

Mr. Speaker, I am also tabling, on behalf of the government, copies in both official languages of new "Principles of International Business Conduct." These are not to be confused with the guidelines concerning related business under the Foreign Investment Review Act. They are intended as an updating and a replacement of "Guiding Principles of Good Corporate Behaviour in Canada" which were announced by the late Hon. Robert Winters on March 31, 1966. Like the earlier set of guiding principles of good corporate behaviour, the new set of principles reflects broad government policy regarding the activities and responsibilities of foreign-controlled business enterprises in Canada. They thus provide an added indication of the sort of benefits the government looks for in assessing investment proposals under the Foreign Investment Review Act. But they are directed towards all foreign-controlled enterprises doing business in Canada, whether or not they are involved with the Foreign Investment Review Act.

The basic content of the 1966 guiding principles has been retained. However, we have to recognize that new developments have taken place and that these developments should be reflected in the revised principles. In 1966, the government was especially concerned over certain financial aspects of the activities of foreign subsidiaries in Canada because of particular balance of payments measures which were introduced at that time by the United States. The guiding principles did not lay particular stress on the need for subsidiary companies to have more autonomy or sufficiently underline the need to identify more closely with Canada economically, socially, and culturally.

A major omission from the old principles of good corporate behaviour was that they made no reference to the conditions under which foreign or foreign-controlled technology and know-how may be transferred to a Canadian subsidiary. These can often serve to inhibit the local subsidiary from operating at its full potential. To emphasize our interest in the technology-related activities of foreign-owned subsidiaries, we have added a new principle, number 14, and we have tied it in with the observance of the preceding principles.

**Mr. James Gillies (Don Valley):** Mr. Speaker, I wish to thank the minister for providing us with a copy of his statement a few hours ago. The opposition endorses the principle of less foreign ownership in the Canadian economy and agrees that quick action is necessary to monitor the amount of foreign investment we have in the Canadian economy, but we wonder why the government and the minister are making an announcement at this particular time of the proclamation of phase II.

We have been told that the minister had to wait until he had reached some agreement with the provinces on the operation of phase II, and until he knew whether phase I was working and how it was working, before he was prepared to go ahead with this new proclamation. On the latter score, that is whether phase I is working, I am not surprised that there has been a delay, because it was not until more than a year after the proclamation of phase I that the foreign investor, the Canadian public and members of this House had any indication of the specific criteria to be applied in the evaluation of proposed foreign

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investment. It would have been preferable had the agency become familiar with these criteria somewhat sooner.

On the first point, that of provincial consultation, I wonder whether the minister is prepared to assure the House that his consultations with the provinces had greater scope than making them aware of what he intended to do. I hope the minister will take the time to assure the House in more definite terms that all the provinces across Canada agree with the imminent proclamation of phase II.

I am sure the minister was faced with a difficult balancing act in deciding on the proclamation of phase I in October. The need for proclamation is there, but the full act comes into force at a time when Canada is suffering from recession and is plagued with one of the most significant balance of payments problems it has ever had. After listening to the minister, I conclude that he is quite satisfied that the critically needed foreign capital inflows will not be disrupted by the proclamation of phase II, and that phase II will not damage the business confidence required for the large volume of equally critically required new capital investment.

I hope the minister will also find the time, perhaps today at the conclusion of the remarks of the various spokesmen on this issue, to indicate more fully that he has had discussions with his colleagues, with the Minister of Finance (Mr. Turner) in particular, and that there is no concern about the implementation of the proclamation of phase II at this time with respect to our serious balance of payments problems.

Although I have not had the opportunity to study the guidelines concerning related business in detail, I find at this stage that they are relatively non-controversial, although there are one or two peculiarities. For instance, vertical integration is classified as related business expansion under guidelines 1 and 2. Thus, we find the government again doing what they do so often, taking action on the one hand which is contravened by action on the other, because we see that they will now apply vertical integration through the Foreign Investment Review Act, while they created a royal commission on corporate power to study this problem to find out whether it is a good thing for the Canadian economy. Guidelines 4 and 5 also seem to be in some disagreement. Guideline 4 permits expansion if the same technology is used, and guideline 5 only if the technology is new and Canadian.

We are also pleased to see some comment in the report about the policy with respect to ownership of uranium. However, we hope the government does not believe that by looking at this ownership issue they have, in fact, solved the problem or indeed put forward a solution that is adequate for all Canadians as to how we are going to deal with the export of this most important product.

The minister has also provided us with an expanded set of criteria under which the significant benefit test is to be conducted. We can only say we hope the minister has made up his mind clearly and distinctly about this matter, because the hallmark and characteristic feature of the present government is to do something one day and change it the next. If we are to have the sort of investment we need in this country, the business community must have confidence that the government knows precisely what they will do.