



Investment is vital to the health of the Canadian economy. As a country more oriented toward international trade and investment than any of its competitors, Canada has a vested interest in keeping the flow of trade and investment strong.

The achievement of a fair, open and secure environment for international investment is of key importance for increasing Canada's productivity and prosperity. Accordingly, the Government supports the negotiation of comprehensive investment rules in the FTAA negotiations. While negotiations are still in the early stages, the Government believes that these rules should offer investors protection from arbitrary and discriminatory actions, an issue that is at the heart of liberalized trade. In doing so, Canada's approach will be informed by its past experiences with trade negotiations and the implementation of investment rules with other countries. Canada will ensure that it preserves its ability to adopt or maintain regulations, administrative practices or other measures in sectors of key policy interest, such as health, public education, social services or culture. As is the case for other trade agreements, the FTAA investment chapter will allow countries to file exceptions for those measures they wish to maintain and would otherwise not be allowed under the FTAA (e.g., performance requirements).

Although the set of investment rules contained in NAFTA Chapter 11 has worked relatively well, the Government is not advocating the replication of the NAFTA dispute settlement rules in the FTAA. Canada continues to collaborate with its NAFTA partners to promote the clarity and transparency of these rules. Last year, trade ministers from the three NAFTA countries confirmed the proper interpretation of two important aspects of Chapter 11: one on transparency, and the other on the body of law to which the minimum standard of treatment refers, namely customary international law.

This collaborative work is not over. Following the May 28, 2002, meeting of the NAFTA Free Trade Commission, experts were directed to continue their work examining the implementation and operation of Chapter 11, including developing recommendations as appropriate. This work will not only contribute to the effective and proper implementation of the Chapter, but will also serve to increase public understanding of its operation, as well as help us to build better and more transparent rules for future agreements.

