A Word from the Executive Director

As incoming Executive Director of the Canadian Foundation for the Americas (FOCAL), I would like to extend my thanks to you for your faithful readership and the contributions that many of you have made to FOCAL POINT: Spotlight on the Americas over the past 8 years. This is a natural time to reflect upon the evolution of FOCAL’s mission to inform and strengthen linkages between Canada and the Americas.

Since its inception, the raison d’être of FOCAL has been to explain, facilitate, and expand Canadian engagement in Latin America and the Caribbean. FOCAL was created by an act of Cabinet in 1990 when Canada joined the Organization of the American States and has since evolved into the premier centre in Canada for policy research and dialogue on political, social and economic issues in the Americas and as the primary vehicle for promoting Canadian engagement in the Western hemisphere.

Though our focus was initially on Canada’s relations with Latin America and the Caribbean, the ratification of the North American Free Trade Agreement (NAFTA) in 1993 has increased the scope of FOCAL’s work to include North America, i.e. Mexico and the United States. In this area we have become involved with both the bi and tri-lateral relationships within NAFTA as well as cooperation between the three countries in their interactions in the Americas. The central focus for all of our work though continues to flow through a Canadian lens. We continue to develop expertise and unique insights into each of Canada’s bilateral relationships in the hemisphere as well as into how events in the hemisphere impact Canada.

As the premier hemispheric think tank in Canada, the critical role that FOCAL can, and will continue to play, is that of a bridge between Canada and the region. This means bringing Canadian voices, views, and ideas to the principal debates and discourse in the hemisphere. It also means bringing voices, views, and ideas from the region to Canada and our policy makers, civil society organizations, academics and the private sector. But Canadian interactions with the region will always be a prominent element of our work and FOCAL POINT provides an important source of information to advise and strengthen Canadian engagement. This requires more than simply identifying and discussing issues of the moment; it also obliges us to look ahead and identify those emerging issues that may come to impact Canada and its relationship with the region. While this is at the heart of our studies and activities, the monthly analysis and debate taking place publicly via FOCAL POINT occupies a key position in FOCAL’s work and has greatly contributed to filling this niche since its creation. We look forward to your continued readership and welcome your contributions in helping us build bridges of understanding and shared interest between Canada and our neighbours in this hemisphere.

Carlo Dade
Op-Ed

Finish the Canada–Central America Four Trade Negotiations

Donald R. Mackay

In September 2000 Canada met with the leaders of El Salvador, Guatemala, Honduras and Nicaragua (CA4) and agreed to the negotiation of a free trade agreement (FTA). Formal negotiations were launched in November 2001. Since that time, Canada has had three Prime Ministers and the negotiations have yet to be concluded.

The Canadian federal government explained at the time that bilateral trade with the CA4 countries totalled CAN$617 million and that Canadian direct investment was estimated at C$158 million. Since then, trade (including services) has risen to CAN$795 million while Canadian direct investment has ballooned to CAN$469 million. If a free trade agreement with CA4 made sense then, it makes even more sense now.

There are 4 main reasons to bring these negotiations to a successful conclusion.

There is Money to be Made

With a population of 34 million people, the CA4 countries constitute a respectable-sized market, which Canadians have done reasonably well in penetrating. The CA4 market pales by comparison to the US, Europe or China; but nevertheless represents an important outlet of selected Canadian companies. Canadian investment has tripled in the last five years, which shows that commercial potential cannot be maximized without the conclusion of an FTA. The successful implementation of our earlier agreement with Costa Rica shows that trade and investment can take advantage of free trade agreements. Canada’s exports to Guatemala, without an agreement, are more than three times our exports to Costa Rica with whom we do have an FTA. If it makes sense to have an FTA with Costa Rica, it makes even more sense with the CA4 countries.

We are Falling Behind

Central America has concluded and successfully implemented the Central America Free Trade Agreement (CAFTA) with the United States and the region is embarked on negotiations with the European Union (EU). Canadian exporters face tariff and other restrictive practices in increasingly sharp contrast to our competitors. In addition, the US and the EU have supported Central America with significant amounts of technical assistance and other forms of foreign aid designed to help them to effectively implement modern trade agreements, including those with labour and environmental provisions. Not only has Canada lagged on the trade negotiating field, our development funding in support of the region is also falling. Unfortunately, Canada’s receding presence and visibility in the region is mirrored in other parts of the Americas, including the Caribbean. The strong push that was initiated when Canada joined the Organization of American States in 1990 continues to fizzle.

Support for Continued Democratic Development

Central America has come far in the short period of time since the 1980s, when the region was enveloped in various civil wars. Democratic philosophies have taken root and the international community has expended much effort to nurture their continued health and development. A more promising economic future is one of the anchors for democratic impulses, including the continued evolution of strong civil society organizations. The rule of law has been strengthened in the region over the last 15 years and their economies are seldom subject to capricious rule-making. Public and private institutions are stronger and more internationally connected than ever before. By itself, Canada cannot guarantee that this trend will continue, but an effective CA4 trade agreement will help to support such positive developments. A Central America that is more firmly tied to the international economy is less likely to abandon newly adopted democratic principles.

Because We Said We Would

Three Prime Ministers ago we said that we would do this and six and a half years later we are still not there. At the Canada-Central America Summit that took place in September 2000, we could have said “Thanks, but no thanks.” But we did not. Canadians, rightly, get frustrated when other countries say they will do something that we want (think about the softwood lumber saga) but then do not. That is what we have done to the countries of Central America and it is high time that the situation was made right.

Donald Mackay is a former Executive Director of FOCAL.
New Data Sheds Light on Remittance Sending
Patterns of Immigrants in Canada

Per Unheim

Policy makers, take note: approximately 21% of landed immigrants remit money to friends or relatives abroad during their first two years in Canada. Preliminary estimates—using 2003 figures from Statistics Canada’s Longitudinal Survey of Immigrants to Canada (LSIC)—indicate that this translates into an average of CAN$62.9 million sent abroad annually by this group of immigrants, or CAN$1,966 per capita each year.

If the characteristics of these individuals are projected onto the 5.4 million immigrants in Canada in 2001, it can be estimated that such flows amount to at least CAN$2.07 billion—roughly equal to the US$2.03 billion in Canadian Overseas Development Assistance disbursed in 2003.

This is the Bare Minimum.

The CAN$2.07 billion very likely underestimates the actual amount of money sent abroad from Canada on an annual basis. According to the LSIC, remittances tend to increase up to a certain point with both age and household income. Research also indicates that temporary migrants send home larger proportions of their income than do permanent immigrants. In fact, Mexico’s Ministry of Labour recorded that Mexican seasonal agricultural workers in Canada remitted an average of CAN$1,793 per month in 2003, a figure that dwarfs the CAN$221 per month (or CAN$2,655 per year) sent home by Mexican immigrants during their first two years in Canada.

Since temporary migrants and second-generation immigrants were included in neither the LSIC nor the 5.4 million figure noted above, the actual amount being sent abroad from Canada each year is therefore more likely to lie between CAN$5 and CAN$10 billion; still considerably less than the CAN$15 billion some have predicted in the past.

Other Findings and Policy Implications

The preceding figures were not the only policy-relevant results to emerge from the LSIC. The survey also showed that women are the driving force behind these flows, and that immigrants in their late 30s will send more money home than at any other point in their lives. Furthermore, the best educated amongst them tend to send home the least, membership in a community group or organization will tend to increase how much immigrants send abroad, and the majority of remittances from Canada are destined for South and East Asia.

These findings have important implications for Canadian public policy, for they suggest numerous opportunities for policy makers to help expand the positive dynamics associated with remittance flows. For instance, the contrast between the amounts of money sent home by permanent immigrants from Mexico compared to their temporary migrant counterparts highlights the likely spillover effects in migrant-sending countries of an expansion of Canada’s Seasonal Agricultural Workers’ Program. It also foreshadows the expected benefits for international development of Ottawa’s recent decision to extend the maximum allowable stay of temporary foreign workers in Canada from 12 to 24 months.

Further policy initiatives motivated by these findings could include liaising with remitters to better understand the development needs of their countries of origin, conferring tax-exempt status on Diaspora organizations that send collective remittances to their members’ home communities, supporting research into the causes and consequences of female-driven remittance flows, or improving the financial literacy of the less educated immigrants who send large proportions of their income overseas. That being said, policy makers must acknowledge that immigrants in Canada do not share identical remitting patterns.

Patterns Vary by Province of Residence and Region of Origin

Landed immigrants residing in British Columbia, Ontario and Quebec two years after their arrival were shown to send less money abroad on average than their counterparts in the rest of Canada. The inter-provincial variation was most pronounced in the case of Quebec, where a higher than average immigrant unemployment rate likely decreased the amount of disposable income these individuals could remit to their homelands. Efforts on behalf of provincial governments to better integrate their immigrants into society and the labour force shortly after their arrival would therefore lead to increases in the amount of money being sent abroad, to the benefit of families and communities throughout the developing world.

At the international level, 54% of all money sent abroad during the period in question went to South and East Asia, while only 7% was bound for Latin America and the Caribbean (LAC). Immigrants born in the Caribbean or Southeast Asia were found to be the most likely to remit on a per capita basis, even though those from the Caribbean were also found to have sent home the least on average during their first two years in Canada. Those from
South Asia and Africa, on the other hand, remitted the most on an annual basis: approximately CAN$3,000 and CAN$2,200 per year, respectively.

A Closer Look at Latin America and the Caribbean

The survey also helped paint a picture of the remitting patterns of immigrants from a selection of LAC countries: Colombia, Guyana, Mexico, Peru, Venezuela and Central America as a whole. The average immigrant from this group was found to have sent home approximately CAN$1,730 annually (CAN$144 per month) during the period in question. Mexican immigrants, who had the highest household incomes amongst this group, sent home the largest amounts on average: CAN$2,655 per year or CAN$221 per month, which places them directly in between their South Asian and African counterparts. While Mexican immigrants in the United States are typically low skilled, low-income workers, these figures show that Mexicans in Canada are more likely to fall into the middle income bracket, a likely consequence of our immigration system’s emphasis on highly skilled workers.

Interestingly, Central and South Americans were found to be more sensitive to increases in household income than were those from other regions, and refugees from this region were more likely to send money abroad than their counterparts from elsewhere.

There are numerous potential explanations behind these results, but at this point it is only necessary to emphasize that any attempt to formulate remittance-related policies in Canada must take into account the significant inter- and intra-regional variation in remitting patterns of immigrants from various parts of the world.

The Way Forward

While far from exhaustive, these findings represent a significant step forward towards filling the knowledge gaps that exist in Canada with regards to the size and determinants of remittance flows leaving the country. Nevertheless, the remitting patterns of most of Canada's foreign-born and second-generation immigrant population remain shrouded under a dense and impenetrable fog. If effective polices to enhance these flows are to be developed, Canada must support further efforts to improve the collection of remittance data in order to facilitate more comprehensive, made-in-Canada research into these flows in the future. Until such information becomes available, we can truly understand neither their implications for Canadian foreign, development and immigration policy, nor their impact on recipient communities across the globe.

Per Unheim is a Consultant working on FOCAL’s Diasporas and Private Sector Development project. This article draws on research from his Masters thesis, “The Demographic Determinants of Remittances Sent Abroad by Recent Immigrants to Canada” (Norman Paterson School of International Affairs, Carleton University).
Governance and the Extractive Industries on Indigenous Territories

Jean Pierre Chabot

High levels of investment in research, infrastructure and development, all within a context of substantial risk, are common activities of the extractive industries. This is also common to some degree in public investments in community development. However, in many cases, private investments have had greater success than public ones in reaching rural areas in Latin America. Public investments often create conflict that results from both a perceived and an actual lack of priorities and coordination within institutions. Conflicts of interest also develop when social, economic, and environmental policies do not properly match incentives with a model for sustainable development. Governance involves the interaction of all stakeholders (the government, communities, and the private sector) in an effort to build sustainability under a framework of respect for human rights. This view was captured by the World Bank in the *Extractive Industries Review* published in 2004: "Extractive industries can contribute to sustainable development, when projects are implemented well and preserve the rights of affected people, and if the benefits they generate are well-used" (Executive Summary, p.iii.)

In order to design extractive industry projects that contribute positively to sustainable development, participation of all three sectors in information sharing and a productive search for greater understanding is required. Given adequate conditions, the three sectors could come to an agreement on specific issues. However, a “mental block” exists within the collective mindset of many organizations, manifested by a lack of confidence based on prior experience with imbalanced consultation processes and events that lacked sufficient direction and mechanisms for participation from all sectors. For all parties to engage in dialogue, a paradigm shift is required in many organizations in the three sectors.

Confidence-Building as a First Step

Organizations in the three sectors must support agenda-setting and consensus-building activities over those that create conflict by only looking at the historical grievances. The mutual distrust that prevents some private sector, Indigenous and government organizations from participating in tripartite dialogue could be overcome gradually through activities focused on sharing information in a transparent manner. The involvement of a trusted third party organization in planning, consulting, implementing, and following up on these activities is crucial to bringing all stakeholders to the table. This role could be assumed by non-governmental organizations (NGOs) that have positive experiences in working with the three sectors. For successful results, the third party must take a neutral approach in designing the agenda for dialogue.

It is important for the building of effective governance that each sector has positive experiences with discussions involving stakeholders from all sectors. An underlying source of conflict in fostering dialogue is a lack of exchange of information about the motivations, constraints and timetables of each of the stakeholders in applying principles of sustainable development and integrating notions of cultural identity and priorities.

Predictions of an increase in demand and price over the long term are driving many companies to increase production, which amplify the importance and impact of the extractive industries on sustainable development. Indeed, although the global markets may experience some tempering price adjustments in the short-term due to the shift in demand towards emerging economies and the resulting temporary logistical adjustments by firms, trends in the extractive industries indicate that over the long-term, growth will increase (Martin Lefebvre, *Economic Viewpoint*, 2006). According to “Transnational Corporations, Extractive Industries, and Development: Implications for Policy,” a report conducted by the United Nations Conference on Trade and Development (UNCTAD), there is an increasing need to implement policies that benefit local economies through a better distribution of revenue derived from the mining, oil, and gas industries. Policies on Indigenous peoples at the highest levels of decision-making play a crucial role in the ability of governments and transnational corporations to contribute to sustainable development and incorporate community identities in the process.

Managing Expectations and Improving Practices

Two important issues stand out from the above discussion: the need for increased transparency in access to information and the elaboration of clearer policies on Indigenous peoples. Improved access to information involves filling a knowledge gap that exists in many Indigenous communities in relation to the life cycle of the extractive industries. This involves improving knowledge about each phase of private development projects (exploration, development, expansion, closure, etc.) and their potential impacts on affected communities. With this knowledge, Indigenous peoples will have a greater capacity to both anticipate the development needs of their communities and to face the impact of the activities led by extractive industries.
The need for policy clarification applies to both national levels of government and head offices of transnational corporations. Indigenous organizations continue to stress the importance of consultation and participation in the design of such policies. These concerns have not been adequately addressed in the past and continue to be frequently dismissed. Public policy on Indigenous peoples must clarify access to land issues and the debate over ancestral and communal lands. Private policy must clarify the standards that country project managers should follow. Without the support of top-level decision-makers, policies implemented at lower levels will continue to bear limited results. Increased engagement is needed in these areas in order to strengthen the governance structures related the extractive industries on Indigenous territories.

The potential for a positive impact of the extractive industries on sustainable development would seem to depend upon the ability of public and private policy makers to create conditions for and guarantees that development will include consideration for cultural identity and collective rights of Indigenous peoples. These conditions and guarantees have been stated in numerous international legal instruments and conventions, such as the International Labor Organization (ILO) Convention 169. Taking these legal instruments to a greater level of implementation requires clear public policies on Indigenous peoples and a national legal framework that establishes minimum standards for consultation.

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The ideas discussed in this article are based on a seminar held February 1-2 in Lima, Peru on “Governance and the Extractive Industries on Indigenous Territories,” a joint initiative of FOCAL, CooperAcción and the Consortium for Economic & Social Research (CIES). For more information please refer to the following website: http://www.focal.ca/projects/governanceanddemocracy/indigenous/index_e.asp
The Mapping the Media in the Americas Project

Media plays an increasingly important—and expensive—role in transmitting information that citizens in a democratic society require to make informed decisions. However, despite the fact that the media serve a public function that is indispensable for democracy, there is an absence of accurate information about the media in many countries throughout the Americas.

In an effort to provide information and foster transparency around the role and connections between the media and democracy the Canadian Foundation for the Americas (FOCAL), the Carter Center and the University of Calgary have undertaken the Mapping the Media in the Americas project. Through this project, interactive web-based maps of 12 countries in the Western Hemisphere have been created that illustrate the location, coverage and ownership structure of the media, and cross this information with electoral results and socio-demographic information. Countries mapped are Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Mexico, Peru, Trinidad & Tobago and Uruguay.

These maps are pioneering in form, technology and content as they bring an innovative application of Geographic Information Systems (GIS) software—traditionally a tool of geographers and environmental scientists—to the social sciences. The maps bring together previously unconnected, and often not public, databases of media, electoral and socio-demographic information and make them available for public use. The maps represent an important advance for transparency and access to information in Latin America and can be accessed at www.mediamap.info.

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Founded in 1990, the Canadian Foundation for the Americas (FOCAL) is an independent policy institute based in Ottawa that fosters informed analysis, debate and dialogue on social political and economic issues facing the Americas. We support a greater understanding of these issues in Canada and throughout the region. The Board of Directors provides strategic guidance to the organization and its activities.

The ideas and opinions expressed in this electronic newsletter are those of the authors and do not necessarily reflect those of the Canadian Foundation for the Americas (FOCAL).

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