Bilateral Initiatives

Canada has negotiated 26 FIPAs since the beginning of the program in 1989, and is currently pursuing negotiations with several important commercial partners, including China, Russia, Brazil, India and Colombia. FIPAs are bilateral, reciprocal agreements designed to protect and promote Canada's foreign investments abroad, particularly in developing economies, through a framework of legally-binding rights and obligations. Canadian companies tend to have greater concerns about investment in developing countries where barriers tend to be more prevalent and less transparent and remedies are not readily available.

Canada's FIPAs serve to provide assurances to investors that the rules governing investment will remain bound by certain standards of fairness and predictability. FIPAs can help Canadian enterprises gain an optimum level of investment, lower their political risks and reduce many of the costs associated with making investments in emerging economies. Bilateral investment treaties such as FIPAs are used extensively worldwide; there are currently more than 1,600 such agreements.

Regional Initiatives

As part of the NAFTA, Canada negotiated a comprehensive investment agreement with the United States and Mexico. The NAFTA investment chapter was the basis for the investment provisions in the Canada-Chile Free Trade Agreement (CCFTA) and most of Canada's FIPAs. Since September 1998, Canada has been working with its trade and investment partners in this hemisphere to develop a fair and transparent legal framework to promote investment in the Americas in the context of the FTAA initiative.

Canada is also involved in regional investment discussions with Pacific Rim countries through APEC. Through a program of voluntary individual action plans guided by non-binding investment principles (NBIPs), APEC economies work to liberalize their investment regimes by removing restrictions on market access and strengthening their legislation to protect foreign investment.

The World Trade Organization

At the 1996 WTO Singapore Ministerial Conference, ministers established an educative work program on investment with a mandate to investigate the relationship between trade and investment. The WTO Working Group on Trade and Investment has provided a forum for balanced discussion between developed and developing countries on international investment and the possibility of developing rules in the WTO framework. It investigated existing investment rules in the WTO and in regional and bilateral agreements to identify whether these rules should be augmented or adjusted. WTO Members have reached the general conclusion that international investment has a positive impact on growth and development.

In the lead-up to the WTO Ministerial Conference in Seattle, a number of countries, led by the EU, had proposed that investment be included in the agenda for a new round of WTO negotiations. These proposals suggested a modest framework for negotiations and clearly differentiated from the previous initiative for an OECD Multilateral Agreement on Investment. Discussions at the Seattle conference were suspended, and next steps are still under consideration.

Over the past year, the Government has undertaken extensive consultations with a broad cross-section of domestic stakeholders to inform them of the proposed WTO investment agenda and to seek their views. Over 1,100 representatives from the provinces, business, academia, as well as human rights, environment and labour organizations were invited to participate in roundtables, which were held in 11 cities across Canada. A report on the results of the discussions has been placed on DFAIT website *(www.dfait-maeci.gc.ca/tna-nac)*. The Government is committed to continuing the process of dialogue and feedback with stakeholders.

The WTO also incorporates a number of investment-related rules in its existing agreements. The Agreement on Trade Related Investment Measures (TRIMs) prohibits a number of performance requirements, such as trade-balancing requirements, domestic sourcing and export restrictions applicable to goods industries. The GATS provides for the "right of establishment", which accords service providers the right to enter