between Canadian and Latin American companies. Nathan Nelson, EDC's new Regional Vice President, Latin America and Caribbean said that *“with several Free Trade Agreements in the region and well-established trade and investment relationships, Canadian businesses are finding expansion into the market is a good fit.”* (EDC, 2018)

In the aforementioned bilateral treaties, priority topics were established: infrastructure, mining, energy and professional services. So, the bilateral flow of investments among them will also be promoted through reciprocal commitments. In the same way, Canada has focused its investments in certain regions of Latin America, one of special importance is the investment in oil and mining exploitation. According to the World Bank, in Canada more than 25.5% of its GDP depends on the different types of exports, being oil and mining industry the most representative ones, it is also a leader in sectors such as services, manufacturing and agriculture. Likewise, Canada excels in issues like sustainable development, technology, the labor market, the aerospace industry and renewable energy. (World Bank, 2018)

Theoretical Framework

This section first presents the different approaches and conceptualizations of how cooperative alliances are analyzed by different scholars under the neo-liberal perspective of the Complex Interdependence. It then considers the main points of view on how Canada should formulate its overall environmental strategy for the development of bilateral free trade agreements. Finally, it investigates the different standpoints on how Canada's Americas environmental strategy should look like. It is also important to provide some understanding of how the term “interdependence” is used in this paper, and how it is related to environmental issues.

The period of the post-Cold war underwent great transformation in the world, the political agendas of traditional military power and national security were dominated by different actors requesting for a stable and peaceful global order for economic development and technological advancement, increasing the debate between realism and liberalism theories. (Rana, 2015)

The concept of interdependence has long been central to those wishing to explain and understand the dynamics of International Organizations (IO) and the role of International Institutions in processes of Global Governance. With globalization, different actors like individuals, groups, firms and polities have become more interconnected as never before, to better understand world politics. (Coate et al., 2015)

For political realists, world politics, is a struggle for power, and the central theoretical assertion of structural realism is that the international system is defined by permanent structural anarchy. (Waltz, 1993). In an anarchic system, the distribution of resource and capabilities within the system looking for an ordered relationship between the actors is impossible, so actors compete to ensure survival, which both realist and liberal scholars assume to be the primary concern of rational actors. (Morgenthau, 1995). However, other actors, most importantly Multinational Corporations (MNCs) and Non-Governmental Organizations (NGOs) are present within the international system which is willing to cooperate. Nevertheless, realists argue that these actors are subordinate to states, because whichever given territory they operate in, they do so under state authority. (Morgenthau)

The events of the 1970's appeared to shake the foundations of political realism, and as a result of the global economic crisis it brought the collapse of the Bretton Woods system, raising social and environmental issues, and showing that even a hegemon was vulnerable in an interdependent world. (Walker, 2013)

Besides, liberal scholars asserted that structural anarchy could be overcome, and was best represented by the neoliberal theory of “Complex Interdependence”, forwarded by Robert O. Keohane and Joseph S. Nye, who claimed that the state centric approach of realism is too naive, and inadequate in attempting to explain the distribution of power within the international system, arguing that the state is not a single entity, as opposed to an amalgamation of different groups and interests.

Interdependence is central for explaining the nature and dynamics of international relations, because it involves interconnection/linkages among actors and systems. Keohane and Nye offered a conceptualization of complex interdependence as an ideal type of international system in contrast to the traditional realistic approaches, they stated: “*Complex Interdependence refers to a situation among a number of countries in which multiple channels of contact connect societies; there is no hierarchy of issues; and military force is not used by governments towards one another*”. (Keohane and Nye, 1987)

Keohane and Nye also theorized about the politics of interdependence and explained that the concept is an analytical tool and rhetorical device, and said: “*dependence means a state of being determined or significantly affected by external forces, interdependence mostly simply defined means mutual dependence, characterized by reciprocal effects among countries or among actors in different countries*”, emphasizing the notion of reciprocating governmental influences. (Coate et al., 2015)

According to Keohane and Nye, interdependence should not be defined entirely as situations of “*evenly balanced mutual dependence*”, “*it is asymmetries in dependence that are most likely to provide sources of influence for actors in their dealings with one another. Less dependent*

actors can often use the interdependence relationship as a source of power in bargaining over an issue and perhaps to affect other issues". (Rana, 2015)

Scholars also distinguished two dimensions of interdependence for understanding power and interdependence: sensitivity and vulnerability. According to the authors, "*sensitivity means liability to costly effects imposed from outside before policies are altered to try to change the situation. Vulnerability can be defined as an actor's liability to suffer costs imposed by external events even after policies have been altered*". (Coate et al., 2015)

The authors developed the concepts explaining that, *sensitivity* involves a degree of responsiveness within a policy framework on how quickly changes in one country could bringing expensive changes into another, how those effects are influencing on political influence. And *vulnerability* is understood as to what extent actors are able to control their responsiveness towards sensitivity. (Rana, 2015)

Young expanded on the term "sensitivity" and focused on the mutual impacts of parties' actions on each other's welfare, explaining: "*interdependence arises when the actions of individual members of a social system impact the welfare of other member of the system. Those who are independent are affected by and react in a sensitive manner to each other's behavior; the higher the level of interdependence, the more pronounced these impacts and reactions will be*". (Roger et al., 2017)

Consequently, unlike realism, neoliberals' argument is that international politics cannot be divided simply into "*high*" and "*low*" politics, because high politics is synonym of national security and military power, low politics means economic, social and environmental issues that are high priorities in the international agendas. (Rana, 2015)

Another important aspect of complex interdependence is that the combination of two opposite views, integrates the elements of power and economic liberalism, taking into consideration the cost and benefits of interdependence relationship, as well as the increasing of ecological cooperation; however, all this involves competition even when cooperation exists. (Rana)

It is important to highlight that complex interdependence also has three main characteristics: first, *multiple channels* which connect societies between governmental, non-governmental elites and transnational organizations, which outcome are the interactions of domestic or international politics, as well as environmental regulation and control over technology. A second characteristic is the *absence of hierarchy* among issues, meaning that issues arise from what used to be considered as domestic policy, therefore, the distinction between domestic and foreign issues becomes hazy. And the third is the *diminishing importance of military force* where military force is not used by governments towards other governments within the region. (Walker, 2013)

In the world of Complex Interdependence, there is no hierarchy among issues. The dividing line between domestic and foreign policy becomes blurred, creating an unclear agenda in interstate relations, which any issue area might be at top priority of the international agenda at any particular time. (Rana, 2015)

This places international organization and international regimes as important pieces of this theory, where cooperation and international regimes will prove to be vital for managing such a complex system.

According to Stephen Krasner: "*international regimes are known as implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations*

converge in a given issue area of international relations”, and Keohane and Nye took the same direction defining international regimes as: *“by creating or accepting procedures, rules, or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations”*, as interdependence increases, so too does the value of ordering these mechanisms. (Walker, 2013)

Some authors argue that anarchy and interdependence do not stand in opposition to one another as is frequently claimed, on the contrary, these theories are different features of the international system, *“a priori one cannot determine the extent of two actors, interdependence from the degree of hierarchy/anarchy present in their relationship, and vice versa”* (Milner, 2006)

The effectiveness and distribution of power of both regimes change across issues, particularly when extractive resources sector and power clearly informed this model. So, complex interdependence become a central component of the neoliberal perspective which is used in the analyses of international politics, where states are willing to enter into cooperative alliances with one another under conditions of anarchy or dependence. (Walker, 2013)

Interdependence is not only complex, it can also be bilateral or multilateral, symmetric or asymmetric, complete or partial, and there is a relationship between cost-benefit actors, which is not necessarily equitable. For Keohane, a state decides to join or separate from an international regime to the extent that the benefits of integrating it are greater than the costs; however, Krasner, refutes this idea explaining that each state when it decides to join another, it would assume an extra cost to achieve benefit. At the end, developing countries require more cooperation and extra resources from the developed countries, in order to strengthen their policies and minimize the harmful effects of globalization. (Stoyanov, 2012)

Cooperation between countries is an indispensable requirement for the international society, so it is important to assume roles to reach greater participation, action and pressure; through national and international networks that favor these actions. Globalization has brought new power relations in situations of interdependence, which has been established on mutual dependencies that in many cases has asymmetries but is fundamental for development of societies to reach actions for certain situations like environmental ones. (Roger et al., 2017)

POLICY POSITION

The main focus of this research is to understand if FTAs have helped to improve the environmental behavior of oil and mining companies in Latin American countries after signing them, explaining the importance of the Complex Interdependence (Keohane and Nye's) which is based on the various and complex transnational connections, and it is important to determine and explain the relation between the different actors and societies, which are constantly increasing. Though, while protectionist forces are leading in many parts of the world, FTAs have not been a strong solution for the enforcement and compliances of the environmental regulations, demonstrating that multilateral regimes are not always a positive solution.

The biggest concern of opponents of Canada's current environmental strategy is that there are asymmetries in the world especially in terms of FTA, where some countries are more vulnerable, and others are more sensitive to change. However, Keohane explains that when states accept reciprocity, they will sacrifice short-term interests with the expectation that other actors will reciprocate in the future, even when they are not under a specific obligation to do so.

For all the above, the theory of interdependence is essential to understand the importance of bilateral relations between States, and in our case between Canada and its partners in Latin America (excluding NAFTA, Costa Rica, Ecuador and Honduras), trying to analyze the environmental behavior of Canadian firms in Latin America and its performance.

However, bilateral relations are not perfect, the rules, for example, "(rarely) are automatically enforced, and they do not self-execute ... they are frequently a matter of negotiation and renegotiation;" they lack of "mandatory authority," and if there is no coherence and consistency in the actual practice of principles, rules and decision-making procedures, the agreement weakens. (Keohane, 1982)

Whereas the results of this research found that Canada's Americas FTA's have generally led to a weak overall of environmental compliance, those results should not necessarily be interpreted as negative. Finally, while complex interdependence tries to explain how to better understand FTAs, this section will present Canada's overall strategy towards the environment and will define the positive and negative aspects to enhance or limit the compliance of the environmental regulations stipulated on FTAs.

Canada's strategy

The following section will describe the Canada's overall environmental strategy and policy, then it will define the Canadian position towards the implementation of environmental bilateral agreement in Latin America, and how the government has developed international environmental assistance in the region. Then, it will analyze Canada's bilateral agreements with each Latin American country: Chile, Peru and Colombia, first presenting each country's recent economic history and trade agreements, followed by the environmental policies that allow the entrances of the Canadian oil and mining firms in each of them. Finally, an analysis of the benefits and problems brought after signing FTAs.

- **Canada's overall environmental strategy**

There is no consensus in the literature as to what Canada's overall environmental strategy should look like. However, many of Canada's domestic environmental objectives need to be addressed through international institutions and agreements that adopt cross-cutting issues, as well as a variety of partners at the bilateral, regional or multilateral basis.

Environment Canada is part of different voluntary and regulated environmental agreements. Environment and Climate Change Canada (ECCC) enters into agreements with

provincial or territorial governments to administer and manage environmental regulations, making also agreements with individual companies and industry sectors to ensure the achievement of environmental compliance. On the other hand, it negotiates international agreements through consultations with provincial, territorial and aboriginal governments. ECCC aims to protect and conserve Canadian natural heritage, ensuring a clean, safe and sustainable environment for present and future generations. (Environment Canada and Climate Change Canada, 2019)

Environment and Climate Change Canada has also addressed the Compendium of Canada's Engagement in International Environmental Agreements, which is a compilation of summaries of international environmental agreements and commitments, it is part of Environment and Climate Change Canada's sustained effort to observe its international commitments, measuring and reporting results.

Some scholars like Michael Hart believe that Canada should prioritize its trade relationship with major markets, he also explains that engaging with minor partners, is not worthy as they are difficult to accomplish, and the political capital lost and resources expended while trying to negotiate deals outweigh Canadian benefits, which will also affect the use of resources to advance the interests of individual Canadian firms. (Hart, 2007)

However, Philip Cross explains that protectionist forces are clearly increasing in many parts of the world, that Canada's initiative to pursue trade deals abroad is beneficial for its economic growth, causing to boost the its productivity, however, any kind of trade create winners and losers. (Cross, 2016)

Canada's strategic environmental assessment (SEA) is difficult to determine, given that the majority of the strategy is set under the federal level and is not publicly available, however there is considerable variability in outcome and expectations, which is characterized by methodological

and institutional pluralism under the ideal of “good practice”, which operates in Canada in diverse forms. (Fundinsland and Hanusch, 2012)

SEA has become one of the most widely discussed issues in contemporary environmental assessment, and several authors have noted the value of SEA in support of sustainable Policy, Plan and Program (PPP) decision-making, however Brown and Therivel suggested that there still exists considerable difficulty in moving from a good concept to widespread and enduring practices. (Noble, 2012)

In 2015, the Canadian federal government launched a review of its international assistance methodology and announced new climate financing of \$2.65 billion over five years (GAC 2016c), aiming to develop a new agenda for helping the poorest and most vulnerable countries, supporting fragile states, while advancing in the implementation of the UN 2030 Agenda on Sustainable Development. Clean economic growth, climate change, and water have been identified as key areas of focus in the Canadian policy. (United Nations, 2018). As it was said before, Canada has deep interests in Latin America, and is working to extend its interests throughout all the region.

Prime Minister Trudeau campaigned on a slogan of “Real Change”, and promised to protect the environment, fight climate change and support “*the world’s most poor and vulnerable countries*”, defending a “*new era in Canadian international engagement*”. (Hill, 2014)

Canada’s Americas environmental strategy

Like Canada’s overall environmental strategy, there is no consensus in the literature as to what Canada’s approach to environmental policy in Latin America should be and whether its current strategy abroad is effective.

According to the Government of Canada, Canada is one of the greenest countries in the world with high quality of life, aiming to strengthening its commitment to continue improving its

social, economic and environmental matters, working for solutions at domestic and international levels.

Concerning with the environment, Canada is working with the Federal, provincial and territorial governments through the Canadian Council of Ministers of the Environment to achieve zero waste. It also has the commitment to support the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs) at the national as well as the international level. (Global Affairs Canada, 2018)

Canada's 2018 budget was allocated to support the SDGs with \$49.4 million over 13 years, in order to advance in the commitment to protect the environment and fund monitoring and reporting activities by Statistic Canada. (OECD, 2017)

Canada is committed to work on the Feminist International Assistance Policy, the Recognition and Implementation of Rights Framework and Pan-American Framework on Clean Growth and Climate Change. (OECD)

Canadian ministers, departments and agencies are all responsible for implementing the 2030 Agenda and support the development of the National Strategy. Federal departments and agencies are looking at how to contribute to the 2030 Agenda's to achieve its goals and targets, to identify gaps and areas where accelerated action is needed, as well as including tracking and reporting Canada's performance on the global suite of SDG indicators. (GAC, 2018)

To ensure that the Government of Canada has the information they need for considering environmental sustainability, a Cabinet directive requires that all Canadian departments and agencies carry out accomplish Strategic Environmental Assessment (SEA), promising to make decision based on evidence and setting transparency rules. However, past assessments have shown that many departments and agencies were not fully applying SEA, consequently, Federal

Sustainable Development Strategy reaffirmed the government's commitment to apply SEA, based on openness and transparency. (Environment and Climate Change Canada, 2018)

According to EDC (2017) it is important to recognize that FTAs allow Canadian companies to access new markets around the world, creating a level playing field for companies to compete at international levels, thanks to the reduction of trade barriers, such as tariffs, quotas or non-tariff barriers and under more fair and transparent conditions for businesses operating abroad, however, expanding trade and accessing new markets needs to be coordinated by the different actors involved in trade.

When Canadian firms invest in Latin America they are targeted by international environmental policies, however, the corporate response in terms of compliance depends upon its expected economic benefits, these benefits are driven by expected improvements in industrial performance or by sanctions associated with non-compliance or based in the strength of the local administration which determines compliance. However, there is a lack in compliance of regulations so actors have to work together to set stronger environmental policies, where corporate strategy will feel more pressure from the international environmental policies, implying that firms may achieve benefits from integration by developing green capabilities resulting in an international agreement. (Rugman and Verbeke, 1998)

Canada's agreement with oil and mining countries in Latin America

○ Canada-Chile free trade agreement (CCFTA)

Chile has increasingly assumed regional and international leadership roles, thanks to the economic reforms that have been maintained consistently since the 1980s, contributing to a constant growth, reducing poverty rates by over half, and helping to secure the country's commitment to democratic and representative government. (CIA, 2019)

The CCFTA was the first Canadian FTA with a Latin American nation (other than Mexico), which came into force in July 1997. Over the first decade, trade between these countries increased more than 300% with trade of

Chile's background information

Area: 756,102 sq. km
Population: 17,925,262 (July 2018 est.)
GDP (nominal): US\$277 billion (2017est)
GDP per capita: US\$24,600 (PPP)
Industrial production growth rate: -0.4%
Crude oil-production: 3,244 bbl/day
Crude oil-exports: 0 bbl/day
Crude oil-imports: 169,600 bbl/day
Crude oil-proved reserved: 150 million bbl
Natural gas-production: 1.218 billion cu m
Natural gas-exports: 277.5 billion cu m
Natural gas proved-reserves: 97.97 billion cum
Carbon dioxide emissions from consumption of energy: 88.23 million Mt (2017est)
Environmental agreements: Antarctic-Environmental Protocol, Antarctic-Marine Living Resources, Antarctic Seals, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Environmental Modification, Hazardous Wastes, Law of the Sea, Marine Dumping, Ozone Layer Protection, Ship Pollution, Wetlands, Whaling
Environmental Agreements signed, but not ratified: none of the selected agreements

Source: CIA World Factbook

goods rising from \$718 million in 1996 to \$2.9 billion in 2017. Thanks to this smooth relationship, in June 2017 governments created the Canada-Chile strategic partnership framework, enhancing bilateral cooperation in areas such as diversity and social inclusion, economic growth, environment, climate change and national parks, national emergency and disaster relief. On February 5, 2019, the modernized Canada-Chile Free Trade Agreement (CCFTA) entered into force, supporting an open, inclusive and progressive rules-based trading environment. CCFTA is

the cornerstone of Canada's strong trade and investment relationship with Chile. (Embassy of Canada in Chile, 2019)

The two countries have also worked together in support of regional trade in the context of the Pacific Alliance where Canada is an observer, being the first observer to sign a Joint Declaration on a Partnership with the Alliance in 2016. (Embassy of Canada in Chile, 2019)

Canada and Chile have enjoyed strong bilateral relations and technical cooperation on environmental matters, facilitating the Canada-Chile Agreement for Environmental Cooperation (CCAEC), which also have built capacity for environmental management systems such as public participation; conservation and protection of animals; conduction of joint research (environmental effects monitoring); and exchange of expertise in areas such as contaminated sites, environmental accounting, carbon markets, and indigenous consultation, among others. (Embassy of Canada in Chile, 2019). One of the fundamental aspects of the Canada-Chile Agreement on Environmental Cooperation is the promotion of transparency and public participation in environmental management. (Environment and Climate change Canada)

Thanks to the bilateral CCFTA, Canada have exported more than \$855.1 million in merchandise to Chile in 2017, led by technology, cereals, medicinal products, and mineral fuels and oils. At the end of 2017, the stock of Canadian direct investment in Chile stood at \$17.1 billion, making Chile Canada's top investment destination in Latin America and the 10th worldwide. At the end of the same year, the stock of Chilean direct investment in Canada was \$909 million. (GAC)

As Chile has the highest credit rating in Latin America, due to macroeconomic stability and integration with global capital market, being an attractive destination for foreign direct investment, where extractive sector is the main sector of investment from Canadian firms.

However, an observer from the Latin-American observatory of environmental conflicts, Cesar Padilla, argued that reducing state revenues from mineral activities may have weakened the ability of the state to enforce existing regulations, for example from 1997 to 2012 there were only six ground inspectors from the Ministry of Mining of Chile, who monitored general industry issues such as workplace safety, but they were not concerned with environmental matters. (Clark, 2002)

In 1990, Chile had few specific environmental regulations and laws in place. The most environmentally relevant laws during that time were focused on regulating issues such as mining, fishing and agriculture but there was not a law to establish the protection of the environment. Laws that aimed to protect national protected areas; fishing quotas; liquid emissions to waterways; landfills; and residue disposal, so responsibilities were divided and did not have a clear focus. Therefore, international market perceived the lack of environmental regulation, bringing the attention of the different international firms for investment. (Ghorbani and How Kuan, 2016)

However, in recent years, Chile has also taken the initiative to sign several memorandums of understanding (MoU) with developed nations. For example, in 2008, the country signed a MoU on Cooperation for the Sustainable Development of Minerals and Metals with Canada to encourage the use of green and sustainable technologies and practices in the mining sector, but the claim is that it has not central control to monitor the environment. (Ghorbani and How Kuan)

The main environmental regulatory actor in Chile is the General Law on the Environment (GLE), in which orders firms to submit an Environmental Impact Study or Environmental Impact Declaration depending on the environmental impact. (Marques and Ravielt, 2017)

According to EDC, Chile has adopted the Chilean Energy Efficiency Action Plan 2012–2020 that encourages the mining sector and industrial consumers to adopt energy efficiency measures, including smart energy systems, in addition to a clear policy commitment, offering low-

interest loans for renewable energy, capital guarantees and risk capital funds, a cleantech fund and a carbon tax, but still without a specific actor to monitor this job.

- **Canada-Colombia free trade agreement (CCOFTA)**

Colombia has also emerged as a leading country in its region thanks to the process of strengthening its institutions, being a State with a strong democracy and great tradition, which leads to establish within its agenda the concept of International Cooperation as a key point in international relations.

Colombia was Canada's third largest export market in South America in 2017 with exports valued at \$745.8 million. Top exports were cereals, vehicles, machinery, vegetables, paper, and fertilizers. Imports from Colombia reached \$982.4 million in

Colombia's background information	
Area:	1,138,910 sq. km
Population:	48,168,996 (July 2018 est.)
GDP (nominal):	US\$314.5 billion (2017est)
GDP per capita:	US\$14,400 (PPP)
Industrial production growth rate:	-2.2%
Crude oil-production:	853,600 bbl/day
Crude oil-exports:	726,700 bbl/day
Crude oil-imports:	0 bbl/day
Crude oil-proved reserved:	1.665 billion bbl (2018 est.)
Natural gas-production:	10.02 billion cu m (2017 est.)
Natural gas-exports:	0 billion cu m
Natural gas proved-reserves:	113.9 billion cum (2018est.)
Carbon dioxide emissions from consumption of energy:	95.59 million Mt (2017est)
Environmental agreements:	Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Marine Life Conservation, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands.
Environmental Agreements signed, but not ratified:	Law of the Sea
Source: CIA World Factbook	

2017 including most notably mineral fuels and oils (coal and crude petroleum), coffee, spices, tea, live trees, plants (cut-flowers), fruits (bananas), and plastics. According to the latest figures available, bilateral services trade were \$328 million in 2016, including exports to Colombia valued at \$222 million and imports that reached \$106 million. According to the Central Intelligence

Agency (CIA), Colombia, without being a member of OPEC, has oil reserves of approximately 2,417 million barrels, ranking 34th worldwide. (CIA, 2007)

At the end of the 20th century the influx of foreign oil and mining companies in Colombia increased thanks to the reforms of the national policies, which implemented measures that tended to deregulate and diminish the state control over the sector. There were also political and tax regimes that did not offer any environmental or social restrictions, offering cheaper labor market, calling the attention of foreign investment, especially from Canadian firms. (Castano and Navas, 2011)

Despite the low environmental commodity price, Colombia remained committed to attract foreign direct investment in its oil, gas and power sectors, where Canada is already a major investor and a recognized supplier of goods and services. (EDC)

In 2006, the Canadian International Development Agency (CIDA, now absorbed into Global Affairs Canada), spent \$11.3 million on determining how to “improve the institutional capacity” of Colombia’s energy and environment ministries to regulate the hydrocarbon and mining sector. (Ismi, 2015)

In November 2008, CCOFTA was ratified thanks to the good commercial and investment relations as the presence of Canadian companies, particularly mining and oil exploration. During these negotiations, these countries also signed Agreements on Labor Cooperation and Environment, as well as double taxation convention which came into force in August 2011 receiving the Royal Assent. (GAC, 2017)

In 2010, the Colombian National Hydrocarbons Agency put on an auction for foreign and national exploration and production, 168 oil and gas concession blocks that covered over 50 million hectares of land which at the end resulted in a total of 78 concessions which were awarded

to Ecopetrol (Colombian national company) along with companies from the United States, Brazil, Norway, and 4 Canadian companies (Pacific Rubiales, Alange, Gran Tierra Energy, Petrominerales and Talisman) that won exploration blocks as a result of the auction with Senate approval. (Paley, 2010)

Since the entry into force of the Environment Agreement in 2011, Environment and Climate Change Canada has funded a total of 13 environmental projects in Colombia, which has contributed over \$2.9 million in funding. In 2016, just one project, Conservation of Biological Diversity, was ongoing under the Environment Agreement. (GAC, 2017)

Despite FTA's have helped to develop more investment and trade between countries, a 2013 report of the People's Tribunal on the Natural Resource Extraction Industry in Colombia, found that Pacific Rubiales was guilty of a series of violations of labor, environmental and Indigenous people's rights. Brittany Lambert, coordinator of the Americas Policy Group at the Ottawa-based Canadian Council for International Cooperation (CCIC), pointed out that Canada's extractive sector is "very dominant in Colombia," and is encouraged to invest there by extremely low royalty rates, as mentioned before, she suggested that it is important to generate more efforts to organize extractives sector workers or improve working and environmental conditions that are all too frequently suppressed with little protest from the Canadian state. (Ismi, 2015)

This is why in 2017, CCOFTA reinforced the concept of free trade, encouraging high level of domestic environmental protection, to foster good environmental governance, to develop and improve policies, proposing the commitment of both countries to make every attempt, through consultation an exchange of information emphasizing on cooperation, to address any matter concerning to the environment, but if the countries fail to resolve the matter, they will seek for

consultation at the ministerial level but this could delay the problem and continue with policy gaps.

(GAC, 2017)

○ **Canada-Peru free trade agreement (CPFTA)**

In Peru, at the beginning of the 1990s, a structural reform program was established under the auspices of the World Bank that created favorable conditions to consolidate a predominant role for mining activity within the Peruvian economy.

During the past decade, Peru has been one of the region's fastest-growing economies, with an average growth rate 5.9% in a context of low inflation. Between 2002 and 2013, Peru was one of the fastest-growing countries in Latin America, with an average GDP growth rate of 6.1%, having a positive external environment, prudent macroeconomic

<p>Peru's background information</p> <p>Area: 1,285,216 sq km Population: 31,331,228 (July 2018 est.) GDP (nominal): US\$214.2 billion (2017est) GDP per capita: US\$13,500 (PPP) Industrial production growth rate: 2.7% Crude oil-production: 43,520 bbl/day Crude oil-exports: 7,995 bbl/day (2015est) Crude oil-imports: 86,060 bbl/day Crude oil-proved reserved: 434.9 million bbl (2018 est.) Natural gas-production: 12.99 billion cu m (2017 est.) Natural gas-exports: 5.505 billion cu m Natural gas proved-reserves: 455.9 billion cum (2018est.) Carbon dioxide emission from consumption of energy: 55.94 million Mt (2017est) Environmental agreements: Antarctic-Environmental Protocol, Antarctic-Marine Living Resources, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Marine Dumping, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands, Whaling Environmental Agreements signed, but not ratified: none of the selected agreements</p> <p>Source: CIA World Factbook</p>
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policies and structural reforms in different areas created a scenario of rapid growth and low inflation. Between 2014 and 2017, GDP growth slowed down to an average rate of 3.1%, mostly due to the decline in international commodity prices, including copper (the biggest Peruvian export commodity). In 2018, GDP growth accelerated again to a rate of approximately 4%, driven by a recovery in domestic demand. Additionally, higher commodity prices are leading to stronger investment in mining. (The World Bank, 2018)

In 2018, Peru was Canada's third-largest bilateral trading partner in Latin America and the third-largest destination for Canadian direct investment in the region. CPFTA entered into force in August 2009, facilitating establishment of free trade, and creating competitive advantage for Canadian producers and exporters, showing a value of Canadian merchandise exports to Peru of \$710 million in 2017, while Canadian imports from Peru reached \$1.8 billion. Canadian foreign direct investment in Peru totaled \$11.1 billion in 2017, mainly in mining, oil, gas and financial services. (Embassy of Canada to Peru, 2018)

According to the Embassy of Canada to Peru (2018), mining has been historically the most important sector for Canadian exporters in Peru, Canada is currently the sector's third-largest investor. Peru has benefitted highly from the energy and mineral prices, having one of the best performing economies in Latin America.

Peru is also a country with considerable oil and gas exploration, having an attractive and competitive fiscal regime, encouraging foreign investment. Before 1990's there were almost no Canadian mining companies investing in Peru, but by 2000 there were sixty Canadian companies active in the country, representing over \$4 billion worth of investments. (Pacific Rubiales Energy Corp, 2012)

Peruvian government has improved international economic conditions; so, extractive sector continue to prosper in the country. In Peru, taxes are paid quarterly versus annually; also, the mining Royalty, the Special Mining Tax (SMT) and the Special Mining Contribution (SMC) are economic considerations paid to the Peruvian government for the exploitation of mineral resources. Exploitative companies voluntarily enter into agreements with the Peruvian government with the purpose of paying SMC. The new royalty and tax regime were developed through a joint task force of Government, industry association and mining companies. (Canadian Mining Journal)

The Peruvian government guarantees legal stability on income tax regulations and dividend distribution to foreign firms; also, it is important to notice that Peruvian laws, regulations, and practices do not discriminate between national and foreign firms, so there is no restriction on repatriation of profits, international transaction of capital, currency exchanges, transfer of dividends, interests and royalties. (Clark, 2002)

Peru has a centralized regulatory framework (Ministry of Energy and Mines General Directorate of environmental Affairs (DGAAM), and all consensus must be approved by the Ministry of Environment Certification National Service (SENACE), all companies need a permit. Mining watch Canada, claimed on the need of governments to globalize facts and information, not only at national level but also to provide international pressure on firms to comply with the law. It is also important to provide some insides to create spaces for alternative ideas which are essential to achieve the goals of more transparency, fortified regulation, and responsible corporate actors. (Clark,)

ENVIRONMENTAL PROBLEMS AFTER FTA'S

"Asymmetries in the dependence are the factors that are most likely to provide sources of influence to the actors in their dealings with others." ... Robert Keohane

After the 1990's, Canada opened up its vision towards investment and trade in Latin America creating jobs opportunities, development and prosperity, however countries in Latin American started facing serious social and environmental problems.

The increasing development of Canadian oil and mining activities in Latin America have generated a lot of debate, inside and outside of Canada. Mostly, in the early 2000s during hearings of Parliamentary committees and workshops convened by non-governmental organizations (NGOs) like Mining Watch Canada and some universities like York University, the press and other actors began to report on the troubles surrounding Canadian oil and mining projects overseas. (Studnicki, 2016)

Database of the Observatory of Mining Conflicts in Latin America (OCMAL) held information on 198 active social and environmental conflicts resulting from mining operations in the region. (Inter-American commission on human rights, 2014)

According to Open Parliament of Canada, in 2010, the House of Commons of Canada, proposed the Corporate Accountability of Mining, Oil and Gas Corporations in developing countries Act, also known as Bill C-300, that promoted environmental best practices to ensure the protection and promotion of international human rights standards in respect of the mining, oil or gas activities of Canadian corporations in developing countries, but it failed to pass. Then in 2013 a new version of the legislation, Bill C-474 also referred to as "the Sunshine Bill," require Canadian

resource firms to provide annual reports that would disclose payments, but it also failed to pass. (McCrae, 2015)

Then, a report called: “*The Impact of Canadian Mining in Latin America and Canada’s responsibility*”, stated that Canadian firms were exploiting the weak legal systems in Latin American countries and Canada itself, as well as failing to respect environment and human rights. A summary of the report described the growth of Canada’s mining in Latin America as an integral part of its current foreign policy, referring “*new policy of using international cooperation mechanisms as a method of promoting Canadian mining companies in developing countries*”. It also stated that for example in Peru: “*Canada has been able to influence a weak Peruvian state which, ever since the former president Fujimori government in the 1990s and has loosened all the legal frameworks in order to attract investment*”. (Inter-American Commission on Human Rights, 2014)

On the other hand, the Justice and Corporate Accountability Project has documented troubling incidents of violence associated with Canadian exploitative firms operating in Latin America and expressed that neither the Canadian government nor the industry were monitoring or reporting on these incidents. Additionally, the project showed that Canadian companies that were listed in the Toronto Stock Exchange tended to report incidents in general terms, using blanket statements. (Inter-American Commission on Human Rights)

The scholar and former executive member of Canadian Council for International Cooperation and coordinator of the Social Watch, John Foster commented that the Canadian government's regulation towards Canadian companies abroad has been totally inadequate, and for instance, it was reported that the Canadian Export Development Corporation (EDC) did not apply its own regulatory standards to 24 of the 26 projects it funded. (Clark, 2002)

Many environmental issues are generally dealt with in separate laws, emphasizing on human rights or pollution prevention, creating general environmental laws, however, many countries are starting to create frameworks for environmental management through new Environmental Ministries or Departments. However, these laws are not outlined by unique environmental requirements for the extractive industries. (Ghorbani and How Kuan, 2017)

According to EDC, Chile is adopting the Chilean Energy Efficiency Action Plan 2012–2020 that encourages the mining sector and industrial consumers to develop energy efficiency measures, including smart energy systems in addition to a clear policy commitment. Meanwhile, Colombia and Peru are behind this scenario.

Nevertheless, it is usual for companies with operations in Latin American countries to face socio-political challenges caused by non-compliance of the environmental regulations, which could critically affect a company's social license to operate, showing that regulations are spread and not focused on environmental issues. (Ghorbani and How Kuan)

What would happen if FTAs were not in place?

An assessment made by the Department of International Development in the UK called impact of Free Trade Agreements between developed and developing countries on economic development made in 2015, explain that FTA will increase employment and dialogue between parties improving trade and investment, as well as declining tax rates, reducing the value of exports and revenues, intensifying state dependence on foreign firms to remain internationally competitive. This was evident in 1995 when production levels tripled followed by an increase in foreign investment, principally from Canadian firms; however, developing countries revenues may decline affecting its domestic economy. (Clark, 2002)

Critics explained that FTAs could cause labor displacement if there are active inefficient domestic industries which will not be absorbed elsewhere because of rigid policies, causing at the same time that government can discontinue social and environmental policies. Studies estimated that a positive impact on employment or environment is not fully caused by the implementation of FTAs. (Stevens et al., 2015)

In 2015, Rapid evidence assessment (REA) explained that the optimism about liberalization will cause an aggregate level in an increase of the welfare of the parties, however opposing views explained that trade can cause more division for assessments rather than increase welfare and GDP, so they recommend that governments need to be more flexible to protect domestic producers from import competition and need to set rigid rules, decreasing the fear that imports may affect local companies and job opportunities, therefore it is necessary to make domestic policies more rigid for future policy initiatives. (Stevens et al., 2015)

The Department of International Development, showed significant gaps after the implementation of FTAs in three main areas that concern policy makers in developing countries: fiscal impact of FTAs as taxes are the major source of government revenue, the distributional and employment effects of FTAs and predicted for example that US-Colombia FTA will affect 28% of small-scale agricultural producers in Colombia, and whose income will fall by up to 45%, by consequence this will cause distributional impact affecting the prices of goods and services, and the last area of concern is the impact of FTAs on labor and environmental standards. (Stevens et al., 2015)

Therefore, there is absence of evidence on defending the positive aspects of the implementation of FTAs, because distributional impacts are linked to the frequent lack of appropriate data, so it is important to make different future approaches to establish the efficiency

and benefits of FTAs. It is also important to notice that the positive or negative implications of FTAs are caused because of the way in which they are negotiated.

POLICY ALTERNATIVE

This section of this paper will attempt to recommend a regulatory cooperation alternative for Canadian extractive industries working in Latin America, trying to explain all the regulatory reforms that have to be considered while applying environmental regulations during the bilateral free trade agreements despite the gaps in compliance of the FTAs regulations.

Regulatory cooperation

According to the Canadian Government, Canada seeks to establish a good and globally competitive extractive sector, and works proactively with host governments to enhance their capacity to manage their own natural resources for economic, social and environmental sustainability, encouraging Canadian companies working overseas to abide by the laws of those countries, and to act in accordance with Canadian laws but, all these proposals have been unclear, (Hill, 2014) when making the research in Latin America.

New global partnership for trade and development, have provided an opportunity to address global economic, social and environmental issues in a coordinated and transparent way. So, it is to say that global partnership can promote a more effective, coherent, representative and accountable global governance regime, which will create a better national and regional governance, the realization of human rights and sustainable development. (UN system task team, 2013)

While considering changes to policies towards the environment, policy makers need to wisely evaluate the impact of those changes taking into account the economy of the country as well as its ability to attract foreign investment. Extractive industry is a globalized industry and, the main framework that regulates this industry is complex, presenting elements of domestic and international law, so it is important to create a stable regulation. (Marques and Ravielt, 2017)

The main objective regarding the environmental issue was established by the first Conference in Rio aiming to achieve sustainable development, recognizing the right of human beings to a healthy and productive life in harmony with nature, as well as the right of each State to take advantage of natural resources, prioritizing environmental conservation.

According to the UN (1972), the principle number 7 of the Rio Declaration on Environment and Development stipulates that: "*States shall cooperate in a spirit of global solidarity to conserve, protect and restore the health and integrity of the ecosystem of the Earth. Given that they have contributed differently to the degradation of the global environment, States have common but differentiated responsibilities. The developed countries recognize their responsibility in the international search for sustainable development, in view of the pressures that their societies exert on the global environment and the technologies and financial resources available to them*".

The summit of UN conference on sustainable development in 2012, entailed a more coherent initiative as well a coherent inclusive global governance framework, strengthening political engagement with each initiative.

As the world become more interdependent, global governance, is highly relevant for achieving sustainable development. Globalization increasingly trade flows, and climate change are global commons that make States more susceptible to policies adopted by others, so international commitment is necessary to solve issues including in them. However, government policies and international arrangements for collective decision-making have not kept the same pace with changes of policies. Efforts should continue to further enhance the representation of developing countries in multilateral institutions and more engagement and coordination between states at regional and multilateral institutions is needed.

The transition to global sustainable development has not been created successful yet, partly because of the increasing interdependence between countries which has not created sufficient social nor environmental adjustment in the global governance regime. (UN system task team, 2013)

Ghorbani et al. (2017) have noted that more effort needs to be made including regularization of certain environmental regulations, institutional arrangement which involve inter-institutional coordination decreasing and avoiding bureaucracy. Governments like Chile has redesigned Chile's infrastructure, increasing transparency and emphasizing its policies towards public participation, however it needs to go further for compliance of the law.

There have been some recommendations towards the implementation, Michael Hart (2007) argued that Canada needs a strong political commitment to regulatory cooperation and a plan to put it into effect, and proposed the creation of a bilateral commission to supervise efforts to establish a more coordinated and convergent set of regulations, as well as an independent secretariat with a mandate to report annually to the president and prime minister on progress, which must be performed for the efficient governance.

Consequently, the Department for International Development, found that developing countries might best benefit from new FTAs, but at the same time these could harm its economy so, it is important to have a guidance on how to fill the gaps in order to provide a full set of evidence for policymakers. (UN System task team, 2015)

Because global environmental governance is very fragmented, there have been some successes such as Brundtland Commission and the Earth Summit, among with others specific UN initiatives that encouraged environmental awareness, however these initiatives worked on specific

areas such as Montreal Protocol on substances that ozone layer, despite the big gaps and weaknesses policies that remain. (UN System task team)

Coyler (2010), suggested that impacts on environmental FTAs provisions are a failure of a continuous and rigorous follow-up of the activities and resources provided by members, which he divided into 3 categories: the general provisions addressing environmental laws, the cooperative efforts under the FTA and environmental side agreements and lastly citizen participation while some FTAs have enforcement mechanisms like sanctions, they are seldom used.

Rapid Evidence Assessment (REA) reinforced the point that any contribution to a FTA for a country's economic development is likely to influence by a boarder policy of the country, despite of the economy and to the extent to which each country can respond. (Stevens et al., 2015). But there is no mechanism for enforcement the findings, so governments have to respond for enforcement of any of them, and then have to respond to correct the deficiencies and make changes, at the same time, for the UN effectively play its role, considerations should be given to proposals plus public and political engagement for coordination, cooperation, coherence and policy-making across the UN system.

Achieving these objectives would require a partnership at the global level between all actors, creating an international enabling environment and strengthen global partnership for development into a better framework for achieving sustainable development at regional and international level in this case for Latin America.

CONCLUSION

Canadian oil and mining activity in Latin America have risen rapidly since 1990, as well as FTA's, thanks to the creation of attractive policies from Latin American governments for foreign investment to stimulate their economic growth and development.

Since the entry into force of the Free Trade Agreements (FTAs) between Canada and Latin America, wide business opportunities have been created for any sector of their economy, FTAs have had the potential to enhance not only bilateral relations but also have strength Canada's presence in the Americas; however, there is a notorious social and environmental impact in the region after the implementation of those agreements.

Maintaining Canada's engagement in international environmental agreements and expanding environmentally related development assistance, is important while pursuing new agreements and partnerships aiming to promote a level playing field for business, expanding knowledge-sharing and improving environmental outcomes.

The neoliberal perspective of Complex interdependence is the best theory that can explain FTAs and which is encouraged by the World Bank (WB), International Monetary Fund (IMF), United Nations (UN) and other international creditors that have greatly impacted transnational oil and mining activities and which have constructed environmental guidelines but with some gaps that are important to cover in a comprehensive way.

Literature is good at establishing positive effects on FTAs on trade flow of the parties, but the results may vary. Although, some results have had a negative effect like some social and environmental, according to the Rapid Evidence Assessment (REA), none of the studies showed that FTAs have had a negative effect on aggregate trade between parties consequently the results that did not show a strong positive effect in trade and concluded that the FTA has had only a minor

impact, or has affected only some areas of trade. Latin American governments must establish strong legal frameworks to regulate policies of extractive sector, demonstrating that they should create laws that make reference to international environmental standards. (Stevens et al., 2015)

The main concern is that FTAs in Latin America lack strong regulations and adequate regulatory systems, necessary for the oversight of oil and mining activities to function, there are also insufficient number of channels for citizen participation and consultation by companies prior to the beginning of the extractive processes aimed at obtaining their consent in the state decision-making process.

FTAs between countries apply different methodologies which, could have different results within countries. The politico-economic contexts in countries is evident while implementing FTAs.

This is why it is important to establish strong environmental standards that do not require the use of certain technologies or processes, motivating industries to innovate, developing efficient, economic and related products, as well as to undertake profitable sustainable development practices.

Chile's oil and mining industries play a vital role for sustaining its economy, therefore it is important that the Chilean state try to balance its economic growth with strict environmental policies which it is currently doing with great competence, while minimizing its environmental impact. (Ghorbani, 2017)

After this investigation it is also recommended that the different actors from the extractive industry in Latin America should consider consulting with other partners, in order to promote harmonized regulations, as a means to promote a consistent investment climate across the countries. (Pacific Alliance, 2015)

New strategies should be framed within three fronts: Generate Alliances with key government institutions, local authorities and communities in order to identify development projects that contribute to the regions where they operate. To help overcome poverty by allowing the implementation of social projects with resources from the 1% environmental compensation and investment with taxes. (Frontera Energy, 2017)

Some key anticipated results should be considered as well: increasing the quality of education, better incorporating smalls and medium firms into the economy, improving the management and resolution of conflicts in areas affected by extractive industries, and implementing community-level sustainable development projects with extractive companies, government, and NGOs.

In the absence of strong state regulation, it is recommended to highlight the potential for international cooperation between trade unions as a means of exerting pressure on investors to exploit resources in a more equitable and sustainable manner.

To combat the increase of environmental issues, actors should promote new forms of corporate governance or powerful corporate lobbyists that promote them. Trade unionists must begin to develop similarly strong linkages, establishing similar interests required to combat a highly unified corporate structure. Establishing connections and multiple channels between unions across the Americas which can also do more than for further recognition of common interests.

More active communications among the Canadian, Chilean, Colombian and Peruvian workers, for example, has generally proved mutually beneficial in providing new perspectives on the international agenda.

Different actors, including governments and firms have concluded that the Canadian government should have a close view in regulating Canadian companies abroad, and it is crucial

an international cooperation among mining unions and civil society in developing countries to have different alternatives for social and environmental concerns under the models of the neoliberal paradigm.

In summary, the results emphasize, governments have to develop a closer approach to all the variables that need to be taken care of and shift their resources to boost those agreements, in order to help improve environmental behavior of Canadian oil and mining firms in Latin America regions.

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Annexes

The following figures show how Canadian Foreign Direct Investment has behave during the last four years in Latin America, (Figure 1.1) and then (Figure 1.2) will show last decade Canada's Direct Investment by country, and finally (Figure 1.3) will show percentage changes in real GDP by industrial sector in Latin America.

(Figure 1.1) Canadian foreign direct investment in Latin America 2014-2017

		Canada (map)			
Canadian and foreign direct investment ¹	Countries or regions	2014	2015	2016	2017
Canadian direct investment abroad - Total Book Value ²	South and Central America	52,410	57,096	56,479	55,915

Source: Global Affairs Canada (2018). Canada's State of trade, trade and investment. [Online] Available at: https://www.international.gc.ca/economist-economiste/assets/pdfs/performance/state_2018_point/SoT_PsC_2018-Eng.pdf

(Figure 1.2) Canadian Foreign Direct Investment by country in Latin America 2007, 2016 and 2017

	2007	2016	2017	SHARE 2007	SHARE 2017	CHANGE 2016-17
	(\$M)	(\$M)	(\$M)	(%)	(%)	(%)
All countries	515,294	1,083,730	1,121,102	100.0	100.0	3.4
North America	310,632	672,794	685,898	60.3	61.2	1.9
Bahamas	n/a	24,736	24,479	n/a	2.2	- 1.0
Barbados	33,438	56,827	48,948	6.5	4.4	- 13.9
Bermuda	13,252	42,240	40,162	2.6	3.6	- 4.9
Cayman Islands	19,863	42,763	43,096	3.9	3.8	0.8
Mexico	5,100	14,878	15,090	1.0	1.3	1.4
United States	226,116	481,378	504,771	43.9	45.0	4.9
South & Central America	21,975	56,479	55,915	4.3	5.0	- 1.0
Brazil	7,687	12,477	11,555	1.5	1.0	- 7.4
Chile	7,067	16,238	17,103	1.4	1.5	5.3
Colombia	737	5,051	5,122	0.1	0.5	1.4
Panama	n/a	4,539	4,463	n/a	0.4	- 1.7
Peru	2,155	11,184	11,134	0.4	1.0	-0.4
Europe	147,691	267,735	288,401	28.7	25.7	7.7

Source: Global Affairs Canada. (July 2017). Canada's State of Trade: Trade and Investment Update – 2017. [Online] Available at: https://www.international.gc.ca/economist-economiste/performance/state-point/state_2017_point/index.aspx?lang=eng#2_0

(Figure 1.3) Percent changes in Real GDP by industrial sector in Latin America

PERCENT CHANGES IN REAL GDP BY INDUSTRIAL SECTOR

	2015	2016	2017
All industries	1.0	1.4	3.3
Goods-producing industries	- 1.7	- 0.5	4.6
Agriculture, forestry, fishing and hunting	3.8	3.9	- 0.1
Mining, quarrying and oil and gas extraction	- 2.3	- 0.6	8.2

Source: Global Affairs Canada. (July 2017). Canada's State of Trade: Trade and Investment Update – 2017. [Online] Available at: https://www.international.gc.ca/economist-economiste/assets/pdfs/performance/state_2018_point/SoT_PsC_2018-Eng.pdf