

A case in point is the recent unfortunate U.S. decision to restrict the export to the U.S.S.R. of oil and gas equipment produced by foreign subsidiaries of U.S. companies. Such unilateral, extra-territorial application of U.S. law is unconscionable and can only hurt international investment flows and development. The U.S. should reverse this decision as soon as possible. I feel sure that foreign companies operating in the U.S. are expected to abide by U.S. laws and policies. We who are hosting U.S. companies demand no less respect for our domestic laws and policies.

We recognize that greater understanding is essential to making progress in this field of foreign investment. And many aspects require considerable study. We need better international understanding of investment incentives, particularly at a time when there is much scrambling among nations to attract new investment. We have to try to reduce the costs of competitive investment incentives offered to transnationals, at the same time working for a more equitable division of the world's investment resources. Canada endorses the work of the World Bank and the OECD in this area.

In conclusion, Mr. Chairman, I want to stress that, for Canada, the evolution of an effective international regime for direct investment is an essential part of economic development and the North-South challenge. We believe our primary goal must be to ensure that transnational corporations are given an opportunity to contribute to world development through their dynamic profit-making activity and to ensure that the benefits derived from their activities contribute to rational global development. To achieve this, we must work towards balanced international cooperation in order to achieve a more constructive investment climate.

I believe that if we can produce clear rules of understanding and conduct for host and home governments as well as transnational corporations, we will have made a significant contribution to a more rational and balanced world development.