

The Government should consider undertaking a full impact analysis that will explain the reason that Canada should take part in the MAI. Where relevant, this will include a discussion of foreseeable economic, environmental, social and cultural effects of the agreement and the obligations imposed by the final terms of the agreement.

The Government agrees with the thrust of this recommendation, while noting that Canada's objectives in a satisfactory MAI are well-defined, and our bottom lines are clearly identified.

Canada's objective in a satisfactory MAI is clear: to secure fair and predictable treatment for Canadian firms abroad, similar to that enjoyed by foreign investors in Canada.

The Government analyses on a continual basis the broader impacts of the emerging MAI, focussing upon any potential economic, environmental, social and cultural effects. The extensive consultations that have been held to date with the provinces, NGOs, business and other groups inform Canada's understanding of the possible effects and benefits of an agreement. The SCFAIT hearings and the comprehensive Report of the Committee played a valuable role in informing the Government on the anticipated impact of an agreement, and as such, has contributed to the shaping of Canada's negotiating objectives.

In light of these analyses and consultations, the Government has been able to identify Canada's bottom lines in the negotiations, which are fully reflected in Canada's draft reservations to a potential agreement. These bottom lines have guided Canadian negotiators throughout the negotiations.

Recommendation 5

In future negotiations regarding matters of as widespread importance as the MAI, the Government should undertake an open and transparent process so that public disclosure and consultations can be carried out in a timely manner, to the extent that this is strategically possible.

The Government agrees with this recommendation.

This Government has been and remains committed to open and transparent processes regarding Canada's participation in international negotiations.

Recommendation 6

The definition of investment in the MAI should be clarified and should replicate the approach used in the North American Free Trade Agreement (NAFTA) and in Canada's bilateral investment treaties.

The Government agrees with this recommendation.

Canada will only accept a definition of investment that is compatible with Canada's rights and obligations under the NAFTA and other relevant agreements.

Recommendation 7

In the interest of certainty of both governments and investors, the MAI should clearly indicate, in cases where its provisions deal with the same subject matter as other international agreements, which substantive or procedural rules are to apply to any