

The Russian Federation presented its initial tariff offer in February 1998. In June 1998, Canada initiated bilateral discussions in Moscow, and there have been some further bilateral discussions since then. Canada is seeking tariff concessions on products of current and future export interest to this market, such as oil and gas equipment, agricultural and agri-food products, vehicles and telecommunications equipment. Canada will, among other things, look to Russia to bind all of its tariffs at or below currently applied rates, to join various zero-for-zero initiatives agreed in the WTO and to provide non-discriminatory access, for example, in the oilseeds sector.

The Russian Federation presented an initial services offer in October, 1999. In subsequent negotiations, Canada will ask Russia to make binding commitments relating to the temporary movement of natural persons and the establishment of commercial presence. Canada has particular interests in the areas of professional and other services, including computer and related services, basic and enhanced telecommunications, financial services, construction services, environmental services and transport services. Canada will also be looking for the removal of restrictions and discriminatory measures for the cross-border, consumption-abroad and commercial-presence modes in these sectors.

Investment

The protection of Canadian investment in Russia remains a priority for Canada. Canada has a significant interest in Russia, particularly in the mining and oil and gas sectors. Natural resource development and other forms of infrastructure, services and industrial development are key areas of potential interest for Canadian investors.

While the encouragement of foreign investment is a stated priority of the Russian government, there have been difficulties creating a stable, attractive investment climate. Current concerns for investors in the Russian Federation include: crime and corruption; taxation levels; the complexity and uncertainty concerning domestic legislation; and a lack of effective recourse through the judicial system in order to resolve investment disputes.

The existing FIPA signed between Canada and the USSR in 1989 provides limited protection for Canadian investors compared to more recent NAFTA-style investment agreements. Negotiations were initiated in January 1998 and are continuing in 2000 with the aim of developing a new and enhanced FIPA to improve conditions for increased Canadian investment.