

investments in its territory of investors of another Contracting Party fair and equitable treatment and full and constant protection and security. Such treatment shall also apply to the operation, management, maintenance, use, enjoyment or disposal of such investments. In no such case shall a Contracting Party accord treatment less favourable than that required by international law."

2. 2 In the NAFTA, Canada secured a grandfathering of all nonconforming provincial measures together with unbound reservations to ensure full policy flexibility in certain sensitive sectors.

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"The Government's response to the Committee's recommendations confirms our commitment to an approach that is both sensitive to, and in keeping with, the interests and concerns raised by the Canadian public," said Mr. Marchi. "Indeed, the parliamentary consensus reflected in the Committee report very much complements the position taken by the Government throughout the MAI negotiations."

At the Minister's request, the all-party Sub-Committee on International Trade, Trade Disputes and Investment of the Standing Committee on Foreign Affairs and International Trade held public hearings in November on the MAI and submitted its report with recommendations in December 1997. The Government has responded positively to all of these 17 recommendations, which provide useful advice to the Government and its negotiators.

During the hearings, the Sub-Committee heard from more than 50 Canadian witnesses and received over 150 written submissions representing diverse perspectives and a wide range of concerns. A number of experts and spokespersons for national associations also presented their views on the proposed deal.

In its response, the Government reiterates its commitment to continued consultations with Parliament, the provinces and Canadians. Canada will only sign an agreement, with bounded reservations, that fully preserves its freedoms of action at both the federal and provincial levels, on Canadian culture, the environment, labour standards, health, education, social services, Aboriginal programs and programs for minority groups.

"In this parliamentary process, I've asked, I've listened and I've agreed," concluded Minister Marchi. "In these negotiations, there is no time line. There is only Canada's bottom line, and we will not sign on unless our requirements are met."

The MAI is being negotiated in Paris under the auspices of the Organization for Economic Co-operation and Development (OECD), a body that promotes co-operation among the world's 29 major industrialized countries including Canada. The agreement is an attempt to negotiate a multi-lateral framework of rules for investment.

A background paper is attached.

For further information, media representatives may contact: