



communiqué

N°: 109
No.:

July 18, 1985.

CANADA ADHERES TO OECD CAPITAL MOVEMENTS CODE

Ottawa, July 18, 1985: The Secretary of State for External Affairs, the Right Honourable Joe Clark, and the Minister of Finance, the Honourable Michael Wilson, are pleased to announce that Canada has become the twenty-fourth member of the OECD Code of Liberalization of Capital Movements. This results from today's OECD Council approval of Canada's request to join the Capital Movements Code, taking into account Canada's constitutional requirements and domestic policies and practices.

The OECD Capital Movements Code is a legally binding instrument adopted in 1961 to abolish restrictions progressively on capital movements between OECD member countries to the extent necessary for effective cooperation. It essentially commits members to grant whatever authorization is required for capital transactions and transfers between residents and non-residents, but does provide scope for reservations or derogations. These transactions and transfers cover direct investment, securities, real estate, commercial credits, loans and personal capital movements.

The Canadian Government is of the view that the OECD Capital Movements Code has an important role to play in promoting a more efficient utilization of world capital resources and is looking forward to actively participating in the work the OECD is pursuing in this area. Today's OECD Council endorsement of Canada's adherence to the Code concluded the successful discussions that have taken place in the OECD since Canada announced its

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.