

with the Council decision, they should be reported and consulted on, as appropriate in the CIME, a process which has proved useful in extending international cooperation. In strengthening the national treatment procedures, we particularly welcome further study of measures taken for security and public order reasons.

The work that has been undertaken on trade related investment measures (TRIMS) in both the CIME and Trade Committee has been useful. The overall conclusions are balanced reflecting few major generalized negative effects on international trade and investment flows, although at times particular disincentives may arise for individual enterprises. Moreover, these measures must be seen in light of general governmental economic policies, accounting for incentives programmes and some concern about practices of MNEs related to procurement and restrictions on export freedom for subsidiaries. We believe that further work on this issue can be handled within existing procedures and decisions of the Trade Committee and the CIME. As a means of increasing international cooperation, we endorse the recommendation to broaden the Council decision on incentives and disincentives to allow a greater variety of measures affecting international investment flows to be made potentially subject to consultations.

We have followed closely the discussions that have taken place in the last two years to fill in the gaps and strengthen the OECD investment instruments, notably the 1976 Declaration and the Code of Liberalization of Capital Movements. As you know Canada is not currently a member of the Code of Liberalization of Capital Movements although we have over time supported the general principles embodied in the Code and have cooperated with the OECD in the provision of information and in other ways. Recently, we have conducted an in-depth review of our position on the Code. As a result, I am pleased to announce Canada's intention to enter into formal adherence to this OECD instrument with the appropriate reservations available under the Code to reflect the general thrust and orientation of Canadian policies and the need to continue to take into account special Canadian circumstances.

Canada supports the principle of international capital mobility. Our important role as a capital importer and exporter argues in favour of participation in a Code that discusses policies and norms related to