

EXTERNAL AFFAIRS
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STATEMENT DISCOURS

NOTES FOR A STATEMENT
MADE BY THE SECRETARY OF
STATE FOR EXTERNAL AFFAIRS,
THE HONOURABLE
ALLAN J. MACÉACHEN,
AT THE O.E.C.D.
MINISTERIAL MEETING
IN PARIS, JUNE 21, 1976

"INVESTMENT ISSUES AND
GUIDELINES FOR MULTINATIONAL
ENTERPRISES"

Mr. Chairman, the Documents we now have before us for consideration are of considerable importance to my Government.

As one of the countries which initiated consideration of multinational enterprises in this organization, we welcome the agreement that has been reached by OECD¹ Governments on recommendations addressed to MNEs². It is timely and useful for the OECD to set broad Guidelines for MNEs operating within the OECD area. We look forward to continued discussion in the relevant OECD bodies of the basis for the further evolution and improvement of the Guidelines. We would note that the promulgation of these Guidelines in no way infringes on the right of governments to prescribe, in the interest of achieving national economic and social goals, the conditions under which multinational enterprises may operate in their jurisdiction.

Canada considers that the accord on investment incentives and disincentives affecting international direct investment will contribute to greater international cooperation in an important facet of our increasingly interdependent world.

In approaching the Declaration and Decision applying to national treatment, the Canadian Government has had to take account of the particular circumstances of Canada with respect to foreign investment.

Canada has relied more heavily than other OECD countries on imports of capital to develop its industrial structure. Until 1974 there were very few restrictions or even administrative processes applying to investment from abroad. We did not impose significant constraints to establishment as have other OECD member states. As a consequence of this and the attractiveness of Canada as a location for investment, foreign ownership and control have attained levels in Canada that are unparalleled in most other OECD countries.

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1. Organization for Economic Co-operation and Development.
2. Multinational Enterprises.

Foreign investment has undoubtedly conferred economic benefits on Canada. However, the extent of foreign ownership in the Canadian economy has occasioned increasing public debate.

In the face of these concerns, Canadian Governments have introduced legislation and guidelines seeking to ensure that foreign-owned corporations in Canada are responsive to Canadian domestic goals and priorities. The best known piece of legislation in this area is the Foreign Investment Review Act. Elements of differentiation in treatment between Canadian and foreign controlled enterprises are also to be found in other Federal and Provincial legislation, regulation and administrative practice in such sectors as financial institutions, communications, publishing, uranium development, oil and gas lands development and under the Income Tax Act. Canada will continue its efforts to strengthen Canadian enterprises and to seek significant benefit to the Canadian economy from foreign investment.

In this regard, I think it appropriate to note that there are many instances where member countries have found it necessary to introduce measures at variance with the principle of national treatment in order to achieve essential domestic social and economic goals. There are also instances of this in Canada but I would point out that for the most part we do not differentiate between Canadian and foreign controlled corporations.

It is against this background that I should set out for the record our understanding of the impact on domestic policies of the Declaration as it applies to national treatment. In this connection I note that Canada will continue to retain its right to take measures, affecting foreign investors, which we believe are necessary given our particular circumstances. I would underline that Canada continues to welcome foreign direct investment.

We consider that the OECD Declarations and Decisions will contribute to closer international cooperation in an area which will undoubtedly assume increasing importance in the context of the growing economic interdependence of OECD members. Canada, therefore, in the light of the understanding I have outlined, is in a position to accept the Declaration and the commitments to notify and consult.