

Minister of
Foreign Affairs



Ministre des
Affaires étrangères

Ottawa, Canada K1A 0G2

FEB 27 2018

The Honourable Raynell Andreychuk
Chair, Senate Standing Committee on Foreign Affairs
and International Trade
Senate of Canada
Ottawa, Ontario
K1A 0A4

Dear Senator Andreychuk,

The Government of Canada extends its gratitude to the Committee for its work, recognizing that the Committee's study was conducted over many months and involved interaction with a range of stakeholders through hearings in Ottawa and a five-day fact-finding mission to Argentina. The Government of Canada also expresses its appreciation to the stakeholders who provided insights and information over the course of the Committee's study.

Accordingly, and pursuant to Rule 12-24.(3) of the Senate, I am pleased to respond on behalf of the Government of Canada to the recommendations made in the Report of the Senate Standing Committee on Foreign Affairs and International Trade entitled "A Turning Point in Canada – Argentina Relations?", tabled on June 1, 2017.

This comprehensive report demonstrates the Committee's commitment to undertaking studies where countries are experiencing rapid political and economic changes, with the objective to assess the potential for greater bilateral relations for Canada. The recommendations contained in the report underscore the political, economic and social opportunities which stand to be gained from stronger Canada – Argentina relations, and for potential greater alignment on regional and international issues of interest.

The views that were shared with the Committee, as well as the analysis contained in the report, are very closely aligned with the Government of Canada's renewed engagement with Argentina. The enclosed Government response is supportive of the Senate Standing Committee on Foreign Affairs and International Trade (AEFA) report on Argentina and addresses all of the Committee's seven recommendations independently.

.../2

Canada

As the AEFA's report rightly points out, the election of President Macri in November 2015, marked a significant shift in Argentina's future orientation, and presents important opportunities for Canada to enhance and revitalize its relationship with Argentina. Over the course of the past two years, the Government of Canada has worked to identify and pursue these opportunities, starting with the visit of Prime Minister Trudeau in November 2016, which has resulted in both leaders articulating their commitment to revitalize the relationship through an impressive agenda outlining areas and opportunities for reengagement. There has been sustained high-level engagement since then.

The enclosed response describes the various actions taken by the Government of Canada since the election of President Macri, to strengthen and reinvigorate the relationship and highlights our commitment to explore new areas of cooperation.

Please find enclosed a copy of the Government's response to the recommendations of the Report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Freeland', with a stylized flourish at the end.

The Honourable Chrystia Freeland, P.C., M.P.

Enclosure

**GOVERNMENT RESPONSE TO THE REPORT OF THE STANDING SENATE
COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE:
A TURNING POINT IN CANADA – ARGENTINA RELATIONS?**

INTRODUCTION

The Government of Canada is pleased to respond to the Report of the Standing Senate Committee on Foreign Affairs and International Trade (AEFA or “the Committee”), entitled, *A Turning Point in Canada – Argentina Relations?*.

The Government of Canada appreciates the work of the Committee and welcomes the analysis, views and recommendations, based on consultations that the Committee undertook with a wide range of stakeholders. The goal of the Committee was to examine opportunities for renewing Canada-Argentina relations as well as deepening Canada’s network in the Americas. The Government has carefully reviewed the Committee’s report and recommendations and welcomes the opportunity to provide a response regarding the Committee’s conclusion that the Government of Canada update its relationship with Argentina by developing strategies that deepen political and commercial bilateral relations and that foster constructive change for the benefit of the country’s and the region’s long-term stability and prosperity. The Government response to the recommendations provides a good overview of Canada’s continuous and enhanced engagement with Argentina. The Government of Canada concurs that the partnership with Argentina is of strategic importance to Canada and continues to be a key relationship for us in the region.

Recommendation 1: The Committee recommends that the Government of Canada develop and update relevant bilateral and multilateral policies and frameworks, including the Strategy for the Americas and the Global Markets Action Plan, to reflect Argentina’s changed priorities and to accommodate emerging regional trends.

Canada places great value in deepening its relationships with countries in Latin America and the Caribbean (LAC) region. Canada’s engagement in the hemisphere has never been stronger. Underpinning our engagement are strong people-to-people ties, given the sizeable LAC diaspora communities in Canada, significant academic exchanges, and large volumes of two-way travel. The government of Canada will soon be launching a Progressive Trade and Investment Strategy that will support Canadian businesses exporting to international markets and help Canadian jurisdictions attract global investment. The new Progressive Trade and Investment Strategy will frame Canada’s commercial relations with global markets, both traditional and emerging ones, including in Latin America where Argentina is a major regional economic player and an important member of the MERCOSUR regional trade bloc. The new Progressive Trade and Investment Strategy is part of the government’s commitment to grow the Canadian economy through increased exports and seeks to ensure that all segments of society can take advantage and otherwise benefit from the opportunities that flow from trade and investment by including and enhancing provisions in trade agreements in important areas such as transparency, labour rights, the environment, gender equality, and small and medium-sized enterprises. Canada’s engagement in Argentina and the region reflects our interests and is centered on protecting and promoting Canada and Canadians, improving regional security, encouraging inclusive economic growth, strengthening democracy, and promoting diversity, inclusion and human rights.

Bilateral Relations

Although Argentina's economic performance has been highly cyclical, with periods of strong growth interrupted by downturn or crisis-like episodes, the corrective actions taken by President Macri since his election are very encouraging. As the AEFA's report rightly points out, the election of President Macri in November 2015 marked a significant shift in Argentina's orientation, and has resulted in important advancements in terms of market liberalization and regional cooperation. After twelve years of protectionism and consumer-led growth, implemented through a high degree of state intervention at all levels, President Macri's administration was facing inter-linked issues of high inflation (42% in 2016), dwindling Central Bank reserves, decelerating growth, outstanding debt issues, capital flight, import and foreign exchange controls, economic stagnation, a sizeable energy deficit and unsustainable subsidies. Right from the start of his mandate, President Macri undertook a series of ambitious and much-needed economic reforms, including relaxing foreign-exchange controls and facilitating remittances abroad, as well as removing many import and export controls and working to make remaining controls more efficient. President Macri's government also reached a resolution with holdout creditors, which has allowed Argentina to return to capital markets under more favourable terms, resulting in the issuance of US \$16.5 billion in new debt. These changes provide a strong opportunity for Canada and Canadian businesses to re-invigorate relations with Argentina.

President Macri is positioning investment in infrastructure as a catalyst for economic growth, achieving sustainable growth and ultimately, eliminating poverty. To meet its medium-term goals, Argentina will need to invest approximately \$100 billion by 2019, to be financed by a mix of public investment, multilateral funding and private, mostly foreign, investment. Argentina has recently established a new regulatory framework for Public Private Partnership (PPP) that aims to provide increased protection from political risks and a predictable environment for local and global business to support their ambitious infrastructure program. For the past year, the Canadian Embassy in Argentina has worked to position Canada as a partner of choice for PPPs and facilitated connections between Argentine and Canadian experts. In early 2018, the Embassy of Canada to Argentina will aid the visit of Mr. Mark Romoff, President of the Canadian Council of Public Private Partnerships (CCPPP), and support a delegation of Argentine public and private sector specialists to the CCPPP Conference in Toronto in November 2018.

Restoring Canadian pork access to Argentina has been a longstanding and high priority market access issue for the Government of Canada. On November 17, 2017, Argentina's National Food Safety and Quality Service (SENASA) confirmed in a letter sent to the Canadian Food Inspection Agency (CFIA) that all steps required to re-open the Argentine market for Canadian pork exports had been successfully completed and that market access for Canadian pork exports had officially been granted. The successful resolution of this longstanding issue represents a successful deliverable stemming from Prime Minister Trudeau's visit to Argentina last year.

Canada is also encouraged by the opportunities for Canadian companies in the mining, oil and gas and renewable energy sectors (which will be further developed in the response to

recommendation #2 and #3). Canadian companies are starting to look at the Argentine market with increased interest, although investors will want to see evidence of Argentina's commitment to a strong regulatory environment.

Canada has increased its bilateral engagement with Argentina considerably over the past two years, as demonstrated by the number of high level visits. The most significant being the visit of Prime Minister Trudeau in November 2016, culminating in an agreement to strengthen the relationship by advancing priority areas of mutual interest and increasing collaboration to address regional and international issues. In addition, Prime Minister Trudeau has met with President Macri on five more occasions (G20 Hamburg July 2017, G20 Hangzhou September 2016, Sun Valley Conference July 2016, Nuclear Security Summit March 2016, and WEF Davos January 2016), providing further opportunities to discuss our bilateral relationship and avenues for collaboration. As well, Canadian Minister of Families, Children and Social Development Jean-Yves Duclos visited Argentina in May 2017. Argentina's Vice President, Gabriela Michetti, visited Canada in October 2016 accompanied by several vice Ministers responsible for economic and commercial portfolios. Ms. Michetti had a brief tête-à-tête with Prime Minister Trudeau and met with former Minister Dion, Minister Hajdu (then Status of Women) and Minister Qualtrough (then Sport and Persons with Disabilities). Minister Freeland held a bilateral meeting with Argentine Foreign Minister Jorge Faurie on October 25, 2017, on the margins of the Lima Group meeting in Toronto. Recent high level meetings have shown a remarkable change in tone and approach, reflective of Argentina's commitment to reengage with the world at large, with multilateral institutions, and with Canada in particular. Minister Champagne briefly met Minister Susanna Malcorra on October 9, 2017 at the WTO Mini-ministerial in Morocco, and during the Eleventh WTO Ministerial Conference in Buenos Aires, Argentina in December 2017. He also met with Argentina's Minister of Mines and Energy Juan Jose Aranguren and Foreign Minister Faurie at the WTO. A genuine optimism and commitment from both sides to re-launch the Canada-Argentina relationship is evident. Through increased high level engagement, Canada has shown support for the Argentine government as it works to improve its macro-economic environment and to position Canada as a partner of choice for South America's second-largest economy.

Prime Minister Trudeau's 2016 visit to Argentina was a clear indication of the renewed partnership between Canada and Argentina since it laid the framework for future collaboration in strategic areas. The two leaders set out an ambitious agenda that established concrete commitments to be carried out in order to deepen our engagement. The Government of Canada has since made progress on several of these commitments, including:

- Canada provided technical assistance to support Argentina's pledge to accept refugees from Syria and neighboring countries, including in the areas of private sponsorship and refugee integration. Argentine officials participated in Immigration, Refugees and Citizenship Canada (IRCC)'s Global Refugee Sponsorship Initiative in Ottawa in December 2016 and May 2017.
- The resumption of bilateral human rights consultations in March 2017.
- There has been enhanced collaboration with Argentina on inclusive and accountable governance, including through sharing Canadian best practices on open government to foster transparency. President of the Treasury Board, Scott Brison visited Buenos Aires

for the Open Government Partnership Summit on November 21-22, 2017.

- Canada is contributing \$1 million over four years to work with the Argentine Chapter of Transparency International, Poder Ciudadano, to combat corruption in Argentina through Integrity, Mobilization, Participation, Accountability, Anti-corruption and Transparency (IMPACT).
- To follow up on Canada's commitment to increase research collaboration on polar and subpolar issues, the President and CEO of Polar Knowledge, Dr. David J. Scott, visited Argentina in March 2017 to explore potential areas of cooperation. Argentina has 18 stations in the Antarctic, including six open year round and will be looking at implementing cleaner technologies for their operations. There is clear potential to widen arctic cooperation, including on glaciers, as well as on polar issues, in particular through research with l'Institut des sciences de la mer de Rimouski (ISMER) at the Université du Québec à Rimouski (UQAR).
- Canadian officials continue to work towards reaching final consensus on the texts of the Canada-Argentina Social Security Agreement and its accompanying Administrative Arrangement. This agreement will foster people-to-people ties by assisting individuals who have lived and worked in Canada and Argentina to qualify for benefits based on their affiliation to each country's pension system.
- In May 2017, Canada and Argentina signed a bilateral Customs Mutual Assistance Agreement that will provide a legal basis to share customs information in order to prevent, investigate and combat customs offences and provide reciprocal mutual assistance to ensure the proper application of customs laws.
- Argentina has lifted a business visa requirement for Canadian business travellers (December 2016) and removed the reciprocity fees for Canadian travellers (January 2018), which will facilitate exchanges, tourism and people-to-people ties and support enhanced bilateral trade, investment, and innovation cooperation between the two countries.
- Canada and Argentina re-established bilateral nuclear consultations that foster closer bilateral and multilateral cooperation on disarmament, non-proliferation, and the peaceful use of nuclear energy.

The Prime Minister's visit also served as an opportunity to re-assess the potential for possible Free Trade Agreement (FTA) negotiations with MERCOSUR. Exploratory discussions were originally launched in 2011, but did not result in a launch of negotiations. However, political changes in the region, particularly in Brazil and Argentina, have spurred increased interest in trade for MERCOSUR with Canada. Since early 2017, re-engagement through exploratory discussions between Canada and MERCOSUR have shown progress, and on October 9, 2017, Minister Champagne, and Minister Nunes of Brazil (acting on behalf of MERCOSUR), issued a Joint Statement on the margins of the WTO Mini Ministerial Conference in Marrakesh in which they committed to advancing the discussions. FTA negotiations with MERCOSUR would allow Canada to further advance its progressive trade agenda in the region.

Multilateral Cooperation

Canada is working with Argentina to advance shared values and mutual interests at the multilateral level, for example, through increased cooperation on democracy, human rights, gender equality, and security within the Organization of American States. Canada and Argentina are hemispheric partners in the Lima Group, an ad hoc group of 12 regional countries focused on coordinating a concrete response to the Venezuela crisis. Canada and Argentina have been active participants in the Lima Group, coordinated in our efforts to maintain pressure on the Venezuelan government, calling for the restoration of democratic rights and respect for the human rights of the Venezuelan people. Key demands of the Lima Group include; the immediate release of all political prisoners in Venezuela, setting of an electoral calendar and respecting free and fair elections, restoration of democracy in Venezuela through peaceful and negotiated means and allowing humanitarian organizations unfettered access to alleviate the humanitarian situation. Canada and Argentina are also working closely at the World Trade Organization (WTO) to promote a progressive trade and inclusive growth agenda, as demonstrated during the Eleventh WTO Ministerial Conference (MC11) hosted in Buenos Aires by Argentina. Canada is also looking to enhance complementarities between Argentina's G20 Presidency and Canada's G7 Presidency in 2018 and has offered support to Argentina as it prepares for its presidency.

Recommendation 2: The Committee recommends that the Government of Canada expand its commitment with Argentina and share its expertise on clean technology and renewable energy, notably regarding solar, wind and hydro power. Canada and Argentina should also exchange ideas about incentives to improve conservation habits and partner to develop a communication strategy on energy efficiency for Argentine consumers and industry.

One of the Government of Canada's foremost priorities, domestically and on the global scene, is demonstrating leadership in efforts to combat climate change. The challenges posed by climate change do not stop at our borders. Consequently, Canada must build international partnerships to respond to this imminent global threat. The Government of Canada's climate action includes supporting clean technology research, development and demonstration activities. Canada addresses climate change while promoting economic growth by supporting future clean technology investments, including in the forestry, fisheries, mining, energy, and agriculture sectors.

Argentina is an ally for Canada in the fight against climate change and is committed to the implementation of the Paris Agreement, which it ratified on September 21, 2016. President Macri's government has created a special Cabinet Committee on climate change and presented a revised and more ambitious Nationally Determined Contribution (NDC) at COP 22 in November 2016. The revised version of Argentina's NDC set the unconditional GHG emission reductions target to 18%, and the overall target (conditional plus unconditional) to 37% by 2030. The development of renewable energy is therefore one of the main pillars of the energy policy of Argentina. The country has issued specific federal legislation to diversify the energy matrix and generate 20% of its electricity through renewable energy technology by 2025. Given the right financial environment, this may be achievable as Argentina is in possession of some of the world's most promising wind resources and is rated as having the 11th most productive solar resource in the world. Canada has the third-largest renewable energy capacity in the world with

an exceptionally diversified mix of renewable-energy resources, including hydro, solar, wind, biomass and tidal power. Canada's green technology firms possess the necessary expertise needed by Argentina to fulfill its renewable energy.

The Canadian Embassy in Buenos Aires continues to follow developments on Argentina's ambitious approach to fighting climate change and related commercial projects and opportunities. While looking to match these opportunities with the Canadian cleantech industry and stakeholders, the Embassy also provides on-the-ground support to Canadian commercial interests which have identified Argentina as a priority market for business development. The Embassy's efforts to ensure that Canadian technology and service providers remain aware of developments and opportunities in the market and that Argentina can benefit from Canadian innovative technologies and expertise in designing, financing, developing and operating clean technology projects. A handful of Canadian companies, mainly in solar energy, are currently targeting the renewable energy sector in Argentina with uncertain results thus far. To date, one Canadian company (S2E Technologies) has been awarded solar projects equalling 100MW, in partnership with the province of Mendoza. While Argentina presents substantial opportunities, access to low-cost financing is a key competitive advantage to certain developers and technology providers from other countries and Canadian companies require similar access to financing. Argentina's still low –albeit improving- sovereign credit rating and the untested new regulatory environment also pose challenges for Canadian SMEs. Nonetheless, the Embassy in Argentina is positioned to provide the support and assistance to Canadian companies, in partnership with Export Development Canada (EDC), to compete in Argentina. In its ongoing support to existing Canadian commercial interests in Argentina and to those that are proactively looking to develop the market, the Embassy led a small and targeted mission of Argentine buyers to Water Environment Federation's Technical Exhibition and Conference (WEFTEC) in New Orleans, USA in October 2017. It is the largest global water show in North America and attracts annually a large contingent of Canadian companies every year.

Canada has a long-standing and successful nuclear relationship with Argentina, dating back to the first contract of the Embalse CANDU heavy water reactor in 1973, supplied by Atomic Energy of Canada Limited (AECL). The provision of design and engineering services around CANDU technology is currently one of the major Canadian interests, with two ongoing projects for Canada's SNC Lavalin Nuclear: the life extension work for the Embalse CANDU reactor; and the provision of upgraded design and engineering for a new CANDU nuclear plant. By re-establishing bilateral nuclear consultations pursuant to the Canada-Argentina Nuclear Cooperation Agreement, the Government of Canada fosters closer bilateral and multilateral cooperation on disarmament, non-proliferation, and the peaceful use of nuclear energy. The most recent consultations were held in November 2017.

Canada and Argentina participate in a number of multilateral forums where there are opportunities to share expertise on oil and gas, renewable energy, and energy efficiency. Canada also has a strong practice of working with domestic consumers and industry to encourage energy efficiency that can be shared with Argentina. Canada has expressed its support for key themes and deliverables related to energy efficiency identified by Argentina for its upcoming G20 Presidency. Canada will continue to engage actively in the G20 2018 activities planned by Argentina. For example, Canada will provide a presentation on energy efficiency at the Energy

Efficiency and Renewables Forum in Buenos Aires which will take place in February 2018. Moreover, Canada and Argentina are both members of the International Partnership for Energy Efficiency Cooperation (IPEEC). Through IPEEC, information is shared and collaboration fostered among member countries to accelerate the adoption of energy efficiency policies and practices. IPEEC is the main organization responsible for implementing the G20 Energy Efficiency Leading Program, the first long-term framework for energy efficiency cooperation. Both Canada and Argentina participate in this program. In addition, Argentina is expected to continue Germany's proposal to establish an International Energy Efficiency Hub, which will streamline work currently undertaken by IPEEC and International Energy Agency and help to raise the profile of energy efficiency practices. Canada has been active in contributing to the establishment of the Hub. Canada participates in a number of multilateral forums where there are opportunities to share expertise on clean technology, renewable energy and energy efficiency. At the One Planet Summit Canada encouraged Argentina to join the Powering Past Coal Alliance and to rally countries and sub-national governments to transition from coal to more sustainable energy. Canada has also accepted Argentina's invitation to participate in the Long-Term Climate Change Strategy working group within the G20. Through the Clean Energy Ministerial (CEM) and its initiatives, Canada collaborates with key country partners to advance global progress in areas such as energy efficiency (including in buildings and industry) and the deployment and integration of clean energy technologies. Canada would welcome Argentina becoming a member of the CEM, which would serve as an ideal venue to share Canada experience working with domestic consumers and industry to encourage energy efficiency.

Natural Resources Canada works with consumers and industry to encourage the adoption of energy-efficient technologies, products and practices through labelling, providing information on energy management and training, and making the stock of housing, buildings and energy-using products more efficient through regulation, codes, standards and energy benchmarking activities. It also makes industrial and vehicle operations more energy efficient through energy management standards and practices. This expertise can be shared with interested partners.

RETScreen is a Clean Energy Management Software system developed and maintained by Natural Resources Canada's CanmetENERGY-Varennes Research Centre, providing energy efficiency, renewable energy and cogeneration project feasibility analysis as well as ongoing energy performance analysis. Multiple RETScreen software training workshops have been conducted in Argentina since 2006. RETScreen is used for teaching and research by approximately 15 Argentine universities and colleges. Training workshops on the new *RETScreen Expert* software could potentially be arranged in Argentina.

In addition, Global Affairs Canada's Client Service Fund (CSF) and Integrative Trade Strategy Fund (ITSF) are funds available to our trade programs abroad and are typically used to leverage significant contributions by provinces, other government departments and other partners to fund international business development activities at Missions abroad. The global base CSF, which currently stands at \$2.3M and the global ITSF, which currently stands at \$3.8M, are aligned with government priorities and are focused on nine "proactive" sectors: Information and Communications Technology (ICT); Aerospace; Clean Technology; Life Sciences; Infrastructure; Automotive; Extractives; Defense & Security, and Education. The Embassy in

Argentina proactively explores concrete and commercially sound opportunities to leverage these resources, notably in the cleantech, extractives and education sectors.

As part of the \$2.3 billion included in Budget 2017 for the clean technologies sector, the Government of Canada has committed \$15 million over 4 years for Global Affairs Canada to deliver an International Business Development Strategy for Clean Technology. Through this Strategy, the Trade Commissioner Service¹ will boost its efforts to support Canadian clean tech firms' efforts to capitalize on rapidly growing opportunities. As part of this strategy, Global Affairs Canada has created a new Senior Regional Trade Commissioner position for Clean Technology in November 2017 based in Colombia. The Trade Commissioner will contribute to the planning, development and delivery of Canada's clean technology trade program development, investment attraction, and research and innovation partnerships for the South America region. The Trade Commissioner is focussed on assisting Canadian companies with the export of their clean and sustainable technology and processes, and related services. In addition, the Trade Commissioner supports scientific and technological cooperation between firms, researchers and scholars as well as the development of strategic relationships with key clients. The regional clean technology Trade Commissioner is expected to play a valuable role in the sharing of Canadian expertise, know-how, and capabilities for clean technology and renewable energy in Argentina.

Recommendation 3: The Committee recommends that the Government of Canada, in light of opportunities in the mining sector generally as well as in the oil and gas industry specifically, create partnerships with Argentina that are based on the provision of relevant support services. In addition to increasing investment and sharing technology and technical know-how, partnerships should also be encouraged that share expertise with respect to regulatory frameworks and federal-provincial relations.

Despite being a relatively young industry in Argentina, the mining sector has already attracted significant foreign investment and has become an important element of the country's and the region's economic development. Argentina is a globally attractive jurisdiction for the mining industry, based on its exceptional natural resource endowment and presence of a relatively well-trained workforce. Canadian mining companies have been very active in Argentina and Canada is considered to be the largest investor in the Argentina mining sector, both in the traditional metals mining as well as in newer resources, such as lithium, which represent essential elements of the global efforts towards developing clean economies. It is estimated that approximately 75% of the total \$1.87 billion in Canadian imports from Argentina in 2015 were

¹ The Canadian Trade Commissioner Service (TCS) plays an important role in supporting the international business development efforts of Canadian firms globally. The TCS leverages its extensive network to connect Canadian export-ready firms to international opportunities and strategic partners/buyers in market. Canadian companies can access TCS programs including CanExport to cost-share international business development efforts in new markets; and the Going Global Innovation program which supports researchers to commercialize technology through collaborative international research and development partnerships with key players in foreign markets.

metals. Natural Resources Canada estimates the value of Canadian mining assets in Argentina (e.g. properties, plants, equipment, mineral rights and investments) at \$13.2 billion 2014.

Given the importance of mining both in terms of the present day Canada-Argentina commercial relationship as well as the potential it presents to further the overall relationship, including the opportunities for Canadian equipment and service suppliers to support the growing mining operations in Argentina, the Canadian Embassy in Argentina has been actively supporting Canadian exporters through leading buyers' missions to the Prospectors and Developers Association of Canada (PDAC) mining show in Toronto, as well as facilitating visits to Canadian mining clusters like Sudbury, Ontario and Val d'Or, Quebec. The Embassy also hosts and provides hands-on support to Canadian suppliers looking to develop the Argentina market, through participation and matchmaking at shows in Argentina, while also working proactively with the Embassy of Canada to Chile to leverage various events and trade missions in Chile to assist the Canadian companies on a regional basis.

The Government of Canada has taken steps to deepen its engagement with Argentina in relation to extractive industries, at the working and senior officials levels, including through bilateral meetings held on the margins of international fora and at trade shows such as: the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development; the Prospectors and Developers Association of Canada International Convention, Trade Show and Investors Exchange; through Argentina and Canada's joint participation on the Executive Committee of the recently re-launched Mines Ministries of the Americas regional forum; and most recently, in December 2017, through a meeting between Minister Champagne and Minister Aranguren, on the margins of MC11 in Buenos Aires.

Under the Green Mining Innovation Initiative, the Government of Canada works in close collaboration with industry to develop clean technologies and reduce potential barriers to commercialization in the areas of energy efficiency, water and waste management and enhanced productivity. The Department of Natural Resources has initiated preliminary discussions with Argentine officials to determine their level of interest in collaborative research and development opportunities related to green mining.

Natural Resources Canada and Argentina Ministry of Energy and Mines are currently negotiating a Memorandum of Understanding for cooperation in earth sciences research, sustainable resource governance and mining policy.

Natural Resources Canada officials also participated in an incoming mission of Argentina's Fundación Red de Acción Política [Policy Action Network Foundation] (RAP) in autumn 2016, to share information about federal-provincial relations in natural resources development in Canada and Canadian regulatory frameworks supporting sustainable resource development. Furthermore, in 2016, at the request of Argentina's Under Secretariat of Mining Policy, Natural Resources Canada provided information on Canada's Major Projects Management Office; federal, provincial and territorial environmental regulations and assessment processes, as well as Canada's National Orphaned and Abandoned Mines Initiative, and mine closure and mine site reclamation.

Canada and Argentina are both members of the Energy and Climate Partnership of the Americas, under which Canada leads the Cleaner Oil and Gas Working Group. Through this Working Group, Canadian expertise in the cleaner production of oil and gas resources is shared with ECPA members. To date, Argentina has not participated in the Working Group, however we would welcome engagement under this mechanism in the future.

Canada welcomes Argentina's official request of December 6, 2017 to join the Extractive Industries Transparency Initiative (EITI). Canada has been a strong supporter of EITI at the international level and this will provide an additional platform to further Canada-Argentina collaboration to increase transparency in the extractive sector, particularly in mining.

The Embassy of Canada to Argentina has been actively working to assist Canadian companies in Argentina with the goal of helping them export their products and services into Argentine market, which would also allow them to support Argentina in the development of an important industrial sector. The Embassy, in partnership with the Province of Alberta, has organized four trade missions to Argentina and two missions to Alberta since 2006. As well, in November 2017 the Embassy organized a "Canadian Partners on Energies" trade mission that included 22 service and manufacturing companies, including the Canadian Society for Unconventional Resources and the Canadian Heavy Oil Association. As part of this particular mission, there were two technical seminars attended by more than 250 people, providing a valuable platform for sharing Canadian know-how and expertise. Other efforts include the dissemination of Canada's "Exportable Expertise" brochure to industry contacts.

The Embassy will continue to work towards bringing the Canadian and Argentine public as well as private sector stakeholders together in targeted manner, with a view to ensuring that the Argentine market continues to be exposed to the innovative Canadian oil and gas technologies and expertise, including the private and public sector experience in developing and managing natural resources in a responsible way. Argentina is currently developing plans to issue international offshore exploration bids. Following closely Argentina's efforts to stimulate the development of offshore oil and gas as a new resource, the Embassy in Buenos Aires is proactively looking at identifying potential areas for collaboration in this sector, with a focus on uncovering and promoting the commercial opportunities to the Canadian offshore oil and gas cluster located in Atlantic Provinces.

Recommendation 4: The Committee recommends that the Government of Canada capitalize on the recently launched initiative between the Mining Association of Canada (MAC) and Cámara Argentina de Empresarios Mineros (CAEM) to support joint projects that promote corporate social responsibility more widely across the South American region and industries.

Canadian companies have significant investments in the extractive sector in Latin America and the Caribbean (LAC) – where the perceived and actual environmental and social impacts of their activities are at times a source of criticism and conflict. Progressive trade is about ensuring that all segments of society can benefit from the opportunities that flow from trade and investment.

One clear example is Canada's extractive sector, one of the most active in the world, where the potential for positive resource development to improve the lives of people and communities around the world cannot be underestimated. Natural resources, including mining and oil and gas, have become increasingly important to the economic growth of many countries. As of October 2017, Canadian companies have interests in nearly 800 active projects across the LAC region, at various stages of development. According to Natural Resources Canada, more than 300 publicly listed Canadian mining and exploration companies held over \$88.5 billion Canadian dollars' worth of mining assets in the region (2015 data).

Canada recognizes the importance of creating a responsible business environment and collaborating with companies, communities, civil society organizations and host governments to strengthen the overall environment for responsible trade. The Government of Canada encourages all companies operating in the extractive sector to adhere to international standards and best practices. Canadian officials work closely with companies and civil society organizations (Canadian and local) as well as local governments to encourage the adoption of international standards and advance social and environmental best practices. The Government of Canada also supports initiatives that seek to strengthen local environmental, social and economic regulations related to extractive sector activities in order to establish a level playing field for all companies involved and to ensure local populations, particularly vulnerable populations such as women and Indigenous People, are able to share in the benefits of such activities.

Canada has a Corporate Social Responsibility (CSR) Strategy which outlines how we are working to foster constructive relationships between Canadian extractive sector companies and stakeholders in the region, as well as promote Responsible Business Practices (RBC). As part of the Strategy, Canadian diplomatic staff encourages CSR good practices, including promoting adherence to internationally recognized CSR guidelines and identifying opportunities for Canadian companies to work with local communities and suppliers, so communities in which mining occurs can benefit from responsible resource development. The Trade Commissioner Service, the CSR Counsellor and Natural Resources Canada provide resources and tools for Canadian firms outlining the CSR Strategy and Canada's expectations on RBC. A CSR Fund is made available to support initiatives and is tied to the missions' business planning cycle. In the 8 years of Canada's CSR Strategy, the CSR Fund has supported over 350 projects globally totaling approximately \$1.8M. This fiscal year, a total of \$102,970, which is approximately 41% of the \$250,000 CSR Fund, was allocated to 26 RBC initiatives to enhance the promotion of CSR throughout the Latin America region.

With the objective of developing networks and stakeholder partnerships, the 26 CSR initiatives delivered in the region served to open up dialogue on key themes, such as stakeholder engagement, environmental stewardship, mitigation of risks and advancing international CSR standards. Specific examples of CSR related projects in LAC include : (i) Canadian expert-led workshop on prior consultation and on community benefits sharing agreements; (ii) a multi-stakeholder forum on formalizing the role of women in the mining sector; (iii) customizing NRCan's Exploration & Mining Guide for Aboriginal Communities for dissemination to local communities; (iv) a multi-stakeholder workshop on conducting human rights impact assessments prior to development of natural resource or large-scale infrastructure projects; (v) roundtable meetings with mining sector executives on governance topics, such as incorporating a zero-

tolerance policy on bribery and corruption; managing third parties; (vi) a Canadian expert-led workshop on corporate implementation of the UN Guiding Principles on Business and Human Rights. As well, in June 2016 Canada became the first observer country to enter into a strategic partnership with the Pacific Alliance, which includes Mexico, Chile, Colombia and Peru, with CSR identified as a key area of cooperation in the 2016 Joint Declaration on Partnership between Canada and the Pacific Alliance.

The Embassy of Canada, as part of its CSR promotion efforts, played a role in supporting the adoption by the Argentine Mining Entrepreneurs Chamber (CAEM) of the Mining Association of Canada's (MAC) Toward Sustainable Mining (TSM) best practice guide. TSM is the leading example of industry-led best practice in the sector and has now been adopted by four national mining associations outside of Canada (Argentina, the Philippines, Botswana and Finland). Following CAEM's adoption of TSM, the Canadian Embassy in Argentina has continued to lend support, assisting with training sessions in Buenos Aires, as well as actively contributing to engagement and dialogue with government and civil society representatives. The latest TSM session took place in November 2017 when MAC senior officers held two workshops on TSM in Argentina. MAC is also working with CAEM on its efforts to encourage the adoption of TSM by other jurisdictions in LAC, along with the support of Global Affairs Canada missions abroad.

Recommendation 5: The Committee recommends that Export Development Canada (EDC) undertake an immediate review of the service levels it provides to Canadian companies interested in the Argentine market. This review should include an assessment of the value and benefit of establishing a presence in Buenos Aires for Canadian companies and for other potential Canadian commercial interests.

EDC is open for business in Argentina with some restrictions across all its programs. While the current Argentine administration is taking steps to address long-standing economic issues, EDC remains challenged by the risks presented in this market and understands that it will take time for the underlying macroeconomic situation to change.

Between 2012 and 2016, EDC served 242 Canadian exporters in Argentina, facilitating approximately \$662M in business. EDC is taking steps to grow its engagement in the market by identifying major Argentine corporations that would be good candidates for EDC's foreign buyer financing program. This program provides all interested and capable Canadian firms' access to key credit-worthy local buyers. In the markets where EDC operates, they work closely with the Trade Commissioners Services to facilitate these types of agreements. EDC will continue to collaborate closely with GAC and various private sector partners and associations to assist in seeking new business opportunities for Canadian exporters.

Through EDC's headquarters in Ottawa and their representations in São Paulo and Rio de Janeiro, EDC provides support to Canadian companies planning on or currently doing business in Argentina. EDC's staffs in Canada and Brazil have demonstrated they are well positioned to respond to requests from exporters looking to grow their business in Argentina. As such, EDC has no plans of opening an office in the market and will continue to serve exporters and clients through the Ottawa and Brazil offices. EDC remains strongly committed to serving Canadian exporters and investors looking to do business in Argentina.

EDC communicates regularly with other Export Credit Agencies to ensure its position is commensurate with Canadian demand and the presence of other Export Credit Agencies internationally.

Recommendation 6: The Committee recommends that the Government of Canada together with the appropriate institutions and levels of government examine opportunities for a scholarship program that facilitates student exchanges between Canada and Argentina. It should also consider concluding concrete framework agreements on education cooperation, while remaining cognizant of the challenges relating to foreign credential recognition.

Canada sees international education as an important pillar in fostering strong economic ties, building human capacity, and strengthening bilateral relations in today's global economy. Canada and Argentina share longstanding ties between their academic and scientific communities, which have become a strong foundation for bilateral institutional cooperation. Canada and Argentina have a Memorandum of Understanding on education cooperation, established in 1998 which already provides a non-legally binding framework for education cooperation. Canada, like Argentina, has an interest in extending educational and science, technology and innovation links and encourages institutions in Argentina to explore new linkages with Canadian institutions to foster academic exchange and research collaboration. While Canada does not have a mechanism to track the number of institutional agreements with Argentine partners, there are many active agreements between universities and colleges in both countries.

Although Argentina is not considered a priority market under Canada's International Education Strategy, Canada would be pleased to welcome more Argentine students. According to IRCC, there were 260 Argentine students in Canada in 2016 for six months or more, an increase of 24% from 2015. Canada would be pleased to see a larger number of Argentine students choosing Canada as a study and research destination. The Canadian Embassy in Argentina continues to explore ways to increase Canada and Argentina people-to-people ties through promotion of Canada as a destination for long and short-term language studies to Argentine students. For example, the Embassy supports Canadian educational institutions looking to build ties in Argentine through participation at targeted fairs and events.

The Emerging Leaders in the Americas Program (ELAP) scholarships, established and funded by Global Affairs Canada since 2009, provide students and researchers from Latin America and the Caribbean with short-term exchange opportunities for study or research, in Canada, at the college, undergraduate and graduate levels. The ELAP scholarships are facilitated through institutional collaborations and student exchange agreements between Canadian and Latin American or Caribbean institutions. These agreements are created between colleges, technical or vocational institutions and universities. ELAP contributes to person to person linkages with future leaders knowledgeable about Canada's academic excellence, and well-disposed to Canada. Since its inception in 2009, ELAP has provided an average of 20-30 scholarships per year to Argentines. In the last three years, this represents a success rate close to 50% as the program receives an average of 62 applications per year from Argentina. ELAP has linked over 30 Argentine institutions with Canadian institutions since its inception.

Students and researchers from Argentina are also eligible for numerous other scholarship programs that will allow them to come to Canada. Banting and Vanier scholarships funded by federal government are available, as well as the CIFAR Global Scholarships, CIHR Fellowship, International Development Research Center (IDRC) Doctoral research Awards, IDRC Research Awards, National Research Center (NRC) Research Associate Program and the Visiting Fellowships in Canadian Government Laboratories Program. Other Canadian organisations such as the Jeanne Sauvé Youth Foundation and the Trudeau Foundation also offer opportunities to Argentines to pursue their studies/research in Canada.

The Government of Argentina approached IRCC in October 2017 to indicate their interest in learning about Canada's willingness to enter into discussions on a Youth Mobility Agreement between the two countries. International Experience Canada (IEC) officials described the program objectives as providing opportunities for Canadian youth to work and travel abroad. IEC is presently analysing the merits of a youth mobility agreement with factors for consideration including the attractiveness to Canadian youth (closely correlated with opportunities to work in English or French), and labour market conditions (e.g. youth unemployment rates, wages, potential for professional opportunities, etc.)

Recommendation 7: The Committee recommends that the Government of Canada offer assistance to Argentina as it examines options to reframe its federal-provincial framework and investigates new fiscal equalization formulas.

The Secretariat for Provinces of the Ministry of the Interior of Argentina has expressed interest in learning about issues related to taxation and income distribution from Canada. The Canadian Embassy in Argentina shared information about the Canadian equalization program. Drawing on its experience with fiscal federalism and the equalization program in particular, the Government of Canada, through its Department of Finance, will also share information and knowledge with Argentina as it examines options to reframe its federal-provincial framework and investigates new fiscal equalization formulas.

From October 2 to 8, 2016, the Fundacion Red de Accion Politica (Policy Action Network Foundation, RAP) carried out, with the collaboration of the Canadian Embassy in Argentina and the Forum of Federation (FoF), a study trip to Canada. The RAP delegation was composed of 13 politicians belonging to different parties from different regions of the country. The central focus of the visit was to learn about the functioning of the Federal system in Canada, in particular fiscal federalism and equalization. They also met with Department of Finance officials who provided an overview of fiscal federalism in Canada, fiscal disparities among provinces and territories, and federal transfers to the provinces and territories. The presentation included a broad overview of how equalization works. The Department of Finance is ready to share more detailed information about the formulas used to allocate funding to provinces and territories in Equalization, Territorial Formula Financing, the Canada Health Transfer, and the Canada Social Transfer. Other relevant topics also addressed include: open government, transparency and accountability, natural resources, regulation and transparency of the extractive sector. In Ottawa, the delegation met with university professors, representatives from the Canadian Chapter of Parlamericas, the Privy Council Office, the Treasury Board Secretariat, The Parliamentary

Centre, Natural Resources Canada, and the Trade Facilitation Office, as well as with members of Parliament and Senators.

Conclusion

As demonstrated in the enclosed Government Response to the Thirteenth Report of the Standing Senate Committee on Foreign Affairs and International Trade (AEFA or “the Committee”) entitled *A Turning Point in Canada – Argentina Relations?*, the Canadian Government has carried out a robust reengagement strategy with Argentina since the election of President Macri. The various initiatives put in place in the past two years to reinvigorate our engagement in Argentina clearly highlight Canada’s commitment to strengthen the relationship and our desire to continue exploring new areas of cooperation.