

INVESTMENT : QUESTION # 3

What protective measures against foreign investment will be sought by Canada under a NAFTA agreement?

RESPONSE:

- IT IS FIRST OF ALL IMPORTANT TO REMEMBER THE PROTECTION ALREADY GRANTED FOR CANADA FROM AMERICAN INVESTMENT PRESENT UNDER THE FTA. THE PRINCIPLES OUTLINED IN THIS AGREEMENT MAY SERVE FOR THE NAFTA TO PROTECT ESSENTIAL CANADIAN INTERESTS OF NATIONAL SECURITY.
- MOREOVER, THE PRINCIPLE OF REVIEW OF FOREIGN INVESTMENT IN CASES WHERE NATIONAL SECURITY, WHICH IS YET TO BE FULLY DEFINED, IS IMPORTANT TO SECURING FAIR AND EQUAL ACCESS FOR CANADIAN DOMESTICALLY AND THOSE INTERESTED IN INVESTMENT IN EITHER THE UNITED STATES OR MEXICO.

INVESTMENT : QUESTION # 4

Given that the U.S. did not receive all the investment principles it wanted under the FTA, will the NAFTA not simply become a new forum to achieve these measures?

Background:

Under the FTA, certain guidelines and exemptions were decided upon to govern Canadian-American investment. The United States would like Canada to make the following concessions:

- give up restrictions on foreign investment and ownership except in a few limited circumstances,
- end the review process presently conducted by Investment Canada,
- eliminate all performance requirements,
- submit disputes to an international arbitration mechanism between the Canadian government and U.S investors.

RESPONSE:

- AS WE HAVE REITERATED ON NUMEROUS OCCASIONS, THE FTA IS NOT OPEN FOR RENEGOTIATION. THE NAFTA NEGOTIATIONS DO, HOWEVER, PROVIDE OPPORTUNITIES TO EXPAND UPON THE FTA AND ADDITIONS WILL BE CONSIDERED IF THEY ARE CONSIDERED TO BE IN THE BEST INTEREST OF CANADIAN FIRMS.