

pretation notes on legal aspects of the Act and formal opinions on reviewability, and the announcement by the responsible minister of the formation of an advisory panel drawn from the private sector.

If the policies of Canada and other predominantly host countries have been criticized from time to time, particularly by the USA, as being too nationalist, I would be remiss in not mentioning a nationalist element in US policy, as a home country, that is extremely detrimental to the international investment climate. This is the insistence by the US in applying its domestic laws to the foreign affiliates of US MNEs in some circumstances, particularly strategic export controls, against the will and policy of the host country with jurisdiction over that entity. I need hardly dwell on the complications such actions produced last year in the Siberian pipeline. We find such actions unacceptable, legally and politically, and very negative economically if for no other reason that they put US MNEs into difficult circumstances and call into question whether they can be good corporate citizens in the countries in which they operate. We hope the USA will take appropriate action to correct this problem.

The sum total of Canadian measures, I would submit, represents a minimal and flexible response to the situation of a major host country in which Canada finds itself. Nor do we consider ourselves in bad company. While Canada is not as prone as the USA to criticize the restrictive elements in the investment policies of other countries — I do not wish to dwell here on how France, Japan, Australia, or Sweden, pursue their objectives — they do exist, as perhaps you in the private sector know better than I. Judging from the continuing increases in applications to FIRA the Canadian measures have not, nor do we intend to let them, hamper the positive role that foreign investment has played in Canada, but they do provide the context in which such positive contributions can be made. We are for a liberal international investment environment, and for the fair and equitable treatment of MNEs under international law. In fact, in recent years Canada has been a net exporter of direct investment as Canadian MNEs have grown. But we are also sensitive to the concerns that can exist about foreign control of any economy. From time to time national policies may entail some deviation from the very positive precept of national treatment to protect essential economic interests, or some restrictions on the establishment of foreign investors.

As I said at the beginning, investment is not the only area in which economic nationalism can manifest itself. Trade policies or specific trade measures can also be motivated by nationalistic objectives which may not correspond entirely to basic economic interests. Indeed, one would be hard put to find an example of a country whose trade policy applies the principles of free trade in all respects. As regards agriculture for instance, most countries would attach some priority to ensuring security of food supplies through the maintenance of domestic production although they could be obtained more cheaply from imports. The same holds for other sectors considered vital for the preservation of some measure of economic independence. In

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