

MULTILATERAL AGREEMENT ON INVESTMENT NEGOTIATIONS

Canada has already exchanged extensive investment rights and obligations with the United States and Mexico in the NAFTA. The main objective in the MAI negotiations is to extend these NAFTA rules to all OECD countries, and to any country willing and able to accede to the MAI. In particular, Canada will ensure that the government retains the ability to provide for the protection of cultural industries and other sensitive sectors.

The MAI also offers an opportunity for Canada to seek to address other issues that are not covered in existing agreements. For example, Canada is seeking the inclusion in the MAI of provisions to ensure that any extraterritorial application of domestic jurisdiction affecting investors in Canada does not conflict with Canadian law or policy, which would provide greater protection to our investors and their investments abroad. Other areas being considered in the negotiations that are especially relevant to Canadian investors include the application of national treatment with respect to research and development consortia and incentives, and investment incentives in general.

Canada is arguing vigorously to make the MAI as attractive as possible to non-OECD countries and to encourage their accession at the earliest possible date. The issue of accession of non-members also relates to the emerging investment agenda, which Canada is pursuing in the WTO.

Canada would benefit from a comprehensive MAI in three ways:

- by affording greater protection to Canadian direct investment in OECD and other MAI-adhering countries;
- by advancing Canadian trade and investment interests abroad to the extent that the MAI reduces barriers or discrimination adversely affecting outward Canadian investment; and
- by raising the attractiveness of Canada as an investment location through the undertaking of state-of-the-art obligations. The MAI could also serve as a model for an eventual WTO-based investment agreement.