

## Canada's Market Access Priorities for 2004

- Continue representations aimed at removing the Philippines' remaining BSE measures on beef and beef product imports from Canada.
- Work with the CFIA to resolve, with the Philippine Bureau of Plant Industry, certain phytosanitary issues that have prevented the entry of Canadian seed potatoes into the Philippines.
- Continue to advocate the benefits of a socially and environmentally responsible mining industry.
- Monitor and assess the investment climate for transparency and due process.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, the Philippines issued a ban on the import of beef and beef products, including bone-in beef and offal from Canada. In August 2003, the Philippines agreed to resume trade in boneless beef, subject to agreement on the terms of a health certificate. In November, both sides agreed to such a certificate. Canada has kept all its trading partners, including the Philippines, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

### Meat and Dairy Import Inspection

The Department of Agriculture has attempted to establish various forms of inspection regimes over the last three years, including Memorandum Order No. 7, Series of 2002 referred to above under "Market Access Results in 2003." It will be important to monitor closely any attempts to resurrect such requirements and to react quickly if the requirements are unduly trade-restrictive.

## OTHER ISSUES

### Investment

Despite official efforts to encourage investment, government decision making can be complex and slow and the legal environment highly unpredictable, resulting in a poor investment climate in certain sectors. Moreover, recent decisions, such as the Supreme Court's annulment of the contract to build the new airport terminal in Manila, have deterred foreign investors. Prospective Canadian investments in infrastructure have been hampered by less than fully predictable government decision making on build-operate-transfer (BOT) and private sector participation projects, with (in particular) the law and regulations on unsolicited BOTs subject to differing interpretations. Foreign investment in some other sectors (e.g., in call centres and in manufacturing and financial services) has proven more straightforward.

### Mining

The Philippines possesses substantial mineral resources, and a number of Canadian juniors are conducting exploration or developing projects in the Philippines. However, the investment climate, which appears welcoming on paper, has been a challenging and unpredictable one for foreign investors. Reasons include an ambivalent national government, limited administrative capacity in the regions, weak governance, lack of clarity on Indigenous peoples' ancestral rights, a long-pending challenge of the Mining Act before the Supreme Court and vigorous opposition to mineral development from civil society and church groups. Canadian investors will be monitoring the implementation of new government policy to revitalize the mining sector.

Canada's ongoing advocacy that mineral development can be implemented in a responsible fashion, consistent with sustainable development principles, contributed to the Philippine government's January 2003 decision to switch "from tolerance to support" of the industry. Canada's subsequent participation in a World Bank-led program in support of the Philippine government resulted in a confirmation of this policy and in an Executive Order on the National Policy