



DEPARTMENT OF EXTERNAL AFFAIRS
MINISTÈRE DES AFFAIRES EXTÉRIEURES

communiqué

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SIGNATURE OF THREE AGREEMENTS
BETWEEN CANADA AND FRANCE

The Secretary of State for External Affairs, the Right Honourable Joe Clark, on the occasion of the visit to Ottawa of his French counterpart, Mr. Jean-Bernard Raimond, announces the signature of three agreements: An Agreement on Economic and Industrial Co-operation, a protocol to the Taxation Convention of 1975, and a protocol to the 1956 Canada/France Agreement on the Admission of Trainees.

Agreement on Economic and Industrial Co-operation

The Agreement on Economic and Industrial Co-operation is the most important economic agreement signed by Canada and France in recent years. It is designed to expand industrial co-operation through the promotion of joint ventures, transfer of technology, investment activities and joint research and development projects between Canadian and French companies, particularly small businesses. The agreement calls for participation by the Department of Regional Industrial Expansion, the National Research Council and other federal agencies.

Protocol to the Taxation Convention of 1975

Negotiated by Canadian and French finance officials, this protocol to the Taxation Convention of 1975 consists of amendments necessitated by changes in the taxation legislation of both countries over the past twelve years. This agreement provides for a decrease in withholding tax on profits earned by subsidiaries in the two countries, as well as on interest and certain dividends. These amendments will also remedy problems currently being experienced in the taxation of nationalized French banks operating in Canada.

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In addition, the protocol contains a provincial clause allowing interested provinces, notably Quebec, to sign separate taxation agreements with the French government.

Protocol to the 1956 Canada/France Agreement on the Admission of Trainees

During his visit to Paris last February, Prime Minister Mulroney made a commitment to double the number of young trainees eligible under the 1956 Agreement (from 100 to 200). Ideally, the trainees should be placed in commercial and industrial firms offering some potential for bilateral co-operation. The protocol formalizes the commitments made by the Prime Minister and sets out the new administrative mechanisms which will govern the 1956 Agreement henceforth.