

enactment of a special statute tailored to the situation in Burma and analogous to the now repealed *Iranian Economic Sanctions Act*. Such actions would bring Canadian responses to the Burmese crisis more in line with the actions of other countries.

A second issue which government should examine are the tax deductions allowed Canadian companies operating abroad. Canadian tax law allows Canadian companies to deduct a portion of their foreign business income tax from their Canadian taxes, even in the absence of a formal tax treaty between Canada and the foreign jurisdiction. Even where Canada has annulled double taxation treaties on human rights grounds in the past, this unilateral tax relief has remained. Thus, when Canada annulled the Canada-South Africa Double Taxation Agreement in 1985, critics argued that this move was largely symbolic as companies were able to continue deducting taxes paid in South Africa and Namibia under the foreign tax credit provisions of the *Income Tax Act*.

In a December 1998 report, the Senate Standing Committee on Foreign Affairs cited with approval a recommendation that the "government should publicly establish thresholds of systematic human rights abuses beyond which the government...[*inter alia*,] will not provide tax credits for taxes paid to the regime...". This approach is a reasonable and logical way of reducing the incentive Canadian businesses might have to operate in countries where their operations contribute to human rights problems.

Recommendation to the Government of Canada:

That the Minister proceed to impose investment sanctions under the Special Economic Measures Act.

If the Minister determines that he cannot proceed under SEMA, that he enact a special statute tailored to the particular situation of Burma.

The Canadian Government should amend the Income Tax Act to bar Canadian companies operating in Burma from deducting any of their foreign business income tax from their Canadian taxes.

3.3 Recognizing the Committee Representing the People's Parliament

The Committee Representing the People's Parliament (CRPP) was formed in September 1998 by representatives of the political parties that won the majority of seats in the 1990 election, including the NLD. The Committee is acting as an executive committee of the elected parliament, most of whose members are in prison, exile or detention. The CRPP has proxies from 251 of the surviving Members of Parliament who have given the committee the mandate to convene the full parliament as soon as possible and act on their behalf. The 10 member committee is chaired by U Aung Shwe, Chairman of the NLD. Dr. Saw Mra Aung of the Arakan League for Democracy and MP elect from Arakan