

have been held. Less progress had been made on the US proposals for major debtors. The World Bank has taken steps to increase its lending. But while the commercial banks, including Canadian banks, welcomed the proposals, they wish to have clearer evidence of increased financing from creditor governments. Nevertheless, prospects for further progress in designing and implementing a more growth-oriented debt strategy appeared to be favourable as preparations were beginning for the 1986 international economic meetings (the OECD Ministerial Meeting, the IMF-IBRD Interim and Development Committee Meetings, and the Tokyo Economic Summit).

Canada continued to participate in official debt rescheduling negotiations at the Paris Club (the informal group of official creditors). In 1985, the Paris Club reached 22 rescheduling agreements covering more than \$19 billion (US).

Over the course of the year, increased attention was paid to the international monetary system because of concern over the effects of persistent exchange rate fluctuations. The G-10 and the G-24, groups representing industrialized and developing countries respectively, issued reports on the functioning of the international monetary system which were to be discussed by the IMF Interim Committee in April 1986. Among industrialized countries, there was a consensus that the floating exchange rate system should continue. The G-10 Report, supported by Canada and the rest of the Summit 7, calls for greater IMF surveillance of the external consequences of domestic policies to reduce exchange rate volatility. There was general agreement that there should be greater cooperation and policy co-ordination among the major countries. This matter was to be considered further at the Tokyo Economic Summit in May 1986.

The passage of the *Investment Canada Act* in July 1985 and the subsequent replacement of the Foreign Investment Review Agency (FIRA) by Investment Canada marked a fundamental shift in Canada's approach to foreign direct investment. The international reaction to the liberalizing measures contained in the legislation was uniformly positive. In addition to the general Investment Canada legislation, specific policies directly affecting foreign investors were also brought in for the oil and gas and book publishing sectors. This package of investment-related measures was one of the government's most important initiatives during this period, contributing significantly to the economic recovery program while offering protection for specific sensitive sectors.

In July 1985, Canada became the last OECD country to accede to the OECD Code of Liberalization of Capital Movements.

The objectives of this Code are the progressive liberalization of financial flows between countries; its provisions therefore have a direct effect on investment questions. As a result of joining, Canada has also become an active participant in the OECD Committee on Capital Movements and Invisible Transfers (CMIT) which administers both the Code of Liberalization of Capital Movements and the Code of Liberalization of Current Invisible Operations.

Canada participated actively in the OECD Committee on International Investment and Multinational Enterprises (CIME). This Committee concentrated on departures from the commitment by members to non-discriminatory treatment of foreign firms and on the implementation of the 1984 commitment to avoid conflicting requirements by national jurisdictions on multinational enterprises.

In the United Nations, two special negotiating sessions were held in the period under review in an attempt to reach agreement on the Code of Conduct for Transnational Corporations. Canada continues to believe that a balanced, voluntary Code would contribute to an improved environment for international investment which, in turn, would be of benefit to the developing countries. Unfortunately, despite the efforts of numerous countries, including Canada, to reach acceptable compromise on the outstanding issues, final agreement continued to be elusive.

During the year, intellectual property issues were an increasingly important feature of the international economic agenda. Canada was active at the World Intellectual Property Organization (WIPO) Governing Bodies meeting in September 1985. Other important meetings under WIPO auspices were held in November 1985 on integrated circuits, and in December 1985 on the international registration of trademarks.

Within Canada, the government reviewed the need for changes in Canadian policies that were important issues in Canada's relations with major trading partners. The government did not reach a final decision on possible changes to the compulsory licensing of pharmaceuticals under the *Patent Act*. It examined changes to the *Copyright Act*. A Parliamentary Committee issued its report on copyright revision entitled *A Charter of Rights for Creators* in October 1985. In response to this report, the government accepted most of the proposals in February 1986 and said that revisions to the Act would be presented late in the year.