

Bretton Woods and Related Agreements Act

final outcome of this legislation. Of course, we want to hear from the Canadian International Development Agency and other outside experts on developing countries.

It is a pleasure to participate in a debate of this kind, to see the Government put its signature to this Convention and follow up with this initiative in Bill C-68. We look forward to completing discussion and debate at the legislative committee stage as well as at third reading.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I am pleased to speak to Bill C-68, an Act to amend the Bretton Woods and Related Agreements Act. Last June 17, when the Minister of State tabled in the House of Commons a Bill to amend the Bretton Woods and Related Agreements, he gave us to understand that this legislative measure would be called for debate in the fall, and I have to say he has kept his word. Here we are today debating this important Bill, and although I do not think it is a contentious issue it does require a minimum of debate, long enough to explain the purpose of the Bill, which is to secure the ratification of Canada and its participation in the Multilateral Investment Guarantee Agency, MIGA for short.

MIGA's mandate will be to promote private investment in developing countries and help create in these countries a climate likely to attract foreign capital. MIGA will provide foreign investors with insurance against non-commercial risks in developing countries. Currency transfer, expropriation, breach of contract, war and civil disturbance are some examples of non-commercial risks. MIGA will also have other promotion activities. Foreign private investment will contribute to enhance the development prospects of host countries through the transfer of non-debt-generating resources, technology, and sound management.

The Canadian Export Development Corporation, the EDC, already provides major insurance coverage and guarantees against non-commercial risks. The Multilateral Investment Guarantee Agency (MIGA) will be in a position to increase and complete that coverage for possible Canadian investors. For instance, MIGA could cover investments in countries that are not insured by the EDC.

MIGA will be the third affiliate of the International Bank for Reconstruction and Development. The two other affiliates are the International Development Association and the International Finance Corporation. Since MIGA is an affiliate of the World Bank, this Bill implements the agreement establishing MIGA by amending the Bretton Woods and Related Agreements Act. That Act deals with Canada's participation in the institutions set up under the Bretton Woods Agreements, namely the International Monetary Fund and the three World Bank institutions, IBRD, IDA and IFC.

Bill C-68 provides for Canada's participation in MIGA, first by adding MIGA's name to the Bretton Woods and Related Agreements Act's full title; second, by including MIGA in the Act's preamble, Section 2; third, by adding the Convention

establishing the Multilateral Investment Guarantee Agency in the Fifth Schedule, Articles 3 and 7; four, by instituting the Bank of Canada as the depository in Canada for the holdings of Canadian currency and other assets of MIGA, section 4; finally, by granting to the Minister of Finance authority to extend financial assistance to MIGA for the subscription of shares.

Mr. Speaker, Canada is authorized to purchase 2,965 shares of the Agency, for a total \$32,081,300 U.S. Within 90 days from the date on which the Convention establishing the Multilateral Investment Guarantee Agency, Canada shall pay in cash 10 per cent of said amount, and an additional 10 per cent in the form of non-negotiable, non-interest bearing notes. The remaining 80 per cent shall be subject to call by the Agency when required. Similarly, Bill C-68 grants the Minister of Finance authority to subscribe shares allotted to Canada under the Convention for a total cost of \$6,416,260 U.S.

The Convention establishing MIGA was presented for signature in October, 1985. Canada signed it in April, 1986. It should come into force before October 11, 1987. Therefore Canada must have ratified the Convention by then in order to attend MIGA's first meetings, which will deal with the drafting of regulations.

Bill C-68 also includes a minor amendment to the IBRD's articles included in the Second Schedule to the Bretton Woods and Related Agreements Act. That amendment raises from 80 to 85 per cent the percentage of votes needed to carry an amendment to the IBRD's articles. Canada and the other industrialized nations have agreed to that amendment during the negotiations on the eighth replenishment of the resources of the International Development Association, a World Bank agency that, as we know, extends loans under favourable terms.

The clauses of the Bill dealing with MIGA will come into force at the same time as the agency itself. The amendment to the schedule including IBRD's articles would come into force at a date set down by proclamation.

If I may give some background, Mr. Speaker, the idea for an international insurance scheme has been around since 1948, but was first given serious study from 1960 on. In 1973, discussions were suspended because of a lack of interest from member countries and ideological differences in the rich and developing countries. In 1981, then World Bank President A.W. Clausen raised the idea again, and at that time, it received general acceptance, particularly among countries suffering under crippling debts. In March 1985, member countries received a draft convention on the establishment of the Multilateral Investment Guarantee Agency. On October 11, 1985, after an animated debate, the Governors of the World Bank agreed to the existing convention and invited the participant countries to sign it. More than 20 countries have already signed the Convention, Mr. Speaker. The Minister of