

### Investment

The inclusion of the investment provisions in the FTA is a departure from the traditional content of international trade agreements. Nevertheless a hospitable investment climate in Canada is essential if the full benefits of trade liberalization are to be achieved. New investment in Manitoba will be critical to economic growth, innovative trade and job creation. Domestic firms in Canada as well as foreign owned subsidiaries will be making major investments as they increase their scale and specialization and take advantage of the American marketplace. Increased investment will create new jobs and wealth in Manitoba and ensure the means to provide social and economic benefits to its people.

Recognizing the sensitivity of investment, all existing investment policies have been grandfathered. In other words, controls on investment in energy, transport, culture and telecommunications, for example, remain intact. Canada's right to review significant acquisitions by U.S. investors is left unchanged by the Trade Agreement. Under the new threshold levels for review of direct acquisitions by Investment Canada, more than two-thirds of the total value of assets in Canada will still be covered by 1992.

### Adjustment

The trade agreement provides several features which will assist Canadian industry to adjust and withstand competitive pressures. The agreement is phased in over a ten-year period with the more vulnerable sectors having larger adjustment periods.

Particularly sensitive industries or policies have been largely excluded from the FTA. These include agricultural supply managed products, all cultural industries and the maintenance of the Auto Pact.

At the November 27, 1987 First Ministers' Conference, the Prime Minister announced the creation of an Advisory Council on Adjustment. The Council will be chaired by Jean de Grandpré, President of Bell Canada. The Council will identify specific adjustment issues or circumstances arising from the FTA and make appropriate recommendations. The Council will also assist the federal government in ensuring that Canadians take full advantage of the new opportunities arising from the trade agreement.