

moreover, played a disappointing role in the MTN, demonstrating as a group continuing reluctance to abandon special and differential treatment or to accept extensive disciplines in the area of investment. The PRC has made impressive economic gains in recent years, but formalizing trade and domestic economic liberalization in binding international agreements would demand a commitment that goes considerably further than what the Chinese leadership has accepted to date.³³ For its part, and as discussed in a previous section, Japan also does not appear ready to cross the threshold into a comprehensive arrangement in a truly reciprocal manner, including with regard to such sensitive sectors as agriculture and a commitment to explore meaningful reform of competition (anti-trust) policy.

Second, an APEC-based negotiation in the above areas would entail that which we have already done twice: negotiating a carefully crafted, broad-ranging legal framework governing our economic relationship with the U.S.. Canada already has an arduously developed, balanced framework to govern many of the multiple aspects of our relations with the U.S., including investment, intellectual property, and dispute settlement. That framework is the FTA as reworked in the NAFTA. To engage in the negotiation of an APEC-wide investment instrument, for example, would expose us once again to renegotiating our investment relations with the U.S., including those areas where Canada retains policy flexibility (e.g., the right to impose technology transfer performance requirements in cases of foreign takeovers; Canada's sectoral reservations to the non-discrimination obligations). If the U.S. were to decide to pursue seriously a detailed APEC negotiating option, and if others appeared ready to participate, then we would want to look very closely at joining the process. But there is no compelling reason for Canada to encourage such an approach.

Third, there are other, better options. With respect to investment, Canada has recently revised its model bilateral Foreign Investment Protection Agreement (FIPA) to reflect some of the higher quality disciplines found in the NAFTA. To the degree that Canadian investors in an Asian country seek greater security and the opportunity exists to prohibit certain trade-distorting practices in that country, then the negotiation of a FIPA would make sense.

But more importantly, we now have the NAFTA, scheduled to enter into force in January 1994. This agreement ranges far across the landscape of economic policy; including disciplines and comprehensive commitments on trade in goods and services, investment, intellectual property and various layers of carefully crafted dispute settlement procedures. It provides improved and more secure access for

³³ Not to mention continuing reluctance in the West with regard to forging significantly closer, more formal economic ties with the PRC as long as it adheres to political totalitarianism.