



## A Labour Cooperation Agreement Between Canada and Peru



On August 1, 2009, the Canada-Peru Free Trade Agreement (FTA) entered into force, along with a comprehensive Labour Cooperation Agreement (LCA). This LCA sets a new standard with regard to labour provisions.

### Protecting Workers Rights

The Canada-Peru Labour Cooperation Agreement commits both countries to ensuring that their laws respect the International Labour Organization (ILO)'s 1998 Declaration on Fundamental Principles and Rights at Work at <http://www.ilo.org/declaration/lang--en/index.htm>. The Declaration, which aims to ensure that social progress goes hand in hand with economic development, covers:

- The right to freedom of association
- The right to collective bargaining
- The abolition of child labour
- The elimination of forced or compulsory labour; and
- The elimination of discrimination

To further protect the rights of workers, Canada and Peru have also committed to:

- Acceptable protections for occupational health and safety;
- Acceptable minimum employment standards such as minimum wage and hours of work; and
- Providing migrant workers with the same legal protections as nationals in respect of working conditions.

The countries have also agreed to develop cooperative labour activities to further the objectives of the agreement. In addition, Canada will provide Peru with labour-related technical assistance, which will allow Peru to better meet its obligations under the LCA.

### Enforcement of Labour Standards

Both countries are obligated to respect the LCA. The LCA provides for an open and transparent complaints and dispute resolution process with an ultimate sanction of financial penalties for non-compliance.

### Complaints Procedure

Each country has a National Administrative Office that is responsible for instituting the procedures for the submission, acceptance and review of public communications on labour law matters that are raised. In the event that a public communication is accepted, it will be made publicly available.

Either country can request ministerial level consultations with the other country regarding any obligation found in the LCA. Canada and Peru have agreed to make every effort to reach a



mutually satisfactory agreement on such matters, and the consultations are to be concluded no later than 180 days after the request was made.

### **Dispute Resolution Process**

If ministerial consultations do not resolve the matter, the country that requested the consultations can request that a review panel be convened, provided that the matter is trade-related and concerns a perceived failure to respect obligations related to the ILO Declaration or the enforcement of domestic laws.

If a review panel determines that there is non-compliance, the countries may agree on an action plan to address the non-compliance. If not, the review panel may require the offending country to pay up to \$15 million annually into a cooperation fund. Money paid into the fund will be used to resolve the non-compliance.

The LCA contains a mechanism to ensure that fines are collected through an order of domestic courts and therefore allows Canada to avoid the use of trade sanctions. In deciding how to spend the monies that have been paid into the fund, the Council may consider the views of interested persons living in the countries.

For more information on the Canada-Peru FTA and the Agreement on Labour Cooperation, please visit the following website: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/andean-andin/can-peru-perou.aspx>

