

Bilateral

The Intergovernmental Economic Commission (IEC) helps to identify and resolve difficulties and obstacles faced by Canadian companies in Russia. Sectoral working groups focussing on oil and gas, agriculture, housing and construction, and industry development in advanced technologies, work to enhance opportunities for Canadian traders and investors. An additional working group may be created to focus on standards and certification issues, which pose significant challenges to Canadian companies across a number of sectors. For example, Canadian exporters face a multitude of product testing and certification requirements before their products can enter the Russian Federation; different products often require multiple certificates of conformity (i.e. fire, health, occupational safety), each of which are issued by different and sometimes competing Russian regulatory authorities; and public information on regulatory requirements is often difficult to obtain.

Through the IEC and other bilateral initiatives including technical cooperation, Canada is promoting reforms to the tax code; dispute settlement and contract enforcement procedures; and policy frameworks for resource development; as well as pressing for the removal of numerous administrative barriers to trade and investment, and uniformity in the application and enforcement of laws and regulations.

WTO Accession

The Russian Federation applied to join the WTO in 1993. Canada is a member of the WTO working party charged with examining Russia's application and is holding bilateral discussions with the Russian Federation to advance the accession.

Throughout discussions held in 1997, Canada has underlined its support for Russia's eventual membership in the WTO on commercially viable terms generally applicable to newly acceding members. Russia's membership in the WTO will give Canadian traders and investors enhanced and more predictable access to this important market. It will also consolidate the economic transition process in the Russian Federation and strengthen the multilateral trading system.

Although much has been achieved in recent years, considerable work remains before Russia's trade and economic system will be in conformity with WTO disciplines. Throughout 1998, Canada will continue to press for increased transparency, as well as more open, secure and non-discriminatory market access for Canadian goods and services providers.

The Russian Federation presented its initial tariff offer in February 1998. This sets the stage for bilateral negotiations in which Canada will seek tariff concessions on products of current and future export interest to this market, such as oil and gas equipment, agricultural and agri-food products, vehicles and telecommunications equipment. Canada will, among other things, look to Russia to bind all its tariffs at or below currently applied rates; to join various zero-for-zero initiatives agreed in the Uruguay Round; and to provide non-discriminatory access, for example, in the oilseeds sector.

With regard to market access for services, the Russian Federation may present an initial offer in 1998. In subsequent negotiations, Canada will look for Russia to take binding commitments in 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 will be looking for the removal of restrictions and discriminatory measures for the cross-border, consumption-abroad and commercial-presence modes in these sectors.

Investment

Given the potential for natural resource development and other forms of infrastructure, services and industrial investment, Canada and Russia began negotiations in January 1998 on a new Foreign Investment and Protection Agreement (FIPA). The existing FIPA, signed between Canada and the USSR in 1989, falls short of the desired level of protection for Canadian investors. A new FIPA would improve conditions for increased Canadian investment, including in several large infrastructure projects now under negotiation.