

Foreign investment has undoubtedly conferred economic benefits on Canada. However, the extent of foreign ownership in the Canadian economy has occasioned increasing public debate.

In the face of these concerns, Canadian Governments have introduced legislation and guidelines seeking to ensure that foreign-owned corporations in Canada are responsive to Canadian domestic goals and priorities. The best known piece of legislation in this area is the Foreign Investment Review Act. Elements of differentiation in treatment between Canadian and foreign controlled enterprises are also to be found in other Federal and Provincial legislation, regulation and administrative practice in such sectors as financial institutions, communications, publishing, uranium development, oil and gas lands development and under the Income Tax Act. Canada will continue its efforts to strengthen Canadian enterprises and to seek significant benefit to the Canadian economy from foreign investment.

In this regard, I think it appropriate to note that there are many instances where member countries have found it necessary to introduce measures at variance with the principle of national treatment in order to achieve essential domestic social and economic goals. There are also instances of this in Canada but I would point out that for the most part we do not differentiate between Canadian and foreign controlled corporations.

It is against this background that I should set out for the record our understanding of the impact on domestic policies of the Declaration as it applies to national treatment. In this connection I note that Canada will continue to retain its right to take measures, affecting foreign investors, which we believe are necessary given our particular circumstances. I would underline that Canada continues to welcome foreign direct investment.

We consider that the OECD Declarations and Decisions will contribute to closer international cooperation in an area which will undoubtedly assume increasing importance in the context of the growing economic interdependence of OECD members. Canada, therefore, in the light of the understanding I have outlined, is in a position to accept the Declaration and the commitments to notify and consult.