

firms that violate international standards. Enforcement actions, whether through a modified *Special Economic Measures Act* or through some other legislation, should be reserved for behavior that is truly 'beyond the pale'. However, it was argued that credible incentives are needed in order to make voluntary approaches to compliance more effective. There was significant NGO-business consensus on this point.

Canadian Policy – Sovereign Rights, Sovereign Rules

Some concern was expressed over the apparent contradiction between an activist approach and Canada's strenuous objections to American attempts to impose unilateral, extraterritorial sanctions on Canadian firms doing business in Cuba and Iran. Others doubted that a small country like Canada could make an effective difference by acting alone to impose sanctions on risky states. However, it was forcefully argued that this was not the appropriate analogy. NGOs are calling on the Government to target inappropriate business practices by Canadian corporations, not to impose unilateral sanctions on foreign governments. A more appropriate analogy would be legislation that penalizes Canadians who engage in corrupt practices or child prostitution while abroad. There is no bar to Canadian legislation aimed at dissuading corporate complicity in human rights violations in their overseas operations. The Canadian government has the sovereign right to regulate Canadian firms.

Recommendations to Government

Canada should strive to become a world leader in global corporate citizenship:

- the Prime Minister should publicly articulate society's expectation that Canadian firms reflect fundamental international norms in their operations abroad;
- the Government of Canada must exercise strong leadership on the issue of global corporate citizenship in multilateral forums—the UN, the G8, the OECD, etc.;
- exemplary corporate practices should be publicly recognized on an ongoing basis;
- the Government should financially support further research and training in the area of global corporate citizenship.

Positive measures must be backed up by concrete incentives:

- access to business benefits provided by the Government of Canada or Government agencies—e.g. participation in Team Canada missions, EDC grants, CIDA grants, government procurement, etc.—should be made conditional on the effective implementation of international codes of responsible business practices beyond 'Canadian-values';
- the Government should seek legislative means to penalize firms for complicity in gross violations of human rights, taking the form either of revisions to the *Special Economic Measures Act*, regulatory action under the *Competition Act*'s misrepresentation clauses, or new legislation.