



GOVERNMENT OF THE NORTHWEST TERRITORIES

China Strategy and Action Plan



The Northwest Territories is presented with an opportune time to develop and build our relationship with **China**



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Introduction and Project Mandate



China is an increasing dominant economic force in the global economy. All sectors of the Chinese economy are growing steadily and new wealth is being created among its investors and residents. Disposable income makes it possible for many Chinese to purchase luxury goods, travel or to invest abroad.

As a result, countries such as Canada, with its wealth of resources and safe investment environment, are witnessing increased interest from China.

This is an opportune time for the Northwest Territories to develop and implement a strategy to continue to build our relationship with China and achieve the NWT's key objectives. This requires continued and positive communications, and the involvement of as many interested partners as possible and a broad range of interactions. A strong relationship with China should not only focus on trade, but also promote tourism, sharing cultural practices and fostering educational exchanges. This approach to market development with China requires patience.

This document outlines strategies in key areas that will increase the profile of the Northwest Territories among influential Chinese Government departments, industries and investors.

The Role of the GNWT



The role of Government is very important to the Chinese market as most Chinese companies are State-Owned Enterprises and the government plays a predominant role in the economy.

In order for the NWT to succeed in strengthening trade ties with China, the role of government is to help open doors to foster dialogue, assist NWT businesses with navigating Chinese governmental organizations and raising the profile of the NWT. The Department of Industry, Tourism and Investment is lead on developing the relationship with commercially oriented Chinese government officials, and business community as it relates to developing products, markets and investment in the NWT. The Department of Aboriginal Affairs and Intergovernmental Relations will be lead on supporting the Premier in developing the overall relationships with the senior leadership of the Chinese Government and on coordinating input from other GNWT departments such as Municipal and Community Affairs and Education Culture and Employment.

Any strategy aimed at building trade ties with the Chinese market is a long term undertaking. Building relationships with the Chinese government, organizations and businesses is the key component in demonstrating commitment and a serious interest in the Chinese market. This takes years. Ongoing dialogue and visits both to China and from Chinese delegations visiting the NWT are a necessary part of the process. The overall GNWT strategy is to encourage this dialogue, highlighting investment in the Northwest Territories and marketing our products to China.

Vision and Goals



VISION

To achieve a mutually beneficial relationship between China and the Northwest Territories, where the NWT is considered a primary tourist destination; a safe, prosperous jurisdiction for foreign investment; and a source of luxury goods.

GOALS

Four broad goals are proposed to foster the relationship with China and increase the potential for both the NWT and China to gain from the partnership:

1. Increase communications and build on key relationships with Chinese government officials, businesses and organizations.
2. Promote the investment potential of the NWT and assist NWT businesses seeking foreign capital to make valuable connections with Chinese investors and companies, highlighting the stability of the Canadian regime and the NWTs high potential for mining, and oil and gas development.
3. Promote the NWT as an approved and exciting destination for Chinese tourists..
4. Promote and support businesses marketing luxury items from the Northwest Territories - NWT wild fur and diamonds - to meet the increasing demand for luxury goods in China.

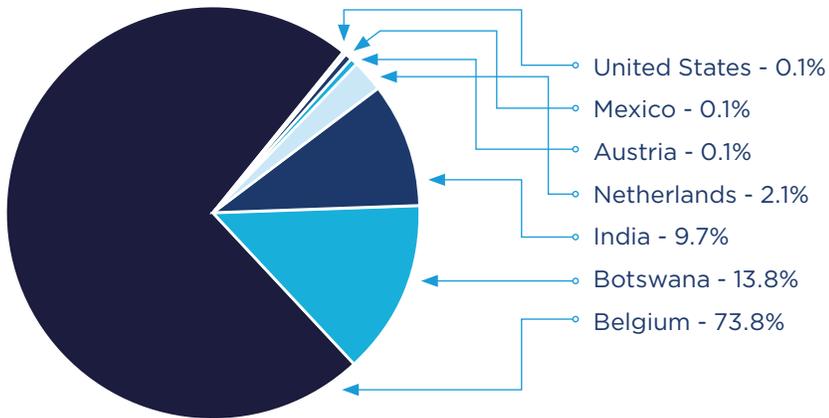
In addition to the above commercially defined objectives, the GNWT recognizes that to further build its relationship with China, it is also very important to focus on cultural, educational and environmental objectives as described below:

1. Foster cultural and educational exchanges to support an enhanced relationship with China.
2. Support exchanges on best management practices related to the environment and wildlife management.
3. Support and encourage youth and sport exchanges.

These goals are the result of experience gained through research and trade missions to China. The NWT was a partner in the 2012 Council of the Federation (COF) mission to China, and in 2014 and 2015, led its own trade mission. These missions highlighted opportunities for the NWT to explore potentially profitable trade relationships.

Trading Partners

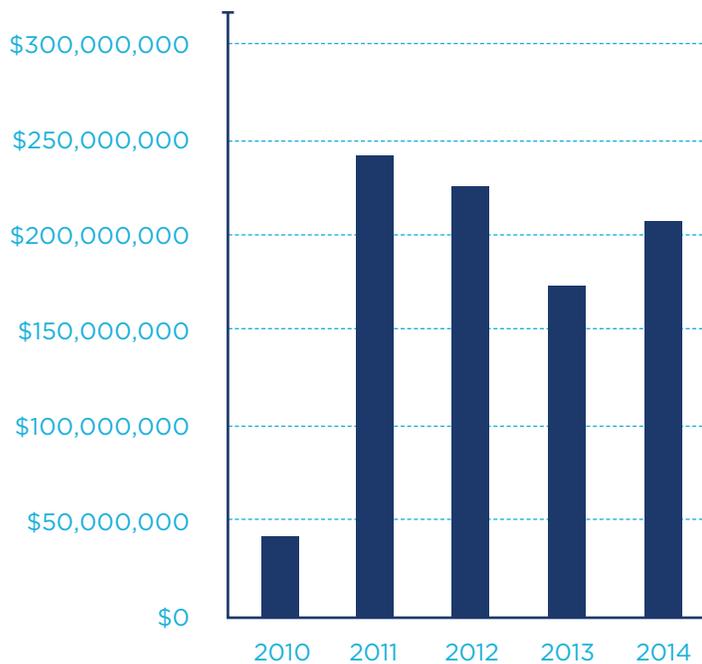
NWT Exports 2014 (% destination by country)



Four nations account for over 99 percent of all NWT exports. Botswana and Belgium account for 87 % of NWT exports.

Ninety seven percent of all exports, by value, are diamonds. Metal mining products account for most of the other three percent.

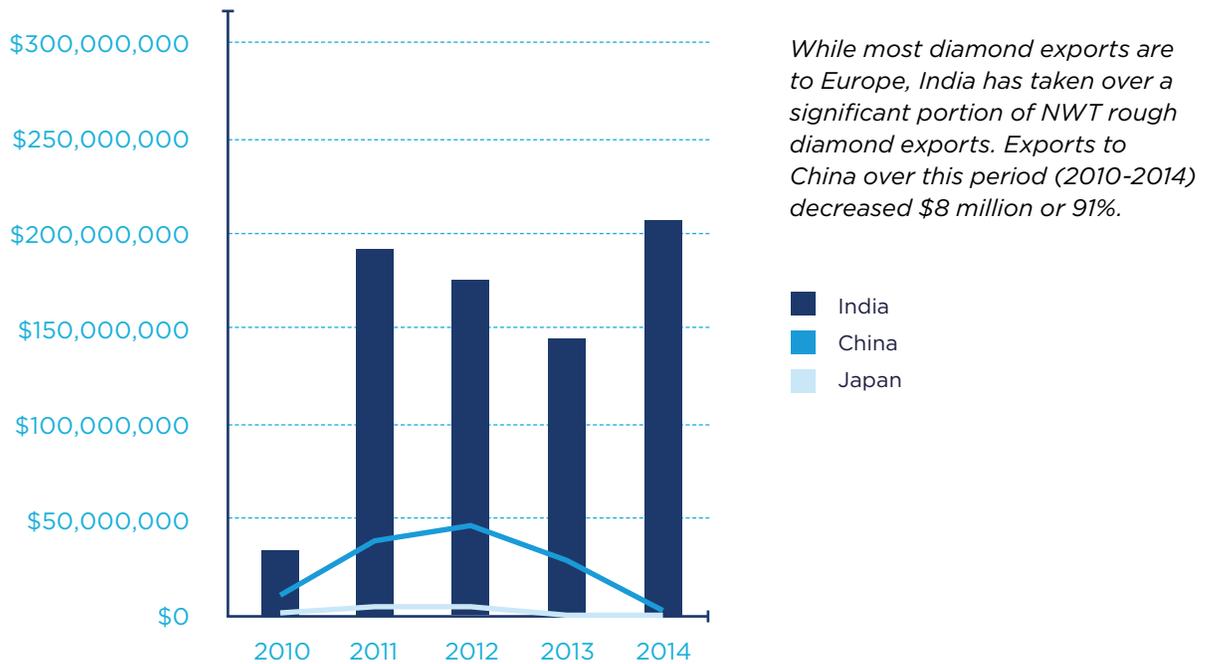
Trade with Asia (excluding Middle East)



The Asian market for NWT goods and services has grown exponentially over the past five years, from \$41 million and just two percent of total NWT exports in 2010, to \$204 million and 10 % of exports in 2014. Overall exports from the NWT declined by \$15 million over the past five years.

2010 - \$40,623,783
2014 - \$ 204,229,586

India is the NWT's major customer in Asia, accounting for 99 % of the NWT's Asian trade, primarily rough diamonds.



China is the NWT's second largest market in Asia and the ninth largest overall. In 2014, the NWT exported over \$700,000 in goods to China. In 2013, the top commodity exported to China from the NWT was tungsten, with a value of just under \$26 million.

Global fur sales have been steadily rising, with a market value of \$15 billion in 2011. However, the 28 March, 2015 issue of *The Economist* magazine revealed the value of the global fur trade, as reported from an independent study by PwC Italy in 2012-13 is valued at more than \$40 billion - roughly the same as the Wi-Fi industry. Approximately 85% of fur is from fur farms. NWT produces a fraction of total wild fur sales with sales ranging between \$1.5 and \$2.5 million dollars. China is currently the world's largest importer of fur. Demand is also strong in North America, Europe, Russia and the rest of the Far East. There is a steady growth in demand in developing markets such as Ukraine, Turkey and Kazakhstan.

Goals



Four key goals have been identified with the aim of increasing trade and investment ties with China. These goals or objectives have been developed through market research and previous trade missions. In addition to marketing NWT products, all four will serve to highlight the investment potential, pristine wildlife and scenic beauty of the NWT.

GOAL ONE

Increase communications and build on key relationships with Chinese government officials, businesses and organizations.

China has experienced some of the world's fastest economic growth in the past three decades to become the second largest economy in the world. With China's increased demand for natural resources from countries such as Canada and with an increasing flow of goods, services and people between our two countries, the NWT is presented with an opportune time to communicate our advantages to build our relationships with Chinese organizations.

GOAL TWO

Promote the investment potential of the NWT focusing on the stability of the Canadian regime and NWT's high potential for mining, oil and gas development.

The NWT has a vast store of undeveloped resources, including significant mineral projects that are in need of both investment and markets. Mineral development and the high potential for petroleum development in the NWT are notable examples.

China faces severe resource shortages despite aggressive efforts to increase production at home and the purchase of needed resources overseas. This demand is tied to the growth of industries that require resources; consumer goods such as appliance and automobile manufacturing, as well as heavy industry.



While the NWT is not a huge exporter of minerals at this time, the world is taking notice of its mineral potential. The NWT recently ranked the 15th most attractive jurisdiction for mineral exploration and development in the world and fourth in the world for mineral potential. This showed the best overall improvement in Canada. This is a marketable fact. Further, there are many NWT projects in various stages of development in serious need of investment, or markets - including rare earth metals, copper, silver, zinc and gold.

The NWT also has potential to be an energy supplier to the Chinese market. The NWT currently lacks transportation infrastructure however it is uniquely located, geographically closer to the Chinese market than many other suppliers. A potential NWT deep seaport might offer a shortcut for international shipping. The quality and quantity of the hydrocarbons available in the NWT should be promoted.

The NWT resource potential is best highlighted by including private sector representatives on trade missions who can discuss specific investment opportunities.



GOAL THREE

Promote the NWT as an approved and exciting destination for Chinese tourists with an emphasis on aurora borealis viewing.

Canada gained Chinese Approved Destination Status in June 2010. Since then, overnight arrivals to Canada have increased in spectacular fashion. In 2011, Chinese overnight arrivals reached 236,600 trips, a gain of 22.4 percent over 2010. Visitors from China injected \$408 million into the Canadian economy in 2011, up 29.5 percent over 2010.

The NWT is seeing a share of this growing tourism market. It is necessary to educate Chinese travel planners about the NWT to attract visitations, whether as part of a planned trip to Canada, or as a stand-alone product. In this case, the partner would be NWT Tourism and its membership.



GOAL FOUR

Promote and market luxury items from the Northwest Territories - NWT wild fur and diamonds - to meet the increasing demand for luxury goods in China.

The Chinese consumer is a key market for NWT diamond exports. These are being promoted as the most luxurious gems in the world. Currently, the United States is the world's largest diamond market, but rapid growth in the number of consumers with increasing disposable incomes in China and India presents a timely opportunity. It is thought that Asian consumers will dominate the market for diamonds by the end of the decade, and that diamond prices will rise as production in other areas of the world declines.

China currently represents over 80 percent of the fur industry in terms of buying, manufacturing and re-exporting finished goods. This presents an exciting opportunity to promote the quality, characteristics and reliability of the Genuine Mackenzie Valley Fur (GMVF) label as an attractive upscale wild fur alternative to the farmed fur sector. Fur products produced in the NWT are also a unique product offering.

NWT wild fur is promoted to the Chinese fur buyer/manufacturer as a distinct brand, different from fur species from other jurisdictions, and farmed furs. The NWT has an existing partnership with Fur Harvesters Auction Ltd. and their marketing efforts are already under way in China.

There is potential to market other unique products created by northern craftspeople such as garments made from sheared beaver, sealskin, moosehide and muskox qiviut, as well as other arts and crafts.

Action Plan



A series of recommended actions are outlined within each of the goals. The timely completion and implementation of these recommendations will allow the GNWT to achieve its strategic vision over the next five years. These actions include:

- **Potential Activities:** The specific activities the goals demand, including both industry facing and internal actions.
- **Rationale:** The background behind the recommendation and its relationship (if any) to actions in support of similar programs in other jurisdictions.
- **Expected Outcomes:** The results that such objectives and actions would create.
- **Implementation:** Suggested timelines with lead and support partners identified.

| POTENTIAL ACTIVITIES | RATIONALE | EXPECTED OUTCOMES | IMPLEMENTATION | |
|--|---|--|---|--|
| Goal #1 Increased Communication and Relationship Building | | | | |
| 1.1 Communication | | | | |
| Develop an inventory of key Chinese contacts | Essential for developing closer ties with China. | Closer ties with a range of Chinese governments and businesses | GNWT ITI, DAAIR, NWT businesses and resource companies (mining and oil & gas) | |
| Co-ordinate and organize trade or promotional missions | Trade missions represent a fundamental tool in building a long term relationship | Closer ties with a range of Chinese governments and businesses | GNWT ITI, DAAIR, NWT businesses and resource companies (mining and oil & gas) | |
| Participate in Council of the Federation Trade Missions | These represent an opportunity to present NWT as part of a strong Canadian entity. | Increased respect and recognition for NWT | GNWT ITI, DAAIR, NWT businesses and resource companies (mining and oil & gas) | |
| Explore the possibility of a Memorandum of Understanding or a Sister Province agreement with a Chinese Province. | Chinese officials have expressed an interest in a twinning relationship. | This will assist in advancing political and trade relationships. | GNWT DAAIR | |
| 1.2 Involve NWT Partners | | | | |
| Initiate dialogue with key stakeholders to determine interest in potential events such as hosting delegations | These are the businesses that will benefit from increased trade with China | Participation of businesses and ongoing support for increased trade with China | GNWT ITI - invitations start with NWT business associations, Chambers, NWTT, etc. | |
| Host a delegation from the Chinese Government to the NWT | Allow Chinese government and businesses to see firsthand the potential for closer ties with NWT | Encourage reciprocal visits to China, building closer ties | GNWT ITI, DAAIR, NWT businesses, resource companies (mining and oil & gas) and NWTT | |
| 1.3 Include Third Party Resources | | | | |
| Develop a database of northern companies doing business or interested in doing business in China | These are the businesses that will benefit from increased trade with China | Participation of businesses and ongoing support for increased trade with China | GNWT ITI | |
| Utilize the services offered by the Canadian Embassy and Consulates in key Chinese cities | These organizations can provide introductions and advice when dealing with potential trade partners | Effective trade missions, and smooth relations with potential Chinese partners | GNWT ITI, DAAIR | |
| Goal # 2 Promote the investment potential of the NWT | | | | |
| 2.1 Attend China Mining Conference | | | | |
| Join Canadian missions to Chinese mineral and investment conferences/ forums | Provincial and territorial support will increase recognition of NWT | Increased credibility for NWT mining interests | GNWT ITI and NWT mining industry, Chamber of Mines | |

| POTENTIAL ACTIVITIES | RATIONALE | EXPECTED OUTCOMES | IMPLEMENTATION | |
|---|---|---|-----------------------------------|--|
| 2.2 Involve NWT resource industry | | | | |
| Involve NWT mining companies: gold, zinc, lead, rare earths, etc. mineral rights holders | Ensure promotion of businesses interested in Chinese investment or sales in the Chinese market | Potential investment and/or sales of NWT mineral products, to ensure a stable NWT industry. Develop new markets and encourage investment. | GNWT ITI and NWT mining industry | |
| Work with NWT Chamber of Mines to develop an in depth guide to resource potential and deposits in the NWT | Required for background by Chinese investors | Increased interest in NWT mineral properties and support for NWT mining industry | GNWT ITI and NWT Chamber of Mines | |
| Involve NWT oil and gas companies | Take advantage of oil and gas industry contacts in the Chinese market to promote NWT development | Develop markets for NWT oil and gas reserves | GNWT ITI and oil and gas industry | |
| Work with partners to develop an in-depth guide to the petroleum resource potential and deposits in the NWT | Required for background | Increased interest in NWT oil and gas properties and support for NWT petroleum industry | GNWT ITI | |
| Set up meetings with Chinese companies at annual Prospectors and Developers Association of Canada event as well as Vancouver Mineral Exploration Roundup | Chinese delegations are usually in attendance seeking opportunities in Canada | Increased Chinese investment in NWT mineral and development | GNWT ITI and NWT mining industry | |
| Make contact and interface with third party resources in China such as (1) the China Geological Survey and (2) Ministry of Land and Resources of the People's Republic of China and (3) China Chamber of Commerce of Metals Minerals and Chemical Importers and Exporters | Encourage increased awareness of NWT mineral wealth among Chinese investment groups and build credibility. These organizations can provide introductions and advice when dealing with potential trade partners. | Increased growth of NWT mineral resource investment. | GNWT ITI | |
| 2.3 Host a trade delegation | | | | |
| Invite Chinese delegations to visit the NWT | Introduce first hand the NWT mineral, oil and gas development, tourism, fur and diamonds potential to the Chinese market | Potential investment opportunities and/or sales to Chinese markets | GNWT ITI and DAAIR | |
| 2.4 Promote NWT Nominee Program | | | | |
| Encourage Chinese entrepreneurs and/or professionals to establish or invest in NWT businesses to supply needed products or services | Increase interest, in the NWT, of Chinese entrepreneurs looking to immigrate to Canada and encourage development of a thriving NWT business community | Increased number of profitable northern businesses supplying goods and services and increased employment of northern residents | GNWT ITI | |
| Goal #3 Promote the growth of Chinese tourism in the NWT | | | | |
| 3.1 Involve NWT partners | | | | |
| Invite export ready tourism businesses to market to China | Locate suitable and market ready businesses to meet potential demand from China | Increased tourism and steady growth of tourism visitation in the NWT | GNWT ITI and NWT Tourism | |
| Support NWT Tourism marketing efforts in China | Encourage increased awareness of NWT tourism potential among chinese tourism packagers | Increased growth of NWT tourism businesses and tourism employment | GNWT ITI and NWT Tourism partners | |

| POTENTIAL ACTIVITIES | RATIONALE | EXPECTED OUTCOMES | IMPLEMENTATION | |
|--|---|--|---|--|
| 3.2 Involve third party resources | | | | |
| Work with Destination Canada to promote tourism opportunities in China | Increase NWT's share of Chinese tourism already coming to Canada | Increased growth of NWT tourism businesses and tourism employment | GNWT ITI and NWT Tourism partners | |
| Consider increasing NWT's Contribution to Destination Canada | To increase support for NWT tourism operators marketing in China | Increased growth of NWT tourism businesses and tourism employment | GNWT ITI and NWT Tourism | |
| 3.3 Develop a marketing strategy | | | | |
| Develop a marketing/media strategy for the Chinese market | Increase general awareness of NWT and its products in key Chinese markets | Earned media on thousands of Chinese media outlets supports the image of a safe and exciting place to invest and visit | GNWT ITI and NWT Tourism | |
| 3.4 Develop marketing materials | | | | |
| Support development of NWT tourism marketing materials for the Chinese market | To provide good quality information on NWT opportunities | Increased growth of NWT business and associated employment activity | GNWT ITI and Partners | |
| Goal #4 Market luxury goods to China | | | | |
| 4.1 Collaborate with approved manufacturers and diamond companies | | | | |
| Support attendance at Jewelry Fairs in Shanghai and Hong Kong | Support existing commercial relationships with diamond markets in China | Support continued employment in one of NWT's major industries | GNWT ITI and NWT diamond industry | |
| Plan a diamond specific trade mission to China | Encourage growth of Chinese markets for NWT's secondary diamond industry | Support employment and sales growth of the secondary diamond industry | GNWT ITI and secondary diamond industry | |
| 4.2 Increase NWT Fur representation in the Chinese market | | | | |
| Attend the Beijing and Hong Kong Fur Fairs | Increase the profile of NWT furs and harvesters at these luxury product marketing events | Increased interest in China for NWT wild fur products | GNWT ITI and Fur Harvesters Auction | |
| Continue marketing arrangements with Fur Harvesters Auction | Build on successes marketing Genuine Mackenzie Valley Fur product as a luxury item for the Chinese market | Continued growth and prominence of NWT wild fur as a luxury brand in the Chinese market | GNWT ITI and GMVF | |
| 4.3 Develop luxury product marketing materials | | | | |
| Ongoing development of luxury marketing materials for NWT diamonds | Constant reminders for the Chinese market of the unique properties of NWT diamonds | Growth of the market for NWT diamonds in China | GNWT ITI and the NWT diamond industry | |
| Develop a marketing campaign to promote GMVF as an exclusive luxury brand to high end designer/manufacturers | Face to face marketing efforts require a leave behind reminder of valuable contacts | Increased demand for NWT wild fur products among high end designers | GNWT ITI | |

Performance Measures

Trade and market development is by nature a long term activity. As the implementation takes place, the Departments will develop broad performance measures for each of the identified goals. Such performance measures could include:

GOAL ONE

An overall increase in the number of both new Canadian and Chinese private sector parties involved in trade missions;

GOAL TWO

An increase in the number of inquiries about, and number of visits to the NWT by potential Chinese investors; increase in number of successful Chinese applicants to the NWT Nominee Program; and an increase in capital investments made by Chinese companies;

GOAL THREE

Number of requests by Chinese tour operators to partner with NWT operators; improvement to the quality and availability of translated NWT tourism information available to the Chinese market; number of requests for information on NWT tourism opportunities via Destination Canada or NWT Tourism; number of Chinese visitors to the NWT each year;

GOAL FOUR

Increase the value of exports from the NWT to the Chinese marketplace.

Conclusion



In conclusion, this is an opportune time for NWT to continue to build our relationship with China due to China's strong economy, increased demand for commodities, growing middle class with a high disposable income and increased interest in Canada as a safe place to visit and invest. China has ranked second behind the United States as the world's leading economic power and is one of the world's top destinations for foreign investment. However, with all of this growth, China faces severe resource shortages and is looking abroad for resources to continue its growth. The Northwest Territories has significant resource potential that can benefit China.



Building trade ties with China may take many years. However, there is considerable potential to tap Chinese capital markets to assist in the development of the human and natural resources of the Northwest Territories.

Appendices

Appendix 1: Key China Contacts for Success

Appendix 2: Key NWT Stakeholders

Appendix 3: Doing Business in China

Key China Contacts for Success



EMBASSY OF CANADA

The Canadian Embassy and Consulates in China are important resources. They can provide information about key contacts and they are able to set up Government-related meetings, which are crucial to an ongoing relationship with China. The Embassy and Consulates also possess the necessary information on the current state of affairs in China and the optimal times for visiting China.

The Embassy of Canada in Beijing along with a network of consulates in Shanghai, Guangzhou and Chongqing and six trade offices in Shenyang, Chengdu, Wuhan, Nanjing, Shenzhen and Qingdao are working together to strengthen, broaden and deepen Canada-China relations.

The relationship is a long-standing and comprehensive one, and is expanding in all areas. Today, China is Canada's second largest two-way trading partner after the United States, with trade rising rapidly. In 2012, bilateral trade reached \$70 billion.

MINISTRY OF COMMERCE FOR THE PEOPLE'S REPUBLIC OF CHINA

The Ministry of Commerce for the People's Republic of China is responsible for domestic and foreign trade and international economic cooperation, foreign investment in China, foreign assistance, and overseas investment. They work with foreign nations to develop multilateral and bilateral treaties and agreements and ensure Chinese economic and trade laws conform. They organize the adjustment of markets for major consumer goods and regulate distribution and supervise and regulate refined oil distribution.

MINISTRY OF LAND AND RESOURCES

The Ministry of Land and Resources for the People's Republic of China is a ministry under the jurisdiction of the State Council of China. It is responsible for the regulation, management, preservation and exploitation of natural resources, such as land, mines and oceans.

NATIONAL DEVELOPMENT AND REFORM COMMISSION (NDRC)

The NDRC is a macroeconomic management agency under the State Council, that studies and formulates policies for economic and social development and guides overall economic restructuring.

CANADA CHINA BUSINESS COUNCIL

The Canada China Business Council is the country's Canada-China bilateral trade and investment facilitator, catalyst and advocate. Founded in 1978 as a private, not-for-profit business association, CCBC provides unparalleled insight into Sino-Canadian trade and investment issues and develops connections that ensure its members' business success. In addition to its focused and practical services, the Council is also the voice of the Canadian business community on issues affecting Sino-Canadian trade and investment.

CANADIAN CHAMBERS OF COMMERCE

The Canadian Chambers of Commerce have offices in Shanghai and Hong Kong. These are nonprofit organizations that promote commerce between China and Canada. The Chambers connect their members with each other and with outside partners to enable them to prosper from opportunities.

SHANGHAI DIAMOND EXCHANGE

The Shanghai Diamond Exchange has been in existence since 2000 and is the only diamond exchange in China. Customs, inspection and quarantine, foreign exchange control, industry and commerce and taxation authorities are all stationed there to provide one-stop government functions and services, facilitated by banks, escort agents, customs declaration agents and diamond laboratories.

INTERNATIONAL FUR TRADE FEDERATION

The International Fur Trade Federation (IFTF) was established 60 years ago in 1949. It is an independent, non-profit, international federation. Today, IFTF comprises 42 national fur trade associations and organizations in 35 countries. The main mission is to promote, support and protect – directly and working through its network of members – all segments of the fur industry.

CANADIAN TOURISM COMMISSION

The Canadian Tourism Commission (CTC) is a Crown corporation created in 1995 to promote tourism in Canada. The CTC directs Canada's tourism marketing efforts in global markets and consumer segments where there is the highest potential for return on investment.

STATE ETHNIC AFFAIRS COMMISSION

The State Ethnic Affairs Commission of the People's Republic of China is a department of the country's State Council. The Commission is responsible for the implementation of the Communist Party of China and the government's national policies, theories on nationality research and national education. It also supervises the implementation and development of regional national autonomy systems and the supervision and handling of matters related to the protection of rights and interests of minority nationalities.

CHINESE PEOPLE'S ASSOCIATION FOR FRIENDSHIP WITH FOREIGN COUNTRIES (CPAFFC)

CPAFFC was established in 1954 as a national people's organization engaged in people-to-people diplomacy of the People's Republic of China. The aims of the Association are to enhance people's friendship, further international cooperation, safeguard world peace and promote common development. It has set up 46 China-regional or China-national friendship organizations and established relationship of friendly cooperation with nearly 500 nongovernment organizations and institutions in 157 countries. <http://en.cpaffc.org.cn/index.html>

Key NWT Stakeholders



KEY NWT STAKEHOLDERS INCLUDE:

- GNWT (ITI, Executive, DAAIR)
- NWT Chamber of Commerce
- NWT Chamber of Mines
- Northern Aboriginal Business Association
- Major mining, oil and gas exploration companies
- Pipeline developers
- NWT Tourism (NWTT)
- GNWT Approved Diamond Manufacturers
- Fur industry representation (Fur Harvesters Auction)

Doing Business in China



INVESTMENT CANADA ACT

In order to encourage, facilitate and monitor levels of foreign investment in Canada, the federal government enacted the Investment Canada Act. The act monitors the establishment of new businesses and acquisition of existing businesses by non-Canadians.

Each time a non-Canadian investor commences a new business activity in Canada or acquires control of an existing Canadian business, it must notify the federal Department of Industry within 30 days of the transaction. For acquisitions, thresholds have been established to determine whether a transaction has to be reviewed. Acquisitions below these thresholds are not typically subject to review.

Generally, for the direct, controlling acquisition of a Canadian business, the thresholds for transactions subject to review are \$5 million for direct investments and \$50 million for indirect transactions. For World Trade Organization (WTO) members, such as China, the 2012 review threshold for a direct acquisition is \$330 million. Indirect acquisitions by WTO member investors are not subject to review.

For investments requiring a review, the investment is judged on the basis of its “net benefit” to Canada. The Minister of Industry makes the final decision, after receiving a recommendation from the department.

CANADA-CHINA FOREIGN INVESTMENT PROMOTION AND PROTECTION AGREEMENT (FIPA)

In Sept. 2014, Canada announced ratification of the Canada-China FIPA which then came into force on October 1, 2014. The main purpose of the Canada-China FIPA is to ensure greater protection to foreign investors against discriminatory and wholly arbitrary practices, to provide adequate and prompt compensation in the event of an expropriation and to enhance predictability of the policy framework affecting foreign investors and their investments.

