

Canada will continue to press for increased transparency as well as for more open, secure and non-discriminatory market access for Canadian providers of goods and services. Working party meetings are expected to be held regularly throughout 2002 in light of a renewed commitment by many WTO members to move the process forward now that the China accession and Doha Ministerial meeting have been concluded.

The Russian Federation presented its initial tariff offer in February 1998. In June 1998, Canada initiated bilateral discussions in Moscow leading to several revised offers from Russia over the last two years — most recently in February 2002. Progress has been made, primarily on industrial tariffs, during bilateral discussions that are continuing on an accelerated basis. Canada is seeking tariff concessions on products of current and future export interest to Canadian suppliers of goods such as oil and gas equipment, agricultural and agri-food products, fish and fish products, vehicles, aircraft and telecommunications equipment. Canada will, among other things, encourage Russia to bind all of its tariffs at or below currently applied rates, to join various zero-for-zero initiatives agreed in the WTO and to provide non-discriminatory access, for example, in the oilseeds sector.

The Russian Federation presented an initial services offer in October 1999. In May 2000, Canada initiated bilateral discussions on services and subsequent bilateral meetings were held throughout 2000 and 2001. Russia submitted a revised services offer in February 2001 and another in January 2002. Canada is seeking from Russia binding commitments relating to the temporary movement of natural persons and the establishment of commercial presence. Canada has particular interests in the areas of professional and other services, including computer and related services, basic and enhanced telecommunications, financial services, construction services, environmental services and transport services. Canada is also looking for the removal of restrictions and discriminatory measures for the cross-border, consumption-abroad and commercial-presence modes in these sectors.

Canada currently funds two projects — Macleod-Dixon's *WTO Assistance* and Carleton University's *Capacity Building in Trade Policy and Law*, for a total of \$6.3 million, providing direct support to Russia's decision makers in their efforts to facilitate Russia's accession to the WTO.

Investment

The protection of Canadian investment in Russia remains a priority for Canada. Canada has a significant interest in Russia, particularly in the mining and oil and gas sectors. Natural resource development and other forms of infrastructure, services and industrial development are key areas of potential interest for Canadian investors. While the encouragement of foreign investment is a stated priority of the Russian government, there have been difficulties creating a stable, attractive investment climate. Concerns for investors in the Russian Federation have included: poor corporate governance; taxation levels; the complexity and uncertainty concerning domestic legislation; and a lack of effective recourse through the judicial system in order to resolve investment disputes. Over the past year, the Russian government has introduced new legislation in areas such as taxation, customs procedures, and judicial reform which are encouraging. Business registration, licensing and verification requirements have been streamlined and a new voluntary corporate governance code is expected to be introduced in 2002.

The existing FIPA signed between Canada and the USSR in 1989 provides more limited protection for Canadian investors than more recent NAFTA-style investment agreements. Negotiations were initiated in January 1998 and are continuing with the aim of developing a new and enhanced FIPA to improve conditions for increased Canadian investment.

Ukraine

Overview

Canada-Ukraine bilateral trade was below potential at \$148 million in 2000, and dropped significantly to \$81 million in 2001. The trade balance has historically been in Ukraine's favour and dominated by steel exports. Canada's export market in Ukraine is for unique, value-added, highly-engineered products; typically in the energy, construction and agri-food sectors.

Canada ranks in the top 15 foreign investors in Ukraine at close to \$80 million, particularly in the oil and gas sector and in glass manufacturing. Canada has a Foreign Investment Protection Agreement with Ukraine. The Canadian government is working to