

regulatory requirements is also often difficult to obtain. Foreign Affairs and International Trade had proposed to address these difficulties through the establishment of a working group on standards and certification, but has shelved this initiative due to resource constraints. Nevertheless, the resolution of Russia-related TBT issues remains a priority for Canada.

Through the IEC and other bilateral initiatives, including technical co-operation, Canada is promoting reforms to the Russian tax code; dispute settlement and contract enforcement procedures; and policy frameworks for resource development. We have also pressed for the removal of numerous administrative barriers to trade and investment, and uniformity in the application and enforcement of laws and regulations.

The fourth annual IEC should have taken place in autumn 1998; however, it was postponed due to the continuing financial crisis and because of delays in confirmation of Prime Minister Primakov. During Russian Deputy Prime Minister Kulik's visit to Canada February 8-12 1999, it was agreed that the next session of the IEC should take place in Russia in 1999.

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 1998, 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, Russia continues to have a great deal of work to do to bring its trade and economic system up to WTO standards. Throughout 1999, 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. In June 1998, Canada initiated bilateral discussions in Moscow. Canada is seeking 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.

The financial situation that developed in the second half of 1998 has delayed progress in the preparation work with regard to market access for services. The Russian Federation may present an initial offer in 1999. 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

The protection of investment in Russia remains a priority for Canada, particularly given the country's recent economic downturn. Natural resource development and other forms of infrastructure, services and industrial investment are key areas of potential interest for Canadian investors. The existing foreign Investment and Protection Agreement (FIPA), signed between Canada and USSR in 1989, provides limited protection for Canadian investors compared to more recent, NAFTA-style investment agreements. Negotiation of a new FIPA began in January 1998 with the aim of improving conditions for increased Canadian investment.