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CANADA-POLAND FOREIGN INVESTMENT

PROTECTION AGREEMENT

International Trade Minister John C. Crosbie today announced that a bilateral Foreign Investment Protection Agreement between Canada and Poland was signed on April 6 in Warsaw by Deputy Prime Minister Don Mazankowski and Polish Deputy Prime Minister Leszek Balcerowicz.

This Agreement, which will come into force upon ratification, covers both Canadian investments in Poland and Polish investments in Canada. It provides for Most Favoured Nation (MFN) and national treatment of the investments, and for fair treatment and compensation in cases of expropriation or nationalization.

It also contains provisions concerning the transfer of funds. Until the Polish zloty becomes fully convertible, Canadian investors will be guaranteed the free transfer in convertible currency of at least 15 per cent of their annual returns. The Agreement also provides a legally binding dispute settlement mechanism with international arbitration.

Mr. Crosbie noted that "this Agreement will offer greater certainty to Canadian investors in Poland, by creating a more secure environment for their investments. Along with the Agreement for the Avoidance of Double Taxation which is now in force, it creates a legal framework of benefit to Canadian investors in Poland."

The Agreement also contributes to the Government's programme of assistance to Poland, which emphasizes the important role of the private sector in stimulating economic growth.

This is the second Foreign Investment Protection Agreement Canada has entered into. Prime Minister Mulroney signed Canada's first such Agreement with the USSR last November. Additional Agreements, which will be of benefit to Canadian investors abroad, are expected to be negotiated in the near future, beginning with other countries in Eastern Europe.