

need for moderation and restraint. These general considerations demand that practical approaches, including advance notice and consultation, both bilateral and multilateral, with a view to finding alternatives that would not involve such conflicting requirements, must be implemented in good faith. Confirmation of these arrangements, as reflected in the revised Council decision on the Guidelines, cannot but serve to mitigate the problem.

In view of the major implications of structural adjustment, we think it was appropriate that the Review address the role of MNEs in this process. While structural adjustment as pursued by MNEs is necessary and positive, the size and flexibility of MNEs and the fact that major restructuring decisions may be taken outside of a particular jurisdiction of the country concerned can pose special sensitivities to governments. We would agree that the OECD Guidelines should be applied by MNEs in a way that will contribute to increasing the benefits and decreasing the costs of adjustment. As mentioned in the Review, MNE decision making processes should provide their entities with responsibilities and resources to develop their competitive potential in foreign and domestic markets, cooperate in good faith with employee representatives, develop R&D capacity where competitively feasible and to otherwise satisfy host government policies relating for instance to developing and utilizing domestic economic sources of supply, upgrading natural resources before export and encouraging local equity participation.

The work done in the Review on national treatment has helped to clarify the concept. Like other OECD countries, Canada regards it as one important element in contributing to a healthy international investment climate. The extensive survey of national treatment exceptions and other discriminatory measures in the OECD area, reveals, however, that many member states will continue to maintain policies that deviate from national treatment. The Canadian position in this regard has been stated on many occasions and is well known. The incidence and nature of such policies will continue to be influenced by levels of foreign control and the need to promote important national interests. The Review indicates that the Declaration recognizes that discriminatory measures may be taken for economic interests, cultural interests or other national geopolitical interests, but that such measures constitute exceptions. As such and consistent