`MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
INFORMATION NOTE

Cliff #: 95088

Date: November 2, 2012

PREPARED FOR: John Dyble

ISSUE: Canada-China Foreign Investment Promotion and Protection Agreement

BACKGROUND:
The Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) was signed on September, 2012 during Prime Minister Harper's participation at the Asia-Pacific Economic Co-operation (APEC) summit. It will come into force once Canada and China complete their respective ratification processes.

Canadian businesses make significant investments in China in the transportation, biotechnology, education, finance, information technology, manufacturing and natural resources industries. By the end of 2011, the amount of Canadian direct investment in China was $4.5 billion.

Canada has 24 FIPAs in force with a variety of countries. The main purpose of a FIPA is to encourage foreign investment in both signing countries by providing foreign investors with greater protection against discriminatory and arbitrary practices in the host state.

DISCUSSION:
Canada's ratification process requires 21 days in Parliament which ended November 1, 2012 and then three more weeks while the Order in Council is approved through Treasury Board. The earliest the Agreement could come into force is December 1, 2012.

BC has been informed regularly on the FIPA through the federal/provincial C Trade committee and supports the agreement. The agreement provides for non-discriminatory treatment of investors in China and Canada. Generally, the FIPA is considered of more benefit to Canadian investors S16

S16

The FIPA offers:
- Protection from expropriation, except for a public purpose and with fair and prompt compensation.
- Assurances that transfers of investment related funds can be made freely.

- A dispute settlement process through independent international arbitration panels. Similar to NAFTA's Investment dispute rules, there is not a requirement to make all dispute proceedings public. However, Canada is committed to ensuring that treaty-based investor-state arbitrations are open to the public.
- Commitment to ensure laws and regulations related to investment are publicly and readily available.
- Explicit provisions that allow countries to take measures necessary to protect human health and the environment.

Jane Sterk, leader of the the Green Party, and Jenny Kwan, NDP Opposition critic have both written to the Premier questioning the benefits of the FIPA. Osgoode Hall Law School professor Gus Van Harten published an article and wrote to the Premier stating his concerns. Various media have become involved restating the concerns.

The agreement has a 15 year term before either party can terminate it. After 15 years, either party can terminate with one year's notice. Upon termination, there is an additional 15 year standstill where existing investments are covered by the terms of the agreement. This structure provides security for Canadian investors in China.

CONCLUSION:

S13, S16

ATTACHMENTS:
Appendix 1 British Columbia September 10, 2012 News Release
Appendix 2 Letters and Premier response for Jane Sterk and Jenny Kwan
Appendix 3 Q's and A's prepared for Minister Bell on FIPA

Prepared by: Rebecca Ewing, Manager, Trade Policy, International Trade and Investment Division
Telephone: (Cell) 250-516-8566

Reviewed by			
Dir:	ED:	ADM: SS	DM:

NEWS RELEASE

For Immediate Release
2012JTST0004-001320
Sept. 10, 2012

Ministry of Jobs, Tourism and Skills Training

Canada-China agreement good for B.C.

VICTORIA - Pat Bell, Minister of Jobs, Tourism and Skills Training, is confident that the new Canada-China Foreign Investment Promotion and Protection Agreement will provide a framework through which greater economic prosperity will come for British Columbians and British Columbian companies.

On Saturday, Prime Minister Stephen Harper and Hu Jintao, President of China, witnessed the signing of the agreement at the Asia Pacific Economic Cooperation (APEC) Leaders' Meeting in Vladivostok, Russia.

"Our government continues to believe that expanding our economic relationship with China will lead to greater prosperity, and more jobs, in British Columbia. Our premier is there right at this moment delivering that message."

This agreement helps us move closer to our goal of enhanced economic and trade relations with China by promoting Chinese investment in British Columbia and providing more protection for British Columbia companies investing in China, which can lead to more exports and jobs.

Canada and China's commitment to further expand bilateral trade and investment is also demonstrated in the joint Canada-China Economic Complementarities Study, released last month, which identifies a number of important prospects for growth. This investment agreement is an important step towards British Columbia deepening and strengthening our trade, investment and cultural ties with China.

China is B.C.'s second-largest trading partner and the second-biggest economy in the world. Goods shipped from British Columbia to China rose to $5.1 billion last year, a 24 per cent increase over 2010.

Overall, B.C. has enjoyed phenomenal success in Asia, and exports to the key markets identified in Canada Starts Here: The BC Jobs Plan - China, Japan, India and South Korea - rose 23.3 per cent in 2011 over the previous year. In 2011, the value of exports destined for the Pacific Rim was 43 per cent, up from 36 per cent in 2009. This represents the first time that export levels to the Pacific Rim were higher than those to the United States (42.7 per cent). However, even greater potential exists for further growth in these markets.

Learn More:

Go to www.BritishColumbia.ca to find out about B.C's international trade and investment representative offices around the world.

Media Contact: Ministry of Jobs, Tourism and Skills Training
250 356-8177

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BRITISH
COLUMBIA

October 26, 2012

Dr. Jane Sterk
Leader
Green Party of BC
Box 8088 Stn Central
Victoria, BC V8W 3R7

Dear Dr. Sterk:

Thank you for your letter of October 23, 2012, regarding the Canada-China Foreign Investment and Protection Agreement (FIPA) that was signed at the Asia-Pacific Economic Cooperation Summit in September.

The provincial government has been involved in the process that led to this agreement and we are confident the new Agreement will provide a framework through which greater economic prosperity will come for British Columbians and for British Columbia's business sector.

I think we can agree that international investment is key to building our provincial economy. We feel encouraged that written in the Agreement are unambiguous assurances that provisions and procedures for investor-to-state dispute settlements are clearly laid out and that they stipulate transparency provisions that are important to Canada. We have been advised that the Agreement will likely result in one of the best written investor protection treaties ever and significant efforts have been put into ensuring the Agreement is in the best long-term interests of Canada.

The main goal and objective of this FIPA is to establish a more transparent investment relationship with China and to ensure Canada and Canadian businesses are treated fairly. China is B.C.'s second largest trading partner and we want to strengthen that relationship. This investment agreement is an important step in the right direction towards improving our trade, investment and cultural ties with China.

Sincerely,

Christy Clark
Premier

Province of British Columbia
Office of the Premier
www.gov.bc.ca

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Victoria BC
V8W 9E1

s13

Questions and answers related to Canada-China FIPA

Prepared by Trade Initiatives Branch for Minister Bell, October 25, 2012

1. **What benefits would FIPA bring to BC?**

The main purpose of a FIPA is to encourage foreign investment by providing foreign investors with greater protection against discriminatory and arbitrary practices in the host state, providing a process for adequate and prompt compensation in the event of an expropriation, and enhancing the predictability of regulations affecting foreign investors and their investments.

Canada has 24 FIPAs in force with countries, another 8 (including China and India) that have been negotiated but are not yet in force, and another 12 under negotiation.

Canadian businesses make significant investments in China in the transportation, biotechnology, education, finance, information technology, manufacturing and natural resources industries. By the end of 2011, the amount of Canadian direct investment in China was C$4.5 billion.

British Columbia will benefit from a more stable and predictable investment regime for BC businesses and investors doing business with China and Chinese state owned enterprises. Further, through the FIPA, BC businesses and investors will have recourse to dispute mechanisms which will allow them to challenge discriminatory and unfair practices.

2. **How does this agreement protect investment Canadians make in China and that China makes in BC?**

The agreement provides for non-discriminatory treatment of investors on:

a) A most favoured nation treatment basis - no less favourable treatment than accorded investors from other countries with respect to establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments, and
b) A national treatment basis – no less favourable treatment than it accords its own investors with respect to expansion, management, conduct, operation and sale or other disposition of investments, and
c) Ensures that the treatment of investors by governments at all levels meets the minimum standard under customary international law.

This FIPA also offers:

- Protection from expropriation, except for a public purpose and with fair and prompt compensation;
- Assurances that transfers of investment related funds, such as contributions to capital, profits, capital gains, interest, dividends, proceeds from sales of investments, etc. can be made freely and without delay.
- A dispute settlement process through independent international arbitration panels

- Commitment to ensure laws and regulations related to investment are publicly and readily available.

3. Does the agreement protect jobs for British Columbians and Canadians?

By providing a more stable/predictable investment environment, this agreement will encourage increased investment flows and provide an enhanced opportunity for BC-based companies to expand operations in China. This will in turn lead to expansion and growth of BC businesses, and direct and indirect job creation.

4. What do we give up if the Feds sign the agreement?

Since Canada has transparent and fair investment rules today, we do not give up anything by committing to treat Chinese investors by minimum international, most favoured nation and domestic industry standards.

5. Why a 31 year agreement?

The treaty could be in effect for a minimum of 31 years for any investments that are established when the treaty comes into force. This is within the norm for Canadian investment agreements and for those of many other countries. The treaty provides for this initial period of application to ensure that Canadian investors are provided a period of stability and predictability without the possibility that the treaty will be terminated by the other party, whether this is China or any other negotiating partner.

6. Is Canada selling off our natural resources with this agreement?

No. The agreement is about security of investment. It has explicit provisions that allow countries to take measures necessary to protect human health and the environment.

7. Why the dispute resolution process is not public, as it is with NAFTA?

As in all of Canada's FIPAs, this Agreement provides mechanisms for the resolution of disputes. This mechanism provides for the impartial and timely resolution of conflicts and is a key element of the protection provided to investors. It is Canada's long-standing policy to permit public access to such proceedings. Canada's FIPA with China is no different.

Lebrun, Matthew JTST:EX

From: Ewing, Rebecca J JTST:EX
Sent: Thursday, October 25, 2012 12:26 PM
To: Ewing, Rebecca J JTST:EX; Greenwood, Gail JTST:EX; Gervais, Monica JTST:EX; Sen, Shom JTST:EX; Bubrick, Elaine JTST:EX; Lansdell, Hayden GCPE:EX
Subject: RE: Urgent re FIPAA

On the 4th question about 31 year term:

I spoke with John O'Neill at DFAIT who is head of the Investment Trade Policy Division in DFAIT that looks after these FIPAs.

- The terms of FIPAs vary around the world – anywhere from 5-20 year terms.
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S13, S16

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From: Ewing, Rebecca J JTST:EX
Sent: Thursday, October 25, 2012 11:00 AM
To: Greenwood, Gail JTST:EX; Gervais, Monica JTST:EX; Sen, Shom JTST:EX; Bubrick, Elaine JTST:EX; Lansdell, Hayden GCPE:EX
Subject: RE: Urgent re FIPAA

As requested, here are some draft responses. As we mentioned on the phone to Hayden, Monica is in touch with DFAIT regarding the 31 year term aspect of the agreement. We hope to hear soon on that and will pass on as soon as possible.

Let us know if you need more.

Rebecca
250-516-8566

1. What benefits would FIPA bring to BC?

The main purpose of a FIPA is to encourage foreign investment by providing foreign investors with greater protection against discriminatory and arbitrary practices in the host state, providing a process for adequate and prompt compensation in the event of an expropriation, and enhancing the predictability of regulations affecting foreign investors and their investments.

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This FIPA also offers:

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- assurances that transfers of investment related funds, such as contributions to capital, profits, capital gains, interest, dividends, proceeds from sales of investments, etc. can be made freely and without delay.
- A dispute settlement process through independent international arbitration panels
- Commitment to ensure laws and regulations related to investment are publicly and readily available.

3. Does the agreement protect jobs for BCers and Canadians?

By providing a more stable and predictable rules-based investment regime, this agreement should encourage increased investment flows from BC to China, providing an enhanced opportunity for BC based companies to expand operations in China, thereby increasing expansion and growth of BC businesses, leading to both direct and indirect job creation.

4. What do we give up if the Feds sign the agreement?

Since Canada has transparent and fair investment rules today, we do not give up anything by committing to treat Chinese investors by minimum international, most favoured nation and domestic industry standards.

5. Why a 31 year agreement?

We are waiting for some information from the federal government on this issue.

6. Is Canada selling off our natural resources with this agreement?

No. The agreement is about security of investment. It has explicit provisions that allow countries to take measures necessary to protect human, animal or plant life or health, and related to the conservation of living or non-living exhaustible natural resources.

From: Parhar, TJ S JTST:EX
Sent: Thursday, October 25, 2012 8:36 AM
To: Lansdell, Hayden GCPE:EX
Cc: Stickney, Matthew JTST:EX
Subject: Fwd: FIPA

Hayden,

I need more information on this by noon for PCC. Do we have a q&a?
Need to know what benefits will this bring BC? How will this agreement protect investment abroad and in BC? Does this protect jobs for bcers and Canadians? What will BC be giving up if anything? Why are the Feds considering a 31 year agreement? Is Canada selling off our natural resources with this agreement?

Thanks. I look forward to the information by noon.

TJ

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE Ministry: Environment Date: October 17, 2012 Minister Responsible: Terry Lake	Canada-China Foreign Investment Promotion and Protection Act

ADVICE AND RECOMMENDED RESPONSE:

S13

KEY FACTS REGARDING THE ISSUE:

- Multiple media reports from September 27 – October 12, 2012 (Toronto Star, The Globe and Mail, Vancouver Sun, The Vancouver Observer, The Tyee) have been quoting Gus Van Harten, a professor of international law from Osgoode Hall at York University, who is warning that a new Canada-China investment treaty will make it easier to build the Northern Gateway Pipeline and open up the BC government to lawsuits from Chinese investors if the pipeline isn't built.
- According to media, the deal would give Sinopec (a large Chinese backer of NGP) the right to sue the BC government if it blocks the project. It also has similar implications for China National Offshore Oil Corporation's (CNOOC) proposed buy-out of oil and gas producer Nexen, if the FIPPA goes through.
- The treaty will proceed through both Canada and China's respective ratification processes in order to be brought into force. In Canada, the FIPPA will be tabled in the House of Commons for 21 sitting-days pursuant to the Government's treaty tabling policy. It will come into force on October 31, 2012 once the Order in Council has been approved by the Governor General and the ratification process in the People's Republic of China has been completed, and both Parties have submitted notice of the conclusion of their respective ratification processes.

- The agreement will last 31 years and is described as the most significant trade deal since NAFTA. The deal is set for automatic approval. No vote or debate will take place in the House.
- The deal falls under the Federal Government and does not require provincial consent. The final deal was signed on September 9th, 2012.
- Elizabeth May and the Green Party is a vocal opponent of the FIPPA. She requested a meeting with the Premier and has spoken with Minister Pat Bell. See: http://www2.canada.com/oceansidestar/story.html?id=93f2a4e1-5b21-4004-9377-a3b7ba472bf8

S13

- The law professor quoted in the articles, Gus Van Harten, states that the treaty will *"pre-empt important elements of the debate on the Northern Gateway Pipeline and may frustrate in a very significant way the ability of the current BC government or any future government from stopping that pipeline or bargaining a better deal for BC."*
- Van Harten goes on to say that *"if this treaty comes into effect, and there's any Chinese ownership whatsoever in assets related to this pipeline—then Canada will be exposed to lawsuits under this treaty, because the BC government will be discriminating against a Chinese investor, which is prohibited by the treaty."* In addition the deal *"allows Chinese companies to sue Canada outside of Canadian courts."*
- S13

S13 *"Under the treaty, a Chinese company can demand 'treatment no less favourable than that given to Canadian firms (Article 6 of the treaty) or to investors from third countries (Article 5). A Chinese investor could claim that the denial of B.C. permits was not 'fair and equitable' treatment (Article 4) if it could point to general approvals given by Ottawa. Notoriously, many arbitrators have expanded this right significantly by requiring governments to meet 'legitimate expectations' of investors, broadly construed, and to maintain a 'stable regulatory framework' over the entire life of a project. Democratic choice and provincial jurisdiction are not a defence. This highlights the treaty's constitutional significance for Canada."*

Communications Contact:	Brian Cotton
Program Area Contact:	Anthony Danks
File Created:	October 17, 2012
File Updated:	

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
INFORMATION NOTE

Cliff #:

Date: October 18, 2012

PREPARED FOR: Honourable Pat Bell, Minister

ISSUE: Canada-China Foreign Investment Promotion and Protection Agreement

BACKGROUND: The Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) was signed on September, 2012 during Prime Minister Harper's participation at the Asia-Pacific Economic Co-operation (APEC) summit. It will be ratified once Canada and China complete their respective ratification processes.

DISCUSSION: Elizabeth May, and the Green Party is a vocal opponent of the FIPA and has written to the Premier. A professor of Osgoode Hall Law School, Gus Van Harten published an article against the FIPA and wrote to the Premier stating his concerns. Various media have become involved restating the concerns.

s13

The FIPA permits either country to take measures necessary to protect human and animal health or plant life, as well as allowing measures taken for prudent reasons to maintain the safety, soundness, integrity or financial responsibility of financial institutions.

If a dispute arises, the FIPA contains direct access for investors to an effective, impartial dispute resolution system through international arbitration.

Prepared by: Gail Greenwood, Director Trade Policy
Telephone: (250) 387-7575

Reviewed by				
Dir:	ED:	ADM:	DM:	MIN:

Hall, Jane M CSCD:EX

From: Mihai.Lascu@international.gc.ca
Sent: Thursday, October 11, 2012 11:03 AM
To: alan.barber@gov.mb.ca; alexandrea_malakoe@gov.nt.ca; audrey.jolinlessard@international.gc.ca; robert.donald@gov.sk.ca; daryl.hanak@gov.ab.ca; White, Don D JTST:EX; elaine.campbell@gnb.ca; erica_wright@gov.nt.ca; morris.evangelista@ontario.ca; egertofj@gov.ns.ca; Gaetan.Martineau@international.gc.ca; Hugo.Cameron@ontario.ca; jpower@gov.nl.ca; Quiring, Janel JTST:EX; kbwhitnell@gov.pe.ca; Lisa.Badenhorst@gov.yk.ca; Natashia.Stinka@gov.sk.ca; Patrick.Muzzi@mdeie.gouv.qc.ca; rsquires@gov.nl.ca; Musgrave, Robert JTST:EX; GORDONSL@gov.ns.ca; Paul, Trevor JTST:EX; wmackay@gov.nu.ca
Cc: Anh.Nguyen@international.gc.ca; Vernon.MacKay@international.gc.ca; Michel.Lacourciere@international.gc.ca; Simon.Rainville@international.gc.ca; Dennis.Abraham@international.gc.ca
Subject: C-FPT 159: Final Environmental Assessment of the Canada-China FIPA // L'évaluation environnementale finale de l'APIE entre le Canada et la Chine
Attachments: 2012-10-04 Canada-China FIPA FINAL EA (FINAL).doc; 2012-10-04 Canada-China FIPA FINAL EA (FINAL_FRENCH).doc

For Information / À titre d'information

From / De : **Intergovernmental Relations / Relations intergouvernementales**
Number / Numéro : **C-FPT 159**
Attachment(s) / Pièce(s) jointe(s) : **2**

La version française suit en seconde partie du message

Dear Provincial/Territorial Colleagues,

The purpose of this message is to provide you with a copy of the Final Environmental Assessment of the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) for your information. The Final Environmental Assessment documents the outcome of negotiations in relation to the environmental assessment process. The Initial Environmental Assessment, which assessed the environmental impacts of a Canada-China FIPA, was published in 2008.

The attached Final Environmental Assessment identifies any notable divergence from the Initial Environmental Assessment, subsequent analysis undertaken and the anticipated environmental implications. The document also takes into consideration additional information and comments received from the public on the EA during the course of negotiation.

The Final Environmental Assessment of the Canada-China FIPA is attached for your information.

BACKGROUND

In accordance with the Cabinet Directive on Environmental Assessment of Policy, Plan and Program Proposals, Foreign Affairs and International Trade Canada (DFAIT) is committed to conducting environmental assessments for all trade and investment negotiations using a process that requires interdepartmental coordination and public consultation.

The objectives of the environmental assessment of a trade agreement are:

1) *to assist Canadian negotiators to integrate environmental considerations into the negotiating process by providing information on the environmental impacts of a proposed trade and/or investment agreement; and*

2) *to document how environmental factors are being considered in the course of trade negotiations.*

The policy and process for conducting environmental assessments of trade negotiations provides for a flexible approach and timeline that can be adapted and applied on a case-by-case basis according to the nature of the agreement to be negotiated. The process calls for a negotiator self-assessment in three possible phases: an initial environmental assessment (required) to address the scope of

potential environmental impacts of a trade agreement, a possible draft environmental assessment (optional) to investigate environmental impacts in more detail, and a final environmental assessment (required) to record how environmental considerations were incorporated into negotiations. At the conclusion of each phase, a report is issued along with a notice welcoming public comment.

Until recently, FIPAs were assessed using a distinct Strategic Environmental Assessment (SEA) method consisting of multiple phases and formal consultation with other government departments, provinces and territories, and external advisory group as well as the Canadian public. On January 20, 2012, the external Environmental Assessment Advisory Group with who DFAIT consults its SEAs, has indicated its support for a streamlined FIPA SEA process. Effective September 1, 2012, the department adopted the standard SEA process used for memoranda to cabinet to assess FIPA negotiations to determine whether important environmental impacts are likely to result from a new FIPA. Under the new procedures, if impacts are likely, an SEA will be carried out according to established practice. If impacts are unlikely however, the analysis will be considered complete and additional consultations will not be undertaken. This new measure is expected to generate efficiencies in the department's compliance with the Cabinet Directive.

Should you have any questions, please do not hesitate to contact me.

Thank you.

Madame,
Monsieur,

La présente a pour objet de vous faire parvenir, à titre d'information, un exemplaire du rapport de l'Évaluation environnementale (EE) finale de l'Accord sur la promotion et la protection des investissements étrangers (APIE) entre le Canada et la Chine. L'EE finale présente les résultats des négociations à la lumière du processus d'évaluation environnementale. L'EE initiale, qui évaluait les impacts sur l'environnement d'un éventuel APIE entre le Canada et la Chine, a été publiée en 2008.

L'EE finale ci-jointe fait état de toute modification notable apportée à l'EE initiale, des analyses subséquentes et des implications environnementales prévues. Le document tient également compte des renseignements supplémentaires et des commentaires formulés par le public à l'égard de l'EE au cours des négociations.

L'EE finale des négociations de l'APIE entre le Canada et la Chine vous est envoyée en pièce jointe aux fins d'information.

CONTEXTE

Conformément à la Directive du Cabinet sur l'évaluation environnementale des projets de politiques, de plans et de programmes, Affaires étrangères et Commerce International Canada (MAECI) est tenu d'effectuer des EE dans le cadre de toutes les négociations portant sur le commerce et l'investissement au moyen d'un processus qui nécessite la coordination interministérielle et la consultation publique.

Voici les objectifs de l'EE des accords commerciaux :

1) aider les négociateurs canadiens à intégrer la dimension environnementale dans le processus de négociation en leur fournissant des données sur les effets environnementaux de l'accord commercial ou de l'accord d'investissement proposé;

2) montrer comment les facteurs environnementaux sont pris en compte dans le cadre des négociations commerciales.

La politique et le processus relatifs aux EE des négociations commerciales prévoient une approche et un échéancier flexibles qui peuvent être adaptés et appliqués au cas par cas selon la nature de l'accord faisant l'objet des négociations. Il est prévu à cet égard un processus d'auto-évaluation de la part des négociateurs qui peut comprendre trois phases : l'EE initiale (obligatoire), pour examiner la portée des impacts environnementaux éventuels d'un accord commercial; l'EE préliminaire (facultative), pour étudier plus en détail les incidences environnementales; et l'EE finale (obligatoire), pour documenter la façon dont les facteurs environnementaux ont été pris en considération dans le cadre des négociations. Un rapport est publié à l'issue de chaque phase, assorti d'un avis invitant le public à formuler des commentaires.

Jusqu'à tout récemment, les APIE étaient évalués à l'aide d'une méthode d'évaluation environnementale stratégique (EES) distincte comportant de nombreuses étapes et des consultations officielles avec les autres ministères fédéraux, les provinces et les territoires, le Groupe consultatif externe et la population canadienne. Le 20 janvier 2012, le Groupe consultatif externe sur l'évaluation environnementale, qui est chargé d'examiner les EES avec le MAECI, s'est dit en faveur d'un processus d'EES simplifié des APIE. Le 1er septembre 2012, le Ministère a adopté le processus d'EES normalisé destiné aux mémoires au Cabinet pour évaluer les négociations d'un APIE, afin de déterminer si la conclusion d'un nouvel APIE est susceptible d'avoir d'importantes incidences sur

l'environnement. En vertu de ce nouveau processus, une EES sera réalisée dans les règles s'il est fort probable qu'un APIE aura des incidences sur l'environnement. Toutefois, dans le cas contraire, l'analyse sera jugée complète et aucune autre consultation ne sera entreprise à cet égard. Grâce à cette nouvelle mesure, le Ministère devrait se conformer à la Directive du Cabinet tout en réalisant des économies.

Si vous aves questions, n'hesitéz pas à me contacter.

Anh Nguyen
Senior Trade Policy Analyst | Analyste principale de la politique commerciale
Investment Trade Policy Division (TNI) | Direction de la politique commerciale sur l'investissement (TNI)
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Government of Canada | Gouvernement du Canada

Foreign Affairs and International Trade Canada | Affaires étrangères et Commerce international Canada

Canada

Final Environmental Assessment of the Canada-China Foreign Investment Protection Agreement (FIPA)

This report outlines the results of the Final Environmental Assessment (EA) of the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) negotiations. On September 9th, 2012, Canada's Minister of International Trade and Minister for the Asia-Pacific Gateway, Ed Fast, and China's Minister of Commerce, Chen Deming, signed a Foreign Investment Promotion and Protection Agreement (FIPA) between Canada and China (News Release: http://www.pm.gc.ca/eng/media.asp?category=1&featureId=6&pageId=26&id=5018). Prime Minister Harper and President Hu Jintao of China presided over the signing ceremony, which followed the announcement of the conclusion of negotiations for the FIPA in February 2012, during the Prime Minister's visit to China (News Release: http://www.pm.gc.ca/eng/media.asp?id=4632).

As a basis for these negotiations, negotiators used Canada's 2004 FIPA model[1]. However, given the extended history of these negotiations, certain aspects of the text reflect approaches used in previous models. The full text of the concluded Agreement is available at: http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/china-text-chine.aspx?lang=eng&view=d.

I. Framework for Conducting Environmental Assessments of Trade Negotiations

FIPA negotiations are subject to the 2001 *Framework for Conducting Environmental Assessments of Trade Negotiations*[2]. The Framework provides a methodology for conducting an EA of a trade or investment negotiation. It is intentionally flexible so that it can be applied to different types of negotiations (e.g., multilateral, bilateral, regional) while ensuring a systematic and consistent approach to meet two key objectives.

The first objective is to assist Canadian negotiators to integrate environmental considerations into the negotiating process by providing information on the possible environmental impacts of the proposed agreement. As such, negotiators and environmental experts are involved in the EA and work proceeds in tandem to the negotiations.

The second objective is to respond to the environmental concerns expressed by the public. The Framework contains a strong commitment to communications and consultations throughout each EA of a trade or investment negotiation.

The process under the 2001 *Framework for Conducting Environmental Assessments of Trade Negotiations* focuses on the likely economic effects of the trade and investment negotiations and their likely related environmental impacts in Canada. The process

[1] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/what_fipa.aspx?lang=en&view=d

[2] http://www.international.gc.ca/trade-agreements-accords-commerciaux/ds/Environment.aspx?lang=en&view=d

involves three phases—the Initial EA, Draft EA and Final EA. The middle phase, also known as the Draft EA, is not undertaken if the agreement in question is not expected to generate significant economic effects and environmental impacts in Canada. Public consultations are an integral part of the EA and are undertaken throughout the process.

An Initial EA of the Canada-China FIPA was completed in January 2008[3]. The Government of Canada opened the Initial EA for public comments from February 20 to March 21, 2008. No public comments were received. In the light of the Initial EA's conclusions regarding the unlikelihood of significant environmental impacts in Canada, preparation of a Draft EA was subsequently deemed to be unnecessary. The findings of the Initial EA were communicated to Canada's lead negotiator and were integrated into Canada's negotiation strategy. The purpose of the Final EA is to document the outcome of the negotiations in relation to the EA process.

II. Findings of the Final Environmental Assessment for the Canada-China FIPA

While the findings of the Initial EA were valid and accurate at the time of the report's completion, the results of the Final EA of the Canada-China FIPA negotiations do differ slightly from those found in the Initial EA. In the Initial EA, it was found that significant changes to investment in Canada were not expected to occur as a result of the Canada-China FIPA. In addition, it was found that no significant environmental impacts were expected as a result of the Canada-China FIPA. In this Final EA, the claim that no significant environmental impacts are expected based on the introduction of a Canada-China FIPA are upheld; however, over time, Chinese investors have shown greater interest in investing in Canada, and this trend is likely to continue, if not increase with the introduction of a FIPA. The findings of the Initial EA, along with the more recent developments in Canada's bilateral investment relations with China were communicated to Canada's lead negotiator and were made a part of the negotiation strategy.

a. Areas of Growth in Investment

The stock of Canadian FDI in China was valued at approximately C$4.5 billion at the end of 2011. That same year, the stock of foreign direct investment into Canada from China reached approximately C$11 billion. These figures amount to approximately a 24.5% increase in Canadian FDI in China between 2008 and 2011, and approximately a 92.4% increase in Chinese investment in Canada over that same time period. Canadian investors have expressed interest in a broad range of sectors in China, including transportation, biotechnology, education, finance, information technology, manufacturing, and natural resources. As China's economic importance continues to grow, it will remain a priority market for Canada. Sectors of interest for Chinese investors in Canada include natural resources, renewable energy, information and communication technology, food processing, pharmaceuticals and natural medicine, and advanced manufacturing.

[3] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/initialEA-china-EEinitiale.aspx?lang=eng&view=d

b. Estimated Economic Impacts of the Canada-China FIPA

While a FIPA should be a positive factor in investors' decisions on whether or not to invest, a FIPA does not impose new market access obligations or liberalize existing investment restrictions. Companies and individual investors determine risks through independent economic and political assessments, and determine their willingness to accept those risks and invest in a given market. A FIPA seeks to reduce the risk of investing in a foreign market; however, this type of government-to-government treaty cannot directly facilitate new investments or directly create new opportunities for investment. As such, it is not feasible to establish direct causal link between changes in investment patterns and the presence of a FIPA. Nevertheless, by ensuring greater protection against discriminatory and arbitrary practices, and enhancing predictability of a market's policy framework, a FIPA allows investors to invest with greater confidence. This increase in investor confidence indirectly encourages increased investment, and potentially attendant benefits such as job creation and broader economic growth.

c. Estimated Environmental Impacts of the Canada-China FIPA

As new flows of investment from China into Canada (or Canada into China) cannot be directly attributed to the presence of a FIPA, there can be no causal relationship found between the implementation of such a treaty and environmental impacts in Canada. It is for this reason that the claim made in the Initial EA, that no significant environmental impacts are expected based on the introduction of a Canada-China FIPA, is upheld. Regardless, as in all Canadian FIPAs, the Canada-China FIPA ensures that the Parties retain the ability to regulate in the public interest, including with respect to environmental issues. Moreover, the FIPA will not inhibit Canada's ability to develop and implement environmental policies. All foreign investors in Canada are subject to the same laws and regulations as domestic investors, which includes laws aimed at protecting the environment.

III. Environment-Related Provisions in the Canada-China FIPA

No new issues arose during the latter stages of the Canada-China FIPA negotiations with respect to potential environmental impacts in Canada. The environment-related provisions of the Canada-China FIPA are closely reflective of those found in Canada's FIPA model.

Mirroring Canada's model, the Canada-China FIPA includes general exceptions with respect to the protection of human, animal or plant life or health, as well as the conservation of exhaustible natural resources. These safeguards, found in Article 33(2), are based on those contained in GATT Article XX and GATS Article XIV.

As per the FIPA model, Article 18 of the Agreement contains a clause whereby the signatories recognize that it is inappropriate to encourage investment by relaxing

domestic health, safety of environmental measures. In the event that a Party offers such encouragement, the other Party may request consultations.

Finally, and as is found in the model, Annex B.10 of the Canada-China FIPA provides that regulations designed and applied to advance legitimate public welfare objectives, such as those respecting health, safety and the environment, do not constitute an indirect expropriation.

IV. Corporate Social Responsibility (CSR)

The Government of Canada encourages and expects all Canadian companies working internationally to respect all applicable laws and international CSR standards, to operate transparently and in consultation with host governments and local communities, and to develop and implement CSR best practices. Adherence to internationally-agreed upon voluntary principles and guidelines is a key part of Canada's CSR approach. According to a Canadian Chamber of Commerce (CCC) a report titled *Responsible Business Conduct in a Complex World* (2012), 71% of Canadian corporate executives say they believe Corporate Social Responsibility (CSR) is "an essential part of doing business" and needs to be recognized and reported.

Initiatives focused on CSR, or "sustainable development", in China are still in the nascent stages of development. The Beijing Chapter of the Canada-China Business Council (CCBC), one of the longer-standing bilateral business organizations active in China, restructured its executive into committees in 2006, forming a sustainable development committee focused on CSR. The committee organized two independent networking and information events, and several joint networking events with other Chambers of Commerce in 2006/07, bringing together interested companies and Non-Governmental Organizations (NGOs).

The Canadian embassy in Beijing has met with the CCBC's Sustainable Development Committee Chairs to discuss future initiatives. Some of the initiatives discussed include: a) an education seminar that helps companies to properly define CSR and understand the benefits of a CSR policy to the company's bottom line in addition to the countries and regions that they operate; b) a workshop bringing together CSR-minded Canadian and Chinese companies to network and discuss sustainable solutions to common problems facing these businesses; c) development of a list of qualified NGOs that can work with companies to implement sustainable projects in line with companies' CSR plans and strategies; and d) a joint project with other Chambers of Commerce to investigate hot topics in CSR, such as micro-credit or micro-financing.

In addition to initiatives led by government and associations, some individual Canadian companies continue to provide leadership in this area.

V. Canada/China Environmental Cooperation Activities

Canada and China are actively engaged in environmental cooperation activities[4]. Although not specifically linked to the FIPA, these efforts demonstrate existing mechanisms to work together on issues of common concern.

- **Canada-China Framework Statement for Cooperation on Environment into the 21st Century:** Canada and China signed the "Canada-China Framework Statement for Cooperation on Environment into the 21st Century" in November 1998. The framework reflects a shared interest in enhancing cooperation on environmental and sustainable development issues and provides an umbrella for collaboration on the environment, The Framework Statement created the Canada-China Joint Committee on Environment Cooperation (JCEC) with Environment Canada and the Chinese Ministry of Environmental Protection as the lead agencies. As a forum for cooperation, the JCEC provides an opportunity for high level policy dialogue, an exchange of knowledge on environmental matters, a review of bilateral achievements, as well as a venue to identify potential areas for further cooperation. The JCEC held its inaugural meeting in 2000. The 7th JCEC meeting took place in November 2011, where discussion focused on bilateral cooperation related to environmental emergencies; biodiversity; water; eco-labeling; environmental technologies and mercury emissions.

- **Memorandum of Understanding on Matters Related to Protected Areas:** The signing of this MOU was witnessed by Prime Minister Harper and Premier Wen Jiabao in Beijing, during the Prime Minister's visit to China in February 2012. The purpose of the MOU is to provide a framework for Parks Canada and China's State Forestry Administration to collaborate and share their professional and scientific knowledge and experience in the management of national parks, nature reserves and other protected areas. The areas of cooperation may include: the development and implementation of national parks and nature reserves; ecological restoration, public education, tourism and visitors experience; conservation measures for endangered wild fauna and flora species and their habitat, including species reintroduction; development and management of wetland parks, monitoring and management of wetlands of international importance; and, conservation measures for the preservation of forests and wetlands within national parks and nature reserves.

- **Memorandum of Understanding on Environmental Cooperation:** Environment Canada and the Ministry of Environmental Protection renewed the Memorandum of Understanding (MOU) on Environmental Cooperation in October 2010 in Beijing. This is the third renewal since the signing of the first MOU in 1993. The MOU provides a framework for cooperation on regional and global environmental issues and advocates for the building of partnerships and facilitation of dialogue among environmental protection agencies, organizations and enterprises in both countries. Through work plans developed by the Joint Committee on Environmental Cooperation, the MOU is implemented through

[4] http://www.canadainternational.gc.ca/china-chine/bilateral_relations_bilaterales/environment.aspx?view=d

bilateral cooperative projects and activities on environmental issues of mutual interest

- **The Canada-China Climate Change Working Group (CCWG):** The Canada-China Climate Change Working Group was formed in March 2004, as a follow up to the Canada-China Joint Statement on Climate Change Cooperation. The Working Group co-ordinates and advances the bilateral effort to respond to climate change and is co-led by Environment Canada (EC) and the department of Foreign Affairs and International Trade (DFAIT) on the Canadian side and the National Development and Reform Commission (NDRC) and Ministry of Foreign Affairs (MFA) on the Chinese side. The first CCWG meeting was held in Vancouver in March 2004 and since, there have been five additional CCWG meetings, with venues alternating between China and Canada. These meetings are an opportunity for government officials from Canada and China representing various ministries and departments to hold frank and open discussions on the issues related to climate change while identifying opportunities for future cooperation in priority areas, such as clean technology, renewable energies, sustainable urban development and others depending if the priorities of the time.

- **MOU on Climate Change Cooperation:** Canada and China signed an MOU on climate change cooperation on December 3rd, 2009, during Prime Minister Harper's trip to China. The purpose of the MOU is to formalize and enhance bilateral policy dialogue and cooperation on mitigation and adaptation issues of mutual interest. The most recent activity under the CCWG was an Adaptation Workshop held in Vancouver, Canada, from March 21-22, 2012. The delegations from both countries included senior officials in addition to technical experts in the area of adaptation. The focus of the exchange included: national strategies; national planning experiences; and sectoral approaches to adaptation.

- **MOU on Science and Technology Related to Meteorology, Hydrology, Environmental Prediction and Climate Change:** The Meteorological Service of Canada (MSC) has had a long lasting and successful relationship with the China Meteorological Administration (CMA) through the *MOU for Cooperation in Science and Technology Related to Meteorology, Hydrology, Environmental Predictions and Climate Change*, which was first signed in 1986, and most recently renewed in May 2011. The purpose of this MOU is to improve cooperation in science and technology related to the fields of meteorology, hydrology, environmental predictions and climate change undertaken by the CMA and MSC and their co-operators. Under the MOU there have been over 150 projects undertaken, 30 delegations received in Canada, and 50 senior decision-makers hosted in Canada over the 25+ years of engagement. This cooperation has enhanced and maximized capabilities in these areas in both of our countries, and is a good example of how collaboration can lead to mutual benefit.

- **Environmental Trade Missions to China:** The Government of Canada has organized a number of environment themed trade missions to China. In the past, Trade Team Canada Environment (TTCE) missions were organized by Industry

Canada, in cooperation with the Canadian Government's Trade Commissioner Service in China. The mandate of these missions was to facilitate the transfer of Canadian environmental technologies and know-how to China, and foster partnerships between environmental industries in both countries. More recent activities between Canada and China in the area of clean tech have focused on government to government meetings, particularly the Working Group on Environmental Protection and Energy Conservation, which brings together leaders in government and academia to find ways to increase cooperation in these sectors.

- **2007 Science and Technology Cooperation Agreement between Canada and China:** On January 15, 2007 in Beijing, the Government of Canada and the Government of China signed a Science and Technology (S&T) Cooperation Agreement that provides support for collaborative research and development activities between the two countries. The Agreement promotes greater collaboration in research and development between Chinese and Canadian academics, and both private and public sector researchers and innovators and harnesses both public and private sector investment in joint S&T initiatives. The work conducted under the Agreement focuses on five priority areas: energy and clean technologies, ICT, life sciences, agriculture, and civil aviation.

- **China Council for International Cooperation on Environment and Development:** In 1992, a major building block in Canada-China cooperation on environment was laid when the Canadian International Development Agency (CIDA) provided assistance for the establishment of the China Council for International Cooperation on Environment and Development (CCICED), a high-profile international advisory body for collaboration and exchange on matters of sustainable development. Canada's support for the work of the CCICED has been a cornerstone of Canada's engagement with China on environmental policy issues, and through CIDA, Canada has been CCICED's lead international partner for the past four phases (1992-2012). As a high-profile international advisory body, chaired by the Chinese Vice Premier and co-chaired by the Chinese Minister of Environmental Protection and the President of CIDA, the CCICED provides world class policy advice to China to help the country deal with its considerable environmental challenges. CCICED has been credited with a number of positive environmental policy changes undertaken by China over the past 20 years, such as the decision to build an Environment and Health Management System (2008) and the policy needs associated with Low Carbon Economy (2009).

Comments on this report may be sent by email, mail or fax to:

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Évaluation environnementale définitive de l'Accord sur la promotion et la protection des investissements étrangers (APIE) Canada-Chine

Le présent rapport présente les résultats de l'évaluation environnementale (EE) définitive des négociations relatives à l'Accord sur la promotion et la protection des investissements étrangers (APIE) Canada-Chine. Le 9 septembre 2012, le ministre du Commerce international du Canada et ministre de la porte d'entrée de l'Asie-Pacifique, l'honorable Ed Fast, et le ministre du Commerce de la Chine, M. Chen Deming, ont signé un accord sur la promotion et la protection des investissements étrangers (Communiqué : http://www.pm.gc.ca/fra/media.asp?category%20=1&featureId=6&pageId=26&id=5018). Le Premier ministre Harper et le président chinois, M. Hu Jintao, ont présidé la cérémonie de signature, laquelle a suivi l'annonce de la conclusion des négociations en vue de l'APIE en février 2012 dans le cadre de la visite en Chine du premier ministre (Communiqué : http://www.pm.gc.ca/fra/ media.asp?ID=4632).

Le modèle d'APIE établi par le Canada en 2004[1] a servi de fondement aux négociations. Toutefois, étant donné le long passé de ces négociations, des approches adoptées dans des modèles précédents ont été utilisées pour certains aspects du texte, dont la version intégrale se trouve à l'adresse suivante: http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/china-text-chine.aspx?lang=fra&view=d.

I. Cadre pour l'évaluation environnementale des négociations commerciales

Les négociations d'APIE sont assujetties au *Cadre pour l'évaluation environnementale des négociations commerciales*[2] de 2001. Le Cadre propose une méthode pour effectuer l'EE d'une négociation sur le commerce ou l'investissement. Il est volontairement souple afin qu'on puisse l'appliquer à divers types de négociations (multilatérales, bilatérales, régionales), tout en assurant une approche cohérente et rigoureuse afin d'atteindre deux objectifs clés.

Le premier objectif consiste à aider les négociateurs canadiens à intégrer les considérations environnementales dans le processus de négociation, en leur fournissant de l'information sur les impacts environnementaux possibles de l'accord proposé. Ainsi, des négociateurs et des spécialistes de l'environnement participent à l'EE, et le travail est effectué parallèlement aux négociations.

Le deuxième objectif consiste à répondre aux préoccupations sur l'environnement soulevées par le public. Le Cadre contient un engagement ferme à assurer la communication et à tenir des consultations pour chaque EE d'une négociation sur le commerce ou l'investissement.

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[1] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/what_fipa.aspx?lang=fr&view=d

[2] http://www.international.gc.ca/trade-agreements-accords-commerciaux/ds/Environment.aspx?lang=fra&view=d

Le processus assujetti au *Cadre pour l'évaluation environnementale des négociations commerciales* de 2001 est axé sur les effets économiques possibles des négociations sur le commerce et l'investissement et leurs impacts environnementaux probables au Canada. Il comporte trois phases : l'EE initiale, l'EE préliminaire et l'EE définitive. La deuxième phase, soit l'EE préliminaire, ne sera pas amorcée si l'on prévoit que l'APIE ne produira pas d'effets économiques ni d'impacts environnementaux importants au Canada. Les consultations publiques font partie intégrante de l'Évaluation environnementale et sont engagées tout au long du processus.

Une EE initiale de l'APIE Canada-Chine a été effectuée en janvier 2008[3]. Le gouvernement du Canada a ouvert l'EE initiale aux commentaires publics du 20 février au 21 mars 2008; aucun commentaire n'a été reçu du public. Comme l'EE initiale a permis de conclure à la faible probabilité d'effets importants sur l'environnement au Canada, la préparation d'une EE préliminaire n'est pas jugée nécessaire. Les résultats de l'EE initiale ont été communiqués au négociateur en chef du Canada et pris en considération dans la stratégie de négociation. L'EE définitive a pour but de rendre compte du résultat des négociations en ce qui concerne le processus d'EE.

II. Résultats de l'évaluation environnementale définitive de l'APIE Canada-Chine

Bien que les résultats de l'EE initiale étaient valides et exacts au moment de l'achèvement du rapport, les résultats énoncés dans l'EE définitive des négociations de l'APIE Canada-Chine diffèrent quelque peu de ceux exposés dans l'EE initiale. Les auteurs de l'EE initiale ont indiqué que la mise en œuvre de l'APIE Canada-Chine n'était susceptible d'entraîner ni des changements importants au chapitre de l'investissement ni des impacts environnementaux considérables au Canada. Dans l'EE définitive, on réitère que la mise en œuvre de l'APIE Canada-Chine n'aura aucun impact environnemental important; toutefois, au fil des années, les investisseurs chinois ont manifesté de plus en plus leur désir d'investir au Canada, et cette tendance va probablement se poursuivre, voire augmenter, à la suite de la mise en œuvre de l'APIE. Les résultats de l'EE initiale, ainsi que les plus récents développements touchant la relation bilatérale entre le Canada et la Chine en matière d'investissement, ont été communiqués au négociateur en chef du Canada et pris en considération dans la stratégie de négociation.

a. Secteurs de croissance dans le domaine de l'investissement

Le stock d'investissements directs canadiens en Chine était évalué à près de 4,5 milliards de dollars canadiens à la fin de 2011. La même année, le stock d'investissements directs chinois au Canada a atteint environ 11 milliards de dollars canadiens. Ces montants représentent une hausse approximative de 24,5 p. 100 des investissements directs canadiens en Chine, de 2008 à 2011, et d'environ 92,4 p. 100 des investissements directs chinois au Canada au cours de la même période. Les investisseurs canadiens ont montré leur intérêt pour un vaste éventail de secteurs en Chine, notamment le transport, la biotechnologie, l'éducation, les services financiers,

[3] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/initialEA-china-EEinitiale.aspx?lang=fra&view=d

les technologies de l'information, la fabrication et les ressources naturelles. À mesure que s'accroît l'importance économique de la Chine, ce pays demeure un marché prioritaire pour le Canada. Les investisseurs chinois s'intéressent notamment aux secteurs suivants au Canada : ressources naturelles; énergies renouvelables; technologies de l'information et des communications; transformation des aliments; produits pharmaceutiques et médecine naturelle; fabrication de pointe.

b. Impacts économiques estimés de l'APIE Canada-Chine

Bien que l'existence d'un APIE constitue un incitatif important dans la décision d'investir sur le territoire de l'autre partie, un tel accord n'impose généralement aucune obligation supplémentaire d'accès au marché ni ne supprime les limites existantes à l'investissement. Les entreprises et les investisseurs déterminent les risques au moyen d'une évaluation indépendante des informations économiques et politiques, à la suite de quoi ils déterminent leur désir d'accepter ces risques et d'investir dans un marché donné. Un APIE a pour objet de réduire les risques associés à l'investissement dans un marché étranger; toutefois, ce type d'accord entre gouvernements ne peut faciliter directement de nouveaux investissements ni créer directement des occasions d'investissement. Il n'est donc pas possible d'établir un lien direct de cause à effet entre un changement éventuel des structures d'investissement et la présence d'un APIE. Néanmoins, en augmentant la prévisibilité d'un cadre stratégique du marché et la protection contre les pratiques discriminatoires et arbitraires, un APIE permet aux investisseurs de passer à l'action avec une confiance accrue. Cette hausse de confiance favorise indirectement l'accroissement des investissements et peut même engendrer des avantages connexes, comme la création d'emplois et une croissance économique plus large.

c. Impacts environnementaux estimés de l'APIE Canada-Chine

Puisqu'on ne s'attend pas à ce que l'APIE provoque de nouveaux flux d'investissements de la Chine au Canada (ou du Canada en Chine), on ne peut établir un lien de cause à effet entre la mise en œuvre d'un tel accord et les impacts environnementaux au Canada. C'est pour cette raison que l'on maintient la conclusion tirée dans l'EE initiale, selon laquelle la mise en œuvre de l'APIE Canada-Chine n'aura aucun impact environnemental important. Par ailleurs, comme dans tous les APIE conclus par le Canada, l'APIE Canada-Chine veille à ce que les Parties conservent leur capacité de réglementer dans l'intérêt public, y compris en ce qui concerne les questions environnementales. En outre, l'APIE ne nuira pas à la capacité du Canada d'élaborer et de mettre en œuvre des politiques environnementales. Les investisseurs étrangers au Canada sont assujettis aux mêmes lois et règlements que les investisseurs canadiens, y compris ceux qui visent la protection de l'environnement.

III. Dispositions de l'APIE Canada-Chine liées à l'environnement

Aucune question n'a été soulevée au cours des dernières phases des négociations de l'APIE Canada-Chine en ce qui concerne les impacts environnementaux possibles au Canada. Les dispositions de l'APIE Canada-Chine liées à l'environnement sont presque identiques à celles du modèle d'APIE du Canada.

À l'image du modèle du Canada, l'APIE Canada-Chine comporte des exceptions générales en ce qui concerne la protection de la vie ou de la santé humaine, animale et végétale et la conservation des ressources naturelles non renouvelables. Ces sauvegardes, énoncées au paragraphe 33(2), reposent sur l'article XX du GATT et l'article XIV de l'AGCS.

Conformément au modèle de l'APIE, l'article 18 de l'accord comporte une disposition par laquelle les signataires reconnaissent qu'il n'est pas bon d'encourager l'investissement en relâchant les mesures nationales en matière de santé, de sécurité et d'environnement. Si une partie offrait un tel encouragement, l'autre partie pourrait réclamer la tenue de consultations.

Finalement, l'annexe B.10 de l'APIE Canada-Chine, qui est identique au modèle, prévoit que les règlements établis et appliqués dans le but d'atteindre les objectifs de protection légitime du bien-être public, tels que ceux ayant trait à la santé, à la sécurité et à l'environnement, ne constituent pas une forme d'expropriation indirecte.

IV. Responsabilité sociale des entreprises (RSE)

Le gouvernement du Canada s'attend à ce que toutes les entreprises canadiennes présentes à l'étranger respectent toutes les lois applicables et normes internationales, mènent des activités transparentes et le fassent en consultation avec le gouvernement du pays hôte et les communautés locales, et élaborent et appliquent des pratiques exemplaires en matière de RSE, et il les encourage dans ce sens. L'adhésion aux principes volontaires et aux principes directeurs internationalement acceptés constitue un élément essentiel de l'approche canadienne en matière de RSE. Selon un rapport de la Chambre de commerce du Canada (CCC) intitulé *Conduite responsable en affaires dans un monde complexe* (2012), 71 p. 100 des cadres d'entreprises canadiennes estiment que la RSE constitue une « partie essentielle des affaires » et qu'elle doit être reconnue et faire l'objet de rapports.

Les initiatives ciblant la RSE ou le « développement durable » en Chine n'en sont qu'au premier stade. La section de Beijing du Conseil commercial Canada-Chine (CCCC), l'un des organismes de commerce bilatéral les plus anciens en Chine, a restructuré en 2006 son exécutif en comités, dont un comité du développement durable portant sur la RSE. Ce comité a organisé deux manifestations indépendantes consacrées au réseautage et à l'information, et plusieurs séances conjointes de réseautage avec d'autres Chambres de commerce en 2006-2007, réunissant des entreprises intéressées et des organisations non gouvernementales (ONG).

L'ambassade du Canada à Beijing a rencontré les présidents du Comité du développement durable du CCCC afin d'envisager de futures initiatives. Les projets

suivants sont à l'étude : a) un colloque sur l'éducation destiné à aider les entreprises à bien définir leur RSE et à comprendre les avantages d'une politique de RSE sur leurs résultats financiers, ainsi que sur les pays et les régions où elles exercent des activités; b) un atelier réunissant des entreprises canadiennes et chinoises soucieuses de la RSE afin de faire du réseautage et d'étudier des solutions durables à des problèmes communs; c) l'élaboration d'une liste d'ONG qualifiées en mesure de collaborer avec les entreprises afin de mettre en œuvre des projets durables, conformément aux plans et aux stratégies de RSE de celles-ci; d) un projet conjoint mené avec d'autres Chambres de commerce afin d'analyser les sujets brûlants de la RSE, tels que le microcrédit ou le microfinancement.

Outre les initiatives menées par le gouvernement et les associations, certaines entreprises canadiennes continuent de jouer un rôle de chef de file dans ce domaine.

V. Activités de coopération entre le Canada et la Chine dans le domaine de l'environnement

Le Canada et la Chine participent activement à des activités de coopération dans le domaine environnemental[4]. Bien qu'ils ne soient pas spécifiquement liés à l'APIE, ces efforts témoignent de la validité des mécanismes en place permettant de collaborer pour régler les questions présentant un intérêt pour les deux parties.

- **Déclaration cadre pour la coopération Canada-Chine en matière d'environnement au XXI^e siècle** : Le Canada et la Chine ont signé la *Déclaration cadre pour la coopération Canada-Chine en matière d'environnement au XXI^e siècle* en novembre 1998. Cette déclaration reflète le désir des deux pays d'accroître la coopération en matière d'environnement et de développement durable et coordonne la collaboration relative à l'environnement. La Déclaration cadre a créé le Comité conjoint Canada-Chine sur la coopération environnementale (CCCE), Environnement Canada et l'Administration d'État pour la protection de l'environnement de la Chine étant les organismes responsables. En tant que forum pour la coopération, le CCCE permet la tenue d'un dialogue de haut niveau, l'échange de connaissances sur des questions environnementales, l'examen des réalisations bilatérales ainsi que l'identification de domaines où la coopération pourrait être accrue. Le CCCE a tenu sa réunion inaugurale en 2000. La septième réunion du CCCE, qui a eu lieu en novembre 2011, a mis l'accent sur la coopération bilatérale liée aux urgences environnementales; la biodiversité; l'eau; l'écoétiquetage; les technologies environnementales et les émissions de mercure.

- **Protocole d'entente sur les questions relatives aux zones protégées** : La signature de ce PE s'est déroulée en présence du Premier ministre Harper et du premier ministre Wen Jiabao à Beijing, lors de la visite du Premier ministre Harper en Chine, au mois de février 2012. Ce PE sert de cadre à Parcs Canada et à l'administration forestière d'État de Chine, en vue d'une collaboration ou du

[4] http://www.canadainternational.gc.ca/china-chine/bilateral_relations_bilaterales/environment.aspx?lang=fra&view=d

partage de leurs connaissances et de leur expérience professionnelles ou scientifiques dans le domaine de la gestion des parcs nationaux, des réserves naturelles et d'autres zones protégées. Les éléments de la coopération pourraient être les suivants : élaboration et mise en œuvre de parcs nationaux et de réserves naturelles; restauration écologique, éducation du public, tourisme et expérience des visiteurs; mesures de conservation pour les espèces de la faune et de la flore sauvages en voie de disparition et leur habitat, notamment la réintroduction d'espèces; aménagement et gestion des parcs de terres humides, surveillance et gestion des terres humides d'importance internationale; mesures de conservation pour préserver les forêts et les terres humides dans les parcs nationaux et les réserves naturelles.

- **Protocole d'entente sur la coopération environnementale** : Environnement Canada et l'Administration d'État pour la protection de l'environnement de la Chine ont renouvelé le Protocole d'entente (PE) sur la coopération environnementale, en octobre 2010, à Beijing. Il s'agit du troisième renouvellement depuis la signature du premier PE en 1993. Celui-ci prévoit un cadre de coopération sur les questions environnementales d'envergure régionale et planétaire et facilite l'établissement de partenariats et le dialogue entre des organismes, des organisations et des entreprises de protection de l'environnement dans les deux pays. Au moyen de plans de travail élaborés par le Comité conjoint sur la coopération environnementale, le PE est mis en œuvre dans le cadre d'activités et de projets de coopération bilatéraux portant sur des questions environnementales d'intérêt commun.

- **Le Groupe de travail Canada-Chine sur les changements climatiques** : Le Groupe de travail Canada-Chine sur les changements climatiques (GTCC) a été créé en mars 2004 comme mesure de suivi de l'Énoncé conjoint Canada Chine sur la coopération en matière de changements climatiques. Le Groupe de travail coordonne et fait progresser l'effort bilatéral pour lutter contre les changements climatiques, sous la direction conjointe d'Environnement Canada et d'Affaires étrangères et Commerce international (MAECI) du côté canadien et de la Commission nationale du développement et de la réforme et du ministère des Affaires étrangères du côté chinois. La première réunion du GTCC a eu lieu à Vancouver en mars 2004; depuis, le GTCC a tenu cinq autres réunions, alternant l'emplacement de celles-ci entre la Chine et le Canada. Ces réunions sont des occasions pour les représentants de divers ministères canadiens et chinois de mener des discussions franches et ouvertes sur les questions liées aux changements climatiques, tout en cernant des possibilités de collaboration future dans des domaines prioritaires convenus, notamment les technologies propres, les énergies renouvelables et le développement urbain durable.

- **Protocole d'entente sur la coopération en matière de changements climatiques** : Le Canada et la Chine ont signé un PE sur la coopération en matière de changements climatiques le 3 décembre 2009, lors de la visite du Premier ministre Harper en Chine. Le PE a pour objet d'officialiser et d'accroître le

dialogue et la coopération stratégiques bilatéraux sur les questions d'atténuation et d'adaptation d'intérêt mutuel. La plus récente activité organisée par le GTCC était un atelier sur les mesures d'adaptation, qui a eu lieu les 21 et 22 mars 2012, à Vancouver (Canada). Les délégations des deux pays étaient entre autres composées de hauts fonctionnaires ainsi que d'experts techniques du secteur de l'adaptation. L'échange a notamment mis l'accent sur les stratégies nationales, les expériences de planification nationale et les approches sectorielles en matière d'adaptation.

- **Protocole d'entente sur la coopération en sciences et technologie dans les secteurs de la météorologie, de l'hydrologie, des prévisions environnementales et des changements climatiques** : Le Service météorologique du Canada (SMC) maintient depuis longtemps une relation fructueuse avec l'Administration météorologique de Chine (AMC) dans le cadre du *Protocole d'entente sur la coopération en sciences et technologie dans les secteurs de la météorologie, de l'hydrologie, des prévisions environnementales et des changements climatiques*, qui a tout d'abord été signé en 1986, puis renouvelé en mai 2011. L'objectif de ce PE est d'améliorer les activités de coopération en sciences et technologie dans les secteurs de la météorologie, de l'hydrologie, des prévisions environnementales et des changements climatiques menées par le SMC, l'AMC et leurs collaborateurs. Depuis plus de 25 ans, dans le cadre de ce PE, on a mis en œuvre plus de 150 projets et accueilli au Canada une trentaine de délégations et une cinquantaine de hauts responsables des politiques. Cet effort coopératif a eu pour effet d'accroître et de maximiser les capacités des deux pays dans ces secteurs; il démontre comment la collaboration peut être bénéfique pour les deux parties concernées.

- **Missions commerciales environnementales en Chine** : Le gouvernement du Canada a organisé un certain nombre de missions commerciales en Chine sur le thème de l'environnement. Par le passé, les missions de l'Équipe commerciale Canada de l'environnement étaient organisées par Industrie Canada, en collaboration avec le Service des délégués commerciaux du Canada en Chine. Le mandat de ces missions était de faciliter le transfert des technologies et savoirs environnementaux du Canada vers la Chine et favoriser les partenariats entre les industries environnementales des deux pays. Les plus récentes activités menées entre le Canada et la Chine dans le secteur des technologies propres étaient axées sur les réunions intergouvernementales, notamment celles du Groupe de travail pour la protection de l'environnement et la conservation de l'énergie, lequel réunit des dirigeants gouvernementaux et d'universités dans le but de trouver des moyens d'accroître la coopération dans ces secteurs.

- **Accord de coopération scientifique et technologique entre le Canada et la Chine de 2007** : Le 15 janvier 2007 à Beijing, le gouvernement du Canada et celui de la Chine ont signé un Accord de coopération scientifique et technologique visant à soutenir les activités canado-chinoises de recherche et développement. L'Accord vise à accroître la collaboration en matière de recherche et développement entre les universitaires canadiens et chinois ainsi que

les chercheurs et les innovateurs des secteurs privé et public et prévoit des mécanismes pour faciliter les investissements des secteurs privé et public dans les initiatives conjointes de S-T. Les travaux menés dans le cadre de l'Accord portent sur les cinq domaines prioritaires suivants : l'énergie et les technologies propres; les TIC, les sciences de la vie; l'agriculture; l'aviation civile.

- **Conseil chinois de coopération internationale en environnement et en développement** : En 1992, l'Agence canadienne de développement international (ACDI) a posé un important jalon dans la coopération environnementale Canada-Chine en apportant son aide dans l'établissement du Conseil chinois pour la coopération internationale sur l'environnement et le développement (CCCIED), un organisme consultatif international de haut niveau voué à la collaboration et aux échanges en matière de développement durable. Le soutien du Canada aux travaux du CCCIED constitue une pierre angulaire de son engagement avec la Chine en matière de politique environnementale. Par ailleurs, le Canada, par l'entremise de l'ACDI, a également été le principal partenaire international de la Chine au cours des quatre dernières phases (1992-2012). À titre d'organisme consultatif international de haut niveau présidé par le vice-premier ministre chinois et co-présidé par le ministre chinois de la protection environnementale et le président de l'ACDI, le CCCIED prodigue à la Chine des conseils judicieux de calibre mondial pour l'aider à formuler des politiques lui permettant de relever les défis environnementaux importants auxquels elle fait face. On attribue d'ailleurs au CCCIED le crédit de plusieurs changements positifs à la politique environnementale de la Chine au cours des 20 dernières années, dont la décision de créer un Système de gestion environnementale et de santé (2008) et de se doter des outils politiques nécessaires à la création d'une économie à faible émission de carbone (2009).

Tout commentaire sur ce rapport peut être envoyé par courriel, par la poste ou par télécopieur à :

Direction des consultations et de la liaison
Évaluation environnementale définitive de l'Accord sur la promotion et la protection des investissements étrangers (APIE) Canada-Chine
Affaires étrangères et Commerce international Canada
Édifice Lester B. Pearson
125, promenade Sussex
Ottawa (Ontario)
K1A 0G2

Télécopieur : 613-944-7981
Courriel : consultations@international.gc.ca

Lebrun, Matthew JTST:EX

From: Lansdell, Hayden GCPE:EX
Sent: Monday, September 10, 2012 12:50 PM
To: White, Don D JTST:EX; Sen, Shom JTST:EX
Subject: RE: Canada-China FIPA Signed

Thanks Don.

From: White, Don D JTI:EX
Sent: Monday, September 10, 2012 12:22 PM
To: Sen, Shom JTI:EX; Lansdell, Hayden GCPE:EX
Subject: Fw: Canada-China FIPA Signed

Fyi, this has come in from feds - may be of use.

Regards,
Don

From: Vernon.MacKay@international.gc.ca [mailto:Vernon.MacKay@international.gc.ca]
Sent: Monday, September 10, 2012 11:56 AM
To: Vernon.MacKay@international.gc.ca <Vernon.MacKay@international.gc.ca>; alan.barber@gov.mb.ca <alan.barber@gov.mb.ca>; alexandrea_malakoe@gov.nt.ca <alexandrea_malakoe@gov.nt.ca>; robert.donald@gov.sk.ca <robert.donald@gov.sk.ca>; Daryl.Hanak@gov.ab.ca <Daryl.Hanak@gov.ab.ca>; White, Don D JTI:EX; elaine.campbell@gnb.ca <elaine.campbell@gnb.ca>; morris.evangelista@ontario.ca <morris.evangelista@ontario.ca>; egertofj@gov.ns.ca <egertofj@gov.ns.ca>; Gordon.jansen@ontario.ca <Gordon.jansen@ontario.ca>; harley.trudeau@on.aibn.com <harley.trudeau@on.aibn.com>; Andrew.Hashey@gnb.ca <Andrew.Hashey@gnb.ca>; Quiring, Janel JTI:EX; Jessee, Janna L JTI:EX; JudithHearn@gov.nl.ca <JudithHearn@gov.nl.ca>; kbwhitnell@gov.pe.ca <kbwhitnell@gov.pe.ca>; Lisa.Badenhorst@gov.yk.ca <Lisa.Badenhorst@gov.yk.ca>; JeffLoder@gov.nl.ca <JeffLoder@gov.nl.ca>; WMacKay@gov.nu.ca <WMacKay@gov.nu.ca>; mary.ballantyne@gov.ab.ca <mary.ballantyne@gov.ab.ca>; Patrick.Muzzi@mdeie.gouv.qc.ca <Patrick.Muzzi@mdeie.gouv.qc.ca>; jpower@gov.nl.ca <jpower@gov.nl.ca>; rsquires@gov.nl.ca <rsquires@gov.nl.ca>; Musgrave, Robert JTI:EX; Natashia.Stinka@gov.sk.ca <Natashia.Stinka@gov.sk.ca>; TraceyPennell@gov.nl.ca <TraceyPennell@gov.nl.ca>; Veronique.Bilodeau@mdeie.gouv.qc.ca <Veronique.Bilodeau@mdeie.gouv.qc.ca>
Cc: John.oneill@international.gc.ca <John.oneill@international.gc.ca>; Meaghan.Ursell@international.gc.ca <Meaghan.Ursell@international.gc.ca>
Subject: RE: Canada-China FIPA Signed

Colleagues,

The attached backgrounder and points may be useful in summarizing the contents of the FIPA for your senior management.

Vern

From: MacKay, Vernon -TNI
Sent: September 8, 2012 9:58 PM
To: 'Alan Barber'; alexandrea_malakoe@gov.nt.ca; 'Bob Donald'; Daryl Hanak; 'Don D. White'; 'Elaine Campbell'; 'Evangelista, Morris'; 'Frazer Egerton'; 'Gordon Jansen'; 'harley.trudeau@on.aibn.com'; Hashey, Andrew (IGA/MAI); 'Janel Quiring '; Janna Jessee (Janna.Jessee@gov.bc.ca); 'Judith Hearn'; kbwhitnell@gov.pe.ca; 'Lisa.Badenhorst@gov.yk.ca'; Loder, Jeff; MacKay, William; 'Mary Ballantyne'; 'Patrick Muzzi '; 'Power, Jacqueline'; 'Richard Squires'; 'Robert Musgrave'; Stinka, Natashia EC; 'Tracey Pennell'; Veronique.Bilodeau@mdeie.gouv.qc.ca

Cc: O'Neill, John -TNI; Ursell, Meaghan -TNI
Subject: Canada-China FIPA Signed

Colleagues,

This is to let you know that the Canada-China FIPA was signed at the APEC Leaders Summit in Vladivostok, Russia, September 9 (evening of the 8th in Ottawa). The English and French versions of the treaty are attached. We request that you treat the treaties as confidential since we have not yet made them public. There are still a few steps to be taken before the FIPA comes into force. It must be tabled in the Parliament of Canada for a period of 21 days, after which it will require an Order-In-Council for ratificiation. Once ratified, Canada will notify China that it has completed its ratificaion procedures. China must also complete its ratificatiaon process. The FIPA will come into force on the date that both Parties have provided their notification of ratification. At this point it is a little early to speculate on when that date may be.

Don't hesitate to contact me if you have any questions, and of course I will see you at C-Trade next week.

Regards,

Vern

Lebrun, Matthew JTST:EX

From: White, Don D JTST:EX
Sent: Sunday, September 9, 2012 8:30 AM
To: Sen, Shom JTST:EX
Subject: Re: Confidential - Fyi: Canada-China FIPA Signed

No problem Shom - thought it useful for team to be informed. Thanks

From: Sen, Shom JTI:EX
Sent: Sunday, September 09, 2012 12:15 AM
To: Byng, Dave A JTI:EX
Cc: White, Don D JTI:EX
Subject: Fw: Confidential - Fyi: Canada-China FIPA Signed

Hi Dave

Still confidential, but important for you to know. Pls see Don's update below.

Regards
Shom

From: White, Don D JTI:EX
Sent: Saturday, September 08, 2012 08:48 PM
To: Sen, Shom JTI:EX; Han, Henry JTI:EX
Cc: Ewing, Rebecca J JTI:EX
Subject: Confidential - Fyi: Canada-China FIPA Signed

Fyi (still confidential).

From: Vernon.MacKay@international.gc.ca [mailto:Vernon.MacKay@international.gc.ca]
Sent: Saturday, September 08, 2012 06:57 PM
To: alan.barber@gov.mb.ca <alan.barber@gov.mb.ca>; alexandrea_malakoe@gov.nt.ca <alexandrea_malakoe@gov.nt.ca>; robert.donald@gov.sk.ca <robert.donald@gov.sk.ca>; Daryl.Hanak@gov.ab.ca <Daryl.Hanak@gov.ab.ca>; White, Don D JTI:EX; elaine.campbell@gnb.ca <elaine.campbell@gnb.ca>; morris.evangelista@ontario.ca <morris.evangelista@ontario.ca>; egertofj@gov.ns.ca <egertofj@gov.ns.ca>; Gordon.jansen@ontario.ca <Gordon.jansen@ontario.ca>; harley.trudeau@on.aibn.com <harley.trudeau@on.aibn.com>; Andrew.Hashey@gnb.ca <Andrew.Hashey@gnb.ca>; Quiring, Janel JTI:EX; Jessee, Janna L JTI:EX; JudithHearn@gov.nl.ca <JudithHearn@gov.nl.ca>; kbwhitnell@gov.pe.ca <kbwhitnell@gov.pe.ca>; Lisa.Badenhorst@gov.yk.ca <Lisa.Badenhorst@gov.yk.ca>; JeffLoder@gov.nl.ca <JeffLoder@gov.nl.ca>; WMacKay@gov.nu.ca <WMacKay@gov.nu.ca>; mary.ballantyne@gov.ab.ca <mary.ballantyne@gov.ab.ca>; Patrick.Muzzi@mdeie.gouv.qc.ca <Patrick.Muzzi@mdeie.gouv.qc.ca>; jpower@gov.nl.ca <jpower@gov.nl.ca>; rsquires@gov.nl.ca <rsquires@gov.nl.ca>; Musgrave, Robert JTI:EX; Natashia.Stinka@gov.sk.ca <Natashia.Stinka@gov.sk.ca>; TraceyPennell@gov.nl.ca <TraceyPennell@gov.nl.ca>; Veronique.Bilodeau@mdeie.gouv.qc.ca <Veronique.Bilodeau@mdeie.gouv.qc.ca>
Cc: John.oneill@international.gc.ca <John.oneill@international.gc.ca>; Meaghan.Ursell@international.gc.ca <Meaghan.Ursell@international.gc.ca>
Subject: Canada-China FIPA Signed

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Regards,

Vern

AGREEMENT

BETWEEN

THE GOVERNMENT OF CANADA

AND

THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA

FOR THE PROMOTION AND RECIPROCAL PROTECTION

OF INVESTMENTS

THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA (the "Contracting Parties"),

RECOGNIZING the need to promote investment based on the principles of sustainable development;

DESIRING to intensify the economic cooperation of both States, based on equality and mutual benefit;

HAVE AGREED as follows:

PART A

ARTICLE 1

Definitions

For the purpose of this Agreement,

1. "investment" means:

(a) an enterprise;

(b) shares, stocks and other forms of equity participation in an enterprise;

(c) bonds, debentures, and other debt instruments of an enterprise;

(d) a loan to an enterprise

(i) where the enterprise is an affiliate of the investor, or

(ii) where the original maturity of the loan is at least three years;

(e) notwithstanding sub-paragraphs (c) and (d) above, a loan to or debt security issued by a financial institution is an investment only where the loan or debt security is treated as regulatory capital by the Contracting Party in whose territory the financial institution is located;

(f) an interest in an enterprise that entitles the owner to share in the income or profits of the enterprise;

(g) an interest in an enterprise that entitles the owner to share in the assets of that enterprise on dissolution;

(h) interests arising from the commitment of capital or other resources in the territory of a Contracting Party to economic activity in such territory, such as under

(i) contracts involving the presence of an investor's property in the territory of the Contracting Party, including turnkey or construction contracts, or concessions to search for and extract oil and other natural resources, or

(ii) contracts where remuneration depends substantially on the production, revenue or profits of an enterprise;

(i) intellectual property rights; and

(j) any other tangible or intangible, moveable or immovable, property and related property rights acquired or used for business purposes;

but "investment" does not mean:

(k) claims to money that arise solely from

(i) commercial contracts for the sale of goods or services, or

(ii) the extension of credit in connection with a commercial transaction, such as trade financing, other than a loan covered by sub-paragraph (d); or

(l) any other claims to money,

that do not involve the kinds of interests set out in sub-paragraphs (a) to (j);

2. "investor" means with regard to either Contracting Party:

(a) any natural person who has the citizenship or status of permanent resident of that Contracting Party in accordance with its laws and who does not possess the citizenship of the other Contracting Party;

(b) any enterprise as defined in paragraph 10(a) of this Article;

that seeks to make, is making or has made a covered investment[1];

3. "investment of an investor of a Contracting Party" means an investment owned or controlled directly or indirectly by an investor of such Contracting Party;

4. "covered investment" means, with respect to a Contracting Party, an investment in its territory of an investor of the other Contracting Party existing on the date of entry into force of this Agreement or an investment of an investor admitted in accordance with its laws and regulations thereafter, and which involves the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk;

5. "returns" means the amounts yielded by investments, and in particular, though not limited to, profits, capital gains, dividends, interest, royalties, returns-in-kind or other income;

6. "measure" includes any law, regulation, rule, procedure, decision, requirement, administrative action, or practice;

7. "existing measure" means a measure existing at the time this Agreement enters into force;

8. "financial service" has the same meaning as in sub-paragraph 5(a) of the Annex on Financial Services of the GATS;

9. "financial institution" means any financial intermediary or other enterprise that is authorized to do business and is regulated or supervised as a financial institution under the law of the Contracting Party in whose territory it is located;

[1] For greater certainty, the elements "seeks to make" and "is making" in the definition of an investor are only applicable with respect to Article 5.

10. "enterprise" means:

(a) any entity constituted or organized in accordance with the laws of a Contracting Party, such as public institutions, corporations, foundations, agencies, cooperatives, trust, societies, associations and similar entities and private companies, firms, partnerships, establishments, joint ventures and organizations, whether or not for profit, and irrespective of whether their liabilities are limited or otherwise; and

(b) a branch of any such entity;

11. "intellectual property rights" means copyright and related rights, trademark rights, patent rights, rights in layout designs of semiconductor integrated circuits, trade secret rights, plant breeders' rights, rights in geographical indications and industrial design rights;

12. "confidential information" means business confidential information and information that is privileged or otherwise protected from disclosure;

13. "disputing investor" means an investor that makes a claim under Article 20;

14. "disputing Contracting Party" means a Contracting Party against which a claim is made under Article 20;

15. "disputing party" means the disputing investor or the disputing Contracting Party;

16. "ICSID" means the International Centre for Settlement of Investment Disputes;

17. "ICSID Convention" means the *Convention on the Settlement of Investment Disputes between States and Nationals of other States,* done at Washington on 18 March 1965;

18. "Additional Facility Rules of ICSID" means the *Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes* and Schedule C (Arbitration) thereto, approved by the Administrative Council on 29 September 2002, as amended from time to time;

19. "Tribunal" means an arbitration tribunal established under Part C;

20. "UNCITRAL Arbitration Rules" means the Arbitration Rules of the United Nations Commission on International Trade Law, approved by the United Nations General Assembly on 15 December 1976, as amended from time to time;

21. "WTO Agreement" means the *Agreement Establishing the World Trade Organization* done at Marrakesh on 15 April 1994;

22. "territory" means:

In respect of Canada:

(a) the land territory, air space, internal waters and territorial sea over which Canada exercises sovereignty;

(b) the exclusive economic zone of Canada, as determined by its domestic law pursuant to Part V of the *United Nations Convention on the Law of the Sea* (UNCLOS); and

(c) the continental shelf of Canada, as determined by its domestic law pursuant to Part VI of UNCLOS.

In respect of China:

the territory of China, including land territory, internal waters, territorial sea, territorial air space, and any maritime areas beyond the territorial sea over which, in accordance with international law and its domestic law, China exercises sovereign rights or jurisdiction with respect to the waters, seabed and subsoil and natural resources thereof.

PART B

ARTICLE 2

Scope and Application

1. This Agreement shall apply to measures adopted or maintained by a Contracting Party relating to investors of the other Contracting Party and covered investments.

2. A Contracting Party's obligations under this Agreement shall apply to any entity whenever that entity exercises any regulatory, administrative or other governmental authority delegated to it by that Contracting Party, such as the power to expropriate, grant licenses, approve commercial transactions or impose quotas, fees or other charges.

3. Each Contracting Party shall take all necessary measures in order to ensure observance of the provisions of this Agreement by provincial governments.[2]

ARTICLE 3

Promotion and Admission of Investment

Each Contracting Party shall encourage investors of the other Contracting Party to make investments in its territory and admit such investments in accordance with its laws, regulations and rules.

ARTICLE 4

Minimum Standard of Treatment

1. Each Contracting Party shall accord to covered investments fair and equitable treatment and full protection and security, in accordance with international law.

---

[2] For Canada, "provincial government" includes a territorial government.

2. The concepts of "fair and equitable treatment" and "full protection and security" in paragraph 1 do not require treatment in addition to or beyond that which is required by the international law minimum standard of treatment of aliens as evidenced by general State practice accepted as law.

3. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

ARTICLE 5[3]

Most-Favoured-Nation Treatment

1. Each Contracting Party shall accord to investors of the other Contracting Party treatment no less favourable than that it accords, in like circumstances, to investors of a non-Contracting Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.

2. Each Contracting Party shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments of investors of a non-Contracting Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.

3. For greater certainty, the "treatment" referred to in paragraphs 1 and 2 of this Article does not encompass the dispute resolution mechanisms, such as those in Part C, in other international investment treaties and other trade agreements.

[3] For greater certainty, the treatment accorded by a Contracting Party under this Article means, with respect to a provincial government, treatment accorded, in like circumstances, by that provincial government to investors, and to investments of investors, of a non-Contracting Party.

ARTICLE 6[4]

National Treatment

1. Each Contracting Party shall accord to investors of the other Contracting Party treatment no less favourable than that it accords, in like circumstances, to its own investors with respect to the expansion, management, conduct, operation and sale or other disposition of investments in its territory.

2. Each Contracting Party shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments of its own investors with respect to the expansion, management, conduct, operation and sale or other disposition of investments in its territory.

3. The concept of "expansion" in this Article applies only with respect to sectors not subject to a prior approval process under the relevant sectoral guidelines and applicable laws, regulations and rules in force at the time of expansion. The expansion may be subject to prescribed formalities and other information requirements.

ARTICLE 7

Senior Management, Boards of Directors and Entry of Personnel

1. A Contracting Party may not require that an enterprise of that Party, that is a covered investment, appoint individuals of any particular nationality to senior management positions.

2. A Contracting Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Contracting Party that is a covered investment be of a particular nationality or resident in the territory of the Contracting Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

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[4] For greater certainty, the treatment accorded by a Contracting Party under this Article means, with respect to a provincial government, treatment accorded, in like circumstances, by that provincial government to investors, and to investments of investors, of the Contracting Party of which it forms a part.

3. Subject to its laws, regulations and policies relating to the entry and sojourn of non-citizens, a Contracting Party shall permit natural persons who have the citizenship or status of permanent resident of the other Contracting Party and are employed by any enterprise that is a covered investment of an investor, or a subsidiary or affiliate thereof, to enter and remain temporarily in its territory in a capacity that is managerial, executive or that requires specialized knowledge.

ARTICLE 8

Exceptions

1. Article 5 does not apply to:

   (a) treatment by a Contracting Party pursuant to any existing or future bilateral or multilateral agreement:

      (i) establishing, strengthening or expanding a free trade area or customs union; or

      (ii) relating to aviation, fisheries, or maritime matters including salvage;

   (b) treatment accorded under any bilateral or multilateral international agreement in force prior to 1 January 1994.

2. Articles 5, 6 and 7 do not apply to[5]:

   (a) (i) any existing non-conforming measures maintained within the territory of a Contracting Party; and

[5] The exception described in this paragraph applies without prejudice to the rights reserved by Canada and China in paragraph 3.

(ii) any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition of a government's equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, prohibits or imposes limitations on the ownership or control of equity interests or assets or imposes nationality requirements relating to senior management or members of the board of directors;

(b) the continuation or prompt renewal of any non-conforming measure referred to in sub-paragraph (a); or

(c) an amendment to any non-conforming measure referred to in sub-paragraph (a), to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 5, 6 and 7.

3. Articles 5, 6 and 7 do not apply to any measure that a Contracting Party has reserved the right to adopt or maintain pursuant to Annex B.8.

4. In respect of intellectual property rights, a Contracting Party may derogate from Articles 3, 5 and 6 in a manner that is consistent with international agreements regarding intellectual property rights to which both Contracting Parties are parties.

5. Articles 5, 6 and 7, do not apply to:

(a) procurement by a Contracting Party;

(b) subsidies or grants provided by a Contracting Party, including government-supported loans, guarantees and insurance.

ARTICLE 9

Performance Requirements

The Contracting Parties reaffirm their obligations under the WTO *Agreement on Trade-Related Investment Measures* (TRIMs), as amended from time to time. Article 2 and the Annex of the TRIMs are incorporated into and made part of this Agreement.

ARTICLE 10

Expropriation

1. Covered investments or returns of investors of either Contracting Party shall not be expropriated, nationalized or subjected to measures having an effect equivalent to expropriation or nationalization in the territory of the other Contracting Party (hereinafter referred to as "expropriation"), except for a public purpose, under domestic due procedures of law, in a non-discriminatory manner and against compensation.[6] Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriation, or before the impending expropriation became public knowledge, whichever is earlier, shall include interest at a normal commercial rate until the date of payment, and shall be effectively realizable, freely transferable, and made without delay. The investor affected shall have a right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial or other independent authority of that Contracting Party, of his or its case and of the valuation of his or its investment in accordance with the principles set out in this paragraph.

2. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to other measures in respect of intellectual property rights, to the extent that such measures are consistent with international agreements regarding intellectual property rights to which both Contracting Parties are parties.

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[6] Annex B.10 shall apply to this paragraph.

ARTICLE 11

Compensation for Losses

Investors of one Contracting Party who suffer losses in respect of covered investments owing to war, a state of national emergency, insurrection, riot or other similar events, shall be accorded treatment by the other Contracting Party, in respect of restitution, indemnification, compensation or other settlement, no less favourable than it accords in like circumstances, to its own investors or to investors of any third State.

ARTICLE 12

Transfers[7]

1. A Contracting Party shall permit all transfers relating to a covered investment to be made freely and without delay. Such transfers include:

(a) contributions to capital;

(b) profits, capital gains, dividends, interest, royalties including payments in relation to intellectual and industrial property rights, fees, returns-in-kind or other income derived from the investment;

(c) proceeds obtained from the total or partial sale of the covered investment, or from the partial or complete liquidation of the investment;

(d) payments made under a contract entered into by an investor, or its covered investments, including those pursuant to a loan agreement;

(e) payments made pursuant to Articles 10 and 11 and arising under Part C; and

[7] Annex B.12 shall apply to this Article.

(f) earnings of nationals of a Contracting Party who work in connection with an investment in the territory of the other Contracting Party.

2. Each Contracting Party shall permit transfers relating to a covered investment to be made in a freely convertible currency at the market rate of exchange prevailing on the date of transfer. In the event that the market rate of exchange does not exist, the rate of exchange shall correspond to the cross rate obtained from those rates which would be applied by the International Monetary Fund on the date of payment for conversions of currencies concerned into Special Drawing Rights.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, a Contracting Party may prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

(a) bankruptcy, insolvency or the protection of the rights of creditors;

(b) issuing, trading or dealing in securities;

(c) criminal or penal offenses;

(d) reports of transfers of currency or other monetary instruments; or

(e) ensuring the satisfaction of judgments in adjudicatory proceedings.

4. (a) Nothing in the Agreement shall be construed to prevent a Contracting Party from adopting or maintaining measures that restrict transfers when the Contracting Party experiences serious balance of payment difficulties, or the threat thereof, provided that such measures:

(i) are of limited duration, applied on a good-faith basis, and should be phased out as the situation calling for imposition of such measures improves;

(ii) do not constitute a dual or multiple exchange rate practice;

(iii) do not otherwise interfere with an investor's ability to invest, in the territory of the Contracting Party, in the form chosen by the investor and, as relevant, in local currency, in any assets that are restricted from being transferred out of the territory of the Contracting Party;

(iv) are applied on an equitable and non-discriminatory basis;

(v) are promptly published by the government authorities responsible for financial services or central bank of the Contracting Party;

(vi) are consistent with the *Articles of Agreement of the International Monetary Fund* done at Bretton Woods on 22 July 1944; and

(vii) avoid unnecessary damage to the commercial, economic and financial interests of the other Contracting Party.

(b) Sub-paragraph (a) does not apply to measures that restrict payments or transfers for current transactions[8], unless the imposition of such measures complies with the procedures set out in the *Articles of Agreement of the International Monetary Fund.*

5. Notwithstanding paragraph 1, a Contracting Party may restrict transfers of returns-in-kind in circumstances where it could otherwise restrict such transfers under the WTO Agreement.

[8] "Current transactions" has the meaning set out in Article XXX(d) of the *Articles of Agreement of the International Monetary Fund.*

ARTICLE 13

Subrogation

1. If a Contracting Party or its Agency makes a payment to one of its investors under a guarantee or contract of insurance it has granted to a covered investment of that investor, the other Contracting Party shall recognize the transfer of any right or claim of that investor to the first mentioned Contracting Party or its Agency. The subrogated right or claim shall not be greater than the original right or claim of the said investor. Such right may be exercised by the Contracting Party or any agent thereof so authorized.

2. In an arbitration under Part C, a disputing Contracting Party shall not assert, as a defence, counterclaim, right of setoff or otherwise, that the disputing investor has received or will receive, pursuant to an insurance or guarantee contract, indemnification or other compensation for all or part of its alleged damages.

ARTICLE 14

Taxation

1. Except as provided in this Article nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of the Contracting Parties under any tax convention. In the event of any inconsistency between the provisions of this Agreement and any such convention, the provisions of that convention shall apply to the extent of the inconsistency.

3. Nothing in this Agreement shall be construed to require a Contracting Party to furnish or allow access to information the disclosure of which would be contrary to the Contracting Party's law protecting information concerning the taxation affairs of a taxpayer.

4. The provisions of Article 10 shall apply to taxation measures.

5. No claim may be made by an investor pursuant to paragraph 4 unless:

(a) the investor provides a copy of the notice of claim to the taxation authorities of the Contracting Parties; and

(b) six months after receiving notification of the claim by the investor, the taxation authorities of the Contracting Parties fail to reach a joint determination that the measure in question is not an expropriation.

6. The taxation authorities referred to in this Article shall be the following until otherwise notified by a Contracting Party:

(a) for Canada: the Assistant Deputy Minister, Tax Policy, of the Department of Finance Canada;

(b) for China: the Ministry of Finance and State Administration of Taxation or an authorized representative of the Ministry of Finance and State Administration of Taxation.

7. The Contracting Parties shall notify each other promptly by diplomatic note of the successors to the tax authorities identified in sub-paragraphs 6(a) and (b).

ARTICLE 15

Disputes between the Contracting Parties

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled by consultation through diplomatic channels.

2. If a dispute cannot thus be settled within six months, it shall, upon the request of either Contracting Party, be submitted to an ad hoc arbitral tribunal.

3. Such tribunal shall be comprised of three arbitrators. Within two months from the date on which either Contracting Party receives the written notice requesting arbitration from the other Contracting Party, each Contracting Party shall appoint one arbitrator. Those two arbitrators shall jointly select a third arbitrator, who shall be a national of a third State which has diplomatic relations with both Contracting Parties. The third arbitrator shall be appointed by the two Contracting Parties as Chairman of the arbitral tribunal within two months from the date of appointment of the other two arbitrators.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to appoint any arbitrator who has or have not yet been appointed. If the President is a national of either Contracting Party or is otherwise prevented from discharging this function, the next most senior member of the International Court of Justice who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall determine its own procedure.

6. The arbitral tribunal shall reach its decision by a majority of votes. The arbitral tribunal shall, upon the request of either Contracting Party, explain the reasons for its decision. Unless otherwise agreed, the arbitral tribunal shall make best efforts to render its decision within six months of the appointment of the Chairman in accordance with paragraphs 3 and 4 of this Article.

7. Each Contracting Party shall bear the cost of its appointed arbitrator and of its representation in the arbitral proceedings. The relevant costs of the Chairman and the arbitral tribunal shall be borne in equal parts by the Contracting Parties.

8. The decision of the arbitral tribunal shall be final and binding on both Contracting Parties. The Contracting Parties shall, if necessary, within 60 days of the decision of an arbitral tribunal, meet and decide on the manner in which to resolve their dispute. That decision shall normally implement the decision of the arbitral tribunal. If the Contracting Parties fail to reach a decision, the Contracting Party bringing the dispute shall be entitled to receive compensation of equivalent value to the arbitral tribunal's award.

ARTICLE 16

Denial of Benefits

1. A Contracting Party may, at any time including after the institution of arbitration proceedings in accordance with Part C, deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of that other Contracting Party and to covered investments of that investor:

(a) if investors of a non-Contracting Party own or control the enterprise; and

(b) the denying Contracting Party adopts or maintains measures with respect to the non-Contracting Party:

(i) that prohibit transactions with the enterprise; or

(ii) that would be violated or circumvented if the benefits of this Agreement were accorded to the enterprise or to its covered investments.

2. A Contracting Party may, at any time including after the institution of arbitration proceedings in accordance with Part C, deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of that other Contracting Party and to covered investments of that investor if investors of a non-Contracting Party or of the denying Contracting Party own or control the enterprise and the enterprise has no substantial business activities in the territory of the other Contracting Party under whose law it is constituted or organized.

3. For greater certainty, a Contracting Party may deny the benefits of this Agreement pursuant to paragraphs 1 and 2 at any time, including after the initiation of arbitration proceedings in accordance with Part C.

ARTICLE 17

Transparency of Laws, Regulations and Policies

1. Each Contracting Party shall, with a view to promoting the understanding of its laws and policies that pertain to or affect a covered investment:

(a) make such laws and policies public and readily accessible;

(b) if requested, provide copies of specified laws and policies to the other Contracting Party; and

(c) if requested, consult with the other Contracting Party with a view to explaining specified laws and policies.

2. Each Contracting Party shall ensure that its laws, regulations and policies pertaining to the conditions of admission of investments, including procedures for application and registration, criteria used for assessment and approval, timelines for processing an application and rendering a decision, and review or appeal procedures of a decision, are administered in a manner that enables investors of the other Contracting Party to become acquainted with them.

3. Each Contracting Party is encouraged to:

(a) publish in advance any measure that it proposes to adopt; and

(b) provide interested persons and the other Contracting Party a reasonable opportunity to comment on the proposed measure.

ARTICLE 18

Consultations

1. The representatives of the Contracting Parties may hold meetings for the purpose of:

(a) reviewing the implementation of this Agreement;

(b) reviewing the interpretation or application of this Agreement;

(c) exchanging legal information;

(d) addressing disputes arising out of investments;

(e) studying other issues in connection with the facilitation or encouragement of investment, including measures referred to in paragraph 3.

2. Further to consultations under this Article, the Contracting Parties may take any action as they may jointly decide, including making and adopting rules supplementing the applicable arbitral rules under Part C of this Agreement and issuing binding interpretations of this Agreement.

3. The Contracting Parties recognize that it is inappropriate to encourage investment by waiving, relaxing, or otherwise derogating from domestic health, safety or environmental measures.

PART C

ARTICLE 19

Purpose

Without prejudice to the rights and obligations of the Contracting Parties under Article 15, this Part establishes a mechanism for the settlement of investment disputes.

ARTICLE 20

Claim by an Investor of a Contracting Party

1. An investor of a Contracting Party may submit to arbitration under this Part a claim that the other Contracting Party has breached an obligation:

(a) under Articles 2 to 7(2), 9, 10 to 13, 14(4) or 16, if the breach is with respect to investors or covered investments of investors to which sub-paragraph (b) does not apply, or

(b) under Article 10 or 12 if the breach is with respect to investors of a Contracting Party in financial institutions in the other Contracting Party's territory or covered investments of such investors in financial institutions in the other Contracting Party's territory,

and that the investor or a covered investment of the investor has incurred loss or damage by reason of, or arising out of, that breach.

2. (a) Where an investor submits a claim to arbitration under this Article, and the disputing Contracting Party invokes Article 33(3), the investor-State tribunal established pursuant to this Part may not decide whether and to what extent Article 33(3) is a valid defence to the claim of the investor. It shall seek a report in writing from the Contracting Parties on this issue. The investor-State tribunal may not proceed pending receipt of such a report or of a decision of a State-State arbitral tribunal, should such a State-State arbitral tribunal be established.

(b) Pursuant to a request for a report received in accordance with subparagraph (a), the financial services authorities of the Contracting Parties shall engage in consultations. If the financial services authorities of the Contracting Parties reach a joint decision on the issue of whether and to what extent Article 33(3) is a valid defence to the claim of the investor, they shall prepare a written report describing their joint decision. The report shall be transmitted to the investor-State tribunal, and shall be binding on the investor-State tribunal.

(c) If, after 60 days, the financial services authorities of the Contracting Parties are unable to reach a joint decision on the issue of whether and to what extent Article 33(3) is a valid defence to the claim of the investor, the issue shall, within 30 days, be referred by either of the Contracting Parties to a State-State arbitral tribunal established pursuant to Article 15. In such a case, the provisions requiring consultations between the Contracting Parties in Article 15(1) and (2) shall not apply. The decision of the State-State arbitral tribunal shall be transmitted to the investor-State tribunal, and shall be binding on the investor-State tribunal. All of the members of any such State-State arbitral tribunal shall have expertise or experience in financial services law or practice, which may include the regulation of financial institutions.

ARTICLE 21

Conditions Precedent to Submission of a Claim to Arbitration

1. Before a disputing investor may submit a claim to arbitration, the disputing parties shall first hold consultations in an attempt to settle a claim amicably. Consultations shall be held within 30 days of the submission of the notice of intent to submit a claim to arbitration, unless the disputing parties otherwise agree. The place of consultation shall be the capital of the disputing Contracting Party, unless the disputing parties otherwise agree.

2. Subject to the Party-specific requirements set out in Annex C.21, a disputing investor may submit a claim to arbitration under Article 20 only if:

(a) the investor consents to arbitration in accordance with the procedures set out in this Agreement and delivers notice of such consent to the disputing Contracting Party together with the submission of a claim to arbitration;

(b) at least six months have elapsed since the events giving rise to the claim;

(c) the investor has delivered to the disputing Contracting Party written notice of its intent to submit a claim to arbitration at least four months prior to submitting the claim;

(d) the investor has delivered, with its notice of intent to submit a claim to arbitration under sub-paragraph (c), evidence establishing that it is an investor of the other Contracting Party;

(e) the investor has waived its right to initiate or continue dispute settlement proceedings under any agreement between a third State and the disputing Contracting Party in relation to the measure alleged to be a breach of an obligation under Part B of this Agreement; and

(f) not more than three years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the investor or a covered investment of the investor has incurred loss or damage thereby.

ARTICLE 22

Submission of a Claim to Arbitration

1. A disputing investor who meets the conditions precedent provided for in Article 21 may submit the claim to arbitration under:

(a) the ICSID Convention, provided that both Contracting Parties are parties to that Convention;

(b) the Additional Facility Rules of ICSID, provided that one Contracting Party, but not both, is a party to the ICSID Convention; or

(c) the UNCITRAL Arbitration Rules,

as supplemented or modified by the rules set out in this Agreement or adopted by the Contracting Parties.

2. A claim is submitted to arbitration under this Part when:

(a) the request for arbitration under Article 36(1) of the ICSID Convention is received by the Secretary General;

(b) the notice of arbitration under Article 2 of Schedule C of the ICSID Additional Facility Rules is received by the Secretary General; or

(c) the notice of arbitration given under the UNCITRAL Arbitration Rules is received by the disputing Contracting Party.

3. Delivery of notice and other documents to a Contracting Party shall be made to the place named for that Contracting Party below:

(a) for Canada: Office of the Deputy Attorney General of Canada, Justice Building, 239 Wellington Street, Ottawa, Ontario, K1A 0H8;

(b) for China: Department of Treaty and Law, Ministry of Commerce of the People's Republic of China.

4. The Contracting Parties shall notify each other promptly by diplomatic note of any change in the place for delivery.

ARTICLE 23

Consent to Arbitration

Each Contracting Party consents to the submission of a claim to arbitration in accordance with the procedures set out in this Agreement. Failure to meet any of the conditions precedent provided for in Article 21 shall nullify that consent.

ARTICLE 24

Arbitrators

1. Except in respect of a Tribunal established under Article 26, and unless the disputing parties agree otherwise, the Tribunal shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.

2. Arbitrators shall:

(a) have expertise or experience in public international law, international trade or international investment rules, or the resolution of disputes arising under international trade or international investment agreements;

(b) be independent of, and not be affiliated with, or take instructions from, either Contracting Party or disputing party; and

(c) comply with any additional rules where such rules are agreed to by the Contracting Parties.

3. Where the claimant claims that a dispute involves measures adopted or maintained by the disputing Contracting Party relating to financial institutions of the other Contracting Party, or investors of the other Contracting Party and covered investments of such investors in financial institutions in the disputing Contracting Party's territory, then:

(a) where the disputing parties are in agreement, the arbitrators shall, in addition to the criteria set out in paragraph 2, have expertise or experience in financial services law or practice, which may include the regulation of financial institutions; or

(b) where the disputing parties are not in agreement,

(i) each disputing party may select arbitrators who meet the qualifications set out in subparagraph (a), and

(ii) if the disputing Contracting Party invokes Article 33(4), the presiding arbitrator shall meet the qualifications set out in subparagraph (a).

4. If the disputing parties do not agree on the remuneration of the arbitrators before the constitution of the Tribunal, the prevailing ICSID rate for arbitrators shall apply.

5. If a Tribunal, other than a Tribunal established under Article 26, has not been constituted within 90 days from the date that a claim is submitted to arbitration, the Secretary General of ICSID, on the request of either disputing party, shall appoint, in his or her discretion, the arbitrator or arbitrators not yet appointed, except that the presiding arbitrator shall not be a national of either Contracting Party.

ARTICLE 25

Agreement to Appointment of Arbitrators

For the purposes of Article 39 of the ICSID Convention and Article 7 of Schedule C to the Additional Facility Rules of ICSID, and without prejudice to an objection to an arbitrator based on a ground other than citizenship or permanent residence:

(a) the disputing Contracting Party agrees to the appointment of each individual member of a Tribunal established under the ICSID Convention or the Additional Facility Rules of ICSID;

(b) a disputing investor may submit a claim to arbitration, or continue a claim, under the ICSID Convention or the Additional Facility Rules of ICSID, only on condition that the disputing investor agrees in writing to the appointment of each individual member of the Tribunal.

ARTICLE 26

Consolidation

1. Where two or more claims have been submitted separately to arbitration under Article 20 and the claims have a question of law or fact in common and arise out of the same events or circumstances, any disputing party may seek a consolidation order in accordance with either the agreement of all the disputing parties sought to be covered by the order, or the terms of paragraphs 2 through 9.

2. A disputing party that seeks a consolidation order under this Article shall deliver, in writing, a request to the Secretary-General of ICSID and to all the disputing parties sought to be covered by the order and shall specify in the request: the names and addresses of all the disputing parties sought to be covered by the order; the nature of the order sought; and the grounds on which the order is sought.

3. Unless the Secretary-General of ICSID finds within 30 days after receiving a request under paragraph 2 that the request is manifestly unfounded, a tribunal shall be established under this Article.

4. Unless all the disputing parties sought to be covered by the order otherwise agree, a tribunal established under this Article shall comprise three arbitrators: one arbitrator appointed by agreement of the claimants; one arbitrator appointed by the respondent; and the presiding arbitrator appointed by the Secretary-General of ICSID, provided, however, that the presiding arbitrator shall not be a national of either Contracting Party.

5. If, within 60 days after the Secretary-General of ICSID receives a request made under paragraph 2, the disputing Contracting Party fails or the claimants fail to appoint an arbitrator in accordance with paragraph 4, the Secretary-General of ICSID, at the request of any disputing party sought to be covered by the order, shall appoint the arbitrator or arbitrators not yet appointed.

6. Where a tribunal established under this Article is satisfied that two or more claims that have been submitted to arbitration under Article 20 have a question of law or fact in common, and arise out of the same events or circumstances, the tribunal may, in the interest of fair and efficient resolution of the claims, and after hearing the disputing parties, by order: assume jurisdiction over, and hear and determine together, all or part of the claims; or assume jurisdiction over, and hear and determine one or more of the claims, the determination of which it believes would assist in the resolution of the others.

7. A tribunal established under this Article shall conduct its proceedings in accordance with the UNCITRAL Arbitration Rules, except as modified by this Section.

8. A tribunal established under Articles 22 through 25 shall not have jurisdiction to decide a claim, or a part of a claim, over which a tribunal established under this Article has assumed jurisdiction.

9. On application of a disputing party, a tribunal established under this Article may, pending its decision under paragraph 6, order that the proceedings of a tribunal established under Article 22 through 25 be stayed, unless the latter tribunal has already adjourned its proceedings.

ARTICLE 27

The Non-Disputing Contracting Party: Documents and Participation

1. A disputing Contracting Party shall deliver to the other Contracting Party a copy of the notice of intent to submit a claim to arbitration, and the relevant document submitted pursuant to Article 22(2) no later than 30 days after the date that such documents have been delivered to the disputing Contracting Party. The non-disputing Contracting Party shall be entitled, at its cost, to receive from the disputing Contracting Party a copy of the evidence that has been tendered to the Tribunal, copies of all pleadings filed in the arbitration, and the written argument of the disputing parties. The Contracting Party receiving such information shall treat the information as if it were a disputing Contracting Party.

2. The non-disputing Contracting Party shall have the right to attend any hearings held under this Part of this Agreement. Upon written notice to the disputing parties, the non-disputing Contracting Party may make submissions to a Tribunal on a question of interpretation of this Agreement.

ARTICLE 28

Public Access to Hearings and Documents

1. Any Tribunal award under this Part shall be publicly available, subject to the redaction of confidential information. Where a disputing Contracting Party determines that it is in the public interest to do so and notifies the Tribunal of that determination, all other documents submitted to, or issued by, the Tribunal shall also be publicly available, subject to the redaction of confidential information.

2. Where, after consulting with a disputing investor, a disputing Contracting Party determines that it is in the public interest to do so and notifies the Tribunal of that determination, hearings held under this Part shall be open to the public. To the extent necessary to ensure the protection of confidential information, including business confidential information, the Tribunal may hold portions of hearings *in camera*.

3. A disputing party may disclose to other persons in connection with the arbitral proceedings such unredacted documents as it considers necessary for the preparation of its case, but it shall ensure that those persons protect the confidential information in such documents.

4. The Contracting Parties may share with officials of their respective federal and sub-national governments all relevant unredacted documents in the course of dispute settlement under this Agreement, but they shall ensure that those persons protect any confidential information in such documents.

5. To the extent that a Tribunal's confidentiality order designates information as confidential and a Contracting Party's law on access to information requires public access to that information, the Contracting Party's law on access to information shall prevail. However, a Contracting Party should endeavour to apply its law on access to information so as to protect information designated confidential by the Tribunal.

ARTICLE 29

Submissions by a Non-Disputing Party

1. A Tribunal, after consultation with the disputing parties, may accept written submissions from a person or entity that is not a disputing party if that non-disputing party has a significant interest in the arbitration. The Tribunal shall ensure that any non-disputing party submission does not disrupt the proceedings and that neither disputing party is unduly burdened or unfairly prejudiced by it.

2. An application to the Tribunal for leave to file a non-disputing party submission, and the filing of a submission, if allowed by the Tribunal, shall be made in accordance with Annex C.29.

ARTICLE 30

Governing Law

1. A Tribunal established under this Part shall decide the issues in dispute in accordance with this Agreement, and applicable rules of international law, and where relevant and as appropriate, take into consideration the law of the host Contracting Party. An interpretation by the Contracting Parties of a provision of this Agreement shall be binding on a Tribunal established under this Part, and any award under this Part shall be consistent with such interpretation.

2. Where a disputing Contracting Party asserts as a defence that the measure alleged to be a breach is within the scope of the reservations and exceptions set out in Article 8(1), (2) and (3), on request of the disputing Contracting Party, the Tribunal shall request the interpretation of the Contracting Parties on the issue. The Contracting Parties, within 60 days of delivery of the request, shall submit in writing their joint interpretation to the Tribunal. The interpretation shall be binding on the Tribunal. If the Contracting Parties fail to submit an interpretation within 60 days, the Tribunal shall decide the issue.

ARTICLE 31

Interim Measures of Protection and Final Award

1. A Tribunal may recommend an interim measure of protection to preserve the rights of a disputing party, or to ensure that the Tribunal's jurisdiction is made fully effective, including a recommendation to preserve evidence in the possession or control of a disputing party or to protect the Tribunal's jurisdiction. A Tribunal shall not recommend attachment or enjoin the application of the measure alleged to constitute a breach referred to in Article 20.

2. Where a Tribunal makes a final award against the disputing Contracting Party, the Tribunal may award, separately or in combination, and subject to the requirements in paragraph 3, only:

(a) monetary damages and any applicable interest;

(b) restitution of property, in which case the award shall provide that the disputing Contracting Party may pay monetary damages and any applicable interest in lieu of restitution.

The Tribunal may also award costs in accordance with the applicable arbitration rules.

3. Where a claim is made for damages to a covered investment that is a juridical person that the investor owns or controls:

(a) an award of monetary damages and any applicable interest shall provide that the sum be paid to that covered investment;

(b) an award of restitution of property shall provide that restitution be made to that covered investment; and

(c) the award shall provide that it is made without prejudice to any right that any person may have in the relief under applicable domestic law.

4. A Tribunal shall not order a disputing Contracting Party to pay punitive damages.

ARTICLE 32

Finality and Enforcement of an Award

1. An award made by a Tribunal shall have no binding force except between the disputing parties and in respect of that particular case.

2. Subject to paragraph 3 and the applicable review procedure for an interim award, a disputing party shall abide by and comply with an award without delay.

3. A disputing party may not seek enforcement of a final award until:

(a) in the case of a final award made under the ICSID Convention:

(i) 120 days have elapsed from the date the award was rendered, provided that a disputing party has not requested the award be revised or annulled, or

(ii) revision or annulment proceedings have been completed; and

(b) in the case of a final award under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules:

(i) 90 days have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside or annul the award, or

(ii) a court has dismissed or allowed an application to revise, set aside or annul the award and there is no further appeal.

4. Each Contracting Party shall provide for the enforcement of an award in its territory.

PART D

ARTICLE 33

General Exceptions

1. Nothing in this Agreement shall apply to measures in respect of cultural industries. "Cultural industries" means natural persons or enterprises engaged in any of the following activities:

(a) the publication, distribution, or sale of books, magazines, periodicals or newspapers in print or machine readable form but does not include the sole activity of printing or typesetting any of the foregoing;

(b) the production, distribution, sale or exhibition of film or video recordings;

(c) the production, distribution, sale or exhibition of audio or video music recordings;

(d) the publication, distribution, sale or exhibition of music in print or machine readable form; or

(e) radiocommunications in which the transmissions are intended for direct reception by the general public, and all radio, television or cable broadcasting undertakings and all satellite programming and broadcast network services.

2. Provided that such measures are not applied in an arbitrary or unjustifiable manner, or do not constitute a disguised restriction on international trade or investment, nothing in this Agreement shall be construed to prevent a Contracting Party from adopting or maintaining measures, including environmental measures:

(a) necessary to ensure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement;

(b) necessary to protect human, animal or plant life or health; or

(c) relating to the conservation of living or non-living exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption.

3. Nothing in this Agreement shall be construed to prevent a Contracting Party from adopting or maintaining reasonable measures for prudential reasons, such as:

(a) the protection of depositors, financial market participants and investors[9], policy-holders, policy-claimants, or persons to whom a fiduciary duty is owed by a financial institution;

(b) the maintenance of the safety, soundness, integrity or financial responsibility of financial institutions; and

(c) ensuring the integrity and stability of a Contracting Party's financial system.

4. Nothing in this Agreement shall apply to non-discriminatory measures of general application taken by any public entity[10] in pursuit of monetary and related credit policies or exchange rate policies. This paragraph shall not affect a Contracting Party's obligations under Article 12.

5. Nothing in this Agreement shall be construed:

(a) to require a Contracting Party to furnish or allow access to any information if the Contracting Party determines that the disclosure of that information is contrary to its essential security interests;

[9] It is understood that the term "investors" in this provision means investors in the financial markets of a Contracting Party.

[10] "Public entity" means a central bank or monetary authority of a Contracting Party, or any financial institution owned or controlled by a Contracting Party.

(b) to prevent a Contracting Party from taking any actions that it considers necessary for the protection of its essential security interests:

(i) relating to the traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods, materials, services and technology undertaken directly or indirectly for the purpose of supplying a military or other security establishment,

(ii) in time of war or other emergency in international relations, or

(iii) relating to the implementation of national policies or international agreements respecting the non-proliferation of nuclear weapons or other nuclear explosive devices; or

(c) to prevent a Contracting Party from taking action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

6. (a) Nothing in this Agreement shall be construed to require a Contracting Party to furnish or allow access to information the disclosure of which would impede law enforcement or would be contrary to the Contracting Party's law protecting Cabinet confidences, personal privacy or the confidentiality of the financial affairs and accounts of individual customers of financial institutions.

(b) Nothing in this Agreement shall be construed to require, during the course of any dispute settlement procedure under this Agreement, a Contracting Party to furnish or allow access to information protected under its competition laws, or a competition authority of a Contracting Party to furnish or allow access to any other information that is privileged or otherwise protected from disclosure.

(c) In subparagraph (b),

"competition authority" means the following until otherwise notified by a Contracting Party:

(i) for Canada, the Commissioner of Competition; and

(ii) for China, the authority for enforcement of anti-monopoly law under the State Council.

The Contracting Parties shall notify each other promptly by diplomatic note of the successors to the competition authorities identified in sub-paragraphs (i) and (ii).

"information protected under its competition laws" means:

(i) for Canada, information within the scope of section 29 of the *Competition Act*, R.S. 1985, c.34, or any successor provision; and

(ii) for China, information protected from disclosure under the relevant provisions of the *Anti-Monopoly Law, the Pricing Law* and the *Law Against Unfair Competition*, or any successor provisions.

7. Any measure adopted by a Contracting Party in conformity with a decision adopted by the World Trade Organization pursuant to Article IX:3 of the WTO Agreement shall be deemed to be also in conformity with this Agreement. An investor purporting to act pursuant to Article 20 of this Agreement may not claim that such a conforming measure is in breach of this Agreement.

ARTICLE 34

Exclusions

Article 15 and Part C of this Agreement do not apply to the decisions set out in Annex D.34.

ARTICLE 35

Entry into Force and Termination

1. The Contracting Parties shall notify each other through diplomatic channels that they have completed the internal legal procedures for the entry into force of this Agreement. This Agreement shall enter into force on the first day of the following month after the second notification is received, and shall remain in force for a period of at least fifteen years.

2. After the expiration of the initial fifteen-year period, this Agreement shall continue to be in force. Either Contracting Party may at any time thereafter terminate this Agreement. The termination will be effective one year after notice of termination has been received by the other Contracting Party.

3. With respect to investments made prior to the date of termination of this Agreement, Articles 1 to 34, as well as paragraph 4 of this Article, shall continue to be effective for an additional fifteen-year period from the date of termination.

4. The Annexes and footnotes to this Agreement constitute integral parts of this Agreement.

IN WITNESS WHEREOF, the duly authorized representatives of their respective Governments have signed this Agreement.

DONE in duplicate at , this day of 2012, in the English, French and Chinese languages, all texts being equally authentic.

FOR THE GOVERNMENT OF CANADA	**FOR THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA**

ANNEX B.8

Exceptions

1. Canada reserves the right to adopt or maintain any measure that does not conform to the obligations in Articles 5, 6 or 7, provided that in the Schedule of Canada, including its headnote, in Annex II to the *Free Trade Agreement between Canada and the Republic of Peru*, as done at Lima on 29 May 2008, Canada reserved the right to adopt or maintain that measure in respect of investors or investments of investors of Peru. For greater certainty, this right is reserved even if the Canada-Peru Free Trade Agreement is no longer in force.

2. China reserves the right to adopt or maintain any measure that does not conform to the obligations in Articles 5, 6 or 7, provided that in Chapter 10 of the *Free Trade Agreement between China and the Republic of Peru*, as done at Beijing on 28 April 2008, China reserved the right to adopt or maintain that measure in respect of investors or investments of investors of Peru. For greater certainty, this right is reserved even if the China-Peru Free Trade Agreement is no longer in force.

ANNEX B.10

Expropriation

The Contracting Parties confirm their shared understanding that:

1. Indirect expropriation results from a measure or series of measures of a Contracting Party that has an effect equivalent to direct expropriation without formal transfer of title or outright seizure.

2. The determination of whether a measure or series of measures of a Contracting Party constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:

(a) the economic impact of the measure or series of measures, although the sole fact that a measure or series of measures of a Contracting Party has an adverse effect on the economic value of an investment does not establish that an indirect expropriation has occurred;

(b) the extent to which the measure or series of measures interferes with distinct, reasonable, investment-backed expectations; and

(c) the character of the measure or series of measures.

3. Except in rare circumstances, such as if a measure or series of measures is so severe in light of its purpose that it cannot be reasonably viewed as having been adopted and applied in good faith, a non-discriminatory measure or series of measures of a Contracting Party that is designed and applied to protect the legitimate public objectives for the well-being of citizens, such as health, safety and the environment, does not constitute indirect expropriation.

ANNEX B.12

Transfers and Exchange Formalities

With regards to China:

1. The obligations in Article 12(1) shall apply provided that the transfer complies with the relevant formalities stipulated by the present laws and regulations of China relating to exchange control. These formalities:

(a) shall not be used as a means of avoiding China's commitments or obligations under this Agreement; and

(b) shall not be made more restrictive than the formalities required at the time when original investment was made.

2. With respect to these formalities, China shall accord to investors of Canada or covered investments of Canadian investors treatment no less favourable than the treatment that China accords to third country investors or investments of such investors. To the extent that these formalities are no longer required according to the relevant laws of China, Article 12(1) shall apply without restrictions.

3. A transfer shall be deemed to have been made 'without delay' within the meaning of Article 12(1) if effected within such period as is normally required for the completion of transfer formalities. The said period shall commence on the day on which the relevant request has been submitted to the relevant foreign exchange administration with full and authentic documentation and information and may not exceed two months.

ANNEX C.21

Conditions Precedent to Submission of a Claim to Arbitration: Party-Specific Requirements

Where the claim concerns a measure of China:

1. Upon receipt of the Notice of Intent or at any time prior, China shall require that an investor make use of the domestic administrative reconsideration procedure. If the investor considers that the dispute still exists four months[11] after the investor has applied for the administrative reconsideration, or where no such remedies are available, the investor may submit its claim to arbitration.

2. An investor who has initiated proceedings before any court of China with respect to the measure of China alleged to be a breach of an obligation under Part B may only submit a claim to arbitration under Article 20 if the investor has withdrawn the case from the national court before judgment has been made on the dispute. This requirement does not apply to the domestic administrative reconsideration procedure referred to in paragraph 1.

Where the claim concerns a measure of Canada:

3. The investor and, where the claim is for loss or damage to an interest in an enterprise of Canada that is a juridical person that the investor owns or controls directly or indirectly, the enterprise shall waive their right to initiate or continue before any administrative tribunal or court under the law of any Contracting Party, or other dispute settlement procedures, any proceedings with respect to the measure of Canada that is alleged to be a breach referred to in Article 20, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of Canada.

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[11] The time limit of "four months" in this paragraph is based on the relevant provisions of the *Law of the People's Republic of China on Administrative Reconsideration* (adopted at the 9th Meeting of the Standing Committee of the Ninth National People's Congress on April 29, 1999) on the date of the entry into force of this Agreement. In the event that China revises the relevant provisions on the time limit for the administrative reconsideration stipulated in the *Law of the People's Republic of China on Administrative Reconsideration* in the future, China shall, in a timely manner, provide Canada with relevant information and may request consultations with Canada pursuant to Article 18 of this Agreement.

4. The waiver required under paragraph 3 shall be delivered to Canada and shall be included in the submission of a claim to arbitration. A waiver from the enterprise shall not be required if Canada has deprived a disputing investor of control of an enterprise.

ANNEX C.29

Submissions by Non-Disputing Parties

1. The application for leave to file a non-disputing party submission shall:

   (a) be made in writing, dated and signed by the person filing the application, and include the address and other contact details of the applicant;

   (b) be no longer than 5 typed pages;

   (c) describe the applicant, including, where relevant, its membership and legal status (e.g., company, trade association or other non-governmental organization), its general objectives, the nature of its activities, and any parent organization (including any organization that directly or indirectly controls the applicant);

   (d) disclose whether the applicant has any affiliation, direct or indirect, with any disputing party;

   (e) identify any government, person or organization that has provided any financial or other assistance in preparing the submission;

   (f) specify the nature of the interest that the applicant has in the arbitration, including an explanation of how the submission would assist the Tribunal in the determination of a factual or legal issue related to the proceedings by bringing a perspective, particular knowledge or insight that is different from that of the disputing parties;

   (g) identify the specific issues of fact or law in the arbitration that the applicant has addressed in its written submission; and

   (h) be made in a language of the arbitration.

2. The submission filed by a non-disputing party shall:

   (a) be dated and signed by the person filing the submission;

(b) be concise, and in no case longer than 20 typed pages, including any appendices;

(c) set out a precise statement supporting the applicant's position on the issues; and

(d) only address matters within the scope of the dispute.

ANNEX D.34

Exclusions

1. A decision by Canada following a review under the *Investment Canada Act*, an Act respecting investment in Canada, with respect to whether or not to:

(a) initially approve an investment[12] that is subject to review; or

(b) permit an investment that is subject to national security review;

shall not be subject to the dispute settlement provisions under Article 15 and Part C of this Agreement.

2. A decision by China following a review under the Laws, Regulations and Rules relating to the regulation of foreign investment, with respect to whether or not to:

(a) initially approve an investment that is subject to review; or

(b) permit an investment that is subject to national security review[13];

shall not be subject to the dispute settlement provisions under Article 15 and Part C of this Agreement.

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[12] For Canada, the concept of "initially approve an investment" in paragraph 1 means all decisions made with respect to whether or not to permit an investment under the *Investment Canada Act*.

[13] For China, "national security review" may include a review of various forms of investments for national security purposes. At the time of the entry into force of this Agreement, the specific legal document on China's national security review is the *Circular of the General Office of the State Council on the Establishment of the Security Review System For The Merger and Acquisition of Domestic Enterprises by Foreign Investors*, focusing on the review of mergers and acquisitions of domestic enterprises by foreign investors.

C-Trade December, 11-12, 2007
Notes

Not Responsive

S13, S16

Not Responsive

Follow-up:

- C-Trade conference call mid-January08, prior to DMs' call on January 24, 2008.

LCW 17Dec08

Out of Province Travel Report – Linda Chase Wilde
March 6-7, 2007

1. C-Trade – March 6, 2007

Not Responsive

Foreign Investment Promotion and Protection Agreements (FIPAs)

S13, S16

Not Responsive

C-Trade September 2007 Notes

Not Responsive

Not Responsive

FIPAs: Gilles Gauthier

Not Responsive

S13, S16

Not Responsive

Updated: June 10

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
Rodd Brudenell River, Montague/Georgetown Room
Charlottetown, Prince Edward Island
June 13-15 2011

Monday, 13 June 2011

General C-Trade items

Not Responsive

9:45-10:00	**FIPAs**	**John O'Neill** Director DFAIT – Investment Trade Policy

Not Responsive

Updated on November 22

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
111 Sussex Drive, Bytown Room
Ottawa, Ontario
November 22-25, 2010

Monday, 22 November 2010

Regular discussion items

Not Responsive

8:40-8:55	**Foreign Investment Promotion and Protection Agreement** (FIPA) See document "*PT Background Note – FIPAs*"	**John O'Neill** Director DFAIT – Investment Trade Policy **Shane Spelliscy** Counsel DFAIT – Investment & Services Law

Not Responsive

Not Responsive

Updated: June 10

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
Rodd Brudenell River, Montague/Georgetown Room
Charlottetown, Prince Edward Island
June 13-15 2011

BRITISH COLUMBIA ANNOTATED

Monday, 13 June 2011

General C-Trade items

Not Responsive

9:45-10:00	**FIPAs** **TAB 1** – DFAIT handout: Status of FIPA's dated May 25, 2011 • Not Responsive • Not Responsive • any questions – China, India and Vietnam?	**John O'Neill** Director DFAIT – Investment Trade Policy

Not Responsive

Initial Environmental Assessment (EA) of the Canada-China Foreign Investment Protection and Promotion Agreement (FIPA)

I. Executive Summary

This report outlines the results of the Initial Environmental Assessment (EA) of the Canada- China FIPA negotiations. Negotiations for a Canada-China FIPA were re-launched in September 2004. There are reasonable prospects that these negotiations will conclude successfully by the end of 2007.

The Canada-China FIPA is the third of such agreements to benefit from an EA. FIPA EAs follow the process outlined in the 2001 *Framework for the Environmental Assessment of Trade Negotiations.* The process focuses on the environmental impacts in Canada and normally involves three phases – the initial, draft and final EA. The middle, or draft, phase is not undertaken if the FIPA is not expected to generate significant economic or environmental effects in Canada. Public consultations are an integral part of the EA and are undertaken throughout the process.

The Initial EA of the Canada-China FIPA negotiations identifies the likely economic effects of the FIPA and, on this basis, draws conclusions about the potential environmental impacts in Canada. The report also considers the impact of the FIPA on the ability of Canada to regulate in the interest of environmental protection. Other environmental issues are discussed as well.

Stakeholder input was taken into consideration during the Initial EA. For example, a public notice of intent was issued that invited comments on any likely and significant environmental impacts of the negotiations on Canada. In addition, the Department of Foreign Affairs and International Trade's (DFAIT) external advisory group on EA of Trade was asked to provide feedback on the content of this report. Stakeholder input on past EA reports was also considered.

While over the long term the FIPA is anticipated to contribute to a favourable business climate conducive to growth of two way investment, increases will depend on investor's individual assessment of opportunity and risk.

The results of the Initial EA indicate that significant changes to investment flows into Canada are not expected as a result of these negotiations. As such, the economic effects and likely and significant environmental impact in Canada are expected to be minimal. However, this report does discuss the likely environmental impacts associated with sectors in which Chinese investors have indicated interest.

The Canada-China FIPA will not have an impact on Canada's ability to develop and implement environmental policies and regulations. Canada will safeguard its ability to maintain and expand the current framework of policies, regulations, and legislation for

protection of the environment in a manner consistent with its domestic and international obligations.

The Government of Canada welcomes comments on this Initial EA Report. A Draft EA will not be carried out as the economic effects in Canada of the Canada-China FIPA are expected to be minimal. The Final EA will coincide with the conclusions of the negotiations. Please submit comments to: consultations@international.gc.ca.

II. Introduction

Enhancing Canada's investment opportunities abroad is important to Canada's international competitiveness. FIPAs provide a framework and rules that help to open international markets and make them more secure for Canadian investors. As a reciprocal agreement FIPAs also contribute to attracting foreign investment into Canada. This has attendant benefits for the Canadian economy, the encouragement of increased domestic economy efficiencies and opportunities to attract new investment and technology in support of Canadian competitiveness, economic growth and prosperity.

Emerging economies and economies in transition are increasingly important destinations for Canadian investment abroad. A FIPA contributes to a predictable investment framework and engenders a stable business environment by specifying the rights and obligations of the signatories respecting treatment of foreign investment.

From the perspective of developing countries, foreign investment represents an important lever of development. Developing countries need access to capital to foster their growth prospects and they want to convey a positive message to international investors. FIPAs provide for that necessary signal of stability.

In 2003, the Government approved a FIPA model that serves as a template for Canada's discussions with investment partners on bilateral investment rules. This model is available at http://www.dfait-maeci.gc.ca/tna-nac/documents/2004-FIPA-model-en.pdf. More background on Canada's FIPA program is also available in Annex I of this report.

The Canadian government is committed to integrating sustainable development into domestic and foreign policy, and the environmental assessment of trade and investment negotiations is one mechanism for doing so. The environmental assessments (EAs) of trade negotiations use a process that requires interdepartmental coordination along with public and stakeholder consultations, including provincial and territorial governments. The 2001 *Framework for the Environmental Assessment of Trade Negotiations* details this process. It was developed in response to the 1999 *Cabinet Directive on Environmental Assessment of Policy, Plan and Program Proposals*[1], which requires that all initiatives considered by Ministers or Cabinet must be assessed if implementation of the proposal may result in important environmental effects, either positive or negative.

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[1] Available at: http://www.ceaa-acee.gc.ca/016/directive_e.htm.
[3] Available at: http://www.dfait-maeci.gc.ca/tna-nac/env/env-ea-en.asp

Detailed guidance for applying the Framework is contained in the *Handbook for the Environmental Assessment of Trade*[3].

III. Background on the EA Process

The Framework provides a methodology for conducting an EA of a trade or investment negotiation. It is intentionally flexible so that it can be applied to different types of negotiations (e.g., multilateral, bilateral, regional) while ensuring a systematic and consistent approach to meet two key objectives.

The first objective is to assist Canadian negotiators to integrate environmental considerations into the negotiating process by providing information on the possible environmental impacts of the proposed agreement. As such, negotiators and environmental experts are involved in the EA and work proceeds in tandem to the negotiations.

The second objective is to respond to the environmental concerns expressed by the public. The Framework contains a strong commitment to communications and consultations throughout each EA of a trade or investment negotiation.

Three phases of assessment are generally undertaken: the Initial, Draft, and Final EA. These phases correspond to progress within the negotiations. The Initial EA is a preliminary examination to identify key issues. It occurs earlier on in the negotiations. The Draft EA builds on the findings of the Initial EA and requires detailed analysis. A Draft EA is not undertaken if the negotiation is not expected to yield large economic changes. The Final EA takes place at the end of the negotiations. At the conclusion of each phase, a public report is issued with a request for feedback.

A consistent analytical methodology is applied during each phase. The Framework recognizes that economic and environmental effects can relate to changes in the level and pattern of economic activity, the type of products traded, technology changes, as well as regulatory and policy implications.

The Government of Canada has completed Initial EAs of the WTO, FTAA, Singapore, and CA4 trade negotiations, Canada-Peru FIPA as well as Canada-India FIPA. Initial EAs are underway for the Canada-Korea FTA and Canada-EU Trade and Investment Enhancement Agreement. The Draft EA for the WTO negotiations is also underway. Final EA reports have been issued for the Canada-Peru FIPA and for the addition of a government procurement chapter to the Canada-Chile Free Trade Agreement.

The Government of Canada will continue to apply the Framework to future trade and investment negotiations. Information on all EAs is available at: www.dfait-maeci.gc.ca/tna-nac/env/env-ongoing-en.asp.

The findings of this Initial EA have been communicated to Canada's lead negotiator, to the interdepartmental EA Committee for the Canada-China FIPA and to the interdepartmental EA of Trade Steering Committee. Any comments the public has on this report will inform the Final EA and be shared with the interdepartmental EA

Committee. EAs of FIPAs will continue to evolve based on our experience and feedback from experts and the public.

IV. Invitation to Submit Comments

In keeping with the Framework, an Environmental Assessment Committee (EAC) has been formed to undertake the analysis of the Canada-China FIPA. Coordinated by the Department of Foreign Affairs and International Trade Canada, the Canada-China FIPA EAC includes representatives from other federal government departments, including Environment Canada, the Canadian Environmental Assessment Agency, and Natural Resources Canada, and is formally chaired by the lead negotiator for the agreement. An important responsibility of the EAC is to gather input from provinces and territories, stakeholders representing business, academics, and non-governmental organization, as well as the general public.

As part of its commitment to an open and transparent process, the Government has opened this Initial EA for public comment from ** **to insert date**. Feedback on the likely economic effects and the likelihood and significance of resultant environmental impacts is especially welcome, including ways in which our current analysis could be strengthened. Keep in mind that the assessment is focused on the possible environmental impacts in Canada.

All feedback is documented in keeping with the guidance contained in the EA Handbook, and circulated to the EAC. It will inform the Final EA of the Canada-China FIPA, as well as ongoing EA work within the Government of Canada.

Comments on this document may be sent by email, mail or fax to:

Consultations and Liaison Division (CSL)
Initial Environmental Assessment of the Canada-China Foreign Investment Protection Agreement (FIPA)
Department of Foreign Affairs and International Trade
International Trade Canada
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Fax: (613) 944-7981
Email: consultations@international.gc.ca

V. Analysis of the Canada-China FIPA

Negotiations for a Canada-China FIPA were re-launched in September 2004. There is a reasonable prospect that these negotiations will conclude by the end of 2007. The treaty will need to be ratified by both Parties.

a) Identification of Likely Economic Effects

The first step in the EA process is the identification of the likely economic effects of the FIPA. To determine this we have considered existing investment flows, as well as information that provides an indication of future potential investment flows.

The two-way investment relationship between Canada and China has been growing steadily for the past fifteen years.

Canadian direct investment in China has grown steadily since 1990, but remains small in comparison to Canada's overall investment abroad and China's direct investment from other countries. Canada's direct investment stock in China increased from $6 million in 1990 to $1.5 billion in 2006. China received about 4.6% of Canadian direct investment in the region, and about 0.7% of total Canadian direct investment abroad.

Canadian investment in China covers a full range of key sectors including aerospace, biotechnology, education, finance, information technology, manufacturing and natural resources. However, Canadian investments in China are still mainly in the resources and financial sectors, while U.S. and Asian investments are concentrated in manufacturing industries. The majority of the 400 Canadian firms that invested in China are small and mid-sized enterprises.

China is only starting to invest abroad at this time. Although we have seen a major increase in China's investment in Canada over the past years, Chinese investment in Canada is still very modest.

Chinese direct investment in Canada increased from $54 million in 1991 to $1.3 billion in 2006, representing 0.3% of total FDI in Canada. In 2006, the stock of Chinese direct investment in Canada increased by over 39% from 2005 level, making China the 16th largest direct investor in Canada. The increase in FDI from China in 2005 was largely due to China's increasing investments in Canada's energy sector, and also the acquisition of IBM's computer division by Lenovo. Sectors of identified interest for Chinese investors in Canada include natural resources (mining and energy), information and communication technology (ICT), pharmaceuticals and manufacturing. Although there are a few large Chinese agri-food companies capable of investing abroad, it appears that Canada would not be a priority country for them. They are more interested in surrounding Asian markets before considering North America at this stage.

In recent years, China has encouraged aggressive state-owned enterprises (SOEs) investments both within China and abroad. According to Xinhua (March 9, 2007), in 2006, Chinese enterprises made direct offshore investment of more that US$ 16 billion, up 32 % from the previous year. By the end of 2006, Chinese enterprises had launched more than 10,000 offshore operations, involving a total investment of US$ 73 billion.

We can expect to see an increased level of Chinese investment abroad, including from SOEs, in the future. We expect the FIPA to better position Canada as a recipient of such investment.

While the existence of a FIPA should be a positive factor in investors' decisions on whether to invest in the territory of the other party, a FIPA typically does not impose new market access obligations or liberalize existing investment restrictions. Companies' decisions to invest are largely dictated by their assessment of economic information and opportunities, whereas the existence of the FIPA is directed toward reducing political risks. Therefore, it is impossible to establish a direct causal relationship between any eventual changes in investment patterns and the outcome of these negotiations.

Recently there has been increased academic attention given to the question of whether or not a FIPA, or the international equivalent bilateral investment treaty (BIT), results in an increase flow of investment between the signatories. However, these studies have focused on the impact of FIPAs or BITs on the level of investment in developing countries, and therefore such treaties are seen mainly as a tool for attracting investment into developing countries. While reciprocal commitments are made by developed countries in a FIPA, there are no academic studies to date that examine the impact of a FIPA on investment coming into a developed country. Although China's current foreign direct investment abroad is still modest, we should expect that its FDI will increase overtime, including in Canada, due to China's new "Going Global strategy".

As a member of the OECD which established Codes on the Liberalization of Capital Movements and the Liberalization of Current Invisible Transactions more than 30 years ago, Canada has long been committed under an international obligation to remove barriers to international investment. There are high levels of international investment in many sectors of the Canadian economy, and the economic impact of these high levels investments have been the subject of considerable academic study.

The fact that the FIPA represents, for Canada, the reiteration of an existing long standing policy suggests that its effect on inward investment will be relatively small. In addition, the fact that existing stocks of FDI in Canada are already substantial means that the economic impact of an additional investor, even a fairly large investor may be rather small by comparison with the impact of the effect of existing FDI stocks.

An increase in the level of Chinese investment stock does not necessarily indicate that there is an economic impact in Canada, as this increase could simply represent a Chinese partial or total acquisition of an already existing investment, or an increase in the book value of a Chinese owned investment. If Chinese investment is in the financial services sector, most of the Canadian assets of the Chinese financial service provider may represent a financial, rather than a controlling, stake in a wide range of assets outside the financial services sector. In such cases there is not likely to be an environmental impact as a result of the increase of Chinese investment stock. Therefore, even if a significant

increase in Chinese investment is seen, this does not mean that there will be any environmental impact of this increased investment.

b) Identification and Assessment of Likely Environmental Impacts in Canada and the Context for these Impacts

The Framework calls for the identification and assessment of the environmental impacts that could stem from the anticipated economic effects of the FIPA. The likelihood and significance of such impacts would depend on the degree of increase in investment, the sectors in which the investment occurs, and the measures in place to protect the environment in relation to the investment activities.

As noted above, although growing, China's stock of investment in Canada is modest. While over the long term the FIPA is anticipated to contribute to a favourable business climate conducive to growth of two way investment, increases will depend on investor's individual assessment of opportunity and risk. Significant new flows of investment into Canada as a result of the FIPA are not anticipated. Therefore, it is concluded that the environmental effects of the Canada-China FIPA will be minimal.

The following is a very general discussion of the known environmental impacts of the mining, energy, ICT, pharmaceuticals and manufacturing. These are the sectors that are believed to be of interest to Chinese investors. However indicators of the expected economic effects of the FIPA on Chinese investment in these sectors is not available because there are no specific investments known to be dependent on the FIPA's conclusion or a direct known causal links between FIPAs and expansion of investment. However, given there is known interest in these sectors it was decided that a general discussion on the likely environmental impacts should be included. This ensures that decision makers are aware of the potential environmental impacts of expanded investment from China into these sectors.

Finally, it should be noted that the Canada-China FIPA will not impact on Canada's ability to develop and implement environmental policies and regulations. Canada will safeguard its ability to maintain and expand the current framework of policies, regulations, and legislation for protection of the environment in these sectors in a manner consistent with its domestic and international obligations. In the model FIPA Canada protects its ability to adopt and apply measures that are designed to protect legitimate public welfare objects, without being required to pay compensation for indirect expropriation. Additionally, the model FIPA contains a provision that allows a Party to the Agreement to request consultations if it considers that the other Party relaxes its health, safety or environmental measures in order to encourage investment. The draft texts for Canada-China FIPA are subjected to legal review to ensure that the text is consistent with the spirit contained in the model FIPA and that Canada's ability to develop and implement environmental policies and regulations is not negatively impacted.

Mining

Each stage of the mineral production process (exploration, extraction, processing, closure, and abandonment) has the potential to have negative environmental impacts (e.g., air emissions, water contamination and sedimentation, soil contamination, and habitat destruction). The geographic scale of these impacts will vary from local to global, and depend on the mitigation and prevention measures that are used by the company. All mining operations in Canada are regulated through a range of federal and provincial legislations, including the environmental assessment of new mines and mine expansions.

During 2005, Chinese companies made three mining investments in Canada. Two of these investments were in tar sands and one in gold. The tar sands sector would be discussed in more details under the energy sector.

- China National Offshore Oil Corporation (CNOOC) acquired a 17% interest in Calgary-based MEG Energy Inc. for $150 million.
- China's Sinopec Group invested $105 million for a 40% stake in Calgary-based Synenco Energy Inc.'s Northern Light oil sands project in Alberta.
- The Zijin Mining Group invested $1.95 million in Vancouver-based Pinnacle Mines Ltd., to jointly explore and develop Pinnacle's Silver Coin gold-silver property in the North-West of British Columbia."

In the first two cases the Chinese investment represented a minority stake in an existing enterprise. It is not clear from the description whether the investment was in newly issued stocks, or was acquired from existing stakeholders. However, there can be little doubt that, even though the investment did not represent a majority interest, it provided an impetus to the project development activities of these enterprises by demonstrating the value of the work already accomplished. In the third case the money seems to have resulted in the creation of a joint venture. Once again the investment validated previous investments, and even more definitively than in the first two examples provided additional financing for mining activities.

Energy: Oil and Gas Sector

All oil and gas operations in Canada are regulated through a range of federal and provincial legislations, including the environmental assessment of new oil and gas expansion. The oil sands are located in northern Alberta. According to the Alberta Energy and Utility Board, the oil sands consist of three main deposits that cover nearly 150,000 square kilometres and represent 1.7 trillion barrels of crude bitumen, of which 19% is likely to be recovered. If reserves are located within 100 meters of the surface they can be recovered through surface mining activities commonly referred to as strip mining or open pit mining. Deeper reserves require in situ recovery.

There are a number of environmental issues associated with oil sands development, with global warming/GHG emissions, water usage and land reclamation methods at the forefront of public concerns. Water usage issues center around the potential negative impact on the aquatic ecosystem, the removal of water from the watershed (surface and groundwater) and the large tailings ponds that are being created. Land reclamation concerns are that the proposed future reclaimed landscape will be significantly different than the original boreal forest, with 10 percent less wetlands, more lakes, and no peatlands. There are currently divergent views regarding the ultimate success of reclamation methods. While in-situ processes requires no excavation and less surface area for operation, fragmentation of the forest from the construction of new roads in the area, seismic lines and exploration well sites are concerns.

The production of the oil sands emits higher GHG emissions than the production of conventional crude oil and has been identified as the largest contributor to GHG emissions growth in Canada.

While significant progress has been made towards decreasing the intensity of GHG emissions produced by oil sands operators (GHG intensity of production improved by some 27% over 1990 to 2000), total emissions have increased due to higher production levels. Technology will continue to be an essential element in addressing the environmental impacts aforementioned. CANMET Energy Technology Centre (CETC) at Devon, Alberta is the federal government's primary research group for the development of hydrocarbon supply technologies and related environmental technologies, with an emphasis on oil sands and heavy oil. The Centre is working closely with industry and the province on a range of new oil sands and heavy oil technologies including technologies that will reduce the industry's dependence on natural gas and water. Research areas include: combustion of residue bitumen, coal / coke gasification, air injection, the application of nuclear energy to provide the heat and power alternatives to natural gas, and non-water based extraction and process technologies. The use of CO2 for enhanced oil recovery could potentially reduce GHG emissions and create an economic opportunity.

Managing the environmental footprint of oil sands development will be an on-going challenge for the orderly and sustainable development of the resource.

Information and Communication Technology (ICT)

Growth in the ICT sector could result in more environmental benefits due to reduced travel, shipping and use of paper. However, any environmental challenges facing the industry as a whole can be broken down into e-waste, toxic and hazardous materials use, water and energy use.

- ***E-waste.*** According to Environment Canada, e-waste in Canada was expected to reach 71,000 tonnes in 2005, almost double what was produced in 1999. As much as 40 per cent of the heavy metals in landfills (such as lead, mercury and cadmium) come from electronic equipment discards. Disposal of old computers and the

hazardous wastes associated with them is one of the biggest issues facing the industry in terms of environmental impact. While the industry is responding to the issue, the sheer size and rapid technological change associated with the industry requires that industry move quickly to create solutions.

- ***Toxic and Hazardous Materials Use.*** Semiconductor manufacturers use a number of extremely toxic chemicals in the chip making process. These chemicals are a serious issue for both the workers who have to deal with them and the communities where the chemical wastes end up.
- ***Water and Energy Use:*** While the industry as a whole is relatively frugal with water and energy, the manufacture of silicon chips and semiconductors requires large amounts of clean water and reliable energy, while the operation of fixed line networks (telecoms) is also energy intensive.

Retail and Distribution Services

Growth in the retail sector could result in some minor environmental impacts due to the creation of new stores, wholesale facilities and retail outlets, increased movement of capital, people, and demand for infrastructure services, increased level of overall income, competition and employment, lower prices and greater variety of products for consumers. The most significant negative environmental impacts are likely to be in relation to the use of land, noise pollution as well as effects on air quality and effects of increased influents and emission on water and air quality in retail, wholesale and franchising. Other associated impacts of increased retail and distribution services relate to transportation-related impacts (e.g., air emissions) and increases in packaging waste.

According to the Asia Pacific Foundation of Canada, there are a growing number of Chinese investments in Canada outside of the energy and resource sectors, even though these deals are small in value terms compared to resource sector acquisitions. Some examples from 2005 include:

- China Telecom Corporation Ltd. (a US subsidiary of the Chinese telecom giant) opened an outlet in Toronto as part of its international expansion strategy.
- Toronto-based TCM Inc., which exports Canadian wood frame construction technology and building materials to China, signed joint-venture agreements with Wuhu Shijie Hardware Co. Ltd. to open a subsidiary-branch outlet in Toronto; with Taizhou Baile Pumps Ltd. to open a subsidiary-branch outlet in Toronto; and with Zhejiang Huarong Exhaust Purification Co. Ltd. to open a subsidiary-branch outlet in Toronto.
- A Chinese national retail giant, Hualian Supermarket Co. Ltd., has opened a store in Richmond, BC, marking the first major Chinese investment in the Canadian retail sector.

It is not clear that all of these deals will count as Chinese FDI in Canada, since some of them involve the use of subsidiaries in other countries and/or the use of capital that is technically sourced from within Canada but which may well have originated in China.

Pharmaceuticals

Since September 2001, substances new to Canada that are present in pharmaceutical products regulated under the *Foods & Drugs Act* (F&DA) are subject to the New Substances Notification Regulations (NSNR) (either the NSNR for Chemicals and Polymers or the NSNR for Organisms) of the Canadian Environmental Protection Act, 1999 (CEPA). The Environmental Assessment Unit at Health Canada conducts pre-manufacture and pre-import assessments of the potential environmental and human health risks associated with environmental exposure to substances in F&DA products such as human drugs, biologics, veterinary drugs, cosmetics, novel foods, food additives, natural health products and medical devices. As of 9 November 2006, 83 substances contained in therapeutic products had been notified to Health Canada in accordance with the notification triggers and data requirements stipulated by the NSNR for Chemicals and Polymers. Currently, the Environmental Impact Initiative (EII) of Health Canada is developing environmental assessment regulations more consistent with the environmental exposure and hazard profile for new substances in F&DA regulated products.

Possible routes for pharmaceuticals to enter into the environment include release from pharmaceutical manufacturing facilities, disposal of pharmaceuticals products from the supply chain (prior to distribution to the patients), disposal by patients or health care facilities of unused pharmaceuticals, or patients' excretion of an active ingredient and metabolite(s). While environmental inputs from the manufacture of pharmaceuticals may contribute to total loading at sewage treatment plants, there is a growing consensus that reported detections of pharmaceutical ingredients in the environment originate primarily from consumer use patterns. Part of the mandate of the Environmental Impact Initiative is the development of regulatory and non-regulatory tools aimed at reducing the levels of pharmaceuticals in the environment from all possible entry routes.

The two principal scenarios associated with an increase in investment into Canada's pharmaceutical sector (apart from the above-mentioned Chinese acquisition of existing investments) would be i) additions to Canadian pharmaceutical manufacturing capacity and ii) an increase in the consumption of pharmaceuticals to Canadians. An increase in manufacturing capacity would be limited by domestic consumption capacity and international manufacturing competitiveness for export markets; regardless, any such increase would not be expected to have an undue impact on the Canadian environment, for the reasons outlined above and due to manufacturing licensing requirements. A significant increase in consumption of pharmaceuticals by Canadians may result in a greater amounts detected in the Canadian environment; however it is unlikely that the implementation of the Canada-China FIPA would result in a drastic change in consumption patterns. Health Canada does not control the quantity of a product once approved in Canada and such a change could occur even in the absence of the FIPA.

Recognizing the modest Chinese investment in the pharmaceutical sector and the supply and demand dynamics of pharmaceutical consumption in Canada, the impact of the FIPA on the Canadian environment can be assessed as being minimal as it relates to potential future growth on FDI from China in pharmaceuticals.

Separately, as Canadian FDI moves to China - there may be relatively more but still modest to small impact of pharmaceutical manufacturing operations and consumption in China. This of course would be highly dependant on perception of risk by investors (which is currently very high) as well as Chinese public perception of usefulness of "western" medicines. Therefore any impact would be more in the mid to long term and commensurate with increased in manufacturing and consumption.

Manufacturing

Environmental impacts of Chinese ODI in Canada's manufacturing sector are difficult to project given the absence of sub-sectoral ODI estimates. The manufacturing sector encompasses numerous industry sectors that could result in different environmental impact scenarios. A selection of these industries include: aerospace; apparel; automotive; basic chemicals and resins; computer and electronic products; electrical equipment, appliances and components; energy; food and consumer products; forest products; plastics; railway equipment; shipbuilding; steel; textiles; tool, die and mould making.

There were a total of 14 investments from the People's Republic of China in the manufacturing Sector with a corresponding asset value of $ 142 million since 1985.

A survey prepared by the Asia Pacific Foundation of Canada entitled "China Goes Global II - 2006 Survey of Chinese Companies' Outward Direct Investment Intentions[5]" suggests that manufacturing is the second major area of existing outward direct investment (ODI) activity accounting for 27% of the responses. 57% of the responding companies claimed that the purpose of their ODI is to manufacture in invested foreign markets for sales in that market. China's ODI in Canada is expected to continue to increase and based on the survey results would likely correlate with a significant proportion of ODI in the manufacturing sector.

c) Policy and Regulatory Context

The Framework calls for consideration of the potential policy and regulatory effects of the FIPA. Foreign investors in Canada are bound by the same environmental protection regulations that govern the activities of domestic investors. Proposed projects resulting from inward investment would be subject to applicable environmental assessment legislation, including the Canadian Environmental Assessment Act and provincial environmental assessment regulations.

[5] www.asiapacific.ca/analysis/pubs/pdfs/surveys/ChinaGoesGlobal2006.pdf

Recent revisions to the Government of Canada's FIPA model have further expanded the provisions dealing with the governments' right to regulate in the public interest. The new model includes a general exception that permits a Party to take measures necessary to protect human, animal or plant life or health, the environment and safety, or measures primarily aimed at the conservation of exhaustible natural resources, provided that these measures are not applied in an arbitrary or unjustifiable manner and are not disguised restrictions on trade or investment. In addition, the model clarifies the rules governing direct and indirect expropriation with regard to governments' right to regulate. FIPA parties may also reserve existing laws and regulations such that they are not subject to specified obligations of the treaty, and they may reserve sensitive sectors for future regulation. Finally, the revised FIPA model strengthened a clause on "not lowering standards". Specifically, this clause recognizes that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. In the event a Party has offered such encouragement, the other party may request consultation.

The revised FIPA model is the basis for Canada's position in the Canada-China negotiations. We anticipate, therefore, that the final agreement will not have a negative effect on Canada's ability to develop and implement environmental policies and regulations. Canada will safeguard its ability to maintain and expand the current framework of policies, regulations, and legislation for protection of the environment in a manner consistent with its domestic and international obligations. The draft texts for Canada-China FIPA are subject to legal review to ensure that the text is consistent with this objective.

VI. Stakeholder Feedback

The notice of intent to conduct an EA of the Canada-China FIPA was in the Canada Gazette on November 5, 2005. The notice included an invitation to interested parties to submit their views on the likely environmental impacts of the Canada-China FIPA on Canada. There were no comments received on the Notice of Intent.

VII. Other Environmental Considerations – Transboundary Effects

a) Transboundary Effects

Canada's *Framework for Conducting EAs of Trade Negotiations* calls for national assessments, and allows for consideration of transboundary, regional, and global environmental impacts if they have a direct impact on the Canadian environment. However, it is outside of the scope of this study to assess the potential for positive or negative environmental impacts that could occur in China because of these negotiations, or to judge the measures in place within China to enhance or mitigate such impacts. However, the Framework does provide the opportunity to consider how Canadian investment in China that results from the FIPA could have transboundary and global environmental impacts that would affect the Canadian environment.

Mining is a prime sector of interest to Canadian companies operating in China. We therefore focus on this sector to identify potential transboundary environmental effects of these investments on the Canadian environment. As discussed above, each stage of the mineral production process and the geographic scale of these impacts will vary from local to global. The transboundary environmental impacts of concern that could most directly affect the Canadian environment relate to air emissions, which can result in the deposition of heavy metals thousands of miles from the primary source. Emissions from mining can also contribute to global issues such as climate change, which do impact the Canadian environment.

b) Canada/ China Environmental Cooperation Activities

Canada and China are actively engaged in environmental cooperation activities: Although not specifically linked to the FIPA, these efforts to demonstrate existing mechanisms to work together on issues of common concern.

- **Canada-China Framework Statement for Cooperation on Environment into the 21st Century:** Canada and China signed the "Canada-China Framework Statement for Cooperation on Environment into the 21st Century" during Premier Zhu Rongji's visit to Canada in November 1998. The framework reflects a shared interest in enhancing cooperation on environmental and sustainable development issues and provides an umbrella for collaboration on the environment, especially climate change and sustainable development, through the coordination of all federal efforts with China. The Framework Statement created the Canada-China Joint Committee on Environment Cooperation (JCEC) with Environment Canada and the Chinese State Environmental Protection Administration (SEPA) as the lead agencies. The JCEC held its inaugural meeting on March 20-21, 2000. The fourth meeting took place in Montreal in April 2005 and focused on air pollution, environmental legislation and sustainable urbanisation. Most recently, China hosted the 5th meeting in Xian. Main topics discussed include environmental impact assessment; environmental emergencies and preparedness; and cooperation with environmental industries.
- **Memorandum of Understanding on Environmental Cooperation:** Environment Canada and the State Environmental Protection Agency (SEPA) renewed the Memorandum of Understanding (MoU) on Environmental Cooperation in September 2003 in Beijing. This is the second renewal since the signing of the first MoU in 1993. The MoU provides a framework for cooperation on regional and global environmental issues with a focus on transboundary air and toxic substance control, water resource management, smart growth and sustainable development, environmental management policies and regulations, ecosystem and biodiversity protection, as well as transfer of clean technologies. Through annual work plans, the MoU is implemented through workshops, missions, exchange of information, hosting Chinese officials and study tours.
- **Joint Statement Between the Government of Canada and the Government of the People's Republic of China on Strengthened Dialogue and Cooperation on Climate Change :** During Prime Minister Jean Chrétien's visit to China in October

2003, Canada and China signed a joint statement reaffirming both countries' commitment to the UN Framework Convention on Climate Change and to the Kyoto Protocol and confirms their mutual interest to enhance cooperation in climate change in areas such as policy dialogue, Clean Development Mechanism, clean technology, public awareness, energy efficiency and renewable energy, capacity building, climate science, impacts and adaptation and other climate change issues as mutually acceptable.

- **The Canada-China Climate Change Working Group (CCWG):** The Canada-China Climate Change Working Group was formed in March 2004, as a follow up to the Canada-China Joint Statement on Climate Change Cooperation. The Working Group co-ordinates and advances the bilateral effort to respond to climate change and is co-led by Environment Canada and the department of Foreign Affairs and International Trade (DFAIT) on the Canadian side and the National Development and Reform Commission (NDRC) and Ministry of Foreign Affairs (MFA) on the Chinese side. The first CCWG meeting was held in Vancouver in March 2004 and the second one in Shenyang, China in July 2005. Government officials from Canada and China representing various ministries and departments held frank and open discussions on the issues related to climate change while identifying opportunities for future cooperation in priority areas, such as clean technology, renewable energies, sustainable urban development and the 2005 UN climate change conference in Montreal.
- **Canada-China Cooperation in Climate Change Project (C 5):** The Environmental Technology Advancement Directorate (ETAD) was designated as the Canadian Executing Agency for the implementation of the Canada-China Cooperation in Climate Change Project (C5), in cooperation with Resource Futures International, who is responsible for the Clean Development Mechanism (CDM) component. The $4.9 million bilateral project was carried out over a two and a half year period, starting in May 2002. The main purpose of the C5 project was to help China mitigate the risks of global climate change by building its capacity in the areas of CDM, Awareness and Outreach, National Communications and Adaptation and Impacts.
- **Common Paper of Strategic Working Group:** In January 2005, China and Canada issued a Common Paper of Strategic Working Group, which is designed for regular consultation on important bilateral political and economic issues, and stronger exchange and coordination on major international and regional issues of common concern, such as safeguarding world peace and security, prosperity and sustainable development. China and Canada have a shared commitment to the sustainable development and management of natural resources, as the two countries recognize the potential for mutual benefit in furthering cooperation in minerals and metals, forestry, earth science and energy.
- **Illustration of Work:** Environment Canada's bilateral cooperation with China has recently included workshops, training and internships in Canadian institutions, mentoring senior Chinese officials, incoming and out-going missions and exchanges of documentation and publications. The main topics covered include climate change, sustainable development, integrated water resource management, transboundary air

pollution and toxic substances control, protection of ecosystem and biodiversity, and technology transfer. Meteorological Service of Canada's scientific and technical support to the Mount Waliguan Global Atmosphere Site, for instance, has been instrumental in keeping this observatory operating.

- **Environmental mission to China:** Environment Canada, Industry Canada and the Department of Foreign Affairs and International Trade organized an environmental mission to China in December 2003. The mission's objective, which included stops in Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong, was to facilitate the transfer of Canadian environmental technologies and know-how to China, and foster partnerships between environmental industries in both countries. Fifteen companies across Canada participated, bringing expertise, solutions and products on waste and wastewater treatment, air quality management, climate change and clean production technology to China. The delegation was also involved in the largest Chinese-organized environmental trade show in Beijing.
- **Canadian International Development Agency Projects:** The Canadian International Development Agency (CIDA) has revised its goal and objectives for its China Country Development Programming Framework, but continues to give priority to human rights, democratic development, good governance, and environmental sustainability. CIDA program aims to promote environmental sustainability in China through support for Chinese efforts to manage environmental issues in rural western regions of China by enhancing the capacity of China's land resource management systems. CIDA's environmental sustainability projects include:
  - China Council for International Cooperation on Environment and Development Phase III ;
  - Canada-China Co-operation on the Management of Environmental Sustainability Project;
  - Canada-China Cooperation in Climate Change (C5);
  - Confronting Global Warming: Enhancing China's Capacity for Carbon Sequestration;
  - Reduction of CO2 Emissions from Coal Fired Utility Boilers in China;
  - Renewable Energy Diversification - Small Hydro Technology in Western China;
  - Canada-China Development of Coalbed Methane Technology Carbon Dioxide Sequestration Project (CCCDF);
  - Biodiversity Protection and Community Development in Inner Mongolia Autonomous Region;
  - Canada-China Cooperation Project in Cleaner Production;
  - Canada-China Jiangsu SME Applied Management and Environment;
  - Nutrient Management and Strategies for Sustainable Development in China;
  - Sustainable Agriculture Development Project Phase II (SADP II).

Canada and China are also engaged in Corporate Social Responsibility initiatives:

- Initiatives focused on Corporate Social Responsibility (CSR) or "sustainable development" in China are still in the nascent stages of development. The concept,

among many Canadian small and medium sized enterprises (SMEs), is often misunderstood, and education is needed to ensure the commercial benefits linked to application of a CSR policy are communicated. The Beijing Chapter of the Canada-China Business Council (CCBC), one of the longer-standing bilateral business organizations active in China, restructured its executive into committees in 2006, forming a sustainable development committee focused on CSR. The committee organized two independent networking and information events, and several joint networking events with other Chambers of Commerce in 2006/07, bringing together interested companies and Non-Governmental Organizations (NGOs).

- The Canadian embassy in Beijing met with the CCBC's Sustainable Development Committee Chairs to discuss future initiatives. In planning are the following: a) an education seminar that helps companies to properly define CSR and understand the benefits of a CSR policy to the company's bottom line in addition to the countries and regions that they operate; b) a workshop bringing together CSR-minded Canadian and Chinese companies to network and discuss sustainable solutions to common problems facing these businesses; c) development of a list of qualified NGOs that can work with companies to implement sustainable projects in line with companies' CSR plans and strategies; d) a joint project with other Chambers of Commerce to investigate hot topics in CSR, such as micro-credit or micro-financing; and e) a day dedicated to discussion of sustainable solutions in mining, to be delivered on the margins of the large China Mining Conference in November 2007.
- In addition to initiatives led by government and associations, some individual Canadian companies continue to provide leadership in this area.

c) Third Party Documents

Examination of environmental policies in China or postulation about general trends of Chinese investment abroad falls outside of the mandate provided by the *Framework for EA of Trade Negotiations*. However, past feedback from consultations has indicated interest in this regard, and we have therefore responded through the identification of the following third party documents.

- The Asia Pacific Foundation of Canada and the China Council for the Promotion of International Trade carried out an online survey in September 2006 in order to better understand the changes in Chinese companies' outward investment intentions. The report "China Goes Global – II: 2006 Survey of Chinese Companies' Outward Direct Investment Intentions" is available at: www.asiapacific.ca/analysis/pubs/pdfs/surveys/ChinaGoesGlobal2006.pdf.

- In November 2006, the OECD published two reports on China's environmental performance and policies: "Environment, Water Resources and Agricultural Policies:

Lessons from China and OECD Countries[6]" and "Environmental Performance of China: Conclusions and Recommendations (Final)[7]". The first report contains a set of expert papers on how to improve water management in China's agricultural sector. Although the OECD report on "Environmental Performance of China: Conclusions and Recommendations (Final)" recognizes that China has made some significant environmental progress, it states that the implementation of environmental policies needs to be strengthened. The Working Party found that China's efforts to protect the environment have not been sufficient to keep pace with the environmental pressures and challenges generated by the very rapid growth of China's economy. It recommends that China further strengthen its international environmental efforts with the co-operation and support of OECD countries.

- The Deutsche Bank has published in August 2006 a report on China's overseas direct investment entitled "Global champions in waiting: Perspectives on China's overseas direct investment[8]". The report states that numerous high-profile cross-border mergers and acquisitions deals involving Chinese companies as acquirers point to the emergence of China as a global investor. The bulk of current Chinese ODI is driven either by the increasing need to secure overseas energy and raw material resources or as a countermeasure to growing competition and overcapacity in a number of key sectors of the domestic economy. In February 2006, the Deutsche Bank also published a report on China's environmental sector entitled "Environmental sector China: From major building site to growth market[9]". The report states that China's economy is booming at the expense of its environment. Shortages of important resources are reducing China's growth potential. Awareness must be created that it is better to prevent environmental damage in the first place than to have to remedy the situation later at considerable expense. Several hundreds of billions of US dollars are likely to be invested in environmental technology in China over the next 20 years, for which the country needs private know-how and capital from abroad.

VIII. Conclusion and Next Steps

The Initial EA concludes that significant changes to investment in Canada are not expected as a result of the Canada-China FIPA negotiations. As such, the environmental impacts on Canada are expected to be minimal.

The Initial EA will be circulated to decision makers to inform the conclusion of the Canada-China FIPA negotiations as well as other policy development activities. Following the receipt of public comments on the Initial EA, the Final EA will be completed taking into account the consultative findings. In the light of the Initial EA's conclusions regarding the unlikelihood of significant economic activity and

[6] www.oecd.org/document/48/0,2340,en_33873108_36016481_37655600_1_1_1_1,00.html
[7] www.oecd.org/dataoecd/58/23/37657409.pdf
[8] www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000201318.pdf
[9] www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000196788.pdf.

environmental impacts in Canada, preparation of a Draft EA is deemed to be unnecessary. The Final EA will coincide with the conclusion of the Canada-China FIPA negotiations.

Annex 1

Canada's FIPA Program

a) Background on Canada's FIPA Program

A FIPA (Foreign Investment Promotion and Protection Agreement) is a bilateral agreement aimed at protecting and promoting foreign investment through legally-binding rights and obligations.

FIPAs accomplish their objectives by setting out the respective rights and obligations of the countries that are parties to the treaty with respect to the treatment of foreign investment. Typically, there are agreed exceptions to the obligations. FIPAs seek to ensure that foreign investors: will not be treated worse than similarly situated domestic investors or other foreign investors; will not have their investments expropriated without prompt and adequate compensation; and, in any case, will not be subject to treatment lower than the minimum standard established in customary international law. As well, in most circumstances, investors should be free to invest capital and repatriate their investments and returns.

Canada's policy is to promote and protect investment through a transparent rules-based system in a manner that reaffirms the right of Governments to regulate in the public interest, including developmental interests. As an instrument that supports the rule of law and fosters fairness, transparency, non-discrimination and accountability, a FIPA encourages good governance. A FIPA also promotes sustainable development principles by exhorting Governments to not lower health, safety or environmental measures in order to attract investment.

Canada began negotiating FIPAs in 1989 to secure investment liberalisation and protection commitments on the basis of a model agreement developed under the auspices of the OECD (Organization for Economic Cooperation and Development). In 1994, Canada introduced a FIPA model incorporating the enhanced investment protection afforded under the NAFTA (North American Free Trade Agreement). Canada signed 5 agreements using the OECD model and signed 18 FIPAS based on the 1994 model for a total of 23 FIPAs to date.

b) Canada's New FIPA Model

In 2003, Canada began updating its FIPA model to reflect lessons learned from its experience with the implementation and operation of the investment chapter of the NAFTA. The principal objectives of this exercise were: to enhance clarity in the substantive obligations; to maximize openness and transparency in the dispute settlement process; and to discipline and improve efficiency in the dispute settlement procedures.

Canada also sought to enhance transparency in the listing of reservations and exceptions from the substantive disciplines of the Agreement.

In May 2004, Canada's new model for the negotiation of FIPAs was published on DFAIT's website http://www.international.gc.ca/tna-nac/fipa-en.asp. The new FIPA model provides for a high standard of investment protection and incorporates several key principles: treatment that is non-discriminatory and that meets a minimum standard; protection against expropriation without compensation and restraints on the transfer of funds; transparency of measures affecting investment; and dispute settlement procedures. The new model serves as a template for Canada in discussions with investment partners on bilateral investment rules. As a template, the provisions contained therein remain subject to negotiation and further refinement by negotiating parties. Thus, although all FIPAs can be expected to follow this approach, it is highly unlikely that any two agreements will be identical.

Canada's FIPA negotiating program is intended to reflect the priorities of Canadian investors. With many countries expressing great interest in negotiating FIPAs with Canada, we are currently undertaking a comprehensive priority setting exercise to consider potential FIPA partners based on the following factors: 1) likelihood of engagement 2) commercial and economic interests 3) lack of investor protection 4) trade policy interests 5) political / developmental interests.

c) Environmental Issues related to the new FIPA Model

Underlying Canada's new FIPA model are renewed commitments to transparency, including with respect to crosswalks between investment agreements and environmental issues. For instance, Canada seeks commitments whereby Parties would agree to publish laws, regulations and other procedures respecting any matter covered by the FIPA. We also seek to allow Parties an opportunity for prior comment on future legislation covering inward investment.

Canada also recognizes the benefits of transparency with respect to procedural arrangements associated with our investment agreements. This includes investor-state dispute settlement procedures, whereby Canada seeks to facilitate third-party (*amicus)* submissions to tribunals, for example.

Canada's new FIPA model incorporates various safeguards aimed at protecting Canada's right to regulate for legitimate public welfare objectives. It also includes a statement in the preamble on the consistency of the agreement with sustainable development, and general exceptions with respect to human, animal, or plant life of health as found in GATT article XX/GATS article XIV.

The revised FIPA model clarifies Canada's position that non-discriminatory measures, such as a regulation, designed and applied to protect legitimate public welfare objectives, such as health, safety and the environment, do not constitute an indirect expropriation.

This provision is intended to ensure that crucial regulations (including environmental) are not stifled by the obligation to provide costly compensation. For example, unless a measure is so severe that it cannot be reasonably viewed as having been adopted and applied in good faith, a non-discriminatory environmental regulation that may adversely affect an investor would not constitute a breach of indirect expropriation rules and would not require compensation under the treaty.

The revised FIPA model strengthened a clause on "not lowering standards", whereby signatories recognize that it is inappropriate to attract investment through lowering health, safety, and environmental standards. Specifically, this clause recognizes that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. In the event a Party has offered such encouragement, the other party may request consultation.

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
111 Sussex Drive, Canada Room
Ottawa, Ontario
11-13 April 2012

Wednesday, 11 April 2012

Not Responsive

Not Responsive

9:55-10:10	**Canada-China FIPA**	**Vernon MacKay** Deputy Director DFAIT – Investment Trade Policy Division

BACKGROUND

- February 8, 2012, Prime Minister Harper announced the conclusion of negotiations toward the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA). It will not be ratified until it is tabled in the House of Commons.
- Canadian investment in China was valued at approximately $5 billion in 2010, an increase of 38 % over 2009. Investment took place in a broad range of sectors including financial services, transportation and technology.
- Chinese investment in Canada reached $14 billion in 2010, an increase of 9% from 2009. Sectors of interest TO China include, among others, natural resources and renewable energy.

C-Trade Meeting Notes March 9, 2010

Not Responsive

Tuesday, p.m.:

Not Responsive

Foreign Investment Protection Agreement Negotiations

See Dan's comments [ATTACHED, plus analysis for each FIPA]

S13, S16

Updated on November 16

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
111 Sussex Drive, Bytown Room
Ottawa, Ontario
November 22-25, 2010

Monday, 22 November 2010

Regular discussion items

Not Responsive

8:40-8:55	**Foreign Investment Promotion and Protection Agreement** (FIPA)	**John O'Neill** Director DFAIT – Investment Trade Policy

Not Responsive

s16

s16

Updated: March 28, 2012

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
111 Sussex Drive, Canada Room
Ottawa, Ontario
11-13 April 2012

Wednesday, 11 April 2012

General C-Trade items

Not Responsive

9:55-10:10	**Canada-China FIPA** • Overview of the agreement • Steps toward enforcement	**Vernon MacKay** Deputy Director DFAIT – Investment Trade Policy Division

Not Responsive

Updated: June 19, 2012

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
111 Sussex Drive, Canada Room
Ottawa, Ontario
July 9-11, 2012

Monday, July 9, 2012

Not Responsive

17:30-17:45	**Foreign Investment Promotion and Protection Agreement (FIPA)** • Status update on ongoing negotiations • Update of the legal scrub process of concluded negotiations, including the China FIPA	**Vernon MacKay** Deputy Director DFAIT – Investment Trade Policy Division

Not Responsive

Updated: September 6, 2012

FEDERAL-PROVINCIAL-TERRITORIAL COMMITTEE ON TRADE (C-Trade) MEETING
111 Sussex Drive, Library Room
Ottawa, Ontario
12-14 September, 2012

Not Responsive

Not Responsive

Friday, September 14, 2012

Not Responsive

Not Responsive

10:15 –10:25	**Canada-China FIPA** • Update on the status and next steps for the Canada-China FIPA	**Vernon McKay** Deputy Director DFAIT - Investment Trade Policy

Not Responsive

November 22 CTRADE

FIPAs

Not Responsive

Not Responsive

S13, S16

S13, S16

S13, S16

Not Responsive

Not Responsive