

INTERNATIONAL INVESTMENT ISSUES

International direct investment and the operations of multinational enterprises continue to be of major importance in promoting world economic growth and stability. We therefore welcome the Review of the 1976 OECD Declaration on International Investment and Multinational Enterprises. The Declaration has stood the test of time as a balanced multilateral instrument: comprising guidelines to MNEs which facilitate their contribution to social and economic development, and broad recommendations to governments designed to contribute to a healthy investment climate, in areas such as national treatment and international incentives/disincentives. It is thus important that, as governments review the application of the Declaration, MNEs will also renew their efforts to observe the Guidelines.

The Review addresses a number of new areas of concern. We believe that the Declaration and Council decisions should continue to evolve in a balanced way to reflect on-going developments. Active promotional efforts should be undertaken by all concerned parties to enhance the influence of the Declaration.

In particular, the Review notes that the problem of conflicting requirements, or extraterritoriality, has increased in both scope and importance in recent years. Ultimately, the difficulties caused by the imposition of legal requirements on MNEs by one country in a manner that conflicts with the law or established policies of another member country can only be resolved through the willingness of all member countries, particularly the United States, not to encroach on a jurisdiction more properly appertaining to another state. There must be agreement on the underlying legal principles involved. But in progressing towards such a solution, we are encouraged by the general considerations and practical approaches agreed within the CIME that should govern state action. As is recommended, this consensus should be specifically endorsed by Ministers as a significant set of recommendations on an area of profound concern to governments and MNEs.

We believe that this section of the Review properly reflects the necessity that any state, when contemplating action which may lead to conflicting requirements, must at a minimum have full regard for international law, the sovereignty and legitimate economic interests of other member countries, and the resultant