

Stated another way, Canada welcomes foreign investment that will bring significant benefit. We are also particularly interested in MNEs in Canada being good corporate citizens along the lines set out in the OECD Guidelines and our own domestic guidelines: by engaging in economically viable export activities; sourcing in Canada where competitive; carrying out independent R&D in Canada; providing equity participation and management responsibility to Canadians; providing significant management independence to the Canadian enterprise; and seeking to use profits and resources generated in Canada to the benefit of the Canadian economy.

At the same time the high levels of foreign investment in Canada have led to concerns about the implications of this for economic progress and independence and in turn to a number of moderate policies that respond to these concerns.

The Canadian approach to foreign investment has three main approaches. The first approach is to minimize legislative regulatory or administrative impediments to the operations of foreign-owned or controlled companies in Canada. We have consistently "extended" national treatment to foreign-owned firms. Once such firms are established in Canada, they are generally subject to the same tax provisions, regulations and eligibility conditions for government grants and loans as Canadian-owned enterprises.

The second approach is that the few significant exceptions to this rule where some restrictions on foreign ownership apply relate to three key areas of the economy: financial institutions, communications and culture, and the oil and gas industry. The relevant measures in these sectors have generally been spelled out in legislation and regulations rather than being left in an ad hoc uncertain way. The short list of key sectors in Canada compares quite favourably with the U.S. and a number of other OECD countries.

Perhaps I could comment briefly on these three Canadian sectors. With respect to financial institutions, it should be noted that in chartered banking we have moved in the direction of greater reliance on foreign investment and enterprise. Prior to the recent revision of the Bank Act, foreign banks were not permitted to engage in banking activities in Canada, although they could and did play an active role in the provision of commercial loans and other financial services. The new banking legislation enacted by Parliament in 1980 has significantly opened up this sector to international investment. Foreign banks are now allowed to establish subsidiaries in Canada as single-branch