Mr. Deputy Speaker: Order, please. The time allotted to the hon. minister has expired. Is it the wish of the House that the minister complete his speech?

Some hon. Members: Agreed.

Mr. Gillespie: In proposing these new measures, the government will not be moving into totally uncharted waters. A number of other countries control the establishment of new, foreign-controlled businesses. Still others, such as Japan, India and Mexico, are concerned about the terms under which domestic firms obtain access to foreign technology.

We must learn from their experience. But our situation is different and this is what I want to emphasize. We have to find our own solution. We have to recognize that as the neighbour of the great country to the south, one which has produced more technology than any other, our legislative programs have to be tailored to our own specific needs. I do not need to emphasize the fact that we have regional interests and strong provincial governments with their own interests. Because our situation is unique, we do not intend to propose to parliament a process whereby we will rush into this thing headlong. In that way, I think we would only end up with a Roman circus, It is far more important to introduce the measures in this important and sensitive area, which is of immense importance to the development of this country, in an orderly way. Therefore, the approach which I shall be proposing is as follows.

First, the foreign takeover legislation. We will set up a review agency and gain some experience in the screening of takeovers. This would be the first step. The second and third aspects would follow. That is to say, that building on our experience and after consultation with the provinces, we will proceed with the registration and ultimately the screening of new investment. I would hope that the third aspect, the registration of licensing arrangements affecting Canadian business, would follow promptly.

My learned predecessor was fond of Latin maxims. Let me quote one which is appropriate to the present circumstances: "Aut Caesar, aut nihil"—all or nothing. This approach has no place in formulating sound foreign investment policy.

The reasons for proposing the registration and screening of new foreign-controlled business are straightforward. A great many Canadians, including a number of provincial premiers, stated that the government's decision to review foreign takeovers did not go far enough. There was some concern that the proposed Foreign Takeovers Review Act could be easily circumvented by a foreigner wishing to do business in Canada by simply opening up a new business.

There are also a number of reasons for seeking more information about Canadian licensing of foreign technology. Technological advance is an important contributor to economic growth. In the United States it is estimated that technological innovation accounts for around 40 per cent of industrial growth; the estimate for Canada is a more modest figure, probably around 30 per cent in terms of the gross national product. Therefore, new technology is one of the most important determinants of competitiveness and export performance.

[Mr. Gillespie.]

Canada is, and is likely to remain, a large net importer of technology. Dependence on foreign technology is difficult to measure but various indicators show much the same pattern: some 95 per cent, some say as high as 99 per cent, of patents issued in Canada are registered to foreign owners; among industrialized countries, Canada is first in the percentage of patents which are foreign owned and last in the percentage of patents owned by nationals of the issuing country; an OECD study based on four performance indicators of technological innovation suggests that Canada has the worst performance amongst the ten most advanced industrial countries.

Mr. Speaker, there are three basic ways in which we can import technology: through finished products, through licensing arrangements and through foreign direct investment. That is why I have emphasized in my remarks this afternoon that the licensing arrangement is an important part of this whole package. Licensing agreements are important because under certain circumstances they may restrict markets or they may affect the procurement of goods and services or they may require that any improvements in the product be ceded to the licensor, effectively discouraging research and development on the licensed product. They may also involve dictating prices in a way which would affect the Canadian company's ability to earn a profit or transfer profits. These are the same sorts of restrictions that concern the government in the area of foreign direct investment.

Mr. Speaker, a number of other measures have been taken in this area, but referring to the Speech from the Throne I should like to mention the following points. When the revised Canada Corporations Act is introduced in parliament it will contain a provision to require that a majority of directors of any company incorporated under that act be resident Canadians. This is not a substitute for a general policy on foreign direct investment but will constitute a useful supplement to the review process. It would give Canadians a greater voice in management decisions and make the management of foreign-controlled companies, as well as their foreign parents, more sensitive to Canadian interests.

There is also a good deal of concern in the country about the increasing rate of sales of recreational and other land to non-Canadians. Several provincial governments have introduced or are contemplating legislation in this area. At the next meeting of first ministers, the government will consult the provinces about the feasibility of federal measures to control the sale of land to foreigners. This package of measures constitutes one aspect of the government's efforts to increase Canadian control over our economy. The other important strand comes from efforts to support the development of strong Canadian controlled businesses, such as the program designed to support the development of small business which was referred to above; a reduced tax rate of 20 per cent on the first $50,000 of income available only to Canadian corporations; the deductibility as an expense of interest paid on funds borrowed to finance the purchase of shares of other corporations—to put Canadians on an equal footing with would-be foreign buyers; elimination of federal estate taxes, and the provisions in the present Income Tax Act to help keep savings in Canada. There are other programs such as PAIT and GAAP to which I have already