



bilateral meetings were held at the officials level through the spring of 1998. These meetings prompted the Government to undertake an extensive program of consultations to seek the views of business persons, associations, academics, interested individuals, civil society representatives and provincial counterparts on the viability of a Canada-EFTA Free Trade Agreement. A DFAIT website was also created and regular briefings were provided to the Standing Committee on Foreign Affairs and International Trade, Provincial Trade Representatives and SAGITs. As well, briefings and discussions were held in Toronto, St. John's, Montreal, Vancouver and Calgary.

With obvious domestic support for the initiative, the Government formally announced the launch of negotiations for a free trade agreement between Canada and EFTA on October 9, 1998.

Canada and EFTA have confirmed their intent to conclude a comprehensive trade agreement and to work towards completing negotiations by mid-1999. Three rounds of negotiations have been held in Ottawa, October 1998, in Geneva, November 1998 and again in February 1999. Six working groups have met to pursue specific questions on general market access, agriculture, services and investment, competition, trade remedies and government procurement. Intellectual Property issues were also discussed in October.

The Canada-EFTA FTA is an important initiative for Canada as it both complements and confirms long standing Canadian objectives for the liberalization of trade and investment and offers the opportunity to set an example for future multilateral negotiations. It will be the first transatlantic agreement and will offer Canadians a number of important benefits. It will:

- re-enforce and build on our strong trade and investment relationships with Europe and with the EFTA countries;
- enhance our history of shared values and activities in a wide range of multilateral fora;
- demonstrate the possibilities for co-operation between two important, economically well-developed regions as the publicity and discussions surrounding this agreement raises awareness of marketing and investment opportunities on both sides; and,
- provide immediate and tangible benefits to exporters and investors on both sides.

## RUSSIAN FEDERATION

### Overview

Despite double-digit growth early in the year, the effects of the financial crisis eventually set in so that for 1998 overall, Canada's merchandise exports to the Russian Federation declined by some 24 percent to \$276 million. Imports of goods from Russia to Canada grew by 18 percent to \$732 million. In 1997, the value of direct Canadian investment in Russia exceeded \$400 million, mostly in the mining and oil and gas sectors.

The Russian economy is expected to gradually restructure and recover from this latest crisis over the coming years and will continue to be a key strategic market for Canadian resource extraction, agri-food, and construction materials sectors. The Canadian Government is working to improve access to this important emerging market along three main tracks: the bilateral Intergovernmental Economic Commission; accession negotiations on Russia's entry into the WTO; and through negotiation of a new FIPA.

### Bilateral

The Canada-Russia Intergovernmental Economic Commission (IEC) was established in 1995 with a mandate to identify and resolve trade and investment irritants and obstacles faced by Canadian and Russian companies in each others' markets. Sectoral working groups focusing on oil and gas, agriculture, housing and construction, and industry development in advanced technologies, work to enhance opportunities for Canadian traders and investors. Additional working groups have been proposed in the following sectors: mining, the environment, and aerospace. Also under consideration are proposals for ad-hoc IEC events for the forestry sector, and to promote closer economic relations between Western Canada and the Russian Far East.

Canadian exporters face a multitude of product testing and certification standards before their products can enter the Russian Federation. Different products frequently require multiple certificates of conformity (i.e., fire, health, occupational safety), each issued by different (and sometimes competing) Russian regulatory authorities. Published information on these