

CANADIAN COUNTERPART FUND ACCOUNT

The Canadian Counterpart Fund Account (CFA) was generated from the proceeds of Canadian food aid shipped to Poland last winter in the form of wheat, pork, soy bean oil and fish. It is expected that it will amount to the equivalent of \$6 million in the Polish currency (Zloty) and will be used to finance the local costs of jointly agreed upon projects in Poland. In this manner, a link has been established so that short-term food aid can be transferred to help in the longer-term economic and political development of that country.

It has been agreed that the CFA will focus on projects that are directed towards agriculture and rural development, especially in the south-east region of Poland which has been relatively neglected despite its high agricultural potential. It also is a region in which a relatively large number of Canadians of Polish descent trace their roots.

Examples of commitments made to date from the CFA are:

- assistance to complete certain rural water supply, rural telecommunications and rural road projects in four provinces in the southeastern region;
- local financing for a number of agricultural training and technical exchange projects being implemented by both Agriculture Canada and the private sector;
- matching support to the voluntary contributions made by the Canadian Polish Congress towards medical and humanitarian assistance.

PROTECTION FOR CANADIAN INVESTMENTS

There has been a marked increase in the interest among Canadian businesses in investing in Central and Eastern Europe and the Soviet Union. Coupled with this interest, however, has been concern over the security of those investments.

When the Prime Minister visited the Soviet Union last November, accompanied by a major trade and investment mission, he signed the first-ever Foreign Investment Protection Agreement (FIPA). Since then, FIPAs have also been signed with Poland and Czechoslovakia and one is currently being negotiated with Hungary.

What do FIPAs do? They extend protection reciprocally to foreign investment through such provisions as: (a) national treatment of foreign investors (foreign investors are guaranteed the same treatment as national investors, subject to exceptions in strategic or sensitive sectors which can be agreed to); (b) most favoured nation treatment (treatment no less favourable than that extended to investors of any third country); (c) provisions for the free transfer of capital and repatriation of profits in convertible currency; and (d) a consultation and dispute mechanism.

REACHING OUT

It is the aim of the Task Force to include as many Canadians as possible actively in our program aimed at Eastern and Central Europe.

It is not just the government which has a stake in responding to the revolutions of 1989 -- all Canadians have a stake and the Task Force is primed to tap as many sources as possible for commitment, involvement and action.