

The problem of extraterritoriality has existed for generations. In the past, the issue was peculiar to the bilateral relations of Canada and the United States--for example, in relation to trade with China or Cuba by Canadian subsidiaries of American multinationals. In recent years, it has increasingly taken on a multilateral dimension, as evidenced, for instance, by the Siberian pipeline controversy. This caught the attention of Canada's allies and allowed us to tackle the problem through multilateral as well as bilateral mechanisms. In recent months we have had difficulty bilaterally over the issuance by U.S. courts of subpoenas to Canadian banks operating in third countries.

Where Canada and the U.S.A. share policy objectives, accommodation can often be found. However, where there is disagreement over policy, as may be the case in respect of certain export controls and the question of subpoenas, our respective positions can become difficult to reconcile.

Issues relating to the general question of extraterritoriality have been regularly featured on the agendas for my meetings with Secretary Shultz. Last week our two governments concluded a Memorandum of Understanding in Antitrust Matters setting out cooperative procedures with respect to each other's jurisdiction.

Within the next few days, however, the U.S. Congress will be finalizing legislation for renewal of the Export Administration Act which is the legislative authority by which the United States controls exports for reasons of national security, foreign policy, short supply, or anti-boycott purposes.

Canada and the United States have long cooperated with respect to export controls, as we share a strong common interest in ensuring effective controls for strategic goods. We recognize the need for even closer cooperation in this sensitive area.

There have been instances, however, when the United States has moved unilaterally to restrict exports for its own foreign policy reasons and has attempted to apply such restrictions in an extraterritorial manner. Members of this Committee will recall the difficulties surrounding the United States/Soviet pipeline embargo and its very direct and adverse effects on companies operating in Western Europe and Canada.

I am convinced that, in those cases in which export controls extending beyond strategic materials are proposed, consultations between governments are more