

Fifteen months of negotiations on a more lasting means by which legitimate law enforcement interests might be pursued in a manner that respects the sovereignty and territorial authority of the other country concerned culminated in the signing of the Canada-United States Mutual Legal Assistance Treaty in Criminal Matters on the occasion of the Quebec Summit on March 18, 1985. The treaty provides a framework for improved cooperation between the two countries in the investigation and prosecution of international narcotics trafficking, organized crime and other criminal activity. By providing alternative, cooperative channels for obtaining evidence, and obliging both countries to use them, the Treaty should, when brought into force (and, in Canada, accompanied by implementing legislation), lessen the potential for the United States to resort to unilateral, extraterritorial measures. Negotiations on similar agreements have begun with the Governments of the Bahamas and of Switzerland.

Canada has accompanied its efforts on these specific issues with increased attention to the more general economic and political dimensions of extraterritoriality. In 1983, at the OECD, Canada joined with the United Kingdom and other member countries concerned in calling for further study of the impact of conflicting legal requirements being imposed on multinational enterprises, in the context of a review of the 1976 Declaration and Guidelines on International Investment and Multinational Enterprises. In May, 1984, the OECD Council, at Ministerial level, specifically endorsed a set of "General Considerations" and "Practical Approaches", including respect for international law, the exercise of moderation and restraint, and pursuit of notification and consultation procedures, as appropriate means to avoid or minimize conflict.

Canada has long recognized that in some fields, extraterritorial authority may be used by the United States or other countries as a means of controlling the activities of American traders and investors abroad in pursuit of United States domestic or foreign policies. To protect Canada's ability to pursue its own economic policies, the Foreign Extraterritorial Measures Act, a defensive or "blocking" statute, was passed in December, 1984 and brought into force on February 14, 1985.