

*Foreign Investment Review Act*

order for return with the return to be tabled forthwith. Is that agreed?

Some hon. Members: Agreed.

## GOVERNMENT ORDERS

[English]

### FOREIGN INVESTMENT REVIEW ACT

#### APPOINTMENT OF SPECIAL COMMITTEE TO REVIEW OPERATION

**Hon. Michael Wilson (Minister of State for International Trade)** moved:

That a special committee of the House of Commons be appointed

(1) to inquire into and report upon the extent to which the *Foreign Investment Review Act* has achieved and is achieving its purpose as described by Parliament in section 2 of the act, taking into account, among other things, significant relevant domestic and international economic developments in the period the act has been in force;

(2) to make recommendations for changes in the act or its implementation with a view:

- (a) to increase the effectiveness of the act in the achievement of its purpose,
- (b) to minimize costs, delays and uncertainties of the process for investors, and costs to governments, and
- (c) to make the review and decision-making processes as open as possible to parliamentary and public scrutiny consistent with the protection of commercial or other information of a private nature;

(3) without limiting the generality of the foregoing, to examine and make recommendations with respect,

- (a) to the appropriateness of the review and decision-making processes having regard to the range of investments reviewable under the act,
- (b) to the assessment criteria specified in subsection 2(2) of the act, with particular reference to the application of Canadian industrial and economic development policies,
- (c) to the role of the provinces in the implementation of the act, and
- (d) to the extent and manner in which the views of interested third parties should be taken into account;

(4) to report in time for the next session of Parliament and, in any event, by not later than September 1980;

That the special committee be composed of seven members of the House of Commons to be designated at a later date;

That the committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the House or the power to retain staff or commission studies;

That the committee have power to sit during sittings and adjournments of the House of Commons;

That the committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the committee;

That the committee have power to adjourn from place to place within Canada; and

That the committee be empowered to retain the services of advisers and to commission studies or research to assist in its work and that it also be empowered to retain the professional, technical, clerical and stenographic help as may be required.

He said: Mr. Speaker, I am very pleased to speak today in support of the motion referring the matter of the review of the

[Mr. Speaker.]

Foreign Investment Review Act to a special committee of the House of Commons. I might just read the first sentence of the motion:

—to inquire into and report upon the extent to which the Foreign Investment Review Act has achieved and is achieving its purpose as described by Parliament in section 2 of the act—

The Foreign Investment Review Act was given royal assent on December 12, 1973. It was brought into force in two stages: for takeovers of Canadian businesses, on April 9, 1974; and for the establishment of new businesses in Canada, on October 15, 1975. We accept and subscribe to the stated purpose of this legislation, but the act has now been in effect for over five and one-half years for takeovers and for over four years for new businesses.

It was and is legislation of a rather novel kind. For one thing, although many countries do employ some kind of foreign investment screening mechanism, no other country has anything quite the same as the Foreign Investment Review Act. Quite naturally, questions have arisen as to whether, through changes to the act or its implementation, the same purpose could not be achieved more effectively and perhaps at lesser cost. Hon. members know that it is the view of this government that most, if not all, government programs should be subjected to periodic review to ensure that they conform to the dictates of experience and changing conditions. Since the time that this act was introduced there have been a number of changes.

● (1250)

Let me just review what the rationale for the act was at that time. There was a high level of foreign control of Canadian businesses which was causing some concern within this country. That resulted in a report by the hon. member for Windsor West (Mr. Gray) which led to the establishment of the Foreign Investment Review Agency. There were indications at that time that not all investments were bringing maximum benefits to Canadians in terms of jobs, quality of employment, and freedom of operation for businesses being established in Canada.

We have had discussion over the years on the whole question of branch plant mentality. There was concern that the export of raw materials from this country was not as fully effective as possible. There was concern about the freedom of activities and operations of Canadian firms in terms of tied imports and directed exports. There was also some concern that the country was losing its competitive edge and that this was not being helped as a result of the degree of foreign investment that was coming into this country. We were, in effect, hiding behind tariff walls and were not preparing ourselves, through foreign investment coming into this country, for the reduction of tariffs which was taking place at that time and which has taken place more recently.

Things have changed since that time. I think it would be important for me to draw the attention of the House to some of the things that bear on this whole question of foreign investment, things that have changed since the early seventies.