

other countries in the negotiations, fully supports inclusion in an agreement of references to the principles underlying ILO core labour standards and the association of the OECD Guidelines for Multinational Enterprises. Labour is a matter where, in some areas, the federal government has exclusive jurisdiction and, in other areas, provincial governments have exclusive jurisdiction. The Government is working closely with its provincial counterparts to develop a national position to explore inclusion of a provision not to lower labour standards for purposes of attracting an investment. The draft provision, Alternative 2, referenced by the SCFAIT, provides a useful model for a provision to this effect. The NAFTA provides a similar provision not to lower environmental measures. The core principles of non-discrimination on which the MAI rests will not limit the ability of governments to maintain, or indeed promote, labour standards. The Government is committed to ensuring that the MAI does not inadvertently threaten labour standards, whether in Canada or globally.

### **Recommendation 13**

**The concerns of Canadians regarding the maintenance and introduction of effective environmental standards must be addressed through the use of strong and unambiguous language in the text of the agreement -- as in Alternative 2 on page 50 of the MAI draft text. Nothing in the MAI, apart from the national treatment of non-discrimination provisions, should infringe on Canadian governments' capacity, at all levels, to introduce new measures to protect the environment and promote sustainable development.**

The Government agrees with this recommendation.

The Government is committed to advancing environmental protection and sustainable development. Canada will not accept obligations that would infringe on the right of governments to regulate or take appropriate measures in the interests of protecting the environment or promoting sustainable development.

Canada is currently working with other countries to introduce language into the agreement that would stipulate clearly that the MAI does not prevent countries from maintaining, introducing or enforcing environmental measures of general application.

The Government is also committed to ensuring that countries do not lower their environmental standards in order to attract investment. The SCFAIT refers to a draft provision, Alternative 2, that mirrors the provision Canada agreed to in the NAFTA.

As environment is an area of shared jurisdiction with the provinces, the Government is working closely with provincial governments in the development of Canada's positions on these matters.

### **Recommendation 14**

**Canada must achieve an adequate and effective cultural exemption in order to sign the agreement. Therefore, Canada should remain part of the coalition of countries supporting the principle of the French approach to exempting culture from the agreement: incorporating a broad self-judging exception within the text of the MAI. Canada should aggressively pursue alliances with other OECD member countries in support of this position.**

The Government agrees with this recommendation.