

Blakes Bulletin

International Trade & Investment

Government of Canada Tables Text of Canada-Jordan Free Trade Agreement

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The texts of the Canada-Jordan Free Trade Agreement (FTA) and several parallel agreements were tabled in Parliament on September 15, 2009. For 21 sitting days in Parliament, the agreements will be open for review and debate. Following this time, the government has the stated intention of introducing laws that would bring these agreements into force. These agreements were signed in June 2009. In addition to the FTA, the texts of the Canada-Jordan Labour Cooperation Agreement (LCA), the Canada-Jordan Agreement on the Environment (AE), and the Canada-Jordan Foreign Investment Promotion and Protection Agreement (FIPA) have also been tabled.

In 2008, two-way merchandise trade between Canada and Jordan was valued at C\$92-million. Important Canadian exports to Jordan include paper and paperboard, copper products, pulse crops, machinery and woodpulp.

The FTA will eliminate all non-agricultural tariffs and most agricultural tariffs, in addition to commitments to reduce non-tariff barriers. Tariffs on certain Canadian exports in the 10-30% range will be eliminated immediately. Exports that will benefit from this treatment include pulse crops, frozen french fries, animal feed, various prepared foods, and certain forest products and machinery.

The FTA will also eliminate most tariffs on goods imported from Jordan. In 2008, imports from Jordan were valued at C\$15-million. The leading types of imported products were apparel (both knit and woven), fertilizer, and agricultural products (particularly vegetables).

As a goods-only agreement, the FTA will not lessen barriers imposed on the services trade between the two nations. However, there are protections provided for investments in the Canada-Jordan FIPA, as well as certain reciprocal rights related to air services.

The Foreign Investment Promotion and Protection Agreement is intended to provide greater protection for investments. This type of agreement does so by establishing clear rules and enforcement mechanisms

for the protection of foreign investment. In addition to transparency and a dispute settlement mechanism, the FIPA is intended to provide protection against discriminatory treatment, expropriation without prompt and adequate compensation, and to provide for the free transfer of funds.

The Labour Cooperation Agreement contains commitments from the parties to uphold principles and rights articulated by the International Labour Organization (ILO), such as the rights of freedom of association and collective bargaining and the abolition of child labour. Among other things, the LCA will require the parties to provide for adequate employment standards, protections for migrant workers, and to settle disputes through a specified mechanism. Under the LCA, the countries agree that employment and labour laws in both countries are not to be weakened for the purposes of encouraging trade or investment.

The Agreement on the Environment will commit both countries to effectively enforce existing domestic environmental laws. As in the LCA, the parties are not to weaken environmental laws in the pursuit of trade. In addition, the parties have agreed to ensure that environmental assessment processes are in place to increase public awareness of environmental laws, to provide remedies for violations, and to encourage private enterprises to develop and voluntarily implement best practices with respect to the environment. The AE will provide for access to an independent review panel where the parties cannot effectively deal with a matter arising under the AE.

The agreements are to be open for review in Parliament for 21 sitting days. Following this period of review and debate, the government intends to introduce legislation to implement the agreements. The government has stated it will take steps to ratify the FIPA, which does not require implementing legislation.

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