

International collaboration is particularly necessary in the area of energy R&D, since no single country could hope to carry out a comprehensive and meaningful energy R&D program on its own. International R&D cooperation can focus on the longer-term development of new energy technologies or on the more immediate application of technologies. The International Energy Agency, with its implementing agreements to carry out joint energy-related R&D, is an example of how such international cooperation can work.

Capacity Building

Addressing issues associated with energy and sustainable development requires appropriate "capacity" within governments, institutions, private sector organizations, and civil society.

Governments have a vital role to play in establishing and maintaining a sound policy, fiscal, and regulatory environment, which requires capacity building in the key functions of good governance (policy and program development and delivery), institutional development, and science and technology. In their stewardship role, governments require the capacity to

- ensure that enterprises that produce, transform, and distribute energy can remain financially viable and operate in a manner that protects the environment
- regulate the energy industry in a fair and predictable way
- conduct and apply appropriate research in both policy and technological areas
- develop the necessary human resources
- implement programs of information gathering, dissemination, and exchange to support sound decision making and enhance public knowledge and awareness
- engage all stakeholders in project development, including the project proponent, beneficiaries, and affected groups
- operate in a global setting, whether in multilateral fora such as the United Nations or in negotiations with multinational corporations.

There are significant opportunities for international organizations to work together to improve the analytical and policy-making capacity of developing countries. Joint policy discussions and policy research help develop the capacity of governments to undertake their own analyses

Trade Agreements

Canada believes that an open and transparent international trading system is essential to sustainable development. The World Trade Organization (WTO), to which Canada is party, provides its member countries with a common institutional and legal framework for the conduct of their trade relations, including most aspects of energy trade. Canada is also party to the North American Free Trade Agreement (NAFTA) and a number of bilateral trade agreements. In addition, Canada is engaged in negotiations in the context of the Free Trade Areas of the Americas (FTAA) and the WTO General Agreement on Trade in Services. These agreements share two fundamental principles that are key to Canada's international energy objectives:

- *They establish a rules-based system to help trade in goods and services to flow smoothly, ensure predictability, and provide an efficient and fair mechanism for dealing with disputes over trade issues.*
- *They ensure stable, predictable, and transparent legal and policy frameworks within which markets can operate effectively without undue risk for investors and for the common good, and allow governments to supplement the market with strategic initiatives where needed.*