Challenges for Justin Trudeau's Government on Extractive Activities, the Environment, Accountability and Tax Transparency

*Les défis du gouvernement Trudeau entre forages, environnement,
responsabilité et fiscalité*

María Teresa Gutiérrez Haces

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CHALLENGES FOR JUSTIN TRUDEAU'S GOVERNMENT ON EXTRACTIVE ACTIVITIES, THE ENVIRONMENT, ACCOUNTABILITY AND TAX TRANSPARENCY

María Teresa GUTIÉRREZ HACES
Institut en Recherches Economiques
National Autonomous University of Mexico

This article intends to analyze the first changes that the liberal government, under Prime Minister Justin Trudeau's administration, has conducted during his first year in tenure regarding the issues related to the environment and mining activity. This article aims to comparatively highlight those aspects that, in our view, could mark a difference in the scope of the policies implemented by Stephen Harper's conservative government in terms of the design of his international economic policy and the role Canadian corporations have in it. We will examine Canada and its mining corporations' interaction with Latin American countries.

In analyzing the policies and actions conducted during Trudeau's first year in government, there are various aspects that lead us to reflection. It seems evident that the poor image left by Harper became an indisputable political asset for Trudeau. However, some issues the government inherited from its predecessor may be neither overcome nor fully rectified, as would be the case of the almost symbiotic relation taking place – at least since Chrétien's government – between the government and Canadian companies. This means Justin Trudeau will need to resort more and more often to absolute political pragmatism, and find new issues and battles to champion, as is the case with environmental issues. For now, this is far off from reproving mining companies, but instead internationalism is used to recreate a space for dialogue that places Canada in multilateral forums.

Cet article se propose d'analyser les premiers changements que le gouvernement libéral, sous l'administration du premier ministre Justin Trudeau, a mené au cours de sa première année en ce qui concerne les questions liées à l'environnement et l'activité minière. Cet article vise comparativement à mettre en évidence les aspects qui, à notre avis, pourraient marquer une différence dans le cadre des politiques mises en œuvre par le gouvernement conservateur de Stephen Harper en termes de conception de sa politique économique internationale et le rôle que les entreprises y tiennent. Nous observerons particulièrement la manière dont le Canada et ses entreprises minières pèsent sur les orientations prises dans ce domaine par les états latino-américains.

Il est possible désormais d'analyser les actions menées par Trudeau après une première année au gouvernement. Il semble évident que la mauvaise image que Harper a laissé derrière lui, est devenue un atout politique incontestable pour Trudeau. Cependant, certaines politiques héritées de son prédécesseur, ne pourront être surmontées ni complètement redressées, comme c'est le cas de la relation quasi-symbiotique entre le gouvernement et les entreprises canadiennes. Cela signifie que Justin Trudeau doit recourir, de plus en plus souvent, à du pragmatisme politique, et trouver de nouvelles questions et batailles à défendre, afin de créer un espace de dialogue qui place le Canada dans les forums multilatéraux.

Introduction

Traditionally, Canada's international image has been characterized by its multilateral diplomacy which aims to promote defense and human rights, to recognize the rule of law and democratic principles as well as determinedly protect and preserve the environment. In addition, up until Prime Minister Jean Chrétien's term, Canadian international policy was also inspired by the principles encompassed in the Human Security Doctrine. Without sacrificing the principles of internationalism, the liberal governments both of Jean Chrétien (1993-2003) and Paul Martin (2003-2006), decidedly oriented their foreign policy towards economic interests, and showed a proclivity to promote free trade as a state policy.

Under Prime Minister Harper's government (2006-2015) public policies designed to implement economic changes gained ground to the detriment of social policies. Corporate issues weighed on and influenced government strategies thus producing as a result a deep change in Canada's political development which reflected on its international image.

One of the most radical changes took place thanks to the support that the federal government and most provincial governments gave to Canadian extractive companies in their internationalization process. This aspect was not totally new because Chrétien's government had determined to tighten the connection between companies and the government for international purposes. This decision materialized in the federal initiative known as Team Canada (1994).

Perhaps the most interesting aspect in the changing process of the federal government's priorities consisted in the manner in which a politically driven discourse was built ideologically to validate the corporatization process of the Canadian government. In this sense, the recovery and transformation of certain social concepts in which Canadian society believed and over which a national imagery had been practically created, were crucial to justify the new directions taken on social policies including indigenous affairs and socio-environmental issues. In short, this change in political and economic priorities reflected how the government and the companies encouraged extractive activities to be the most relevant expression of what they considered was

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economic development and therefore development assistance (GUTIÉRREZ HACES 2015).

Given the aspects outlined so far, this article intends to comparatively analyze the first changes that the current liberal government, under Trudeau's administration, has conducted during his first year in office regarding the issues related to the environment and mining activity. This article aims to highlight those aspects that, in our view, could mark a difference in the scope of the policies implemented by Stephen Harper's government and those of today's Prime Minister Justin Trudeau, in the design of his international economic policy and the role played by Canadian corporations in it.

Harper's policies: development aid to Latin America under the supervision of Canadian mining companies

One of the first signs in this process of transformation, recovery and appropriation of the concept of economic development by a Canadian government was undertaken by Harper's conservative government in a speech given by the prime minister during the 6th Summit of the Americas held in Cartagena in 2012. He placed the goals of sustainable development and the contribution that Canadian mining companies were making to the country's economy on the same level:

In the near future, we see greater Canadian investment in natural resources in the Americas; this is something that will be good for our prosperity and is a priority for our government. We have found ways to turn mineral assets into a sustainable foundation for equitable development and we are ready to cooperate as strategic partners with the countries of the Americas.¹

This statement made Canadian corporations react and they broadcast a message to the federal government expressly establishing the guidelines that the government should implement:

The Canadian government must encourage energy mega-extractivism to bring competitiveness and development to the nation. For this, it is necessary to minimize the regulation of the sector; remove moratoriums

¹ Observatory of Mining Conflicts in Latin America (OMCAL), "Canadá con 1,246 proyectos mineros activos en Latinoamérica" <http://www.conflictosmineros.net/noticias/3-latinoamerica/10392-canada-con-1246-proyectos-mineros-activos-en-latinoamerica>

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on exploration and production in areas of reserves; ensure that energy royalties are competitive, in a word, to develop, produce, transport and export goods as quickly as possible to ensure that resource development is not delayed.²

Harper concluded his speech by declaring that the strategy the Canadian government envisaged in the medium term was to contribute to the development of Latin American countries through investment made by mining companies. This statement made official a practice that to some extent had been taking place for years; however, a significant difference was how mining companies became the main agents of development assistance, creating a *sui generis* internationalization process as a result.

In keeping with this new line of conduct, between 2012 and 2013, the conservative government took radical decisions regarding development assistance funding. As a consequence of intense lobbying conducted by Canadian mining companies, came the need to change the Canadian Development Agency's goals and make it a government agency to directly support the activities Canadian companies performed in developing countries, thus lessening their autonomy and making it an agency to serve mining companies' interests.

Consequently, Harper's government decreased Canadian International Development Agency's budget (CIDA) and he later virtually dismantled its functions. Sometime after, this agency was incorporated to the Ministry of Foreign Affairs and International Trade, which added international development to its name (GUTTIEREZ HACES 2015: 77-104). The following chart shows how the flow of development funding destined to Latin America and the Caribbean has evolved over four decades. As it can be observed, Canada's participation has been relatively low and it might be even lower after 2013 because of CIDA's budgetary cuts.

² MARTÍNEZ PENICHE, Iñigo G., (2015), "Petróleo, gas y energías renovables en Canadá", paper, Centro de Investigaciones sobre América del Norte, Universidad Nacional Autónoma de México, 2016.
[http://www.cisan.unam.mx/cursosCanada2015/lecturas/Lectura_Unidad%20Medio%20Ambiente%20y%20Recursos%20Naturales_Sesion%201%20\(parte%202\).pdf](http://www.cisan.unam.mx/cursosCanada2015/lecturas/Lectura_Unidad%20Medio%20Ambiente%20y%20Recursos%20Naturales_Sesion%201%20(parte%202).pdf), Diario El Popular, "La propuesta que Harper lleva a la cumbre de las Américas", <http://diarioelpopular.com/2012/04/13/la-propuestas-que-harper-lleva-a-cumbre-de-las-americas/>

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Table 1 : Main Suppliers of ODA to Latin America and the Caribbean

1960-1989		1990-1999		2000-2007		2008-2013	
US	31,3	US	20,7	US	25,0	US	20,7
FSO	10,3	Japan	13,8	EU inst.	10,2	EU inst.	11,3
Germany	6,3	Germany	9,1	Spain	10,2	FSO	11,0
Netherlands	5,6	EU inst.	8,4	Japan	7,9	Spain	9,9
Japan	4,2	Netherlands	6,3	Germany	7,0	Germany	9,6
Spain	3,9	Spain	6,1	Canada	3,9	France	6,9
UNDP	3,8	IDA	4,2	IDA	3,9	Canada	5,9
France	3,0	France	3,9	France	3,7	Norway	3,1
Canada	2,7	FSO	3,4	FSO	3,7	IDA	2,4
United Kingdom	—	Italy	3,3	Netherland	3,6	Netherland	1,8
	—			ds		ds	
	—						

Source: ECLAC Financing for Development in Latin America and the Caribbean, (Percentage of the total net disbursements of ODA by period)
http://repositorio.cepal.org/bitstream/handle/11362/39656/S1501363_es.pdf

Harper's action program was basically oriented towards two objectives. Firstly, it naturally consisted in promoting Canadian investment at any costs; secondly, it established development assistance as a new objective of the government's corporate policies. Supported by this program, the Canadian government could influence and orient the policies of Latin American countries with regards to mining activity, particularly in changing mining standards or laws in some of these countries, as we will discuss below.

Towards 2012, according to data published by the Working Group on Mining and Human Rights in Latin America, 57% of mining companies in the world were listed on the Toronto Stock Exchange. In addition to the 4,322 projects registered by Canadian companies outside the country, 1,526 were located in Latin America which represented between 50 to 70% of the projects in the region³.

³ Working Group on Mining and Human Rights in Latin America, "The Impact of Canadian Mining in Latin American and Canada", *Report*, 2015
http://www.dplf.org/sites/default/files/report_canadian_mining_executive_summary.pdf

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Colombia, Honduras and Peru are among the Latin American countries in which the Canadian government had to be more active in its intervention to elaborate a legal mining framework.⁴ The strategy the Canadian government employed changed significantly from one country to another, but in most cases it negotiated free trade agreements and foreign investment protection agreements in order to influence some economic areas representing a particular interest for both the Canadian government and companies. It is worthwhile mentioning that Latin America is the region where Canada has signed the largest number of agreements: NAFTA (1994), Chile (1997), Costa Rica (2002), Peru (2009), Colombia (2012), Honduras (2013) and Panama (2013). In all these countries mining activity is considerably high.

In Colombia, the Canadian government participated through the Canadian International Development Agency (CIDA), in a technical assistance project where intermediaries or agents from Canadian companies were hired as experts in mining legislation, such as the Canadian Energy Research Institute, with the purpose of writing a new mining legislation.

In Peru, Harper met with president Ollanta Humala (2013) and announced his support to the environmental impact assessment process in mining and energy projects, as well as in the management of their natural resources. Later, the Peruvian government published two decrees intended to facilitate investment and make legal frameworks on mining industry more flexible.

The conservative government also supported Peru's Mineral Resources Reform Project, with the purpose of contributing to improving Peru's Ministry of Energy and Mines' institutional capacity, as well as the capacities of its regional offices in the mining department.⁵ Based on data published by the ministry, mining investment in Peru reached 42,000 million

⁴ La Apostolado Social de la Conferencia de Provinciales Jesuitas de América Latina (CPAL), "El impacto de la minería canadiense en América Latina y la responsabilidad de Canadá", *Report presented to the Latin American Human Rights Commission*, p.26, <http://www.cpalsocial.org/documentos/175.pdf>

⁵ Latin American and Caribbean Economic System and Interamerican Development Bank: "Canadá: políticas y programas de cooperación internacional para el Desarrollo. Oportunidades para América Latina y el Caribe", document, Caracas Venezuela, February 2nd, 2012, <http://www19.iadb.org/intal/intalcdi/PE/2012/09708.pdf>

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dollars between 2011 and 2015, which represented a growth of 267% compared to the previous five-year term.⁶

In Honduras, the Canadian government also offered technical support for a new mining law that was approved in 2013. From the contents of this law, it can be inferred that little protection is granted to people and the environment. Instead, it favors companies to a great extent.⁷

In this section, we will highlight those aspects that, in our view, could mark a difference in the scope of the policies implemented by Harper's government and those of Trudeau's, with respect to the redesigning of international policies and its interaction with Canadian corporation, especially in the field of extractive activity.

The beginning of the political transition

Upon the election of Justin Trudeau as Canada's Prime Minister in November 2015, the attention Canadians have paid to the initiatives implemented by the liberal government has been a constant focus given the expectations generated by the new government's political changes. Among the lines of action the government has proposed stands the concern about the environment and the need to reconsider Canadian companies' mining activity. New guidelines have been raised under a radically different scope in contrast with Harper's legacy in terms of the position Canadian companies held in international politics and development assistance.

Justin Trudeau has established clear lines of action regarding climate change by proposing a decrease in greenhouse emissions through the enforcement of a tax on carbon.⁸ As for international politics, he intends to restore Canada's leadership in the world, going back to the principles of internationalism and multilateralism. From this perspective, what stands out is

⁶ "Inversión minera en Perú creció en 267% en periodo de 2011-2015", *América Economía Journal*, Reuters, May 14th, 2016.

<http://www.americaeconomia.com/negocios-industrias/inversion-minera-en-peru-crecio-en-267-en-periodo-2011-2015>

⁷ MiningWatch Canada, "Canadá tienen las manos manchadas de sangre; para lograr justicia en Honduras la política exterior canadiense debe dar un giro de 180 grados", April 21st, 2016, <http://miningwatch.ca/es/news/2016/4/21/canad-tiene-las-manos-manchadas-de-sangre-para-lograr-justicia-en-honduras-la-pol>

⁸ Justin Trudeau, "On climate change", Liberal Party website, <https://www.liberal.ca/realchange/climate-change/>

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how he is exploring new international scenarios that allow Canada to go back to one of its most emblematic strategies: the promotion of peace and world security.⁹

In analyzing the actions conducted by Trudeau's cabinet after a year in office, there are various aspects that are opened to reflection. It seems evident that the poor image Harper left behind became an indisputable political asset for Trudeau. However some issues his government inherited from his predecessors may be neither overcome nor fully rectified, considering for instance the almost symbiotic relation between the government and Canadian mining companies.

This means Justin Trudeau might need to resort more and more often to political pragmatism, and find new issues and battles to champion, as in the case of environmental issues. For now, this has little to do with reproving mining companies, but instead the young prime minister uses internationalism to recreate a space for dialogue that places Canada in multilateral forums.

One of Trudeau's immediate challenges consists in not breaking the relationship between international activity and national duty. Therefore, he has proposed the implementation of environmental assessments that are useful to create jobs and incentivize investment. With this objective in mind, one of his goals is to increase federal participation in environmental infrastructure, transport and housing up to \$C 125 million in 10 years.¹⁰

A year after taking office, the Trudeau government's actions reveal a change of direction. The donation granted to World Wide Fund Canada (WWF) aimed to encourage actions against climate change, represents one of the federal government's priority lines of action together with the protection of the country's indigenous communities.¹¹ Statements were made by the Canadian Minister of International Development about the urgency to make a shift in Canada's international policy in order to help the communities affected by

⁹ Justin Trudeau, "Canada's leadership in the world", Liberal Party website, <https://www.liberal.ca/realchange/canadas-leadership-in-the-world/>

¹⁰ *Les Affaires*, "« Justin Trudeau devra faire de la politique autrement » « Justin Trudeau devra faire de la politique autrement », 24 October 2015. <http://www.lesaffaires.com/secteurs-d-activite/general/justin-trudeau-devra-faire-de-la-politique-autrement/582617>

¹¹ "Environmental assessments", Liberal Party website, <https://www.liberal.ca/realchange/environmental-assessments/>

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Canadian mining at home but especially in developing countries.¹² In March 2016, the Inter-American Development Bank announced that Canada would donate C\$ 20 million to establish the Canadian Extractive Sector Facility (CANEF) to support knowledge generation activities and technical assistance all over Latin America and the Caribbean. Its purpose is to identify and implement best practices in the management of natural resources linked to extractive industries (oil, gas and mining), and implement environmental and social safeguards.

Although Trudeau and his Minister of Natural Resources Jim Carr have reiterated their commitment to the environment, there are still cases that question the long-expected change of course. Greenpeace and the David Suzuki Foundation publicly denounced the situation the Inuit population is going through in Clyde River which has been affected by constant underwater explosions on the part of various companies looking for oil and gas. Indeed, under Harper's administration, the National Energy Council decided in 2014 to approve the exploitation of the said territory, claiming the Inuit community had been consulted to start the said project. These underground exploration activities have caused a serious environmental impact for the entire Inuit community.¹³ Given these circumstances, the Inuit have resorted to the Supreme Court of Canada in 2016 in defense of their right of territory, hoping the court will resolve this situation.

Abroad despite Trudeau's coming to power, criticism towards Canadian companies has continued. In Honduras, Jesuit priest Melo traveled to Canada in 2016, with the purpose of meeting with Prime Minister Trudeau to demand that mining companies installed in Honduras act responsibly, respecting human rights and environmental standards.¹⁴

In Africa the situation is particularly important since the large number of natural resources this region draws upon has been decisive for Canadian mining companies to invest in exploitation projects which have not only seriously damaged the environment, but also have presented a constant

¹² *L'Actualité*, « Minières canadiennes à l'étranger : le sort des populations préoccupe la ministre », 19 mai 2016, <http://www.lactualite.com/actualites/minieres-canadiennes-a-letranger-le-sort-des-populations-preoccupe-la-ministre/>

¹³ Greenpeace website, "Inuits against prospections", 24 August 2016, <http://www.greenpeace.org/mexico/es/Blog/Blog-de-Greenpeace-Verde/as-luchan-los-inuit-contra-las-prospecciones-/blog/57338/>

¹⁴ "Ottawa should make mining companies more accountable", *Toronto Star*, 21 August, 2016

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violation of human rights. According to research carried out by Radio Canada International, since 2000 and with the approval of mining contracts in Africa, the number of Canadian companies digging in Africa reached its highest in 2002 when figures showed that the Toronto Stock Exchange and TSX Venture Change had 1.7 thousand million in capital devoted to mining projects in 28 African countries. It has been quite steady ever since.¹⁵

Similarly in China the liberal government has shown a renewed interest in strengthening new trade relations. When the Prime Minister recently traveled to the country. However, his trip was harshly criticized as it is feared it represents a possible slack of restrictions on oil sands exploitation.¹⁶ Indeed in 2012, the state-owned China National Oil Company (CNOOC) purchased Canadian oil company Nexen Inc., obtaining the right to exploit Canada's oil resources, gas, and oil sands as a result. Initially, Harper's government considered this purchase had to be analyzed so as to consider all the possible scenarios that may rise from it since it allowed the participation of a Chinese state company in the exploitation of national natural resources, in Alberta. The government analyzed what the Canadian legislation provided on the topic, which clearly stated that: "The government can block the acquisition by foreign companies of large companies in the country, if it does not obtain a net benefit from the operation."

It finally decided to accept the Chinese investment considering that, if it was not beneficial, the law may be enforced. It is worthwhile mentioning that in the previous years other companies from Asia had attempted to buy some Canadian extractive companies¹⁷. According to a report published by Steven Globerman, in 2015, the Canadian government released guidelines for reviewing foreign investment made by state-owned companies, to determine if

¹⁵ Stéphane Parent, *Radio Canada International*, 25 août 2016, <http://www.rcinet.ca/fr/2016/08/25/influence-des-canadiens-dans-le-developpement-de-lafrique/>

¹⁶ Site Terra, 30 August 2016, "Trudeau se reúne con Li Keqiang para iniciar relación bilateral "más fuerte"
https://noticias.terra.com/mundo/asia/trudeau-se-reune-con-li-keqiang-para-iniciar-relacion-bilateral-mas-fuerte_deb5dc504ecff0417670ebd983ce7b05lmgr1r3p.html

¹⁷ Two controversial proposed acquisitions of Canadian oil companies in 2012, led to additional guidelines for investment by state-owner companies in Canada's oil sands. One involved the takeover of Progress Energy Resources by Petronas, the Malaysian government's national oil company, and the other was the acquisition of the Canadian oil company Nexen. The federal government announced in an executive override that acquisitions of Canadian-owned oil sands companies by state owned companies would be approved only in exceptional circumstances, although each case would be examined on its own merits. (ASSAF & MCGILLIS 2013 : 1-49, and DOBSON 2014 : 1-26)

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they are likely to be of net benefit to Canada. The new guidance clarifies that the government when reviewing investment by state-owner enterprises will consider whether they adhere to Canadian standards of corporate governance or not. It will also assess the impact the acquisition will have on the location of its manufacturing and research and development facilities (GLOBERMAN 2015: 7-8). Finally, the sale of Nexen Inc. was agreed on, disregarding to a great extent the repercussions of lacking clear provisions on the selling of Canadian companies to foreign governments.

On the other hand, the questions that arose internationally not only in terms of the mining companies' behavior but also on the support the previous governments had given to mining activity, were enclosed in a letter signed by 190 Latin American organizations in April 2016, demanding Prime Minister Trudeau to take any necessary measures to hold the mining companies responsible for environmental damage and constant violations to human rights. The letter shows how significant this series of problems which the liberal government must now resolve, was for foreign populations. It also makes it very clear that the government must stop having negotiations based on free trade and foreign investment deals that conceal secondary intentions to give unlimited leverage to mining companies' operations¹⁸.

The letter asks that Canadian mining companies in Latin America operate pursuant to human rights international agreements of which both the host countries and the Canadian government are a part. In this regard, the undersigned point out that, due to the great disputable nature of mining, it is of vital importance that the government of Canada and mining companies respect the right of indigenous peoples to self-determination and to free and informed consent, before performing any activity in their territories.

On top of that, the letter also requested that the current government should not intervene or provide any sort of government support, by means of development programs, trade agreements and/or association agreements, public funding or technical assistance that sought to influence the adoption or amendment of regulatory frameworks in recipient countries of extractive projects. It also asks to incorporate international transparency standards in the regulation of credit by public and private investment agencies that fund extractive activities, and impose safeguards to companies that receive state

¹⁸ "Open Letter on Mining to Canadian Prime Minister Trudeau", a coalition of NGOs, April 2016, <http://www.aida-americas.org/refdoc/open-letter-mining-canadian-prime-minister-trudeau>

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subsidies. In addition, the letter requests the creation of objective, unbiased, and effective mechanisms to monitor and investigate complaints about individual and collective human rights' violations caused by mining companies abroad. Such mechanisms must be designed in accordance with the Paris Principles concerning the status and functions of national human rights institutions. Finally, it demands that the Canadian government stops encouraging free trade agreements and investment agreements that favor the protection and promotion of Canadian mining companies' interests over individual and collective human rights and over the protection of the environment. It wishes that the Canadian government also refrained from fostering international arbitration mechanisms, which are a powerful tool to shield foreign investments that take advantage of the inexistence of effective accountability mechanisms.

During the Annual Energy and Mines Ministers' Conference (2016) in Winnipeg, the discussion on clean technologies was the core issue. A carbon fund was approved, with a starting amount of \$C2 billion, 1 billion for clean technologies in natural resources, including mining, over 100 millions to improve energy efficiency and over 130 millions for technology research and a similar amount for transport.¹⁹ Nevertheless, ministers also stressed the importance of fossil fuels, considering Canada had to make the most of them to obtain resources that would make transfer towards clean energies easier.

Lastly, although the Canadian government's official page has a section called Green Mining Initiative, some environmental lawyers have offered their support to achieve an environmental assessment Act in good terms. It should embody integrated assessments by strategic levels, assessments on cumulative effects on the environment and health, collaboration and harmonization of jurisdictions. It should also add that indigenous nations are included in assessment and decision-making processes, credibility, transparency and accountability, and transparent and publicly accessible assessment flows, among others.²⁰

The debate around the Paris Agreement.

During the negotiations of the Paris Agreement (COP21) in November 2015, Justin Trudeau participated actively and reiterated his commitment and

¹⁹ Site web Gouvernement du Canada, Ministère Ressources Naturelles Canada, Discours du ministre Jim Carr, 22 August 2016.

²⁰ West Coast Environmental Law, "Proceedings of the Federal Environmental Assessment Reform", August 2016, <http://wcel.org/EASummit>

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that of Canadians in fighting global warming. Later on April 22, 2016 he went to the United Nations headquarters in New York to sign the said agreement.

The position adopted by Prime Minister Trudeau contrasts with the dissociation that former Prime Minister Harper kept with regards to the Kyoto Protocol (2011). Harper's commitment before COP21 dealt with a 30% reduction of carbon emissions by year 2030 based on year 2005 emissions, which was considered a rather lukewarm sign. Trudeau is taking into account the fact a policy aimed to decrease gas emissions, represents a commitment in the long run. Trudeau took the initiative to fund developing states fighting for reducing carbon emissions and committed himself to donate \$C 2.65 thousand million over five years to help developing countries decrease their greenhouse gas emissions.

Canada officially ratified the Paris agreement on October 5, 2016. More than 200 members of parliament supported it, while 81 parliament members – most of them conservatives – voted against it. This voting took place among heated debates that criticized the inefficacy of Trudeau's current Plan on climate change. In the opinion of the opposition it does not live up to the objectives with which Canada must comply under the said agreement.

The Conservative Party, on its official website, has published a press release in December 2015, expressing its posture concerning the conclusion of the Paris Conference:

The Conservative Party welcomes the progress that was made at the Paris Climate Change Conference (COP 21). We reaffirm our position that any agreement that provides for binding commitments on greenhouse gas emission reductions must include all major emitters, be realistic and achievable, and find the appropriate balance between protecting our environment for future generations and growing our economy.²¹

The party urged the Minister of the Environment and Climate Change²² to include the sectors that would be the most affected by the gas

²¹ Conservative Party, "Statement on the Conclusion of the Paris COP21 Conference on Climate Change", 12 December 2015, <http://www.conservative.ca/statement-on-the-conclusion-of-the-paris-cop-21-conference-on-climate-change/>

²² Justin Trudeau reformed the Ministry of the Environment in 2015 transforming it into the Ministry of the Environment and Climate Change run by Catherine McKenna.

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reduction policies in the consultations. Additionally, the conservatives requested to carry out broad consultations among Canadian consumers and taxpayers before imposing punitive policies regarding carbon. The party seemed to be restless after Trudeau agreed to grant developing countries C\$ 2,65 thousand million dollars of taxpayers' money in order to support the fight against climate change. Conservatives argued that the Prime Minister had taken such a decision without any previous notice or consultation. The Conservative Party sustains that before making any expenditures out of public money in order to use it in foreign projects, the government has to explain to Canadians how it plans to reach its own domestic agreements both at federal and provincial levels in relation to fighting climate change.

As a response to these criticisms, in October 2016 the Minister of the Environment and Climate Change, Catherine McKenna, announced the National Carbon Price Plan, scheduled to be implemented in 2016. This plan will compel all provinces and territories to adopt a carbon tax or cap-and-trade system with a minimum Price per ton of \$C 10 dollars to start, rising to \$C 50 per ton by 2022.²³ The Minister has already stated the federal government's intention with this tax: "What we want to see is uniformity in terms of a national price, also that we're doing it in a thoughtful way, and provinces and territories need to decide what they're doing with the revenues", said McKenna²⁴.

The position of Canadian provinces towards COP21

The ratification of the Paris Agreement would have hardly materialized without the coordination between the federal government and the governments of the ten provinces and three territories. It is the responsibility of the Prime Minister to foster consensus among the sub-national governments and the engagement of all the stakeholders, including the industry and indigenous peoples²⁵. By mid-2016, some provinces like Alberta, Quebec and British Columbia, had already presented initiatives to reduce carbon emissions.

²³ *National Observer*, "The National Carbon Price Plan", Ottawa, 5 October 2016, <http://www.nationalobserver.com/2016/10/05/news>

²⁴ WINGROVE Josh, "Canada to Introduce National Carbon Price in 2016, Minister Says", Bloomberg, 16 August 2016. <http://www.bloomberg.com/news/articles/2016-07-15/canada-to-introduce-national-carbon-price-in-2016-Minister-says>

²⁵ LATRAVERSE Emmanuelle, « Le risque climatique de Justin Trudeau », *Ici Radio Canada*, 3 March, 2016. <http://ici.radio-canada.ca/nouvelles/politique/2016/03/03/002-risque-changements-climatiques-justin-trudeau.shtml>

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On the other hand, oil dependent provinces such as Saskatchewan were more reticent towards such initiative.²⁶

Current Minister of Foreign Affairs, Stéphane Dion – who in 2008 was the leader of the Liberal Party – had already made a proposal regarding a tax on carbon emissions. Although he was severely criticized by the members of the Conservative Party, the provinces of British Columbia, Quebec, and even Alberta established levies on carbon, a measure that was taken inside the provinces. British Columbia was the first one to include this tax before the liberal proposal in 2008 while Ontario was negotiating a tax. On the other hand, the remaining provinces have committed to considering mechanisms that include taxes on carbon, which the ratification of the Paris Agreement by the federal parliament will facilitate.²⁷

Quebec adopted a carbon transaction program in 2013. It later partnered with the state of California (2014) to unify their objectives and cooperate to fight climate change. The initial tax was based on C\$ 10.75 per ton of emission, however, today it is \$C 13.00 due to inflation.²⁸ Unlike British Columbia, Quebec uses an administrative tool that trades greenhouse gas emission rights. In April 2015, Ontario announced its intention to implement a carbon emission reduction program similar to that of Quebec. This province signed a memorandum of understanding the same year with Quebec to collaborate in fighting climate change.

In British Columbia, carbon prices have remained at \$C 30 per ton of CO₂ since 2012 (at the beginning it was 10 dollars). The provincial Act demands that the expenditure made by companies when paying taxes on carbon be deductible from the taxes on income and credit. In fiscal year 2013/2014, the total income from carbon tax was \$C 1222 millions.²⁹

Since 2007, Alberta has included a carbon tax which is not enforced consistently. At the outset the tax was set only on those companies that emitted over 100,000 tons of CO₂ a year. These companies were requested to perform a

²⁶Ibid.

²⁷ WHERRY Aaron, "Long after Stéphane Dion's ill-fated Green Shift, a price on carbon might be at hand" CBC Canada, 21 July, 2016. <http://www.cbc.ca/news/politics/wherry-carbon-price-1.3687291>

²⁸ World Bank Group, "States and Trends of Carbon Pricing", ECOFYS, Washington, September 2015, p. 13.

²⁹ Ibid, p. 30.

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report on emissions and to reduce them by 12%. If they did not agree on this reduction, they were requested to pay a tax of \$C 15 per ton of emission or otherwise acquire a reduction credit. In 2010, the parameter was reduced to 50,000 tons per year, which covered a larger number of companies. In 2012, only 15% of the companies had succeeded in reducing their emissions while 50% opted for paying the tax and the remaining ones decided to acquire a reduction credit (BENOIT 2014: 27).

Finally, to this day in October 2016, Saskatchewan continues to disagree with the government. Premier Brad Wall is concerned that this tax would harm a weak economy.³⁰ Gas and oil producer companies in western Canada have lost over 37 thousand jobs since oil prices collapsed. The Premier represents the only opposition within the Canadian provinces and is one of the most powerful voices in the Canadian oil industry.

A new plan for Canada's environment and economy

During his political campaign, Justin Trudeau showed his commitment to sustainable development by introducing a plan of change connected with sustainable economic growth and the creation of clean jobs.³¹ Trudeau went for the generation of clean jobs to strengthen the Canadian economy along three lines: fighting climate change, investing in clean technologies and creating clean jobs and investment.³² What is more, he has declared himself in favor of supervising resource extraction industries more closely aiming to ensure compliance and respect of human rights.³³ In 2010, he supported Bill C-300 by liberal legislator John McKay on extractive industry regulation; however, the bill did not pass the House of Commons.

Justin Trudeau's other objective has been to strengthen cooperation and friendship bonds in North America with the United States and Mexico. He

³⁰ BAKS Kyle, "Brad Wall is dissenting voice in Canada's COP21 delegation" CBC News, Canada, 30 November, 2015.

<http://www.cbc.ca/news/canada/calgary/brad-wall-cop21-carbon-tax-saskatchewan-1.3343519>

³¹ Clean jobs are understood as jobs which result from investment in renewable energies or which are related to research and development in sustainable technologies.

³² "Real Change: A new plan for Canada's environment and economy", Liberal Party website, 2015. <https://www.liberal.ca/files/2015/08/A-new-plan-for-Canadas-environment-and-economy.pdf>

³³ MARK Michelle, "Canadian Mining Human Rights Abuses: What Justin Trudeau's Liberal Party Win Could Mean For Latin America", International Business Times, 21 October, 2015. <http://www.ibtimes.com/canadian-mining-human-rights-abuses-what-justin-trudeaus-liberal-party-win-could-mean-2149201>

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suggested the creation of a regional agreement on the use of clean energy and environmental protection.³⁴ In March 2016, Trudeau made his first official visit to the United States. The meeting between Obama and Trudeau dealt with mutual cooperation in investment and trade, border security and clean energies promotion. Before the meeting, a joint statement was released which regarded environmental cooperation and stressed the objective of reducing methane gas emissions by 40-45% by year 2025.³⁵ Both leaders also agreed to establish world-class standards on trade activity in the Arctic, making emphasis on oil and gas exploration.

The relations between Canada and the United States have had important disagreements, mainly around the opposition of Obama's government against the construction of Keystone XL pipeline, which would transport oil from Alberta to the coast of the US Gulf.³⁶ In 2016, two Canadian companies filed a suit before ICSID against the US government, sheltered under NAFTA's chapter 11 provisions (GUTIÉRREZ HACES 2015 : 98-99).

The meeting held in March between Trudeau and Obama can be considered a precedent for subsequent negotiations in the Summit of North America between Mexico, Canada, and the US. For years, Canada's image suffered serious criticisms due to so little commitment on the part of Harper towards sustainable development and social responsibility. Both the March meeting with Obama and the Summit of North America in June aimed to set goals and sign commitments on environmental protection and it allowed Trudeau to renew his government's image. During the summit, the synchronization of public policies of the three countries on environmental issues was announced. It is estimated to reduce greenhouse gas emissions jointly as well as produce half the region's power from free-carbon sources by year 2025.³⁷ The summit served the purpose of discussing issues regarding the energy, transport and pollutant production sectors. Mexico joined the commitment agreed between the US and Canada in March to reduce by 40-45%

³⁴ "Justin Trudeau: Canadian PM toasts 'sibling' Barack Obama", *BBC News*, March 11th, 2016. <http://www.bbc.com/news/world-us-canada-35772329>

³⁵ op.cit., MARK Michelle, "Canadian Mining Human Rights Abuses: What Justin Trudeau's Liberal Party Win Could Mean For Latin America", 21 October, 2015

³⁶ AUSTEN Ian and DAVENPORT Coral, "Climate change on high agenda as Obama and Trudeau meet for summit", *New York Time World*, <http://ift.tt/28YUATn>

³⁷ ibid

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carbon emissions by year 2025.³⁸ These countries also convened to face “inefficient” subsidies of fossil fuels by the same year and invite other G-20 member countries to join this commitment.

It is important to remember that the Canadian economy strongly depends on gas and oil production. The region of Alberta is one of the most dynamic in terms of hydrocarbon extraction. However, this extraction leads to considerable pollution in the region. The fall in oil prices has made the province suffer since extraction represents a large number of public revenue. Trudeau’s objectives will be difficult to achieve as long as the demand for hydrocarbon continues to decline.

Canada beyond the Paris Agreement

The Extractive Industry Transparency Initiative (EITI) is an international program where governments, the industry, and civil society participate in order for extractive companies to provide information regarding their operations. The initiative is based on the principles agreed in 2003 in the OCDE Action Plan according to which: “the wealth from a country’s natural resources should benefit all its citizens and that this requires high standards of transparency and accountability”³⁹.

According to EITI’s data, there are currently 51 countries where this initiative has been enforced. 31 comply with the requirements and 49 have published their income. In 2016, Mexico has started his application process to EITI.

³⁸FRANKEL Max, North American Leaders "Drive Momentum for Climate Action", Washington, World Resources Institute, 29 June, 2016. <http://www.wri.org/news/2016/06/statement-north-american-leaders-drive-momentum-climate-action>

³⁹ Extractive Industries Transparency Initiative, “El standard EITI 2016”, S/I, February 15th, 2016. https://eiti.org/files/spanish_eiti_standard_0.pdf

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Table 2 : EITI’s Member Countries in 2016

CANDIDATE COUNTRIES	COMPLIANT COUNTRIES	SUSPENDED COUNTRIES
Afghanistan	Albania	Central African Republic
Azerbaijan	Burkina Faso	Yemen
Colombia	Cameroon	
Dominican Republic	Chad	
Ethiopia	Ivory Coast	
Germany	Democratic Republic of Congo	
Honduras	Ghana	
Madagascar	Guatemala	
Malawi	Guinea	
Myanmar	Indonesia	
Papua Nueva Guinea	Iraq	
Philippines	Kazakhstan	
Sao Tome and Principe	Kyrgyz Republic	
Senegal	Liberia	
Seychelles	Mali	
Solomon Islands	Mauritania	
Tajikistan	Mongolia	
Ukraine	Mozambique	
United Kingdom	Niger	
United States of America	Nigeria	
	Norway	
	Peru	
	Republic of the Congo	
	Sierra Leone	
	Tanzania	
	Timor-Leste	
	Togo	
	Trinidad and Tobago	
	Zambia	

Source: Table based on EITI’s data <https://eiti.org/countries>

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Canada is not part of EITI's process. Nevertheless, it is a country that provides funding, technical support and consultancy to interested countries in this process. Canada's official support to EITI includes an initial contribution of \$C 750,000 to the EITI Multi-Donor Trust Fund, as well as \$C 200,000 per annum over the years 2008-2011. The Multi-Donor Trust Fund was established to provide financial support to countries seeking to implement EITI. It is administered by the World Bank, but the work plan of the Fund is set by a Management Committee consisting of the World Bank and governments which have contributed in excess of \$C 500,000. Canada is one of several countries that have made this contribution, and therefore sits on the MDTF Management Committee.⁴⁰

In 2011, former British Secretary for International Development and head of the EITI, Clare Short, came to Ottawa to try to convince the Harper government to implement the EITI agreement in Canada. She said that other developed First World nations were making the transition. She hoped Canada would take this chance to become once again a "beacon" of hope for development issues.⁴¹

The core argument in order not to sign the EITI initiative has been that Canada has high transparency standards and enough laws to ensure this. In 2013, Harper announced new compulsory information requirements on all payments made to governments from the country's oil, mining and gas companies,⁴² about which the president of the EITI declared:

It is part of the global momentum towards transparency on extractive industry payments. The US and EU transparency requirements, plus the 39 countries reporting through the EITI are giving citizens much fuller information enabling them to hold governments and companies to account. I hope that the Government of Canada will now also consider EITI implementation, perhaps initially in some of the major mining provinces⁴³.

⁴⁰ Canada EITI Brochure, "The EITI: Improving governance and transparency", https://eiti.org/files/page/canada_eiti_brochure.pdf

⁴¹ "Canada and the EITI A call for transparency and accountability in the Extractive Resource Sector", [online], June 8th, 2008, <https://www.isuma.tv/es/did-news-alert/canada-and-the-eiti-%E2%80%93-a-call-for-transparency-and-accountability-in-the-extractive>

⁴² EITI, "Canada commits to reporting requirements", [online], s/l, June 13th, 2013. <https://eiti.org/news/canada-commits-reporting-requirements>

⁴³ *Ibid.*

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In 2013, the G7, to which Canada participates, introduced an action program. This program presented the measures adopted by the governments as well as the results of monitoring transparency in the extractive sector in order to exchange data collection techniques.⁴⁴

With the new Liberal government, the lines of the EITI are expected to be reviewed again and therefore be signed. Nonetheless, Canada has so far decided to remain a project donor without adhering to it, and to obtain transparency agreements on a bilateral basis. Such was the case of the agreement signed under Harper in 2013 with Peru, sponsored by the EITI.⁴⁵

On the other hand, the work done individually by some Canadian companies to adhere to the EITI is noteworthy, such is the case of Barrick Gold Corp, Goldcorp, Talisman Energy, Dundee Precious Metals and Kinross Gold, whereas some other Canadian companies wrote transparency reports on their participation in other countries which have already signed the initiative, for example Centerra Gold Inc.

Holding mining companies accountable?

The Canadian government's refusal to formalize its membership to the Extractive Industry Transparency Initiative seems odd, especially when the federal government has made considerable donations to support the entry process of some developing countries to the EITI. Nonetheless, considering the importance of mining companies in Canada and the economic weight they represent in the Canadian economy, it is evident that the federal government has been particularly interested in creating a legal structure of its own that guarantees transparency in accountability from within, particularly in the financial sphere of the extractive industry.

⁴⁴ Derecho, Ambiente y Recursos Humanos (DAR), Alianza para la Transparencia, "Plan de acción y monitoreo de resultados de los proyectos de transparencia", s/l, 2014.

<http://www.dar.org.pe/archivos/docs/Informe%20Plan%20de%20Accion%20y%20Resultados.pdf>

⁴⁵ NM Noticias, "Organizaciones latinoamericanas envían carta a Trudeau para exigir mayor responsabilidad a mineras", Canadá, 25 April 2015 <http://nmnoticias.ca/166756/organizaciones-latinoamericanas-carta-justin-trudeau-mayor-responsabilidad-mineras-canadienses-canada-latinoamerica-mineria/>

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During the last part of Harper's term, various measures were taken to implement some mechanisms and acts that aimed to demand higher transparency and accountability to mining companies regardless of the origin of the investment or the company. These regulations also sought to narrow the sphere of actions of public officials directly or indirectly related to mining. These measures were a late response to public opinion regarding the dubious behavior of some Canadian mining companies. Nevertheless, the measures taken did not deal with aspects that had visibly harmed the country's social fabric: the violation of human rights, the disassociation of aboriginal communities from extractive activities on their land, and the irreversible damages to natural resources and the environment. Likewise, these regulations did not affect Canadian companies' bad practices outside Canada.

Instead, the new regulations were intended to bring some order to what was happening in extractive activities and to financial and speculative operations connected with this activity inside Canada. However, these regulations very tangentially considered as activities of Canadian mining companies abroad. The only concrete initiative on the part of the Canadian government in the international arena was virtually the inclusion in all the Foreign Investment Protection Agreements (FIPA), as well as in the free trade agreements and treaties executed by Canada since 2010, of specific provisions in relation to the obligation of carrying out practices committed to Corporate Social Responsibility.

By mid-2013, the Corruption of Foreign Public Officials Act was established, which contained the commitments Canada had made at the OECD Convention concerning bribery penalization of foreign public servants in international transactions, making them criminal offenses in Canada.

Since 2014, the Resource Revenue Transparency Working Group has begun publishing a report called "Recommendations on Mandatory Disclosure of Payments from Canadian Mining Companies to Governments." The strength of this report lay on the constitution of its working group with on the one hand the Mining Association of Canada, and the Prospectors and Developers Association of Canada, and on the other hand two civil organizations that enjoyed great credibility, the Revenue Watch Institute and the Publish What You Pay, from Canada.

The report intended to propose an action scheme for mining companies to report the values and transactions negotiated at the Canadian

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stock exchange, especially the Toronto Stock Exchange, which specializes in listing mining companies and business venture companies in mining activity. The report not only seeks to make accountability transparent, but also demands more extensive accountability from companies, including from subsidiaries and branches and any entity connected with the parent company, controlled directly and indirectly or with significant shareholding. This accountability also applies to all foreign companies investing in Canada or which do not operate physically in Canada but are listed on the Toronto Stock Exchange (TSX). In order to achieve such significant accountability and details related to it, the report considers that there must be transparency on the tax payments of the profits generated, as well as bonuses, dividends, and infrastructure payments.

In this line of action, the Minister of Natural Resources of Canada, during his participation in the opening ceremony of the Prospectors and Developers Association of Canada (PDAC) at the end of 2015, urged the provinces and territories to set in motion their own standards to regulate transparency and accountability of mining countries and considered that if they were not implemented by 2015, the federal government must take measures to regulate them at the federal level, which occurred sometime later.⁴⁶

Finally in October 2014, the federal government introduced a new legislation entitled Extractive Sector Transparency Measures Act which, given its scope and contents, was similar to the one applied by the European Union. This act intends to regulate oil companies' operations as well as those of gas and mining companies in Canada or abroad. Its target are companies listed on TSX which do business in that country or those that have at least \$C 20 million in assets and at least \$C 40 million in income or that have 250 employees. These companies will be obliged to report their taxes, royalties, rental fees, entry fees, regulatory rates, licenses, permits and concessions, production rights, bonuses, dividends and infrastructure payments (CHATWIN & GRBESIC 2014).

With so little time before Canada's federal elections, in June 2015, the Extractive Sector Transparency Measures Act (ESTEMA) came into force⁴⁷. It

⁴⁶ Canadian Mining Law website, "Canadian federal government sets deadline for Canada's rules on resource payment disclosure regime", 2014, <http://www.canadianmininglaw.com/2014/03/10/canadian-federal-government-sets-deadline-for-canadas-rules-on-resource-payment-disclosure-regime/>

⁴⁷ Canada Justice Laws Website, Extractive Sector Transparency Measures Act (S.C.2014, c.39, s.376. Act current to 2016-12-08 and last amended on 2015-06-01

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established what was stated in the G8 Summit in 2013. This act represented an important advance to guarantee transparency measures in extractive activities. According to this act, mining companies shall inform Canada about all payments made in the commercial development of the above mentioned areas and that exceed \$C 100,000 in taxes, except taxes on consumption and income tax; fees, including rental fees, entry fees and regulatory rates, as well as fees or other considerations related to licenses, permits or concessions; production rights, bonuses, including signature, discovery and production bonuses; dividends as well as those feed paid to ordinary shareholders and infrastructure improvement payments.

These payments must include the reported payments at all levels of government, national and international, including aboriginal entities, and therefore this act shall be enforceable to any Canadian company located in the country or any other territory which is included in the three areas mentioned.

The act is applicable to all companies listed on TSX as well as to those companies that have a business place or do business or have assets in Canada, and at least one of their two latest years cover at least two of the three following requirements: 1) the company has at least \$C 20 million as assets, 2) the company has at least \$C 40 million as income, 3) the company has at least 250 employees on average. The first reports expected must be delivered in June 2016, with an extended date of 150 days. The payments made to the government and aboriginal entities must be determined before June 2017.⁴⁸

During the first year of Justin Trudeau's government, the final version of the Extractive Sector Transparency Measures Act (April 2016) which forces publicly listed local miners to report payments including taxes, royalties, fees and production entitlements of \$C 100,000 or more to governments both at home and abroad, was presented. Sums paid to aboriginal governments in Canada will not fall under the law until June 1, 2017⁴⁹.

According to a briefing note published by Cecilia Jamasmie, news editor of mining.com, the legislation is estimated to cover the nearly 2,000

⁴⁸ Canadian Mining Law website, <http://www.canadianmininglaw.com/> : "Canada proclaims the extractive sector transparency measures act into force", 2 June, 2015; "Canada seeks consultation on extractive sector transparency measures act implementation tools, 26 August, 2015, and "Enrollment opened under the extractive sector transparency measures act", 2 May, 2016.

⁴⁹ [Mining.com](http://www.mining.com), dealing in mining rights and socio-political issues affecting the mining sector, JAMASMIE Cecilia (2016) "Canada unveils final anticorruption law for the extractive sector", <http://www.mining.com/canada-unveils-final-anti-corruption-law-for-the-extractive-sector/>

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natural resource companies whose businesses are registered in Canada or trade on Toronto's stock exchange⁵⁰. Meanwhile, on the same note, Jamasmie quotes Carole Gilbert, corporate advocate and geologist in gold, uranium and iron ore exploration in Canada, Australia, Mali and Guyana. She believes that legislation seeks to hold authorities and companies accountable for the vast sums of money exchanged for the rights to develop natural resources. Those revenues function as the lifeblood for the resource-rich economies of developing countries, but details are often scant about precisely how much official take in and how they appropriate those funds.

In short, this means that the Trudeau government is caught up in a piece of legislation that its government did not introduce into parliament and that its implementation turns out to be complicated. In addition to this, the legislation requires a very relative return on accounts to the companies, when comparing the amount of the profits that they obtain, with the amounts that the companies effectively declare.

A new version of the document that specifies the steps to be taken during the technical reporting process has also been released. Natural Resources Canada started the enrollment process for companies who meet the definition of a "reporting entity" under that law. Those Rules were re-proposed on December 11, 2015, and have since been subject to two comment periods, the last one ending on February 16, 2016. Under the most recent timetable available, the SEC Rules were adopted in June 2016 (CHATWIN, GRBESIC & YUNG 2016).

Conclusion

It is obvious that the current government is facing great challenges in relation to the management of environmental issues as well as those connected with the extractive industry. The regulations and acts that were passed during the last period of Harper's government are important since they represent considerable progress on the implementation process of best practices and greater transparency in Canada's natural resources governance. The current government knows this and cannot go back on this even if it wished to do so. Trudeau needs to take advantage of the political asset produced by the enforcement of these acts to consolidate social support that allows him to implement new initiatives.

⁵⁰ *Ibid*

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At the moment, Justin Trudeau's government is working to recover Canada's good image in the world, and hopes to translate achievements obtained internationally into significant changes inside the country. The approval of the Paris Agreement by the federal parliament as well as the provinces and territories is an important step towards the construction of a Pan-Canadian consensus. The decision to establish a national tax on greenhouse gas emissions represents an unprecedented victory after Canada's dissociation from the Kyoto Protocol.

One of the greatest challenges of this government consists in placing a sound distance between them and the Canadian mining companies, which does not mean a rupture as this would go against a trend that has been part of Canada's economic history. Instead, it means going back to its roots and build on a government-companies relation based on a sustainable development project.

But, given the political conjuncture that has recently returned Donald Trump and the Republican Party at the head of the United States, it is legitimate to wonder what leeway Trudeau will have in the future. So far, the relationship between the president-elect and the prime minister has been relatively cordial, although in fact, it is clear that the appointment as Secretary of State of Rex Tillerson, the current president of one of the most powerful oil companies, the Exxon Mobil, and the appointment of Scott Pruitt, a key player in the legal battle against climate change policies, as head of the United States Environmental Protection Agency, are clear signs that Trump is determined to dismantle Obama's policy on climate change.

As we mentioned previously, the issue related to the construction of a pipeline in US territory with Canadian investment, has had several facets. During the last stage of the administration of President Barack Obama (2015-2016), he opposed the project and sought support in the United States Congress. When it was finally officially announced that the project had been canceled, the Canadian companies that led the project decided to sue the US government using the dispute settlement mechanism contemplated in Chapter 11 of NAFTA. The lawsuit was filed with the ICSID in Washington. However, after the triumph of Donald Trump in late 2016, he declared that his government would support the construction of the pipeline and more in the future. Trudeau's reaction to this statement was initially rejected, but he was

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subsequently forced to change it under the pressure of the extractive companies of both countries.

Possibly one of the few issues that will be handled more carefully by Trump will be NAFTA, as multinational companies in the three countries that have signed this agreement have found in Chapter 11 an extraordinary resource to protect their investments within the region. It would be unthinkable that Trump acted against the tide of corporate interests and destroyed the most successful tool available to them.

Justin Trudeau, will not have the easy way to construct an international policy consistent with the traditional objectives of Canada, when in the United States everything seems to indicate that there will be a president that very little sympathy with the way of doing politics in Canada. However this situation could be positively capitalized by Trudeau who could consolidate its internal policy and carry out major changes that have the support of most Canadians.

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