

We have an extremely significant change in the whole energy environment in this country and in the world at large. In Canada we have a considerable need to develop traditional frontier, ocean and alternative sources of energy. Our government has accepted the necessity to establish self-sufficiency in this country by the 1990s. Furthermore, we have seen as a result of the multilateral trade negotiations that have been just completed this year the expectation that there will be a new and very competitive trading environment, an environment that will require some changes in attitude and some changes in the operations of companies in Canada.

We have seen over the past few years a growing competitive force in the less developed countries and in the newly industrialized countries of the world. Competition in the world is very fierce today. Under the new trading environment, it is not likely to get any less fierce. We are also seeing with the improvements in technology and technological change that the introduction of technology has become increasingly important in the viability and competitive position of companies in Canada.

All of these matters bear on the question of access to foreign capital and the benefits which foreign capital coming into this country bring with it, benefits related to access to markets and access to technology as well as foreign capital. We know that in this country major new investments are required. We are hopeful that a vast amount will be undertaken by Canadian entrepreneurs using Canadian capital, but we recognize that we will not be able to accomplish all that we want to do in this country relying solely on domestic capital.

The major energy projects alone in Canada over the next ten to 15 years will require billions of dollars of capital investment. There will be tremendous spin-off benefits from those capital investments, but the fact remains there is a large up front capital investment required. We will need to see considerable restructuring of our industry in the years ahead to meet the trading challenges to which I referred. We will need tremendous amounts of capital to develop and to take advantage of the new technology that is being developed both in Canada and abroad.

Finally, it is important that we recognize the importance of developing both stronger and independent businesses in Canada. Some of these can be developed in co-operation with foreign capital. It is this that we are asking this special committee to study further.

It is clear that foreign investment in Canada is necessary. Indeed, the Foreign Investment Review Agency was never asked to stop foreign investment from coming to this country but rather to improve the terms on which that capital was coming into the country. The purpose of the law is quite clearly spelled out in section 2 of the act, which provides as follows:

—the extent to which control of Canadian industry, trade and commerce has become acquired by persons other than Canadians and the effect thereof on the ability of Canadians to maintain effective control over their economic environment is a matter of national concern.

#### *Foreign Investment Review Act*

It then goes on to prescribe that future investments by non-Canadians for two purposes shall be reviewed by the government and allowed only if, in the government's opinion, they are likely to be of "significant benefit to Canada". The two types of investments that have to be reviewed are those for takeovers of existing businesses in Canada and those for the establishment of new businesses in Canada which are not related to a business already being carried on in Canada by the same investor. It is important to recognize that this law does not apply to investments for the expansion or modernization of existing foreign-controlled businesses, as some people apparently think it should.

We all agree that foreign investment must be in line with Canadian interests and economic development policy. There are indications that some foreign investors perceive that Canada's policy and instruments such as FIRA are negative influences on the inflow of foreign investment. It is important that balance be achieved. We are concerned that that balance is not there now. Certainly there is a perception that the balance is not there. That perception is not there from both sides of the argument on foreign investment.

Canadian nationalists are very concerned that the Foreign Investment Review Agency is not doing the job that it should, that it is not taking a strong enough stand against the inflow of foreign investment. Free traders, on the other hand, are saying it is a block to our economic development, that it is causing foreign capital to move away, and so on. There are two points of view. It is important that this special parliamentary committee do its best to get to the heart of those questions. The government attaches the greatest importance to involving the public in major decisions, the consultative process about which we have talked so much in recent months.

The government wants to democratize this whole system, both through the operations and activities of the House of Commons and through the parliamentary review committee, so that individuals in this country can play a greater role in the review of the proposals that will be put forward by the committee. The government has designed the medium of a special parliamentary committee as the appropriate instrument to thoroughly review all the factors involved.

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It is difficult and complex to achieve the balance we need in foreign investment. This review is important to all Canadians if they are to acquire a better understanding of the act and make a greater input into its examination. It is my hope that the review will clear up some of the misconceptions and lead to new ideas as to the approach we should take. I am confident that, given input from all interested parties, business, provincial governments, labour and so on, the review will be a very beneficial one for Canada. I do not wish to comment at length on some of the aspects which, I believe, the committee should study during the course of this review.

Possibly, Mr. Speaker, I could continue at two o'clock.