

intention to adhere to the Code at the May 1984 OECD Ministerial Meeting. Canada is a major world importer and exporter of capital and Canada's regime towards capital movements is among the most liberal in the world. For example, Canada imposes no exchange control of any kind on capital receipts or payments by residents and non-residents, and in the area of exchange rate policy, reliance is placed on the market mechanism to clear foreign exchange transactions. Canada's adherence to the Capital Movements Code represents a tangible expression of this reality. It is also consistent with the Canadian Government's renewed efforts to create a positive atmosphere for investment in Canada.

As have other OECD adherents to the Code in light of their specific circumstances, the Canadian Government has considered it necessary to place two general reservations concerning its obligations. The first reservation recognizes that, under the Canadian constitution, the provinces may have jurisdiction to act with respect to certain matters within the purview of the Code. The second reservation pertains to Canadian foreign investment policy requirements, in particular the review provisions of the Investment Canada Act and existing sectoral foreign ownership restrictions at both federal and provincial levels.